

## SUGAR

21<sup>st</sup> June 2006

### SPOT MARKETS

The domestic sugar market remained lackluster on Tuesday following ample supply and weak demand. The traders consider the sugar prices quite reasonable but the sufficient demand is still not emerging at the current prevailing prices as the stockist and bulk buyers are expecting some more downward movement in prices. Adequate stock position and selling pressure of June free sale quota has mainly pulled down price down. The weak futures market sentiments have also added to the woes of the spot market. It is to be learnt that a week before, spot market was more lucrative than futures markets.

### FUTURES MARKETS:

The domestic sugar futures at NCDEX made a gap opening on lower side in July contract. The situation, however, improved afterward as the futures market got some buying support at these levels but it ended slightly below the previous day close, as the selling pressures did not allow the market to move upward. The NCDEX July Sugar contract hovered in the range of 1924-1936 while the August contract fluctuated in the range of 1950-1963 during Tuesday. The futures market may witness some improvement in prices in coming days.

### PRICE DRIVERS:

1. Reduced off take at the spot market
2. Adequate stock position at the spot market
3. Higher sugar and sugar cane production estimate
4. Monsoon revival news

### WEATHER

Conditions are favourable for strengthening of southwest monsoon activity over the peninsula including Maharashtra during next 48 hours. Rain/thundershowers are likely at a few places in India. Sugarcane crop will face no problem under such weather conditions as these may be regarded as normal conditions.

### TECHNICALS

After a long red candlestick, a Doji indicates that selling pressure may be diminishing and the downtrend could be nearing an end. At the same time also suggesting a great amount of indecision in the market. The EMA is below the price line showing a bearish trend. % K line is below the % D line in the neutral zone. DAV after making a bearish cross over to MACD has moved farther from MACD showing weak trend in the market. Volume and open interest slightly increased on Tuesday's trade.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1918	1914	1930	1948	1952

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1928 with **target** of 1942, **Stop loss** at 1921. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	20.06.06	19.06.06	Change
Ready Sugar (M Grade)	Delhi	1905-1955	1935-1965	-10
Ready Sugar (S Grade)	Delhi	1885-1940	1920-1950	-10
Mill Delivery	Delhi	1820-1870	1850-1880	-10

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