

SUGAR

23rd October 2006

SPOT MARKETS

Major spot sugar markets witnessed a lacklustre trade amidst meager demand as festival requirement is over. Further, a string of festival has started and will last till 25th October. During this period, most of the markets will remain closed and normal trading activities will resume after Eid. The spot prices are likely to remain stable during this period.

FUTURES MARKETS

Sugar futures on the NCDEX traded with improved sentiments on slow but continued gain in confidence among the buyers on the hope for export resumption soon. The traders argue that Government succeeded in bringing sugar prices down to benefit consumers during the festival period. Now, festive demand is over, crushing is starting from early November and international sugar scenario is improving thus there appears no reason to continue ban for longer period as it may adversely affect the returns to the cane farmers and sugar mills. Thus, futures market is expected to trade with slightly improved sentiments in the coming days.

PRICE DRIVERS

1. Steady physical demand
2. Slight buying support in futures market
3. Review on Export ban in last week of the October
4. Bumper production prospects

WEATHER

Crop is ready for harvesting, and the recent rainfall in the cane growing areas has benefited the crop.

TECHNICALS

On the NCDEX, in November contract, chart pattern indicates improved sentiments on speculative buying. Prices closed above the EMA. Indicators like MACD, Stochastic and RSI favor the bulls. Trading volume and open interest marginally declined on Friday. Contract is likely to witness bullish sentiments on Monday.

Sugar M Grade 0611(NCSGMX6)2006/10/20 - Daily B:1787.00
O 1781.00 H 1790.00 L 1781.00 C 1790.00 V 1,270 I 10,900 +1
EMA(9) 1784.7 (18) 1786.0 PAR(14) 1800.59



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1768	1756	1790	1805	1815

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1788 with **target** of 1798.
Stop loss below 1783. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	20.10.06	19.10.06	Change
Ready Sugar (M Grade)	Delhi	1785-1885	1785-1880	+5
Ready Sugar (S Grade)	Delhi	1770-1870	1770-1865	+5
Mill Delivery	Delhi	1700-1800	1700-1795	+5

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