

SUGAR

31st July 2006

SPOT MARKETS

Sugar traded with steady sentiments today amidst normal demand at the mandis of Delhi and Muzaffarnagar. However, it was offered at much higher prices at Kolkata. The spot market will continue to trade firm due to ongoing festival season as consumption of sweets increases in this season. Thus prices are not expected to see the major downward movement in near future.

FUTURES MARKETS

At NCDEX sugar futures, due to weekend and with no new major factor immediately affecting demand and supply scenario, all active contracts exhibited lacklustre trade and mixed sentiments. The volume and open interest remained low and prices hovered in a narrow range, with no clear-cut direction. With in a day or two, the allocation details to different mills about the August free sale quota (total 13 lakh tons) will be announced. Market is expected to react accordingly. On Saturday, the most active August contract traded in the range of 1937-1942, while the September contract fluctuated in the range of 1936-1944.

PRICE DRIVERS

1. Steady demand at the spot market
2. Ongoing festival season
3. Announcement about allocation details of August free sale quota
4. Mixed sentiments of the Futures market

WEATHER

Heavy to very heavy rainfall likely at a few places over Gangetic West Bengal, Orissa, Konkan & Goa (including Mumbai), Madhya Maharashtra and Gujarat Region. Isolated heavy falls also likely over East Rajasthan, Madhya Pradesh, Chhattisgarh, Jharkhand, Telangana and Vidarbha.

TECHNICALS

In August contract, candlestick exhibited slightly firm sentiments. Volume and open interest declined. %K line made a bearish cross over to %D line. DAV and MACD ruling flat in positive territory. Prices closed above the 9-days and 18-days EMA, indicating bullishness in medium term. RSI and its smooth average remained parallel in neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1929	1927	1941	1954	1957

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M above 1938 with **target** around 1952. **Stop loss** below 1931. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	29 .07.06	28.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1930	1905-1935	-5.00
Ready Sugar (S Grade)	Delhi	1870-1915	1890-1920	-5.00
Mill Delivery	Delhi	1800-1845	1820-1850	-5.00

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