

## SUGAR

30<sup>th</sup> October 2006

### SPOT MARKETS

Sugar spot market is trading with steady sentiments amidst normal demand and short supply of good quality sugar in the major markets like Delhi and Muzaffarnagar. Price of the 'M' grade sugar is unlikely to see weakness in the coming days till the fresh sugar comes in the market. Crushing is going to start by first week of the November and new sugar will be available by mid November. Till then sugar spot market will remain steady to firm.

### FUTURES MARKETS

Sugar futures on the NCDEX remained very narrow range bound with meager volume of trade. However, the sentiments were marginally bearish. It is the continued hope for sugar export permission, which escaped sugar from falling on Saturday. However, most of the agri-commodities became highly volatile and prices fell down significantly due to some rumors, which originated on uncalled disruption in trading at NCDEX that caused panic among the traders whole day. However, the NCDEX strongly condemned the rumors and blamed technical reasons for this sudden disruption. But the whole episode resulted in the heavy losses to the small investors. Sugar futures are expected to trade firm on Monday.

### 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, chart pattern exhibit very narrow range bound trade with marginal decline in prices from the previous close. 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 Saturday. Market is expected to improve on Monday.

Sugar M Grade 0611(NCSGMX6)2006/10/28 - Daily B:1806.0  
O 1811.00 H 1811.00 L 1806.00 C 1808.00 V 71011  
EMA(9) 1802.2 (18) 1796.7 PAR(14) 1766.36



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1780	1768	1808	1840	1855

### TRADE RECOMMENDATION:

**Buy** NCDEX - November Sugar M near 1806 with **target** of 1816.  
**Stop loss** below 1801. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	28.10.06	27.10.06	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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