

SUGAR

28th October 2006

SPOT MARKETS

Spot market is observing steady trend in demand with slight improvement in prices because of short supply of the good quality sugar in Muzaffarnagar and Delhi mandis. Steady trend is expected with moderately firm sport prices due to scarce supply of 'M' grade sugar in the market.

FUTURES MARKETS

Sugar futures on the NCDEX witnessed a weak opening but improved later on due to some buying support. Market remained waiting for the decision of the cabinet committee on economic affairs meeting on sugar export ban. However, the government move in this direction will be clear with in a day or two. Only then, the trend will be clear in the futures market. Till then, futures will witness range bound trade with marginal improvement in prices.

PRICE DRIVERS

1. Short supply of quality sugar
2. Normal physical demand
3. Review on Export ban very soon
4. Narrow range bound trade in futures market

WEATHER

Weather is fine for the sugarcane crop. In most of the parts, harvesting has begun.

TECHNICALS

On the NCDEX, in November contract, candlestick pattern exhibit slightly improved sentiments. Prices closed above the EMA. RSI hints towards slightly bearish sentiments while MACD and Stochastic still favors the bulls. Trading volume and open interest both declined on Friday. Market is expected to improve on Saturday.

Sugar M Grade 0611(NCSGMX6)2006/10/27 - Daily B:1808.00

O 1807.00 H 1815.00 L 1806.00 C 1811.00 V 1,700 I

EMA(9) 1801.0 (18) 1795.5 PAR(14) 1764.00



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1780	1768	1811	1840	1855

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1808 with **target** of 1818.
Stop loss below 1803. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.10.06	26.10.06	Change
Ready Sugar (M Grade)	Delhi	1825-1905	1825-1905	-
Ready Sugar (S Grade)	Delhi	1810-1890	1810-1890	-
Mill Delivery	Delhi	1740-1820	1740-1820	-

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