

SUGAR

18th October 2006

SPOT MARKETS

Spot sugar market traded with steady sentiments with insignificant change in prices from the previous trading day, as there is no change in demand and supply scenario in the major trading centers like Delhi, Muzaffarnagar and Kolkata. The price scenario will remain more or less same till the Deepawali. Government will have a review meeting on export ban after Deepawali and there is strong hope that some relaxation may be granted in this regard keeping in mind the bright production prospects.

FUTURES MARKETS

Sugar futures on the NCDEX slightly improved on some buying support in most of the contracts. However, Tuesday was the settlement day of the October contract, yet less volatility was observed because market had already reacted on lower side on previous two days. Now, sugar futures slightly recovered on the hope for export resumption after Deepawali. Further, world refined sugar prices also improved on speculative buying on some news that Brazil may divert significant amount of its sugarcane towards ethanol production for the purpose of export. If it happens so, global sweetener supply may tighten, which may again fuel international sugar prices. Indian sugar futures are expected to show further improvement on the support from above mentioned factors. The most active November contract hovered in the range of 1774-1788 on Tuesday.

PRICE DRIVERS

1. Steady physical demand
2. Some buying support in futures market
3. Improved world sugar prices
4. Brazil may divert more of its cane towards ethanol production
5. Bumper production prospects

WEATHER

Weather is fine all over the country for the sugarcane crop.

TECHNICALS

On the NCDEX, in November contract, chart pattern indicates regain among the buyers after a volatile depressive phase. Prices closed just below the 9-days EMA. Technical indicators like MACD, RSI and Stochastic are showing signs of improvement. Volume slightly declined while open interest marginally improved on Tuesday. Market should react positively on Wednesday.

Sugar M Grade 0611(NCSGMX6)2006/10/17 - Daily B:1779.00

O 1776.00 H 1788.00 L 1774.00 C 1786.00 V 2,180

EMA(9) 1785.6 (18) 1787.1 PAR(14) 1806.27



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1757	1745	1786	1805	1815

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1781 with **target** of 1791. **Stop loss** below 1776. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	17.10.06	16.10.06	Change
Ready Sugar (M Grade)	Delhi	1775-1865	1775-1865	-
Ready Sugar (S Grade)	Delhi	1760-1850	1760-1850	-
Mill Delivery	Delhi	1690-1780	1690-1780	-

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>