

SUGAR

7th June 2006

SPOT MARKETS

Domestic spot market witnessed very low trading activities on Tuesday. At the Delhi, Muzaffarnagar and Kolkata market it was quoted mostly lower as against the last trading day. The demand is very low in the physical market and the millers are not getting their parity prices. Spot market trade remained bearish amidst low buying activities.

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 at slightly higher level at 1937. The NCDEX June Sugar contract hovered in the range of 1915-1940 while the July contract fluctuated in the range of 1945-1968 during the day.

PRICE DRIVERS:

1. Bearish sentiments in the spot market
2. Slightly bullish trend in the futures market
3. Good crop harvest expectations.
4. Sugar shortage in neighbor countries

WEATHER

Rainfalls in parts of sugarcane growing regions would help to avoid moisture stress in sugarcane crop of different growth stages. Rain/thundershowers are likely at a few places over south Konkan & Goa and South Madhya Maharashtra and isolated over north Konkan. Mainly dry weather is likely over the rest region.

TECHNICALS

In the NCDEX Sugar June futures Contract, strong close at the end of the session created a long lower shadow in the candlestick pattern indicating slight bullishness in the futures market. Stochastic is ruling upward in negative zone, as % K line is above % D line indicating strength in the market. The DAV made bullish cross over with MACD and moving apart and upward showing strength in the market and possible trend reversal. Volume declined significantly while open interest declined marginally indicating volatility still persists.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1923	1915	1937	1946	1956

TRADE RECOMMENDATION:

Buy NCDEX- June Sugar M at 1931 with **target** of 1944, **Stop loss** at 1925. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	06.06.06	05.06.06	Change
Ready Sugar (M Grade)	Delhi	1990-2050	1990-2050	-
Ready Sugar (S Grade)	Delhi	1970-2035	1970-2035	-
Mill Delivery	Delhi	1860-1905	1860-1905	-

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