

SUGAR

24th May 2006

SPOT MARKETS

At the domestic markets sugar prices remained range bound with a bearish undertone during Tuesday's trade. At the Delhi market it was quoted steady as against Monday on limited activity. However, at the Muzaffarnagar and Kolkata market it was offered at a lower price. 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 bearish trend in the futures market has also pressurised the physical market sentiments.

FUTURES MARKETS:

At the futures market the sugar futures at the NCDEX witnessed moderately upward movement following a weak opening at the early hours of trade. However, profit taking at the higher levels capped further advances and the futures finished with some losses in final action. The near-month June contract hovered in the range of 1968.00-1991.00, while the July contract fluctuated in the range of 2026.00-2050.00 during Tuesday'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 downwards following a steady to weak opening and upward thereafter.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1955	1933	1973	1998	2018

TRADE RECOMMENDATION:

Sell NCDEX-June Sugar M at 1980-1985 with **target** of 1965-1960. **Stop loss** at 1995.

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

Spot Market Prices

Rs./qtl

Origin/Grade	Center	23.05.06	22.05.06	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	-

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.