

SUGAR

10th October 2006

SPOT MARKETS

Sugar spot markets exhibited steady sentiments in the major trading centers like Delhi and Muzaffarnagar. The prices marginally improved in Delhi while slightly eased in Muzaffarnagar. Kolkata did not witness any significant change in demand and prices. Spot prices are not expected to see much deviation in the coming days due to on going festival season.

FUTURES MARKETS

On the NCDEX, most of the sugar futures opened with bearish sentiments and the weakness persisted till the end of the day. It appears that profit booking kept the futures prices down. The October contract hovered in the range of 1867-1882 while the November contract fluctuated between 1787-1805 on Monday. The futures market must improve on Tuesday as spot market is showing steady sentiments with no major down trend.

PRICE DRIVERS

1. Steady spot demand
2. Speculative Selling in futures market
3. Ongoing festive demand
4. Improved world sugar sentiments

WEATHER

Sugarcane is almost ready for harvesting in its grown areas. Weather is no more a concern for this crop in whole India.

TECHNICALS

In November contract on the NCDEX, chart pattern exhibit bearish sentiments on speculative selling. The prices closed above the 9-days and 18-days EMA. MACD and Stochastic hint towards improved sentiments while RSI favours the bears. Volume declined while open interest increased on Monday. The November contract must show some improved sentiments on Tuesday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1789	1815	1820

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1784 with **target** of 1798.
Stop loss below 1777. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	09.10.06	07.10.06	Change
Ready Sugar (M Grade)	Delhi	1805-1910	1805-1910	-
Ready Sugar (S Grade)	Delhi	1790-1895	1790-1895	-
Mill Delivery	Delhi	1720-1825	1720-1825	-

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