

SUGAR

02nd November 2006

SPOT MARKETS

Spot sugar market is observing a lacklustre trade due to sluggish demand amidst almost finished quality sugar stocks. According to traders, buyers are waiting for new sugar to hit the market by mid November. Crushing will also pick up from this weekend in Western Uttar Pradesh mills. Farmers are waiting for the announcement of the State Advised Price for the sugarcane, which is expected to be declared by second week of the November. On the other hand, undue delay in declaring export permission is causing uneasiness among the sugar industry. Overall, softness in sugar spot prices is not expected for the coming days.

FUTURES MARKETS

Sugar futures opened with steady sentiments and buying support pushed the prices slightly up during early hours of the trade. However, later on trade remained confined in a narrow range with steady sentiments. Market is expected to remain steady to firm on continued hope for export resumption. November contract traded between 1815-1823 while December contract hovered in the range of 1760-1772 on Wednesday.

PRICE DRIVERS

1. Quality sugar stocks almost finished in most of the sugar mills
2. Lacklustre physical demand
3. Review on Export ban soon
4. Overall buying interest in futures market
5. Bullish world market sentiments

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 that buying spirit kept the prices firm. Prices closed above the 9-days and 18-days EMA. MACD is in positive region and showing bullish sentiments. Stochastic and RSI also favor the bulls. Volume and open interest declined on Wednesday. Market should further improve on Thursday.

Sugar M Grade 0611(NCS@MXB)2006/11/01 - Daily B:1817.00 A:1821.00
O 1815.00 H 1822.00 L 1815.00 C 1820.00 V 1,660 I 8,760 +7
EMA(9) 1808.1 (18) 1801.9 PAR(14) 1778.18



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-November Contract	1790	1780	1820	1850	1865

TRADE RECOMMENDATION:

Buy NCDEX - November Sugar M near 1818 with **target** of 1830 then second target of 1840. **Stop loss** below 1812. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	01.11.06	31.10.06	Change
Ready Sugar (M Grade)	Delhi	1825-1905	1825-1905	-
Ready Sugar (S Grade)	Delhi	1810-1890	1810-1890	-
Mill Delivery	Delhi	1740-1820	1740-1820	-

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