

SUGAR

29th September 2006

SPOT MARKETS

The sugar spot market traded with improved sentiments on slightly increased demand in Delhi and Muzaffarnagar markets while the Kolkata market exhibited significant decline in the spot prices. Market is eagerly waiting for the October free sale quota quantity release order. This will decide the direction and sentiments of the trade in the coming days. Till then, the spot prices are expected to remain steady.

FUTURES MARKETS

On the NCDEX, sugar futures traded with bullish sentiments on strong buying on speculation over October non-levy quota quantity which might be announced with in a day or two. Further, the government allowed some export under preferential quota scheme to the EU. Market sentiments are quite optimistic about the early resumption of the export. Further, the festive season is going on and consumption demand will remain quite high during this period. The most active October contract hovered in the range of 1826-1847 on Thursday. Market is expected to show improved sentiments in the coming days.

PRICE DRIVERS

1. Improvement in physical market demand
2. Speculative buying in the futures market
3. Review on export ban in October
4. Wait for October free sale quota release

WEATHER

Conducive weather is prevailing for the crop in the major growing areas of the country.

TECHNICALS

In October contract on the NCDEX, candlestick pattern indicates bullish sentiments. The prices closed above the EMA. Stochastic has reached in oversold region and now giving signals for improvement. RSI is also favoring the bulls. Volume and open interest significantly increased on Thursday. October contract may show further improvement.

Sugar M Grade 0610(NCSGMV6)2006/09/28 - Daily B:1837.00 A:1
O 1828.00 H 1847.00 L 1826.00 C 1843.00 V 3,900 I 13,4
EMA(9) 1838.6 (18) 1839.0 PAR(14) 1878.27



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1814	1803	1843	1865	1875

TRADE RECOMMENDATION:

Buy NCDEX - October Sugar M near 1837 with **target** of 1853. **Stop loss** below 1829. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	28.09.06	27.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1885	1785-1880	+5
Ready Sugar (S Grade)	Delhi	1770-1870	1770-1865	+5
Mill Delivery	Delhi	1700-1800	1700-1795	+5

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