

SUGAR

27th June 2006

SPOT MARKETS

Domestic sugar markets exhibited steady trend with prices in Muzaffarnagar and Kolkata being range bound. However, some trading activities were observed at the Delhi market. The market is awaiting the details of the sugar import terms and conditions. The July free sale quota is also to be announced by the Government and this is the last week to offload the June free sale quota. All these circumstances will not allow the prices to witness a sharp upward movement, however, if sufficient demand emerges at the prevailing prices, then market may see slight upward trend. The spot market is likely to be guided mainly by the above mentioned factors in near future and will remain balanced for some days.

FUTURES MARKETS:

Sugar futures at the NCDEX showed weakness on the Monday's trade. The bears did not allow the bulls to overcome them, reflecting the state of uneasiness and instability in the market. However, the market is in the state of consolidation and the prices are likely to move in a small range. The NCDEX July Sugar contract hovered in the range of 1882-1905 while the August contract fluctuated in the range of 1901-1928 during Monday.

PRICE DRIVERS:

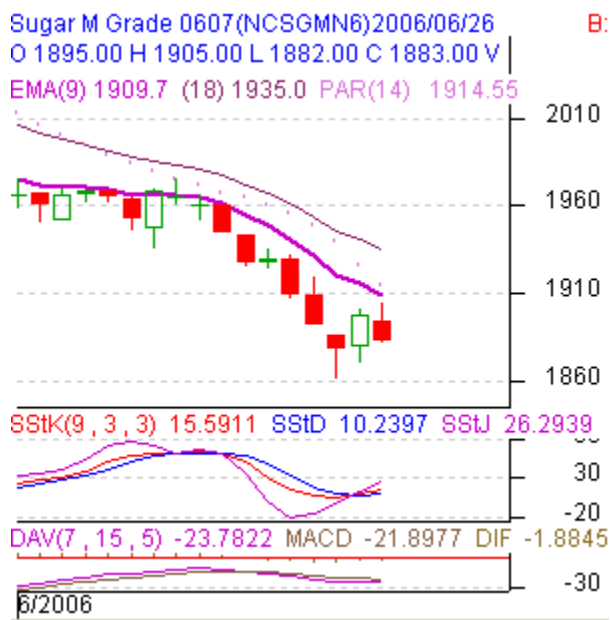
1. Likely sugar import intension of the Government
2. Strict monitoring of the Government on the sugar stock position
3. Last week of sale of "June free sale quota" of sugar
4. Monsoon arrival
5. Some demand at the prevailing spot prices

WEATHER

According to National Centre for Medium Range Weather Forecasting (NCMRWF), conditions are favorable for further advance of southwest monsoon over remaining parts of Gujarat and Chhattisgarh, many parts of east Uttar Pradesh and some parts of south Rajasthan and Madhya Pradesh during next 3-4 days. The present weather conditions are favourable for sugarcane crop.

TECHNICALS

Sugar futures at the NCDEX witnessed a downward trade on Monday among speculative selling activities. The gap between DAV and MACD has slightly narrowed down showing some consolidation in futures prices. %K line is above the %D line in the neutral zone indicating some strength in the futures prices. Volume increased while open interest slightly decreased on Monday's trade.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1874	1866	1883	1899	1909

TRADE RECOMMENDATION:

Sell NCDEX- July Sugar M near 1888 with **target** of 1876 **Stop loss** at 1894. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	26.06.06	24.06.06	Change
Ready Sugar (M Grade)	Delhi	1885-1925	1905-1940	-15
Ready Sugar (S Grade)	Delhi	1870-1910	1890-1925	-15
Mill Delivery	Delhi	1800-1840	1820-1855	-15

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