

## SUGAR

25<sup>th</sup> May 2006

### SPOT MARKETS

At the domestic markets sugar prices witnessed a range bound movement with a bearish undertone during Wednesday's trade. At the Muzaffarnagar market it was quoted much lower as against Tuesday. However, at the Delhi market it was offered at a steady price, while at the Kolkata market it was traded at a slightly lower price. Activity was lower amidst higher supplies and weak demand at the physical markets in line with the futures market trend. Traders are now eyeing the release of free sale sugar quota for the month of June for further direction.

### FUTURES MARKETS:

At the futures market the sugar futures at the NCDEX witnessed a range bound movement with a bearish undertone following a firm opening at the early hours of trade. The futures traded mostly within Tuesday's range amidst thin volume of trade and settled with marginal losses in final action. The near-month June contract hovered in the range of 1966.00-1979.00, while the July contract fluctuated in the range of 2025.00-2036.00 during Wednesday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Pakistan bought 40000 tons and 25000 tons sugar from 2 Indian firm at \$506/ton each

#### 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. Rainfall activity over Kerala, Lakshadweep and northeastern States is likely to increase.

### TECHNICALS

Candlesticks are indicating slightly bearish pattern and steady to weak opening. Stochastic are hinting possibility of an upward correction soon. Moving averages are still showing further downtrend. MACD is in negative region, supporting the medium-term weakness. The futures are likely to trade moderately upwards following a steady to weak opening and downward thereafter.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1955	1933	1972	1998	2018

### TRADE RECOMMENDATION:

**Buy** NCDEX-June Sugar M at 1965 with **target** of 1980. **Stop loss** at 1957.

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

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	24.05.06	23.05.06	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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