

SUGAR

14th September 2006

SPOT MARKETS

Sugar spot market traded with steady sentiments amidst good demand. It was offered in the previous day's price range in Delhi and Muzaffarnagar. The festival demand has started to emerge in the market and will continue till mid October. In the Kolkata market the prices showed significant improvement owing to increased demand. The spot prices will remain steady to firm in the coming days.

FUTURES MARKETS

On the NCDEX, sugar futures traded with mixed sentiments and hovered in a narrow range. The September and October contracts traded with slight bullish sentiments while the other contracts remained bearish due to profit booking. Further, there was talk in the market that Government may impose stock-holding limit in Sugar in future to curb the retail prices. However, it is quite difficult to implement this policy and this will have no impact on the retail prices. The world sugar prices closed with positive note on speculative demand. The most active October contract traded in the range of Rs. 1835-1846. The futures prices are expected to trade range bound with slight bullish undertone in the coming days.

PRICE DRIVERS

1. Firm spot market demand
2. Festive demand picks up
3. Firm Global Market sentiments

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 pattern exhibited improved sentiments. MACD remaining in negative region and continued it's upward journey hinting bullish futures sentiments. Stochastic hover in neutral region and exhibited bullish sentiments. Prices closed above the EMA. Volume declined and open interest increased on Wednesday. Market is likely to remain steady with slight bullish undertone.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1800	1792	1840	1865	1875

TRADE RECOMMENDATION:

Buy NCDEX - October Sugar M near 1832 with **target** around 1850. **Stop loss** below 1823. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	13.09.06	12.09.06	Change
Ready Sugar (M Grade)	Delhi	1805-1895	1805-1895	-
Ready Sugar (S Grade)	Delhi	1790-1880	1790-1880	-
Mill Delivery	Delhi	1720-1810	1720-1810	-

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