

SUGAR

17th July 2006

SPOT MARKETS

The domestic sugar markets at Delhi and Muzaffarnagar largely remained firm and stable as good demand emerged in these markets. Sugar was offered at higher prices as against yesterday. However, at Kolkata market it was offered at slightly lower prices. With the nearing in of the festive season and cool weather, the demand is likely to remain firm and the good trading activities will be witnessed in the coming days.

FUTURES MARKETS

All the active sugar contracts at the NCDEX exhibited bullish sentiments amidst speculative buying activities on account of belief that the sugar export relaxation may definitely be granted in few days by the Government. Significant increase in the volumes was observed at the most active August futures contract. The NCDEX August Sugar contract hovered in the range of 1902-1926 while the September contract fluctuated in the range of 1909-1934 on Saturday. Futures market may witness first slight upward movement then profit-booking activities may bring it down on Monday.

PRICE DRIVERS

1. Sugar industry almost sure about some relaxation in sugar export by Government
2. Bullish sentiments in the futures market
3. Nearing in of festive season
4. Firm spot market

WEATHER

Heavy to very heavy rainfall is likely at few places Gangetic West Bengal and Orissa. Isolated heavy rainfall is likely over costal Karnataka, Jharkhand, Chattisgarh and East Uttar Pradesh. Decrease in rainfall activity over East India. The weather condition is quite favourable for sugarcane crop.

TECHNICALS

Indicators suggest bullish sentiments but at the same time caution is necessary. EMA is below the price line. In the August contract volume increased three times while open interest slightly decreased. Stochastic are in neutral region and %K line moved away from % D line. DAV is also above the MACD and the gap has widened between them.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1904	1897	1922	1937	1946

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M near 1933 with **target** around 1910. **Stop loss** above 1944. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	15. 7.06	14.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1935	1885-1925	+5.00
Ready Sugar (S Grade)	Delhi	1870-1920	1870-1910	+5.00
Mill Delivery	Delhi	1800-1850	1800-1840	+5.00

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