

SUGAR

13th June 2006

SPOT MARKETS

At the Domestic sugar markets moderately range bound trading was observed on Monday amidst thin buying and selling activities. At the Muzaffarnagar market it was offered at lower price while at Delhi market it was quoted at higher prices today as against Saturday. The Kolkata market did not witness any significant change from the previous trading day.

FUTURES MARKETS:

The domestic sugar futures at the NCDEX witnessed on an average a moderately downward trade today due to sluggish demand. The spot prices of sugar are still higher than June futures, resulting in the less and less interest among futures traders. The NCDEX June Sugar contract hovered in the range of 1941-1955 while the July contract fluctuated in the range of 1962-1968 during the day.

PRICE DRIVERS:

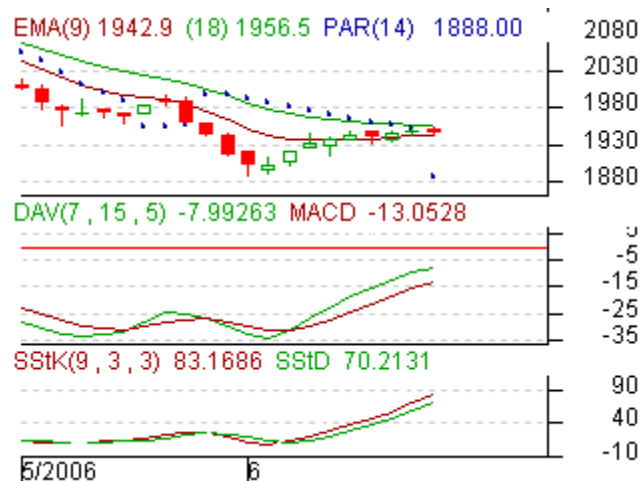
1. Sufficient stock at domestic market
2. Less buying interest among futures traders
3. Sugar scarcity in the neighbor countries
4. Bright Sugar export prospects

WEATHER

Day temperatures over plains of northwest India, Uttar Pradesh and central India are likely to remain around 42-44°C. Dust raising winds will prevail over some parts of northwest India. There are no signatures of the revival of southwest monsoon during next 4-5 days. Sugarcane crop will need some protective irrigation if it continues to remain dry and hot for the next few days.

TECHNICALS

The domestic sugar June futures at the NCDEX witnessed on an average a moderately downward trade on Monday. The solid red candlestick pattern indicates moderately bearish sentiments in the futures market. Stochastic is ruling upward in neutral zone indicating strength in the market. The DAV made bullish cross over with MACD and moving apart an upward showing strength in the market. In June futures volume marginally increased while open interest continued to decline on Monday as against Saturday's trade, which is indicative of volatility in the futures market. The Sugar futures are likely to trade narrow range bound with a bearish undertone in the near future.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1935	1929	1945	1963	1967

TRADE RECOMMENDATION:

Sell NCDEX- June Sugar M at 1956 with **target** of 1945, **Stop loss** at 1962. Do not carry-forward the position until the next

Spot Market Prices

Rs./qtl

Origin/Grade	Center	08.06.06	07.06.06	Change
Ready Sugar (M Grade)	Delhi	1990-2020	1990-2020	-
Ready Sugar (S Grade)	Delhi	1975-2005	1975-2005	-
Mill Delivery	Delhi	1900-1930	1900-1930	-

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