

SUGAR

09th September 2006

SPOT MARKETS

Sugar spot market traded with weak sentiments in the Delhi and Kolkata markets due to sluggish demand. Prices also remained stable in the Muzaffarnagar mandi due to steady demand. Traders are expecting that demand may start picking up with in few days with the nearing in of the festival season. So, it is expected that spot prices may improve in coming days.

FUTURES MARKETS

Sugar futures on the NCDEX witnessed range bound trade with slightly bearish sentiments. The September contract traded in the range of 1775-1791, while the October contract fluctuated in the range of 1794-1801 on Friday. It appears that sugar futures are getting a good support at these prices and may witness up trend in the coming days on speculative buying on October festival season demand.

PRICE DRIVERS

1. Moderate physical demand
2. Festive demand is likely to pick up
3. Improved international market sentiments

WEATHER

Weather is quite comfortable in most of the sugarcane growing areas. The farmers can expect a very good crop harvest this year.

TECHNICALS

In October contract on the NCDEX, on the forth-consecutive day, candlestick formed doji pattern and prices hovered in a very narrow range and finally closed with positive sentiments. MACD remains in negative region and just started its upward journey. Stochastic remain in neutral region and show bullish undertone. Volume and open interest slightly declined on Friday. Market is expected to improve in the coming days.

Sugar M Grade 0610(NCSGMV6)2006/09/08 - Daily B:1797.00 A:1797.00 H 1801.00 L 1794.00 C 1798.00 V 2,080 I 12,8
EMA(9) 1807.7 (18) 1823.7



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1783	1775	1798	1825	1835

TRADE RECOMMENDATION:

Buy NCDEX - October Sugar M near 1795 with **target** around 1810. **Stop loss** below 1788. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	08.09.06	07.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1850	1785-1855	-5
Ready Sugar (S Grade)	Delhi	1770-1835	1770-1840	-5
Mill Delivery	Delhi	1700-1765	1700-1770	-5

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