

SUGAR

15th July 2006

SPOT MARKETS

Weak trade was observed due to lackluster demand on Friday in the spot market. It was offered at lower prices at Delhi and Muzaffarnagar markets while Kolkata market witnessed some improvement in the prices. It should be learnt that BJP is going to protest price hike of essential commodities from 17th July all over India. The agitation will end on the first day of Parliament's monsoon session on 24th of this month. Traders are little bit worried about it. However, the demand is likely to increase as the festive season is going to start. The spot market will hover in the current price range in the coming days.

FUTURES MARKETS

Futures market at NCDEX also remained in the state of dilemma and continued to change its direction throughout the day but closed with a positive note, but tomorrow traders should take a cautious move in futures. Infact, the market remained expecting some positive news regarding sugar export relaxation from the Government side as this matter was to be discussed before the Cabinet Committee on Prices on Thursday. The NCDEX August Sugar contract hovered in the range of 1890-1902 while the September contract fluctuated in the range of 1896-1907 on Friday.

PRICE DRIVERS

1. Wait and Watch for CCP meeting result regarding export relaxation conditions
2. Steady sentiments in the futures market
3. Price consolidation in Futures market
4. Nearing of festive season

WEATHER

Due to interaction of the trough in mid-tropospheric westerlies and the low level monsoon flow, fairly widespread rains with heavy to very heavy falls have occurred over western Himalayan region and adjoining plains of northwest India. This activity is likely to continue till tomorrow and gradually decrease thereafter. The weather conditions are quite favourable for sugarcane crop.

TECHNICALS

Futures market indicators show towards consolidation in the market. EMA is below the price line indicating some strength. In the August contract volume and open interest slightly increased. 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	1886	1882	1902	1908	1912

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M near 1903 with **target** around 1888. **Stop loss** above 1911. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	14. 7.06	13.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1925	1915-1930	-5.00
Ready Sugar (S Grade)	Delhi	1870-1910	1900-1915	-5.00
Mill Delivery	Delhi	1800-1840	1830-1845	-5.00

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