

SUGAR

06th September 2006

SPOT MARKETS

Sugar spot market is exhibiting bearish sentiments due to continued weak demand from the retailers in the northern India. It was offered at slightly lower prices in Delhi and Muzaffarnagar mandis while Kolkata mandi exhibited some improved sentiments due to increased buying. Traders believe that prices will continue to remain weak on lacklustre demand in the domestic markets.

FUTURES MARKETS

Sugar futures on the NCDEX opened with strong bearish sentiments and prices went down substantially, but later on recovered back on speculative buying. Overall due to movement in both directions, trade remained volatile. The futures also seem affected by the global sentiments, which remain weak on speculative selling, subdued demand and expectation of supply glut. The September contract traded in the range of 1784-1799, while the October contract fluctuated in the range of 1786-1807 on Tuesday. Bearish undertone with slight volatility is expected to continue in the coming days.

PRICE DRIVERS

1. Subdued physical demand
2. Sufficient September Quota
3. Better production prospects
4. Weak global 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 NCDEX, candlestick formed doji pattern, which indicates towards volatility in the market. Price closed far below the 9-days and 18-days EMA, which is indicative of weakness in the market. MACD remains in negative region and exhibit bearish sentiments. Stochastic remain in neutral region but also suggests weak undertone. Volume and open interest slightly increased on Tuesday. Market is expected to remain volatile with bearish undertone in the coming days.

Sugar M Grade 0610(NCSGMV6)2006/09/05 - Daily B:1798.00
O 1800.00 H 1807.00 L 1786.00 C 1801.00 V 3,900 I
EMA(9) 1817.5 (18) 1834.2



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1765	1760	1801	1825	1835

TRADE RECOMMENDATION:

Sell NCDEX - October Sugar M near 1810 with **target** around 1790. **Stop loss** above 1820. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	05.09.06	04.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1860	1785-1865	-5
Ready Sugar (S Grade)	Delhi	1770-1845	1770-1850	-5
Mill Delivery	Delhi	1700-1775	1700-1780	-5

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