

SUGAR

25th September 2006

SPOT MARKETS

Sugar remained steady to weak at the physical markets amidst lack of any fundamental support. Prices remained at the previous level in Delhi and Muzaffarnagar at the weekend. However, it was quoted marginally lower in Kolkata markets. The recent additional release of 1-lakh tons non-levy sugar quota for the month of September continue to cast a bearish shadow in the market. The additional quota is required to be sold within the month and the uplifted/unsold quantity would be converted into mandatory levy quota. At the global market, the world raw sugar future slide to the lowest level in almost a year as funds and speculators continue to liquidate longs.

FUTURES MARKETS

At the futures market the sugar futures at the NCDEX witnessed a range bound movement following a weak opening. The futures remained at the lower side of the range amidst thin trading activities and settled near the day's low in final action. The most-active October contract traded in the range of 1838.00-1844.00 during Saturday's trade. The sugar futures are expected to open weak and trade with a bearish sentiment at the initial hours.

PRICE DRIVERS

1. Subdued spot demand
2. 1-lakh tone additional non-levy sugar released for September
3. Hope for export resumption after Deepawali
4. Selling pressure in futures market
5. World raw sugar futures are at the lowest level in almost a year

WEATHER

Normal weather conditions are prevailing in the sugarcane growing areas of the country.

TECHNICALS

Candlesticks pattern indicates weak opening and initial downtrend. Prices remained below 9-days and 18-days EMA, hinting bearish trade ahead. Stochastic are moving downwards in the neutral region after a bearish crossover. MACD is also indicating weakness in the market, though it remains in the positive territory. RSI is also supporting the other oscillator. Volume of trade as well as open interest has declined along with prices. Market is likely to remain bearish following a weak opening, with possibility of late upward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1833	1824	1840	1847	1855

TRADE RECOMMENDATION:

Sell NCDEX - October Sugar M at 1840-1845 with **target** around 1830-1835. **Stop loss** at 1850. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	23.09.06	22.09.06	Change
Ready Sugar (M Grade)	Delhi	1825-1910	1825-1910	-
Ready Sugar (S Grade)	Delhi	1810-1895	1810-1895	-
Mill Delivery	Delhi	1740-1825	1740-1825	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.