

SUGAR

20th October 2006

SPOT MARKETS

Spot sugar market slightly improved in the major markets like Delhi and Muzaffarnagar due to shortage of good quality 'M' grade sugar amidst normal demand. Thus, improvement was seen in the quality sugar prices in these markets. However, 'S' grade and lower quality sugar prices did not see any major change. Wholesale market is witnessing lacklustre trade due to celebration preparation of the Deepawali these days as retailers have already met their requirement in earlier days. The spot prices will remain in its existing state during this festive week.

FUTURES MARKETS

Sugar futures on the NCDEX traded in a narrow range and in most of the contracts prices settled near the previous day's level. However, most active November contract traded with bearish sentiments owing to weak buying interest. Futures seems seeking direction these days after a sharp deep depression earlier. Speculation over export ban relaxation is providing some support to the futures market however higher production estimates worries the traders. It is expected that November contract will further ease while other contracts may continue to improve moderately on the hope for export resumption.

PRICE DRIVERS

1. Steady physical demand
2. Mixed futures market sentiments
3. Review on Export ban in last week of the October
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 continuation of the bearish trend. Prices hovered in a narrow range. EMA remained above the price line. Indicators like MACD, Stochastic and RSI hint towards prevalence of weakness on Friday also. Trading volume increased while open interest marginally declined on Thursday. This contract may show slightly bearish trend on Friday.

Sugar M Grade 0611(NCSGMX6)2006/10/19 - Daily B:1776.00 A: O 1781.00 H 1783.00 L 1775.00 C 1777.00 V 2,120 I 11
EMA(9) 1782.8 (18) 1785.2 PAR(14) 1802.40



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1757	1745	1777	1795	1805

TRADE RECOMMENDATION:

Sell NCDEX - November Sugar M near 1782 with **target** of 1772.
Stop loss above 1787. Do not carry-forward the position until the next day

Spot Market Prices

Origin/Grade	Center	19.10.06	18.10.06	Change
Ready Sugar (M Grade)	Delhi	1785-1880	1775-1870	+10
Ready Sugar (S Grade)	Delhi	1770-1865	1760-1855	+10
Mill Delivery	Delhi	1700-1795	1690-1785	+10

Rs./qtl

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