

SUGAR

01st August 2006

SPOT MARKETS

The spot sugar markets traded with steady sentiments, as demand remained weak to steady at Delhi and Muzaffarnagar markets. However, at Kolkata market it was offered at lower prices. The mills will receive their August allocation details in a day or two and will make supply in the market accordingly. Demand is likely to remain steady in the coming days. Today the Union Agriculture Minister informed the Lok Sabha that Centre would in October review the policy of banning export of sugar and allowing imports in consultations with state governments. He said that international scenario will be observed and accordingly decision will be taken. Government also announced that the Sugar stock which was taken out of sugar mills before June 22, 2006 and which is in transit would be allowed to be exported.

FUTURES MARKETS

The NCDEX sugar futures traded with firm sentiments till noon and remained at higher levels due to speculative buying activities. The news of relaxation in some conditions on export ban, in the last trading hours fueled the buying activities therefore it closed at higher levels. The most active August contract traded in the range of 1938-1948, while the September contract fluctuated in the range of 1939-1950.

PRICE DRIVERS

1. Steady spot and futures markets
2. Ongoing festival season
3. Announcement about allocation details of August free sale quota
4. Review on ban on export in October
5. Government allowed export of sugar stocks in Transit

WEATHER

Heavy to very heavy rainfall likely at a few places over Gujarat Region, West Madhya Pradesh, and southeast Rajasthan. Isolated heavy falls also likely over northeast Rajasthan, Saurashtra & Kutch, north Madhya Maharashtra and Konkan & Goa (including Mumbai).

TECHNICALS

In August contract, candlestick bullish sentiments. Volume considerably increased while open interest remained almost same as against Saturday. %K remained below to the %D line in the neutral region. DAV merged in MACD and ruled flat in positive territory indicating stable sentiments in medium term. Prices closed above the 9-days and 18-days EMA, indicating bullishness in medium term. RSI and its smooth average are showing increasing trend and both remained in a overlapping position in neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1931	1924	1948	1963	1968

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M near 1944 with **target** around 1958. **Stop loss** below 1937. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	31 .07.06	29.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1940	1885-1930	+10.00
Ready Sugar (S Grade)	Delhi	1870-1925	1870-1915	+10.00
Mill Delivery	Delhi	1800-1855	1800-1845	+10.00

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