

SUGAR

20th September 2006

SPOT MARKETS

Spot sugar markets exhibited mixed sentiments on Tuesday as it was offered at slightly higher prices in Muzaffarnagar and Kolkata mandis while in Delhi it was offered on slightly lower prices. The sugar spot market is likely to trade firm on continued festive demand in the coming days. According to the latest released advanced production estimates for the 2006-07, the total production of sugar cane will be 2834.04 lakh tonnes against a target of 2700 lakh tonnes. The first and fourth advance estimates for 2005-06 were respectively 2577.19 and 2783.87 lakh tonnes respectively.

FUTURES MARKETS

On the NCDEX, all sugar futures traded with bearish sentiments owing to profit booking. However, it should be considered as a buying opportunity as the prices are expected to improve on firm festive spot demand. The most active October contract traded in the range of Rs. 1855-1870 on Tuesday.

PRICE DRIVERS

1. Normal spot demand
2. Hope for export resumption after Deepawali
3. Profit booking in the futures market

WEATHER

Normal weather conditions prevail in the sugarcane growing areas in India.

TECHNICALS

In October contract on the NCDEX, candlestick pattern exhibited profit booking. However, MACD, RSI and Stochastic favor the bulls. Prices closed far above the EMA. Volume and open interest declined on Tuesday. Market may improve in coming days.

Sugar M Grade 0610(NCSGMV6)2006/09/19 - Daily B:1860.00
O 1870.00 H 1870.00 L 1855.00 C 1860.00 V 3,970 I
EMA(9) 1848.0 (18) 1840.4 PAR(14) 1812.90



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1840	1830	1860	1890	1915

TRADE RECOMMENDATION:

Buy NCDEX - October Sugar M near 1855 with **target** around 1875. **Stop loss** below 1845. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	19.09.06	18.09.06	Change
Ready Sugar (M Grade)	Delhi	1825-1910	1835-1920	-10
Ready Sugar (S Grade)	Delhi	1810-1895	1820-1905	-10
Mill Delivery	Delhi	1740-1825	1750-1835	-10

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