

SUGAR

01st November 2006

SPOT MARKETS

Trade continues to remain lacklustre in the major markets like Delhi and Muzaffarnagar owing to slack supply and normal demand. Further, Delhi is observing complete Bandh to protest against sealing drive. Trade will remain adversely affected till Wednesday. Spot sugar will remain steady to firm in the near futures due to short supply of 'M' grade sugar in the market.

FUTURES MARKETS

All Sugar futures on the NCDEX opened with positive sentiments and traded high on good buying support on speculation over export resumption issue. However, by late afternoon, profit booking took place and prices came down considerably. Most active November contract traded between 1809-1823 while December contract hovered in the range of 1750-1771 on Tuesday. Market should remain bullish on Wednesday, as moderate buying at these levels will keep prices steady to firm.

PRICE DRIVERS

1. Short supply of quality sugar
2. Normal physical demand
3. Review on Export ban soon
4. Overall buying interest 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 speculative buying in the early hours of the trade and then fall in the prices on profit booking. Prices closed above the EMA. Technical indicators like RSI, MACD and Stochastic hint towards steady sentiments. Volume of trade significantly increased while open interest slightly declined. Market should improve on Wednesday.



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 1809 with **target** of 1819.
Stop loss below 1804. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	31.10.06	30.10.06	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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