

SUGAR

29th May 2006

SPOT MARKETS

At the domestic markets sugar prices witnessed mixed sentiment amidst range bound trade at the weekend. At the Delhi market it was quoted slightly lower as against Friday. However, at the Muzaffarnagar and Kolkata market it was offered at a higher price. The demand from the bulk consumers was virtually nil at present. However, demand from the Eastern region was the only supportive factor for the prices. Supplies remained lower at the weekend activity. Traders are now eyeing the allocation of June free sale quota for further direction.

FUTURES MARKETS:

At the futures market the sugar futures at the NCDEX witnessed moderately upward trade following a firm opening. However, profit booking capped further advances, but the futures managed to settle with some gains in final action. The near-month June contract hovered in the range of 1981.00-1998.00, while the July contract fluctuated in the range of 2042.00-2060.00.

PRICE DRIVERS:

Bullish:

1. Pakistan likely to import Indian sugar to meet domestic shortage in next year too

Bearish:

2. Higher free sale sugar quota for May
3. Higher sugarcane output estimates for 2005-06
4. Early onset of SW Monsoon-2006

WEATHER

Rainfalls in parts of sugarcane growing regions would be beneficial for sugarcane crop. Conditions are favourable for advance of southwest monsoon in south Konkan & Goa, southern parts of Madhya Maharashtra, remaining parts of interior Karnataka some parts of AP and remaining parts of Arunachal Pradesh and Assam & Meghalaya during next 2-3 days.

TECHNICALS

Candlesticks are indicating bearish pattern and steady to weak opening. Stochastic are moving upwards. Moving averages are still showing further downtrend. MACD has made a bullish crossover with its EMA in negative region. The futures are likely to trade slightly downwards initially following a steady to weak opening and upward thereafter.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1957	1940	1986	2002	2020

TRADE RECOMMENDATION:

Buy NCDEX-June Sugar M at 1970-1975 with **target** of 1990-1995. **Stop loss** at 1960.

Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.05.06	26.05.06	Change
Ready Sugar (M Grade)	Delhi	2000-2060	2000-2060	-
Ready Sugar (S Grade)	Delhi	1980-2045	1980-2045	-
Mill Delivery	Delhi	1870-1915	1870-1915	-

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