

## SUGAR

16<sup>th</sup> October 2006

### SPOT MARKETS

Sugar spot market traded with slight bearish sentiments on weak demand in the major markets like Delhi, Muzaffarnagar and Kolkata. Spot prices remained significantly influenced by the declining futures prices. With the end of the festive demand, traders are not expecting bullish sentiments in the coming days in the light of the good production prospects. However, high day temperature in the sugarcane-growing belt is of serious concern as it may reduce the recovery percentage of the cane, as mills will start crushing from the November. If it happens, the sugar production may significantly decline from the estimate what is proclaimed by the different agencies and may reverse the price direction.

### FUTURES MARKETS

Sugar futures on the NCDEX traded with strong bearish sentiments due to intense selling pressure. The sudden sharp fall in all the futures contracts was beyond the expectation of the traders. There seems a fear among the traders that the export restriction may remain in force a little longer amidst bright production prospects, thus pressurizing the futures prices. However, sugar production is yet to be start and real picture with respect to production will be clear by the December end. The current futures trend indicates towards continuation of the bearish sentiments in the coming days with much more volatility. Cautious trade is advised.

### PRICE DRIVERS

1. Weak demand in spot market
2. Speculative selling in futures market
3. Review on Export ban in last week of October
4. Bumper production prospects
5. High day temperature in the sugarcane belt of UP

### WEATHER

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

### TECHNICALS

On the NCDEX, in November contract, candlestick pattern exhibit strong bearish sentiments. The prices closed far below the 9-days and 18-days EMA. MACD, RSI and stochastic favours the bears. Volume increased while open interest marginally declined. Market is expected to remain slightly weak on Monday.

Sugar M Grade 0611(NCSGMX6)2006/10/14 - Daily B:1776.00  
O 1790.00 H 1790.00 L 1775.00 C 1776.00 V 2,740 I  
EMA(9) 1788.4 (18) 1788.8 PAR(14) 1809.00



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- November Contract	1763	1757	1776	1815	1820

### 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

Rs./qtl

Origin/Grade	Center	14.10.06	13.10.06	Change
Ready Sugar (M Grade)	Delhi	1785-1870	1795-1880	-10
Ready Sugar (S Grade)	Delhi	1770-1855	1780-1865	-10
Mill Delivery	Delhi	1700-1785	1710-1795	-10

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