

## SUGAR

24<sup>th</sup> June 2006

### SPOT MARKETS

Sugar Prices in the most of the domestic markets noticed a range bound trade with a bearish undertone, as lackluster demand and little buying activities have been witnessed. At Muzaffarnagar, Delhi and Kolkata markets, it was offered at low prices amid lackluster demand from the bulk buyers. The latest statement of Finance Minister P Chidambaram related to curb in hike of prices of essential commodities like wheat, pulse and sugar the Government might allow private players to limited import of sugar under Tariff Rate Quota may further decrease the prices in coming days. Short-term trend looks bearish and market is waiting for minute details of the TRQ to be placed. The bearish trend has been noticed on NCDEX Sugar futures as it was also waiting for the news of the cabinet meeting on prices and showed its reaction in the form of downward price movement.

### FUTURES MARKETS:

The sugar futures at the NCDEX also witnessed the bearish pattern as it was also waiting for the news of the cabinet meeting on prices and showed its reaction in the form of downward price movement. The NCDEX July Sugar contract hovered in the range of 1862-1886 while the August contract fluctuated in the range of 1875-1908 during Thursday. The futures market is expected to witness steady to weak sentiments in the coming days.

### PRICE DRIVERS:

1. Govt. intension to import of sugar under Tariff Rate Quota Principle (TRQ)
2. More sugar availability at the domestic market
3. Bearish sentiments in the spot and futures market
4. Nearing of monsoon
5. Fear of more free sale quota for the July

### WEATHER

Southwest monsoon has further advanced into some more parts of Gujarat Region, remaining parts of Madhya Maharashtra, entire Marathwada and some more parts of Telangana and Chhattisgarh. The Northern Limit of Monsoon as on today, passes through 22.0°N/ 60.0°E, 22.0 °N/ 68.0°E, Porbandar, Rajkot, Ahmedabad, Jalgaon, Parbhani, Ramagundam, Kanker, Ambikapur, Daltonganj and Raxaul. Conditions are favourable for further advance of southwest monsoon over remaining parts of Telangana, some more parts of Chattisgarh and some parts of Vidarbha during next 48 hrs. Northern India is still awaiting the arrival of the monsoon. The sugarcane crop will need some protective irrigation to avoid moisture stress till the arrival of the monsoon.

### TECHNICALS

The July sugar futures, after making a gap opening on lower side, closed very low amidst Government announcement regarding sugar import possibility. Bears did not allow the bulls to capture the market as could be seen from the red candlestick formation at the end of the day. The gap between DAV and MACD further widened indicating a firm bearish trend. %K line is below the % D line in the oversold zone.

Sugar M Grade 0607(NCSGMN6)2006/06/23 - Daily B:1877.00 A:1879.00  
O 1886.00 H 1886.00 L 1862.00 C 1879.00 V 11,330 | 28,920 -13  
EMA(9) 1921.0 (18) 1946.2 PAR(14) 1940.15



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July Contract	1865	1851	1895	1889	1899

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1895 with **target** of 1915 **Stop loss** at 1880.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	23.06.06	22.06.06	Change
Ready Sugar (M Grade)	Delhi	1880-1915	1905-1940	-25
Ready Sugar (S Grade)	Delhi	1865-1900	1890-1925	-25
Mill Delivery	Delhi	1795-1830	1820-1855	-25

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