

SUGAR

1st July 2006

SPOT MARKETS

The Domestic sugar markets featured bearish sentiments as the prices were quoted low at the Delhi and Muzaffarnagar markets as against yesterday. However, Kolkata market did not witness any significant change. The demand and supply position is normal at the domestic market but prices are unlikely to rise because of the fear of the Government among the traders. The demand from the bulk buyer is still not emanating as they still expect more fall in the spot as well as futures prices due to ample supply in the market.

FUTURES MARKETS:

Sugar futures at the NCDEX witnessed lackluster trade on the Friday as profit booking did not allow the price to move up and it remained low throughout the day. The NCDEX July Sugar contract hovered in the range of 1885-1897 while the August contract fluctuated in the range of 1900-1910 during Friday. The current trend is expected to continue in near future also.

PRICE DRIVERS:

1. Sufficient supply at the domestic market
2. More acreage under sugarcane
3. Government strict vigil over trade and price
4. Likely increase in demand in the coming festive season

WEATHER

It is likely to rain at many places over northeastern states, West Bengal, Bihar, Uttar Pradesh, Uttaranchal, Madhya Pradesh and some other parts of the country. The monsoon rains will positively affect the sugarcane crop as it will increase the yield of the cane and will also reduce the irrigation cost.

TECHNICALS

NCDEX July Contract opened with down gap formation. After a previous day advance, a short candlestick formed which indicates little price movement and represent consolidation. Volumes significantly declined while open interest remained almost on the previous day close level. DAV made a bullish cross over MACD. %K line is above the %D line in the neutral zone indicating some firm sentiment in the futures prices.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1877	1872	1889	1903	1908

TRADE RECOMMENDATION:

Sell NCDEX- July Sugar M near 1895 with **target** of 1880 **Stop loss** at 1901. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	30.06.06	29.06.06	Change
Ready Sugar (M Grade)	Delhi	1905-1920	1895-1925	-5.00
Ready Sugar (S Grade)	Delhi	1890-1905	1880-1910	-5.00
Mill Delivery	Delhi	1820-1835	1810-1840	-5.00

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