

SUGAR

17th October 2006

SPOT MARKETS

Weakness continues in the sugar spot markets as the festive demand almost ends in the major markets like Delhi, Muzaffarnagar and Kolkata. With the ongoing day-to-day demand and wait for the government meeting to review the export ban of sugar, spot market is expected to remain in the current range with slight downward movement.

FUTURES MARKETS

Sugar futures on the NCDEX witnessed weak sentiments, as selling pressure did not allow the market to see any significant up trend. NCDEX has increased the delivery centers for the April and onwards contracts. Now, the number of delivery center is 14. The futures will clearly show its direction after Deepawali as a major factor i.e. export resumption issue is to be reviewed in the last week of October. Till then, volatility will continue to be there and bearish undertone may prevail.

PRICE DRIVERS

1. Lacklustre physical demand
2. Speculative selling in futures market
3. Review on Export ban in last week of October
4. Bumper production prospects

WEATHER

Weather is fine all over the country for the sugarcane crop.

TECHNICALS

On the NCDEX, in November contract, chart pattern reflects that initially bears dominated the game but later on due to some buying support market witnessed improvement. However, technical indicators still indicate towards bearish sentiments to prevail on Tuesday. Volume slightly declined while open interest marginally improved on Monday.

Sugar M Grade 0611(NCSGMX6)2006/10/16 - Daily B:1772.00 , O 1771.00 H 1776.00 L 1757.00 C 1774.00 V 2,680 I 1
EMA(9) 1785.6 (18) 1787.2 PAR(14) 1808.32



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1774	1815	1820

TRADE RECOMMENDATION:

Sell NCDEX - November Sugar M near 1780 with **target** of 1766. **Stop loss** above 1787. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	16.10.06	14.10.06	Change
Ready Sugar (M Grade)	Delhi	1775-1865	1785-1870	-5
Ready Sugar (S Grade)	Delhi	1760-1850	1770-1855	-5
Mill Delivery	Delhi	1690-1780	1700-1785	-5

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