

## SUGAR

28<sup>th</sup> June 2006

### SPOT MARKETS

The domestic sugar markets witnessed a lackluster trade on Tuesday as the demand at the major markets remained dull. The sugar prices at Delhi, Muzaffarnagar and Kolkata market witnessed downward movement. July free sale quota is to be announced shortly and there are speculations about the quantity of the quota to be released among the traders and millers. Government seems to be determined to stabilize the prices of the essential commodities in the country. The spot market is likely to witness range bound trade and will remain in an observant mode for few days.

### FUTURES MARKETS:

Sugar futures at the NCDEX tried to attain the previous day close price in the last trading hours of the Tuesday's trade and finally settled at the day's opening price with the doji formation. The futures market is trying to consolidate and it appears that price will move in a rang bound fashion few days until some important news hit the market and change the present sentiments of the traders. The NCDEX July Sugar contract hovered in the range of 1871-1887 while the August contract fluctuated in the range of 1896-1912 during Tuesday.

### PRICE DRIVERS:

1. Speculation about July free sale quota quantity
2. Government strict watch over the stock and price position
3. Weak buying activity at the spot markets
4. Monsoon arrival

### WEATHER

Rainfall activity over east India is likely to increase with heavy to very heavy falls. Fairly widespread rains with heavy to very heavy falls are likely to continue along the west coast. In sugarcane crop available water may be applied economically by following alternate or skip furrow method of irrigation with trash mulching.

### TECHNICALS

After a decline or red candlestick, a doji formation indicates that selling pressure may be diminishing and the downtrend could be nearing an end in future. Even though the bears are starting to lose control of the decline, further strength is required to confirm any reversal. The gap between DAV and MACD has narrowed down showing some firmness in futures prices. %K line is above the % D line in the neutral zone indicating some strength in the futures prices. Volume and Open interest slightly declined on Tuesday's Trade.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1875	1865	1885	1905	1908

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1887 with **target** of 1897 **Stop loss** at 1882. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.06.06	26.06.06	Change
Ready Sugar (M Grade)	Delhi	1895-1920	1885-1925	-05
Ready Sugar (S Grade)	Delhi	1880-1905	1870-1910	-05
Mill Delivery	Delhi	1810-1835	1800-1840	-05

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