

## SUGAR

14<sup>th</sup> June 2006

### SPOT MARKETS

At the Domestic sugar markets trading remained subdued and sugar prices witnessed a downward movement amidst selling activities. At the Delhi spot market it was offered at much lower price today as against Monday. According to the traders, the sugar mills at eastern UP have offered sugar at lower prices than the western UP Mills, which has resulted in some softness in the spot market prices at Muzaffarnagar and Delhi. Traders are little bit worried and the market sentiments are also turning weak because of the campaign of opposition parties against the commodity price hike so most of the traders are interested in profit booking at the existing levels.

### FUTURES MARKETS:

The domestic sugar futures at the NCDEX witnessed a drastic downward trade today due to very weak trade. The spot prices of sugar are still much higher than June futures, resulting in the less and less interest among futures traders. The NCDEX June Sugar contract hovered in the range of 1922-1944 while the July contract fluctuated in the range of 1946-1965 during the day. The weak sentiments of the Stock Market have also badly affected the overall commodity futures sentiments and further there is also short money supply in the market.

### PRICE DRIVERS:

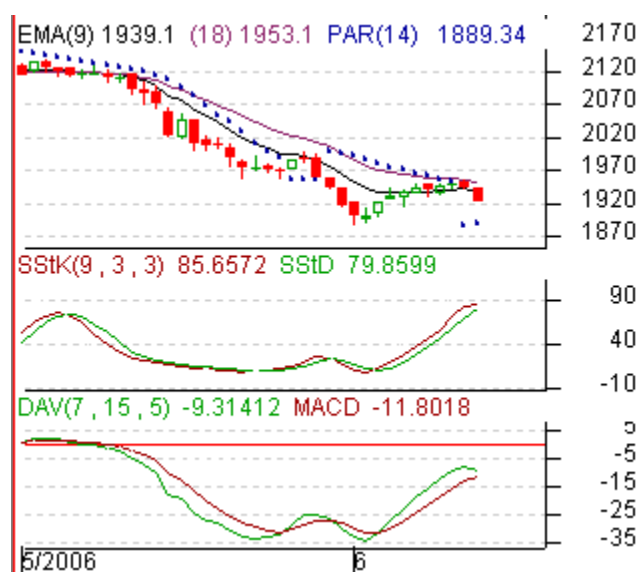
1. Increased selling interest at the futures market
2. Good stock position
3. Sluggish demand at spot and futures market
4. Weak sentiments in overall commodity futures

### WEATHER

Largely dry weather conditions are likely over most parts of the country. Day temperatures over plains of northwest India, and adjoining parts of central & eastern India are likely to remain around 38-42°C. There are no signatures of the revival of southwest monsoon during next 4-5 days. Sugarcane crop will need some protective irrigation if it continues to remain dry and hot for the next few days.

### TECHNICALS

The domestic sugar June futures at the NCDEX witnessed sharp downward trade on Tuesday. The long black candlestick indicates strong bearish sentiments in the futures market. In June futures volume marginally increased while open interest continued to decline on Tuesday as against Monday's trade, which is indicative of volatility in the futures market. The Sugar futures are likely to trade with a bearish undertone in the near future.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1904	1897	1924	1937	1946

### TRADE RECOMMENDATION:

**Sell** NCDEX- June Sugar M near 1927 with **target** of 1914, **Stop loss** at 1932. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	13.06.06	12.06.06	Change
Ready Sugar (M Grade)	Delhi	1980-2000	1990-2020	-20
Ready Sugar (S Grade)	Delhi	1965-1985	1975-2005	-20
Mill Delivery	Delhi	1890-1910	1900-1930	-20

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