

## SUGAR

23<sup>rd</sup> May 2006

### SPOT MARKETS

At the domestic market sugar prices extended the earlier weakness further during Monday's trade. At the Delhi, Muzaffarnagar and Kolkata market it was quoted on an average lower as against the last weekend. With higher supplies and limited demand millers as well as resellers quoted lower price. Supplies remained higher with the huge volume of May free sale sugar quota. The sharp downward trade in the futures market has also pressurised the physical market sentiments.

### FUTURES MARKETS:

The sugar futures at the NCDEX witnessed a sharply downward trade following a weak opening initially. Increased selling interest has pressurised the futures through mid-session. However, moderate buying interest at the lower levels supported the futures and the futures recovered some of the early losses in late action. The near-month June contract hovered in the range of 1955.00-1985.00, while the July contract fluctuated in the range of 2014.00-2050.00.

### 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

Mainly dry weather is prevailing over most parts of the country. Frequent irrigation is required to avoid moisture stress in sugarcane crop of different growth stages. Southwest monsoon has advanced into some more parts of southwest, southeast Bay of Bengal, some parts of eastcentral Bay and remaining parts of Andaman Sea.

### TECHNICALS

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



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1955	1940	1975	2000	2019

### TRADE RECOMMENDATION:

**Buy** NCDEX-June Sugar M at 1975 with **target** of 2000. **Stop loss** at 1963.

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

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	22.05.06	20.05.06	Change
Ready Sugar (M Grade)	Delhi	2000-2060	2010-2075	-15
Ready Sugar (S Grade)	Delhi	1980-2045	1990-2060	-15
Mill Delivery	Delhi	1880-1925	1890-1940	-15

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