

SUGAR

8th June 2006

SPOT MARKETS

Domestic Sugar Market at Delhi, Muzaffarnagar and Kolkata observed mixed sentiment on Wednesday's trade. The spot prices at these places were quoted high than yesterday's price amidst slight buying activities. Demand from the retail domestic buyer has increased slightly. Domestic spot market is expected to further gain some momentum in the next trading day.

FUTURES MARKETS:

The Sugar Futures market remained bullish on the 3rd consecutive day of the week observing a range bound upward trade. The June sugar futures at the NCDEX witnessed good upward trade following a firm opening. The NCDEX June Sugar contract hovered in the range of 1934-1950 while the July contract fluctuated in the range of 1958-1975 during the day. The sugar futures are likely to trade moderately upwards following a steady to firm opening. However, some late downward movement is likely on profit taking at higher levels.

PRICE DRIVERS:

1. Slightly bullish sentiments in the spot & futures market
2. Good crop harvest expectations.
3. Sugar shortage in neighbor countries

WEATHER

Prevailing weather conditions are favourable for sugarcane crop providing conducive environment for growth and development. The southwest monsoon is entering into a weak phase and after 1-2 days the main rainfall activity is likely to remain subdued over most parts of the country except over northeastern states.

TECHNICALS

The NCDEX Sugar June futures Contract, witnessed a slightly bullish pattern on Wednesday. The candlestick pattern indicates bullishness in the futures market. Stochastic is ruling upward in negative zone indicating strength in the market. The DAV made bullish cross over with MACD and moving apart an upward showing strength in the market. Volume increased while open interest declined marginally indicating volatility still persists. The futures are likely to trade with a bullish sentiment in the coming days.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1935	1926	1944	1958	1960

TRADE RECOMMENDATION:

Buy NCDEX- June Sugar M at 1942 with **target** of 1955, **Stop loss** at 1937. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	06.06.06	05.06.06	Change
Ready Sugar (M Grade)	Delhi	1990-2050	1990-2050	-
Ready Sugar (S Grade)	Delhi	1970-2035	1970-2035	-
Mill Delivery	Delhi	1860-1905	1860-1905	-

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