

## SUGAR

21<sup>st</sup> September 2006

### SPOT MARKETS

The sugar spot market traded with steady sentiments in Delhi and Muzaffarnagar market where it was offered at marginally lower prices. Trading activities at Delhi remained disrupted due to protest of the traders on the sealing issues. However, at Kolkata, it was offered at substantially higher prices owing to increased festive demand. The spot prices are expected to remain steady to firm in the coming days.

### FUTURES MARKETS

On the NCDEX, all sugar futures traded in a narrow range with slightly bearish undertone owing to some profit booking and lack of buying because of the settlement day of the September Contract for most of the time but in the last trading hours, sentiments improved and all the contracts closed above their opening price level. It appears that traders are trying to judge the future direction of the trade. However, the prices should improve in the coming days as festive demand is continue and most of the sugar mills will start functioning from the late October/early November this year. Till then the demand will be met through the old stock. Further, mills will prefer to sell their new sugar at better prices. Thus the prevailing prices appear to be a buying opportunity. The most active October contract traded in the range of Rs. 1851-1862 on Wednesday.

### PRICE DRIVERS

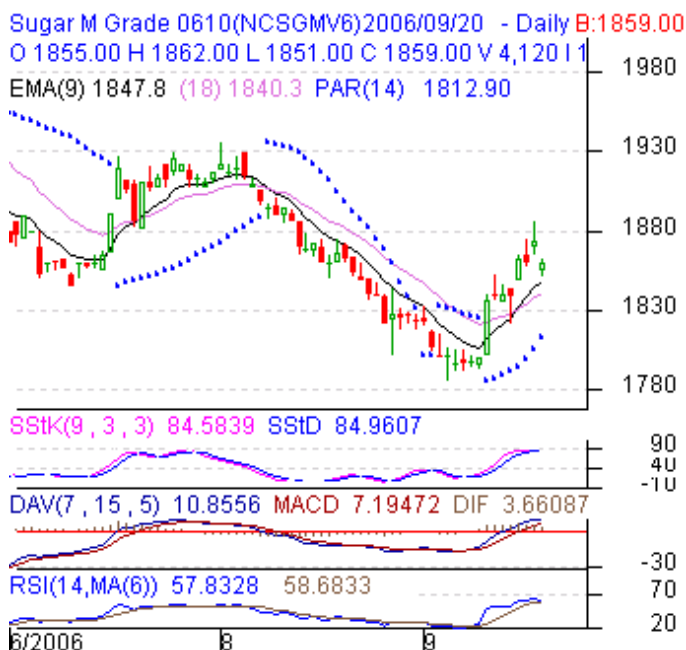
1. Normal spot demand
2. Hope for export resumption after Deepawali
3. Improved buying interest in futures market

### WEATHER

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

### TECHNICALS

In October contract on the NCDEX, candlestick pattern exhibited that in the earlier session some profit booking took place but in the last, prices closed with a slightly bullish undertone. However, the prices hovered in a very narrow range. MACD, RSI and Stochastic favor the bulls Prices closed above the EMA. Volume declined while open interest slightly increased on Wednesday. Market may improve in coming days.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1840	1830	1859	1890	1915

### TRADE RECOMMENDATION:

**Buy** NCDEX - October Sugar M near 1855 with **target** around 1871. **Stop loss** below 1847. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	20.09.06	19.09.06	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	-

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