

SUGAR

13th September 2006

SPOT MARKETS

Sugar spot market traded with firm sentiments as festive demand has picked up. Traders expect it to continue by mid October. It was offered at higher prices in the Delhi and Muzaffarnagar markets while in the Kolkata market the prices showed slight improvement. The spot prices are likely to remain firm up to mid October.

FUTURES MARKETS

On the NCDEX, sugar futures traded with positive sentiments. All active contracts opened at higher level from the previous day's close price. However, the up-trend was not as sharp as was observed yesterday. Yet the futures maintained a range bound trade with a bullish undertone. But in the last trading hour, due to some profit booking, October contract closed below its opening price. The September contract traded in the range of 1822-1850, while the October contract fluctuated in the range of 1836-1852 on Tuesday. The up-trend is expected to continue on firm spot festive demand.

PRICE DRIVERS

1. Firm spot market demand
2. Festive demand picks up
3. Speculative buying in the futures market

WEATHER

Weather is quite comfortable in most of the sugarcane growing areas. Bumper crop harvest is expected.

TECHNICALS

In October contract on the NCDEX, candlestick formed doji pattern. Prices moved up but could not sustain due to profit booking. MACD remains in negative region but moved upward indicating towards firmness. Stochastic hover in neutral region and exhibit bullish sentiments. Prices closed above the EMA. Volume and open interest increased on Tuesday. Market is strong.

Sugar M Grade 0610(NCSGMV6)2006/09/12 - Daily B:1838.00, O 1840.00 H 1852.00 L 1836.00 C 1838.00 V 6,050 I 1



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1800	1792	1838	1865	1875

TRADE RECOMMENDATION:

Buy NCDEX - October Sugar M near 1835 with **target** around 1855. **Stop loss** below 1825. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	12.09.06	11.09.06	Change
Ready Sugar (M Grade)	Delhi	1805-1895	1785-1860	+35
Ready Sugar (S Grade)	Delhi	1790-1880	1770-1845	+35
Mill Delivery	Delhi	1720-1810	1700-1775	+35

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