

## SUGAR

19<sup>th</sup> October 2006

### SPOT MARKETS

Spot sugar market slightly improved in the major markets like Delhi and Muzaffarnagar amidst normal demand. Yesterday's futures market sentiments gave some strength to the spot prices. Till Deepawali, no major change is expected in the spot prices as the festive demand is over and trade will remain lacklustre to celebration of the festival during this week.

### FUTURES MARKETS

Indian Sugar Futures on the NCDEX opened with improved sentiments on speculative buying on the hope for partial lifting of ban on sugar export in near future. World sugar market improved on the speculation that Brazil may divert significant amount of its sugarcane to the Ethanol production. On the other hand, countries like Indonesia, Bangladesh and Sri Lanka are the prospective importers for the Indian sugar. Thus, in the changing scenario, India can take advantage of the global improved sentiments and export sugar to its traditional sugar importer countries. Thailand, which is also India's competitor in sugar export, will not be available to compete due to low Indian prices owing to higher domestic availability. Most of the future contracts should improve on the changed world sugar scenario and coming future opportunities to Indian Sugar Sector. However, November contract may exhibit slight weakness on steady physical market sentiments.

### PRICE DRIVERS

1. Steady physical demand
2. Some buying support in futures market
3. Improved world sugar prices
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 indicates weak sentiments due to selling pressure. Prices closed below the 9-days EMA. Technical indicators like MACD, RSI and Stochastic hints towards slight weakness in this contract. Volume and open interest marginally declined on Wednesday. This contract may show slightly bearish trend on Thursday.

Sugar M Grade 0611(NCSGMX6)2006/10/18 - Daily B:1778.00 A: O 1790.00 H 1791.00 L 1776.00 C 1780.00 V 1,680 I 11, EMA(9) 1784.2 (18) 1786.2 PAR(14) 1804.30



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- November Contract	1757	1745	1780	1805	1815

### TRADE RECOMMENDATION:

**Buy** NCDEX - November Sugar M near 1786 with **target** of 1776. **Stop loss** below 1791. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	18.10.06	17.10.06	Change
Ready Sugar (M Grade)	Delhi	1775-1870	1775-1865	+5
Ready Sugar (S Grade)	Delhi	1760-1855	1760-1850	+5
Mill Delivery	Delhi	1690-1785	1690-1780	+5

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