

## SUGAR

04<sup>th</sup> October 2006

### SPOT MARKETS

The sugar spot market traded with strong bullish sentiments due to increased festive demand in Delhi, Muzaffarnagar and Kolkata markets. Further, mills also offered their stock at the increased prices. However, sudden and sharp rise in prices is unexpected and unsustainable. But due to on going festive demand, the prices are expected to hover near its current range with slight deviation in either sides during this week.

### FUTURES MARKETS

On the NCDEX, all the sugar futures opened with bullish undertone on speculative buying over confusion on released quota for the October month. Later on spot market demand also supported the futures market prices. The October contract hovered in the range of 1840-1860 on Tuesday. Market may remain volatile with slight bullish undertone.

### PRICE DRIVERS

1. Good festive demand in the spot market
2. Speculative buying in the futures market
3. Review on export ban in October
4. Confusion among the traders about the released quantity for the October month among
5. 16-lakh MT non-levy sugar for October

### WEATHER

Conducive weather is prevailing for the crop in the major growing areas of the country.

### TECHNICALS

In October contract on the NCDEX, chart pattern exhibit bullish sentiments. The prices closed above the EMA. Stochastic, RSI and MACD indicate towards slightly improved sentiments. Volume and open interest significantly increased on Tuesday. October contract is expected to trade with slightly improved undertone on Wednesday.

Sugar M Grade 0610(NC-SGMV6)2006/10/03 - Da B:1852  
O 1840.00 H 1860.00 L 1840.00 C 1853.00 V 4,40  
EMA(9) 1840.1 (18) 1839.4 PAR(14) 1868.59



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1824	1812	1853	1875	1885

### TRADE RECOMMENDATION:

**Buy** NCDEX - October Sugar M near 1846 with **target** of 1862. **Stop loss** below 1838. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	03.10.06	30.09.06	Change
Ready Sugar (M Grade)	Delhi	1835-1925	1795-1885	+40
Ready Sugar (S Grade)	Delhi	1820-1910	1780-1870	+40
Mill Delivery	Delhi	1750-1840	1710-1800	+40

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