

## SUGAR

05<sup>th</sup> October 2006

### SPOT MARKETS

The sugar spot markets traded with steady sentiments as it was offered on slightly lower prices as against previous trading day. Traders said that buyers seemed unwilling to purchase on the suddenly hiked prices. Yesterday millers offered their stock on much higher prices despite the sufficient allotment of the free sale quota for current month. However, the festive demand is going on but keeping in mind, the sugar availability, the sharp rise in spot prices is not expected. Thus spot prices will hover in its current range with narrow deviation in either sides depending up on the day-to-day demand.

### FUTURES MARKETS

On the NCDEX, all the sugar futures fell sharply due to speculative selling as the yesterday's sudden and sharp price rise could not sustain and resulted in nullifying the yesterday's gain. The week may observe volatility due to festive season because the spot market will try to sell their sugar on higher prices, but supply scenario will not allow them to do so. Thus, no clear-cut trend will be seen during this week. The October contract hovered in the range of 1836-1851 on Wednesday. Market may remain volatile with slightly bearish undertone.

### PRICE DRIVERS

1. Normal festive demand in the spot market
2. Speculative selling in the futures market
3. Weak world sugar market sentiments
4. Sufficient quota for October month

### WEATHER

Conducive weather is prevailing for the crop in the major growing areas of the country.

### TECHNICALS

In October contract on the NCDEX, chart pattern exhibit strong bearish sentiments. The prices closed near the EMA. RSI and MACD indicate towards slight weak sentiments in the market while Stochastic favours the bulls. Volume and open interest declined on Wednesday. October contract is expected to trade with slightly bearish undertone on Thursday.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1816	1803	1838	1860	1870

### TRADE RECOMMENDATION:

**Sell** NCDEX - October Sugar M near 1835 with **target** of 1825. **Stop loss** above 1840. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	04.10.06	03.10.06	Change
Ready Sugar (M Grade)	Delhi	1835-1920	1835-1925	-5
Ready Sugar (S Grade)	Delhi	1820-1905	1820-1910	-5
Mill Delivery	Delhi	1750-1835	1750-1840	-5

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.