

SUGAR

14th October 2006

SPOT MARKETS

Sugar physical market is trading with steady sentiments, as the festive demand is almost over and market only meeting day-to-day demand. Traders' say that in the futures market, the December onwards contracts are not picking up momentum and have stuck in a very narrow range. This scenario discourages the stockiest to stockpile even at these lower prices. Further, new quality sugar would be available in the market in the late next month, thus restricting the traders to make unnecessary stockpiling. All these factors are not providing enough thrust to spot market to witness higher prices. The spot price scenario will remain more or less steady with bearish sentiments in the coming days.

FUTURES MARKETS

Sugar futures market seems very much confused and trading amidst hope for export resumption and fear of bumper production. A very narrow range bound sideways movement indicates towards very cautious move by the futures traders. Market may remain little bit volatile as the October contract is expiring on Tuesday and its settlement direction may temporarily affect the sentiments of the other contracts. However, slight improvement is expected on Saturday.

PRICE DRIVERS

1. Steady spot market demand
2. Marginal decline in buying interest
3. Review on Export ban in last week of October
4. Bumper production prospects

WEATHER

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

TECHNICALS

On the NCDEX, in November contract, candlestick pattern exhibit bearish sentiments. However, the prices closed above the 9-days and 18-days EMA. Technical indicators like MACD and stochastic hints towards improved sentiments while RSI favours the bears. Volume and open interest marginally declined. Market is expected to show improved sentiments on Saturday.

Sugar M Grade 0611(NCSGMX6)2006/10/13 - Dai B:1791.
O 1798.00 H 1801.00 L 1791.00 C 1791.00 V 1,261
EMA(9) 1791.7 (18) 1790.4 PAR(14) 1776.77



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1763	1757	1791	1815	1820

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1785 with **target** of 1800.
Stop loss below 1778. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	13.10.06	12.10.06	Change
Ready Sugar (M Grade)	Delhi	1795-1880	1795-1885	-5
Ready Sugar (S Grade)	Delhi	1780-1865	1780-1870	-5
Mill Delivery	Delhi	1710-1795	1710-1800	-5

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