

SUGAR

26th October 2006

SPOT MARKETS

Sugar spot market traded with steady sentiments with some improvement in the 'M' grade sugar prices as its stock is almost finished in the mills. The 'S' grade sugar did not see any major change in its prices. The festivals are over and mills are ready to start crushing from the early November. They would like to offer new sugar at premium prices. Thus, in the coming days, spot prices of sugar may witness some improvement.

FUTURES MARKETS

Sugar futures on the NCDEX traded with bullish sentiments on speculative buying on indication for export resumption soon. At international level, Brazil is expected to increase its biofuel production thus reducing its sugar production. World sugar prices may improve on Brazilian move. On domestic exchanges speculative trading with slight bullish undertone will continue till the declaration of export resumption permission by the Government.

PRICE DRIVERS

1. Quality sugar scarcity in the spot market
2. Normal physical demand
3. Review on Export ban very soon
4. Speculative buying in futures market on hope for export resumption
5. Bumper production prospects

WEATHER

Weather is fine for the sugarcane crop. In most of the parts, harvesting has begun.

TECHNICALS

On the NCDEX, in November contract, candlestick pattern exhibit speculative trading with bullish undertone on export resumption issue. Prices closed far above the EMA. MACD lies in positive territory and moving in upward direction, indicating positive sentiments to prevail in the futures market. Other indicators like Stochastic and RSI also favor the bulls. Trading volume increased while open interest marginally declined on Wednesday. Contract is likely to remain volatile with slight bullish undertone.

Sugar M Grade 0611(NCSGMX6)2006/10/25 - Daily **B:1813.00**
O 1802.00 H 1823.00 L 1790.00 C 1815.00 V 5,570 I
EMA(9) 1796.2 (18) 1792.1 PAR(14) 1758.98



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1775	1760	1815	1850	1860

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1808 with **target** of 1824.
Stop loss below 1800. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	25.10.06	23.10.06	Change
Ready Sugar (M Grade)	Delhi	1815-1895	1785-1885	+10
Ready Sugar (S Grade)	Delhi	1800-1880	1770-1870	+10
Mill Delivery	Delhi	1730-1810	1700-1800	+10

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