

SUGAR

07th October 2006

SPOT MARKETS

Sugar spot markets traded with steady sentiments amidst normal demand. However, prices marginally eased in Delhi, Muzaffarnagar and Kolkata markets. The spot prices will remain steady and will not witness much downtrend because of the nearing in of the festivals like Deepawali and Eid in the current month.

FUTURES MARKETS

On the NCDEX, sugar futures opened with positive sentiments and due to speculative buying sustained on slightly higher levels till afternoon. But most of the sugar futures settled near their open price levels due to profit booking. The futures is expected to witness a range bound movement with slight bullish undertone tomorrow on the back of the continuation of the festive season. The October contract hovered in the range of 1840-1865 while the November contract fluctuated between 1776-1800 on Friday. Futures market is expected to remain firm on Saturday.

PRICE DRIVERS

1. Steady demand in the spot market
2. Buying interest in the futures market
3. Improved world market sentiments

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 doji pattern indicating volatility and indecisiveness in the market. Long upper shadow indicates that prices touched higher levels but could not sustain there and returned near the opening level. The prices closed below the 9-days and 18-days EMA. RSI hints towards bullish sentiments while MACD and Stochastic favours the bears. Volume and open interest marginally increased on Friday. October contract is proceeding towards its settlement so futures market may witness volatility and some upward correction. The November contract is expected to improve on Saturday.

Sugar M Grade 0611(NCSGMX6)2006/10/06 - Daily B:1781.00 A: O 1783.00 H 1800.00 L 1776.00 C 1782.00 V 1,980 I 10, EMA(9) 1784.7 (18) 1786.8 PAR(14) 1805.71



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1782	1807	1817

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1778 with **target** of 1794. **Stop loss** below 1770. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	06.10.06	05.10.06	Change
Ready Sugar (M Grade)	Delhi	1805-1910	1835-1915	-5
Ready Sugar (S Grade)	Delhi	1790-1895	1820-1900	-5
Mill Delivery	Delhi	1720-1825	1750-1830	-5

Rs./qtl

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