

## SUGAR

6<sup>th</sup> June 2006

### SPOT MARKETS

At the domestic market sluggish sentiments were seen at the Muzaffarnagar and Delhi market. Though at Muzaffarnagar and Delhi spot prices were quoted higher than Saturday's price. At Kolkata market it continued to remain down today also due to weak demand by the buyers. Rains have lasted some negative effect on the retail buying in the spot market. Sugar prices remained on average range bound during the whole day. Pakistan has bought 50000 tons white sugar from Dubai-based Al-Khaleej Sugar Company at \$470 per ton. LIFFE white sugar futures are trading higher following strength in crude oil. Sugar prices in Vietnam have surged up on lower production of sugarcane as well as sugar this season. According to the Vietnam Ministry of Planning and Investment (MPI), domestic sugarcane prices have nearly doubled over the same period of last year. The Vietnam Ministry of Trade has reported that the retail price of sugar is likely to stay at the higher levels in June as well. The domestic demand is higher for the summer season.

### FUTURES MARKETS:

At the futures market the sugar futures at the NCDEX witnessed an upward trade following a firm opening. Increased buying interest has supported the futures market. The NCDEX June Sugar contract hovered in the range of 1925-1947, while the July contract fluctuated in the range of 1950-1983 during the day.

### PRICE DRIVERS:

1. Bullish sentiments in the futures market
2. Govt release of free sale sugar quota for June
3. Sugar shortage in neighbor countries

### WEATHER

Prevailing rainfalls in parts of sugarcane growing regions would be beneficial for the sugarcane crop. IMD forecasts lull in monsoon rains on West Coast. The monsoon is weakening in Arabian sea. However, it may revive in Eastern region in 24hrs, where it has not advanced since 28th May.

### TECHNICALS

In the NCDEX Sugar June futures Contract candlestick pattern showing shooting star formation indicating slight weakness. 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 an upward showing strength in the market and possible trend reversal. Volume increased while open interest declined marginally indicating volatility still persists.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1922	1913	1932	1962	1988

### TRADE RECOMMENDATION:

**Buy** NCDEX- June Sugar M above 1940 with **target** of 1956  
**Stop loss** at 1932

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

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	05.06.06	03.06.06	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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