

SUGAR

31st October 2006

SPOT MARKETS

Sugar spot markets are trading with steady sentiments amidst day-to-day normal demand and almost finished stock of 'M' grade sugar/quality sugar. Further, Trading activities will remain paralyzed for the coming two days in Delhi as Traders are observing a 72-hour bandh starting from Monday to protest against the MCD's sealing drive. Due to end of the marketing season, active sugar trading is almost nil in major markets like Muzaffarnagar and Delhi. Trading will pick up momentum when the new sugar will be available by mid November. Till then, spot prices will remain steady to firm on short quality sugar supply.

FUTURES MARKETS

Sugar futures on the NCDEX saw marginal improvement in prices over previous trading day. A narrow range bound trading was observed in all the active contracts amidst thin volume. The government will take decision on sugar export ban in next few days, as there is no consensus on the sugarcane production estimate with in the decision body. Although, it is sure that ban will be lifted in a phased manner in the coming days. Thus, market will remain range bound with slight bullish undertone for the coming days.

PRICE DRIVERS

1. Short supply of quality sugar
2. Normal physical demand
3. Review on Export ban soon
4. Narrow range bound trade in futures market

WEATHER

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

TECHNICALS

On the NCDEX, in November contract, chart pattern exhibit range bound trade with slight improvement in prices from the previous close. Prices closed above the EMA. RSI and MACD hint towards steady sentiments while Stochastic favors the bears. Market should improve on Tuesday.

Sugar M Grade 0611(NCS&MXB)2006/10/30 - Daily B:1810.00 A:1813.00
O 1809.00 H 1814.00 L 1808.00 C 1811.00 V 840 I 10,090 +13
EMA(9) 1803.2 (18) 1798.3 PAR(14) 1772.01



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1790	1780	1811	1825	1850

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1808 with **target** of 1818. **Stop loss** below 1803. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	30.10.06	28.10.06	Change
Ready Sugar (M Grade)	Delhi	1825-1905	1825-1905	-
Ready Sugar (S Grade)	Delhi	1810-1890	1810-1890	-
Mill Delivery	Delhi	1740-1820	1740-1820	-

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