

SUGAR

25th June 2006

SPOT MARKETS

Sugar Prices in the most of the domestic markets noticed a range bound trade with a bearish undertone, as lackluster demand and little buying activities have been witnessed. At Muzaffarnagar, Delhi and Kolkata markets, it was offered at low prices amid lackluster demand from the bulk buyers. The latest statement of Finance Minister P Chidambaram related to curb in prices of essential commodities like wheat, pulse and sugar the Government might allow private players to limited import of sugar under Tariff Rate Quota may further decrease the prices in coming days. The bullish trend has been noticed on NCDEX Sugar futures, as the market recoiled the prices again. Upward technical correction and Realization of the fact that import of sugar at present situation is an uneconomical proposition, thereby some buying support came at the lower levels after yesterday's panic selling following CCP's decision. The NCDEX July Sugar contract hovered in the range of 1871-1901 while the August contract fluctuated in the range of 1894-1925 during Saturday.

FUTURES MARKETS:

The sugar futures at the NCDEX opened firm today after tapping the contract lows on the previous day. The July contract traded green throughout the session and culminated with some good gain. The NCDEX July Sugar contract traversed the span of Rs 1871-1901 during the day before closing at Rs 1898. The futures market is expected to witness some volatile movements on the first trading day of the next week with slightly bullish inclination.

PRICE DRIVERS:

1. Govt. intension to import of sugar under Tariff Rate Quota Principle (TRQ)
2. More sugar availability at the domestic market
3. Bearish sentiments in the spot and Bullish sentiments at futures market
4. Nearing of monsoon
5. Fear of more free sale quota for the July

WEATHER

Southwest monsoon has further advanced into some more parts of Gujarat Region, remaining parts of Madhya Maharashtra, entire Marathwada and some more parts of Telangana and Chhattisgarh. The Northern Limit of Monsoon as on today, passes through 22.0°N/ 60.0°E, 22.0 °N/ 68.0°E, Porbandar, Rajkot, Ahmedabad, Jalgaon, Parbhani, Ramagundam, Kanker, Ambikapur, Daltonganj and Raxaul. Conditions are favourable for further advance of southwest monsoon over remaining parts of Telengana, some more parts of Chattisgarh and some parts of Vidarbha during next 2 days. Northern India is still awaiting the arrival of the monsoon. The sugarcane crop will need some protective irrigation to avoid moisture stress till the arrival of the monsoon.

TECHNICALS

The stochastic indicator is hinting for some recovery in the prices, where as MACD is lying flat in the negative territory. Candlesticks are also showing some strength in the market. However, the recent down trend has still not reversed. The prices are likely to remain volatile in search of direction with slightly bullish bias.

Sugar M Grade 0607(NCSGMN6)2006/06/24 - Daily B:1898.00 A:1899.00
O 1880.00 H 1901.00 L 1871.00 C 1898.00 V 6,340 127,540 +19
EMA(9) 1916.4 (18) 1941.1 PAR(14) 1926.09



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1879	1860	1875	1909	1920

TRADE RECOMMENDATION:

Buy NCDEX- July Sugar M near 1890 with **target** of 1915 **Stop loss** at 1875.

Spot Market Prices**Rs./qtl**

Origin/Grade	Center	24.06.06	23.06.06	Change
Ready Sugar (M Grade)	Delhi	1865-1900	1880-1915	-15
Ready Sugar (S Grade)	Delhi	1850-1885	1865-1900	-15
Mill Delivery	Delhi	1780-1815	1795-1830	-15

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