

SUGAR

9th June 2006

SPOT MARKETS

Domestic market sugar prices remained slightly weak today. At the Muzaffarnagar and Kolkata market it was quoted lower today as against yesterday. However, at the Delhi market it was offered at higher price on Thursday. Low buying interest at the physical market is the main reason for the weakness in the spot market. Range bound trading is expected in the spot market for the next few days in the spot market.

FUTURES MARKETS:

The Sugar Futures market witnessed profit booking on the Thursday and observed a range bound trade on lower side. The sugar futures at the NCDEX traded range bound with a weak undertone today. The NCDEX June Sugar contract hovered in the range of 1929-1950 while the July contract fluctuated in the range of 1950-1967 during the day. The sugar futures are likely to trade downward amidst lacklustre demand.

PRICE DRIVERS:

1. Weak demand at the spot market.
2. Relatively good stock position
3. Higher selling activity at futures market.
4. Sugar shortage in neighbor countries

WEATHER

Day temperatures over Punjab, Haryana, Delhi and West Uttar Pradesh are likely to remain around 40-42 °C. Conditions will become more favourable in the near future at the arrival of monsoon. Right now the prevailing hot weather has no adverse effect on sugarcane crop.

TECHNICALS

The NCDEX Sugar June futures Contract, witnessed a bearish pattern on Thursday. The candlestick pattern indicates bearish sentiments in the futures market. Volume declined significantly while open interest declined marginally indicating volatility still persists. The futures are likely to trade with a bearish sentiment in the coming day due to increased profit booking at the June futures.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1925	1919	1941	1953	1961

TRADE RECOMMENDATION:

Sell NCDEX- June Sugar M near 1945 with **target** of 1927, **Stop loss** at 1951. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	08.06.06	07.06.06	Change
Ready Sugar (M Grade)	Delhi	1990-2020	1990-2020	-
Ready Sugar (S Grade)	Delhi	1975-2005	1975-2005	-
Mill Delivery	Delhi	1900-1930	1900-1930	-

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