

SUGAR

09th October 2006

SPOT MARKETS

Sugar spot markets traded with steady sentiments amidst normal demand. However, prices marginally eased in Muzaffarnagar and Kolkata markets. Due to ongoing festival season, the sugar demand will remain steady to firm during the next week. The spot prices are expected to remain firm on Monday.

FUTURES MARKETS

On the NCDEX, sugar futures traded with positive sentiments on speculative buying. Most of the futures contracts closed with positive note. The October contract is approaching its settlement date and the current trend hints towards settlement at higher levels. Further, the traders hope that export ban would be reviewed in the October month. Thus, the futures sentiments currently seem bullish. However, some volatility may be observed. The October contract hovered in the range of 1857-1888 while the November contract fluctuated between 1782-1804 on Saturday. Futures market is expected to remain firm on Monday.

PRICE DRIVERS

1. Steady spot demand
2. Speculative buying in the futures market
3. Ongoing festive demand

WEATHER

Sugarcane is almost ready for harvesting in its grown areas. Weather is no more a concern for this crop in whole India.

TECHNICALS

In November contract on the NCDEX, chart pattern exhibit strong bullish sentiments in the market. The prices closed above the 9-days and 18-days EMA. RSI, MACD and Stochastic hint towards bullish sentiments. Volume and open interest increased on Saturday. The November contract is expected to further improve on Monday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1800	1815	1820

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1793 with **target** of 1809.
Stop loss below 1785. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	07.10.06	06.10.06	Change
Ready Sugar (M Grade)	Delhi	1805-1910	1805-1910	-
Ready Sugar (S Grade)	Delhi	1790-1895	1790-1895	-
Mill Delivery	Delhi	1720-1825	1720-1825	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>