

SUGAR

11th September 2006

SPOT MARKETS

Sugar spot market remained stable with slightly bearish undertone in Delhi, Kolkata and Muzaffarnagar on moderate demand. However, with in next few days, the festive demand is likely to pick up and traders can expect improved price situation. Further, the old stock is also towards exhaustion as the sugar year is ending in September and the mills are busy in preparing for the new crushing season starting from late October/early November this year.

FUTURES MARKETS

On the NCDEX, Sugar futures sentiments remained largely bullish. However, more volatility was seen in the December, January and February contracts owing to speculative buying. The most active September and October contracts also got good buying support, as the traders believe the demand to pick up with in a week. The September contract traded in the range of 1777-1785, while the October contract fluctuated in the range of 1793-1800 on Saturday. White sugar at the LIFFE in London also traded high on good buying this week on speculation that India may extend the export ban till December on depleting domestic sugar stock. Sugar futures are expected to trade firm now onwards.

PRICE DRIVERS

1. Moderate physical demand
2. Festive demand likely to pick up
3. Improved international market sentiments
4. Good buying in futures market

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, candlestick formation show bullish sentiments, however, prices hovered in a narrow range. MACD remains in negative region and moved upward signaling improvement. Stochastic hover in neutral region and exhibit bullish undertone. Volume and open interest declined on Saturday. Technicals indicate towards improved market behavior in the coming days.

Sugar M Grade 0610(NCSGMV6)2006/09/09 - Daily B:1798.00
O 1795.00 H 1800.00 L 1793.00 C 1800.00 V 930 I 11
EMA(9) 1806.4 (18) 1821.5



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1783	1775	1800	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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.