

## SUGAR

26<sup>th</sup> May 2006

### SPOT MARKETS

At the domestic markets sugar prices remained range bound with a mixed sentiment during Thursday's trade. At the Delhi and Kolkata market it was quoted on an average steady to higher as against Wednesday. However, at the Muzaffarnagar market it was offered at a marginally lower price. Activity was limited amidst higher supplies and weak demand at the physical markets in line with the futures market trend.

### FUTURES MARKETS:

At the futures market the sugar futures at the NCDEX witnessed a downward trade following a weak opening. Increased selling interest has pressurised the futures throughout the day. The futures recovered some of the losses later, but settled in the negative territory in final action. The near-month June contract hovered in the range of 1957.00-1974.00, while the July contract fluctuated in the range of 2010.00-2030.00 during Thursday's trade.

### 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

### WEATHER

Rainfalls in parts of sugarcane growing regions would help to avoid moisture stress in sugarcane crop of different growth stages. The present meteorological conditions suggest that the cross-equatorial monsoon flow over south Arabian Sea is likely to strengthen further leading to increase in rainfall activity and onset of southwest monsoon over Kerala within next 2-3 days.

### TECHNICALS

Candlesticks are indicating trend reversal pattern and steady to firm opening. Stochastic are hinting possibility of an upward correction soon. 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 moderately upwards following a steady to firm opening and downwards thereafter.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1955	1933	1968	1998	2018

### TRADE RECOMMENDATION:

**Buy** NCDEX-June Sugar M at 1960-1965 with **target** of 1980-1990. **Stop loss** at 1950.

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

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	25.05.06	24.05.06	Change
Ready Sugar (M Grade)	Delhi	2000-2060	2000-2060	-
Ready Sugar (S Grade)	Delhi	1980-2045	1980-2045	-
Mill Delivery	Delhi	1880-1925	1880-1925	-

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