

SUGAR

13th July 2006

SPOT MARKETS

The sugar spot markets witnessed moderate trading activities at the Delhi and Muzaffarnagar mandis where sugar was offered at slightly higher prices as the temperature has significantly gone down amidst good widespread rainfall in the northern India. The consumption is expected to slightly increase during upcoming festive season. Kolkata market also witnessed fair increase in the prices amidst good buying activities. The spot market is likely to see active trading activities in the coming days.

FUTURES MARKETS

The sugar futures at the NCDEX observed mixed sentiments with a slightly bearish undertone on Wednesday. The volume in most active August contract remained significantly low as the traders remained suspicious about the further movement in futures market because of Tuesday's unfortunate Mumbai Blast incidence. The NCDEX August Sugar contract hovered in the range of 1886-1904 while the September contract fluctuated in the range of 1892-1903 on Wednesday. The sugar futures may witness a range bound trade with mixed sentiments in the coming days.

PRICE DRIVERS

1. Festive demand of sugar in coming days
2. Optimistic sugar industry for resumption of sugar export very soon
3. Consolidation in Futures market
4. Higher production estimates

WEATHER

Heavy to very heavy rainfall is likely at a few places over Kerala, Bihar, East Uttar Pradesh and western Himalayan region. Isolated heavy rainfall also likely over West Bengal & Sikkim, Konkan & Goa, Coastal Karnataka, Punjab, Haryana, East Rajasthan, West Uttar Pradesh and Lakshadweep. The sugarcane crop has received good water availability from these monsoon showers and it will help in increasing the yield level of sugarcane.

TECHNICALS

Trend indicators are showing the market in a neutral price pattern at present. The closing price finished above the EMA. In the August contract volume significantly declined while open interest remained almost same as against the last trading day. Stochastic are in neutral region and the %K line coincided with % D line. MACD is in bullish territory. Technical indicators suggest range bound movement of price in the coming days.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1877	1872	1886	1903	1907

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M near 1895 with **target** around 1880. **Stop loss** above 1903. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	12. 7.06	11.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1930	1915-1930	-
Ready Sugar (S Grade)	Delhi	1890-1915	1900-1915	-
Mill Delivery	Delhi	1820-1845	1830-1845	-

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