

SUGAR

17th May 2006

SPOT MARKETS

At the domestic markets sugar prices remained range bound with a mixed sentiment during Tuesday's trade. At the Delhi market it was quoted mostly steady as against Monday. However, at the Muzaffarnagar and Kolkata market it was offered at a slightly lower price. Moderate demand at the lower price levels has supported the sugar prices to remain at a steady level. Market remained underpinned by higher sugar sales quota for May. However, higher export demand have kept the physical market prices at the higher side.

FUTURES MARKETS:

At the futures market the sugar futures at the NCDEX tested fresh contract month lows following a weak opening initially. However, increased buying interest at the lower levels supported the futures thereafter and the futures retraced back again to settle near day's high in final action. The near-month May contract hovered in the range of 1927.00-1960.00, while the June contract fluctuated in the range of 2018.00-2055.00.

PRICE DRIVERS:

Bullish:

1. Indian firm bagged 100000 tons sugar export tender to Pakistan at \$518 per ton CNF Karachi

Bearish:

2. Higher free sale sugar quota for May
3. Govt revised up sugarcane output of 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. However, conditions have become favourable for onset of South West Monsoon over SE Bay of Bengal and Nicobar islands near its normal date.

TECHNICALS

Candlesticks are indicating a bullish pattern and firm opening. Stochastic are in oversold region and moving downward, hinting further downtrend. Moving averages are also 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 downwards thereafter.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	2035	2020	2049	2062	2078

TRADE RECOMMENDATION:

Buy NCDEX-June Sugar M at 2045 with **target** of 2060. **Stop loss** at 2037.

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

Spot Market Prices

Rs./qtl

Origin/Grade	Center	16.05.06	15.05.06	Change
Ready Sugar (M Grade)	Delhi	2010-2080	2010-2075	+5
Ready Sugar (S Grade)	Delhi	1990-2065	1990-2060	+5
Mill Delivery	Delhi	1990-1960	1980-1950	+10

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