

SUGAR

15th June 2006

SPOT MARKETS

The sugar spot markets observed a weak trend, following increased availability of the sugar by the mills in the market. Buyers are still not appearing in the market and are still waiting for some downward movement in the market prices. At the Muzaffarnagar and Kolkata market it was offered at lower prices as against Tuesday while Delhi market observed slight improvement as against yesterday. No sign of trend reversal is seen for the next few days in spot market as the June free quota is to be exhausted in the market in this month and sufficient demand is still not appearing.

FUTURES MARKETS:

The domestic sugar June futures at the NCDEX witnessed sharply downward trade till noon but thereafter it recovered back and trade ended at the opening price on Wednesday. While the Sugar July futures observed a sharp upward trade on Wednesday indicating that most of the futures traders are squaring off their June contract position and rolling over to July Contract in expectation of getting profit in near future. This has led to bullish sentiments in the July futures. The NCDEX June Sugar contract hovered in the range of 1905-1926 while the July contract fluctuated in the range of 1934-1970 on Wednesday.

PRICE DRIVERS:

1. June quota selling pressure in the spot market
2. Low spot market demand
3. Mixed sentiments in the futures market
4. Spillover effect of weak stock market

WEATHER

There is possibility of revival of monsoon over extreme south Peninsula after 3-4 days. Fairly widespread rainfall activity has occurred over northeastern States with isolated heavy falls. Isolated to scattered thunderstorm activity over the plains of northwest India is expected. There is no threat for sugarcane crop in the existing weather condition.

TECHNICALS

The domestic sugar July futures at the NCDEX witnessed sharp upward trade on Wednesday. The long hollow candlestick indicates strong bullish sentiments in the July futures market. In July futures volume increased thrice while open interest remained almost same on Wednesday as against Tuesday's trade. The July future is likely to witness active trading activities in the coming days.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1961	1951	1969	1987	1995

TRADE RECOMMENDATION:

Buy NCDEX- July Sugar M near 1970 with **target** of 1983, **Stop loss** at 1964. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	14.06.06	13.06.06	Change
Ready Sugar (M Grade)	Delhi	1975-1990	1980-2000	-10
Ready Sugar (S Grade)	Delhi	1960-1975	1965-1985	-10
Mill Delivery	Delhi	1890-1900	1890-1910	-10

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