

## SUGAR

11<sup>th</sup> October 2006

### SPOT MARKETS

Sugar spot prices eased slightly on subdued demand in the Delhi and Muzaffarnagar markets as most of the festive buying has come to an end. However, till last week of the October moderate festive demand will continue to be there but the demand, which can significantly trigger the prices, has ended. Thus, spot price scenario will remain more or less steady in the current week.

### FUTURES MARKETS

On the NCDEX, most of the sugar futures opened with slightly weak sentiments however, prices rose in noon on the news that decision on export ban will be taken in October end. All the contracts suddenly improved on speculative buying on this news. Further, the world sugar prices also significantly improved on gain in crude oil prices. It is expected that if crude prices continue to increase, Brazil may divert most of its sugarcane to the production of ethanol rather than sugar. Thus, these two factors, gave some strength to the Indian sugar futures market. The October contract hovered in the range of 1859-1874 while the November contract fluctuated between 1781-1809 on Tuesday. Futures prices seem to have consolidated at the current levels with little chance of major downside bias.

### PRICE DRIVERS

1. Festive demand weakens in spot market
2. Some buying support on hope for export resumption after festive season
3. Improved world sugar prices
4. Higher international crude oil prices

### WEATHER

In some parts of the country, harvesting has been started. However, in Uttar Pradesh it will gather momentum by the beginning of the November. Weather is fine all over the country for the sugarcane crop.

### TECHNICALS

In November contract on the NCDEX, chart pattern exhibit volatile movement with bullish undertone. The prices closed above the 9-days and 18-days EMA. Indicators like MACD, RSI and Stochastic favor the bulls. Volume and open interest increased on Tuesday. Sentiments should further improve in futures market.

Sugar M Grade 0611(NCSGMX6)2006/10/10 - Daily B:1794.00 A:1

O 1790.00 H 1809.00 L 1781.00 C 1794.00 V 5,210 I 12,6  
EMA(9) 1789.3 (18) 1788.8 PAR(14) 1772.57



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1794	1815	1820

### TRADE RECOMMENDATION:

**Buy** NCDEX - November Sugar M near 1788 with **target** of 1802.  
**Stop loss** below 1781. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	10.10.06	09.10.06	Change
Ready Sugar (M Grade)	Delhi	1805-1900	1805-1910	-10
Ready Sugar (S Grade)	Delhi	1790-1885	1790-1895	-10
Mill Delivery	Delhi	1720-1825	1720-1825	-10

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