

## SUGAR

30<sup>th</sup> June 2006

### SPOT MARKETS

The spot markets witnessed some positive sentiments as the Government announced 40-lakh tones free sale quota for July-September quarter. The spot prices at all the major mandis at Delhi and Muzaffarnagar were quoted higher as against yesterday, as some demand appeared after this news. The sugarcane-sown acreage has also increased to 44.55 lakh ha (1.75 lakh ha higher than last year). Now some uncertainty has vanished among the traders and cautious but active trading activities can be observed in near future.

### FUTURES MARKETS:

Sugar futures at the NCDEX witnessed an up gap formation as price opened at much higher from the previous day close. Bulls remained active throughout the day as the news of the free sale quota positively affected the market sentiments. The NCDEX July Sugar contract hovered in the range of 1887-1908 while the August contract fluctuated in the range of 1900-1919 during Thursday. The sugar futures are likely to hover moderately in the current price range.

### PRICE DRIVERS:

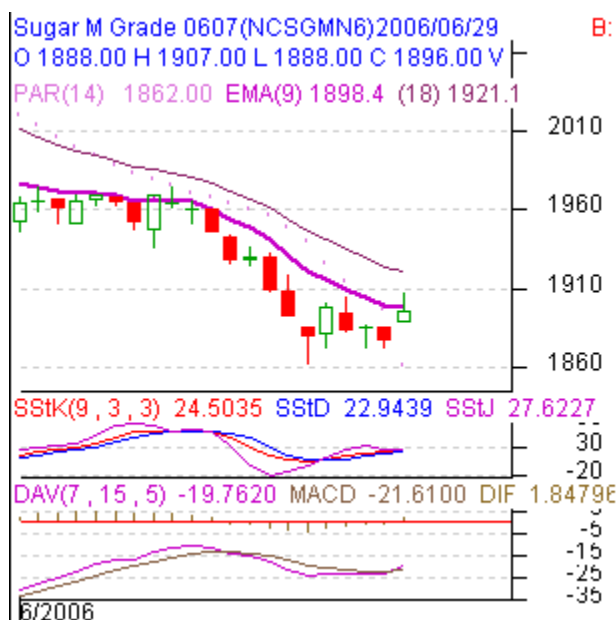
1. Quarterly free sale quota release impact
2. More acreage under sugarcane
3. Buying activities in the futures market
4. Gain in confidence among futures traders

### WEATHER

Rain/thundershowers are likely at many places over Sub-northeastern states Himalayan West Bengal & Sikkim, coastal Orissa, Bihar, Uttar Pradesh, Himachal Pradesh, Uttaranchal, Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh Coastal Karnataka, Kerala and Andaman & Nicobar islands. Isolated thundersquall may occur over Himachal Pradesh, Uttaranchal and Uttar Pradesh. Good rainfall will provide some relief to the farmers, as the irrigation requirement will be reduced.

### TECHNICALS

NCDEX July Contract opened with up gap formation. After a previous day decline, Candlestick formed Inverted Hammer. Volumes increased almost four times than yesterday's trade. Open interest also significantly increased. DAV made a bullish cross over MACD. %K line is above the %D line in the neutral zone indicating some strength in the futures prices.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1886	1876	1896	1907	1918

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1891 with **target** of 1903 **Stop loss** at 1892. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	29.06.06	28.06.06	Change
Ready Sugar (M Grade)	Delhi	1905-1925	1895-1920	+5.0
Ready Sugar (S Grade)	Delhi	1890-1910	1880-1905	+5.0
Mill Delivery	Delhi	1820-1840	1810-1835	+5.0

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