

SUGAR

8th July 2006

SPOT MARKETS

The sugar spot market witnessed some lackluster trade due to weak demand in the major markets like Delhi, Muzaffarnagar and Kolkata. Traders say that they are awaiting the rains to come properly as the showers will keep the temperature down and then the sugar consumption will increase which in turn will increase the demand. The sugar spot market is expected to remain steady to slightly firm in the coming days.

FUTURES MARKETS

Sugar futures at the NCDEX witnessed stable to slightly bullish trade as some buyer remain active on Friday. High upward movement was not witnessed and the prices hovered in a narrow range. The NCDEX July Sugar contract hovered in the range of 1874-1884 while the August contract fluctuated in the range of 1882-1895 on Friday. The sugar futures at the NCDEX will try to recover from the previous few days' heavy losses in the coming days.

PRICE DRIVERS

1. Stable futures market sentiments
2. Sugar Export Ban till 31 March 2007
3. Lacklustre trade in spot market

WEATHER

The feeble low-pressure area over south Rajasthan has become less marked. The seasonal trough has shifted close to foothills of Himalayas. Under this scenario rainfall activity is likely to remain sub-due over many parts of the country except northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar and adjoining foothills of central Himalayas where it is likely to enhance for the next 4-5 days. Overall normal conditions are there in the sugarcane growing area of the country.

TECHNICALS

At the NCDEX July futures, the candlestick formed an opening Marubozu. Volumes declined considerably while open interest remained almost same as was on yesterday. EMA is above the price line. DAV is moving parallel to the MACD though maintaining narrow distance. The %K line, after crossing the %D line from above, is moving down and the gap between them has increased. Technically market may be considered weak to steady.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1868	1862	1880	1893	1897

TRADE RECOMMENDATION:

Buy NCDEX- July Sugar M near 1877 with **target** of 1889. **Stop loss** at 1871. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	07.07.06	06.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1935	1905-1935	-
Ready Sugar (S Grade)	Delhi	1890-1920	1890-1920	-
Mill Delivery	Delhi	1820-1850	1820-1850	-

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