

SUGAR

29th June 2006

SPOT MARKETS

The trading activities at the major domestic sugar markets remained dry amidst weak buying activities by the bulk buyers. No body is in a position to store or hoard the sugar because of the strict government vigil. The spot prices at the Muzaffarnagar and Kolkata were quoted at lower prices as against yesterday while at Delhi market it was offered at slightly higher prices. Sugar spot market is likely to remain stable for the coming days as the market is waiting for the July free sale quota announcement by the Government.

FUTURES MARKETS:

Sugar futures at the NCDEX remained in the grip of bears throughout the day. The market sentiments seem to be weak as traders are feeling some kind of uncertainty in the sugar futures market. Demand is not at all emanating at the current prices. The NCDEX July Sugar contract hovered in the range of 1872-1885 while the August contract fluctuated in the range of 1889-1904 during Wednesday. The sugar futures will remain in the current state of uncertainty for some more days.

PRICE DRIVERS:

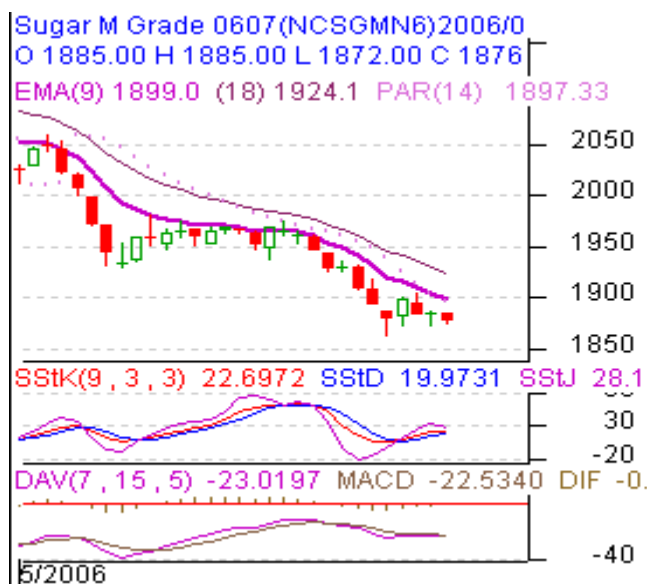
1. Wait and watch sentiments in the spot market
2. Government strict watch over the stock and price position
3. Selling pressure in the futures market
4. Monsoon arrival

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. The sugarcane crop will be benefited in term of high yield by this rainfall.

TECHNICALS

Sugar futures market is not reviving from its present bearish sentiments as could be observed from the red candlestick formation at the end of the trading day. DAV and MACD are coming much closer indicating some consolidation in the futures prices. %K line is above the %D line in the neutral zone indicating some strength in the futures prices. Volume and Open interest declined on Wednesday's Trade.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1865	1860	1876	1886	1890

TRADE RECOMMENDATION:

Sell NCDEX- July Sugar M near 1879 with **target** of 1867 **Stop loss** at 1885. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	28.06.06	27.06.06	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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