

SUGAR

5th July 2006

SPOT MARKETS

The domestic sugar spot markets remained on an average mixed today, while the futures market remained slightly bearish. The spot price of sugar at Delhi and Muzaffarnagar market was quoted higher today as against yesterday while at the Kolkata market sugar was offered lower today. A meeting of Chief Ministers of Congress-ruled states convened by party chief Sonia Gandhi will held tomorrow to make an action plan to check prices. Spot and futures market are in a wait and watch state and will react accordingly tomorrow.

FUTURES MARKETS

All the active sugar futures at the NCDEX traded with a bearish sentiment today although the decline in the price was very low. The speculative selling kept the futures market quiet today and resulted in a lackluster trade. The NCDEX July Sugar contract hovered in the range of 1897-1907 while the August contract fluctuated in the range of 1915-1928 on Tuesday. The sugar futures market will remain in an indecisive state due to speculative trading although sharp movement in either side is not expected.

PRICE DRIVERS

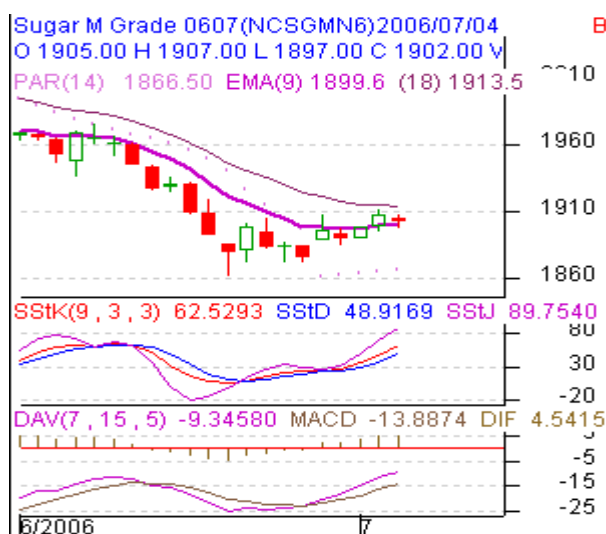
1. Stable buying in the spot market
2. More acreage under sugarcane
3. Cong CMS meeting regarding price situation tomorrow
4. 'Wait and watch' for this meeting

WEATHER

Isolated extremely heavy rainfall likely over entire Maharashtra (including Mumbai), East Madhya Pradesh and south Gujarat Region. Heavy to very heavy rainfall is also likely at a few places over Chhattisgarh, Telengana, Saurashtra and south Gujarat Region. Heavy rainfall activity is likely to decrease over Chhattisgarh, Vidarbha and Telengana and increase over West Madhya Pradesh and Gujarat after 24 hours. Scattered thunderstorms have been reported in many sugarcane areas of India. This will help to reduce stress caused by the typical very hot May weather.

TECHNICALS

At the NCDEX Sugar futures, the red candlestick formation indicated bearish sentiments. Volumes and open interest slightly decreased along with the price decline indicating that the prices are towards consolidation. DAV, a Medium term indicator, made a bullish cross over MACD and the gap widened. The %K line was also above the % D line in the neutral zone and the gap is widening between % K and % D line.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1889	1885	1902	1918	1922

TRADE RECOMMENDATION:

Sell NCDEX- July Sugar M near 1908 with **target** of 1894. **Stop loss** at 1915. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	04.07.06	03.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1935	1905-1930	+5.00
Ready Sugar (S Grade)	Delhi	1890-1920	1890-1915	+5.00
Mill Delivery	Delhi	1820-1850	1820-1845	+5.00

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