

SUGAR

12th October 2006

SPOT MARKETS

Sugar spot market exhibited lacklustre trade owing to weak demand in the major markets like Delhi, Muzaffarnagar and Kolkata. It was offered at slightly lower prices in these places. The major festival demand is almost over, however day-to-day demand is there. The supply condition is comparatively comfortable and from November new sugar will be available in the market. Thus, keeping in mind the domestic demand/supply scenario, the spot sugar prices are expected to largely remain steady with slightly bearish undertone in the coming days. The Pakistan may impose import duty on raw and refined sugar due to the pressure by the domestic sugar industry. On the other hand, Indian government is giving a hint that it may open its export after the festive season is over.

FUTURES MARKETS

On the NCDEX, most of the sugar futures opened with slightly weak sentiments. In the absence of active trade, prices hovered in a very narrow range. The futures prices seem to have stabilized at the current levels and not showing any sign of further decline or rise. The festive demand is almost over and the effect is visible on the futures market, which is showing sideways movement. The October contract hovered in the range of 1860-1870 while the November contract fluctuated between 1791-1795 on Wednesday. Futures market is expected to exhibit current price pattern tomorrow also with slight improvement as current prices appear to be a good support level.

PRICE DRIVERS

1. Weak spot demand
2. Narrow range bound trade in futures market
3. Improved world sugar prices
4. Review on Export ban in October

WEATHER

Weather is fine all over the country for the sugarcane crop.

TECHNICALS

On the NCDEX, in November contract, candlestick pattern exhibit very narrow range bound movement with very less trading volume. The prices closed above the 9-days and 18-days EMA. Technical indicators still favours the bulls. Market must improve on Thursday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1792	1815	1820

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1788 with **target** of 1802. **Stop loss** below 1781. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	11.10.06	10.10.06	Change
Ready Sugar (M Grade)	Delhi	1795-1890	1805-1900	-10
Ready Sugar (S Grade)	Delhi	1780-1875	1790-1885	-10
Mill Delivery	Delhi	1710-1805	1720-1825	-10

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