

## SUGAR

27<sup>th</sup> May 2006

### SPOT MARKETS

At the domestic markets sugar prices remained range bound with a mixed sentiment during Friday's trade. At the Delhi and Muzaffarnagar market it was quoted on an average lower as against Thursday. However, at the Kolkata market it was offered at a slightly 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 were higher mainly due to the large free sale quota for the month of May. Traders are now eyeing the allocation of June free sale quota as in some state like Maharashtra significant quantity of the May quota is yet to be sold.

### FUTURES MARKETS:

The sugar futures at the NCDEX witnessed an upward trade following a firm opening. Increased buying interest at the lower levels has supported the futures throughout the day. The futures settled near day's high in final action. The near-month June contract hovered in the range of 1970.00-1985.00, while the July contract fluctuated in the range of 2028.00-2048.00.

### 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 over Kerala

### WEATHER

Rainfalls in parts of sugarcane growing regions would help to avoid moisture stress in sugarcane crop of different growth stages. The IMD has declared onset of SW monsoon over Kerala. Conditions are favourable for advance of southwest monsoon over coastal Karnataka and northeastern states during next 48 hours.

### TECHNICALS

Candlesticks are indicating bullish pattern and steady to firm opening. Stochastic are hinting further upward movement. 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 with possibility of some late downward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1957	1940	1985	2002	2020

### TRADE RECOMMENDATION:

**Buy** NCDEX-June Sugar M at 1980-1985 with **target** of 1995-2000. **Stop loss** at 1969.

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

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	26.05.06	25.05.06	Change
Ready Sugar (M Grade)	Delhi	2000-2060	2000-2060	-
Ready Sugar (S Grade)	Delhi	1980-2045	1980-2045	-
Mill Delivery	Delhi	1870-1915	1880-1925	-10

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.