

## SUGAR

03<sup>rd</sup> November 2006

### SPOT MARKETS

Spot sugar market is facing quality sugar scarcity as most of the stocks have finished and mills are making restricted supply to keep spot prices firm. The trading activities in Delhi resumed today after a three-day bandh by the traders against sealing drive. Most of the traders say that trade will remain lackluster for few more days because stocks have almost finished and market is witnessing demand only from the small retailers to meet the day-to-day demand. With the arrival of new sugar by mid November, trade will pick up and spot prices will remain firm due to good quality and demand. Government also released 13 lakh tons of free sale quota for the November month which seems to be sufficient enough to meet the consumption demand.

### FUTURES MARKETS

Sugar futures opened with firm sentiments and speculative buying kept prices higher in most of the contracts. In fact, futures players are very much optimistic about the early lifting of export ban. This is the main factor, which is giving support to the sugar futures. Further, new sugar in spot market will fetch premium prices to the traders. Thus, physical market conditions are also favorable for this strength in the market. November contract traded between 1822-1839 while December contract hovered in the range of 1767-1780 on Friday.

### PRICE DRIVERS

1. Restricted quality sugar supply by the millers
2. Normal physical demand
3. Satisfactory Ethanol price fixing for some states
4. Export resumption permission is expected soon
5. 13-lakh tons non-levy sugar for November
6. Good buying support in futures market

### WEATHER

Weather is fine for the sugarcane crop. In most of the parts, harvesting has begun.

### TECHNICALS

On the NCDEX, in November contract, chart pattern exhibit strong buying support on the hope for export resumption soon. Prices closed far above the 9-days and 18-days EMA. MACD, Stochastic and RSI are indicating bullish sentiments to prevail in the coming days. Volume increased while open interest declined on Thursday. Market must remain firm on Friday.

Sugar M Grade 0611(NCSGMX6)2006/11/02 - Daily B:1831.00 A:1836.00  
C 1822.00 H 1839.00 L 1822.00 C 1833.00 V 3,040 I 8,040 +13  
EMA(9) 1813.1 (18) 1805.2 PAR(14) 1780.99



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1790	1780	1833	1865	1880

### TRADE RECOMMENDATION:

**Buy** NCDEX - November Sugar M near 1830 with **target** of 1846 then second target of 1850. **Stop loss** below 1822. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	02.11.06	01.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1905	1825-1905	-
Ready Sugar (S Grade)	Delhi	1800-1890	1810-1890	-
Mill Delivery	Delhi	1730-1820	1740-1820	-

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