

SUGAR

25th July 2006

SPOT MARKETS

The sugar spot markets traded above the previous closing on the very first day of the week. Sugar was offered at higher prices at Delhi, Muzaffarnagar and Kolkata mandis amidst firm demand. In the coming days good demand is likely to be witnessed because of the festive season, and prices are likely to remain firm.

FUTURES MARKETS

The Sugar futures at the NCDEX opened at the previous settle and traded slightly upwards initially. However, increased speculative selling interest kept the prices down most of the day but in the last trading hours it recovered back and closed at the opening price making a doji formation. The August contract traded in the range of 1923-1935, while the September contract fluctuated in the range of 1926-1939. The futures are expected to trade in a range bound pattern in the coming days.

PRICE DRIVERS

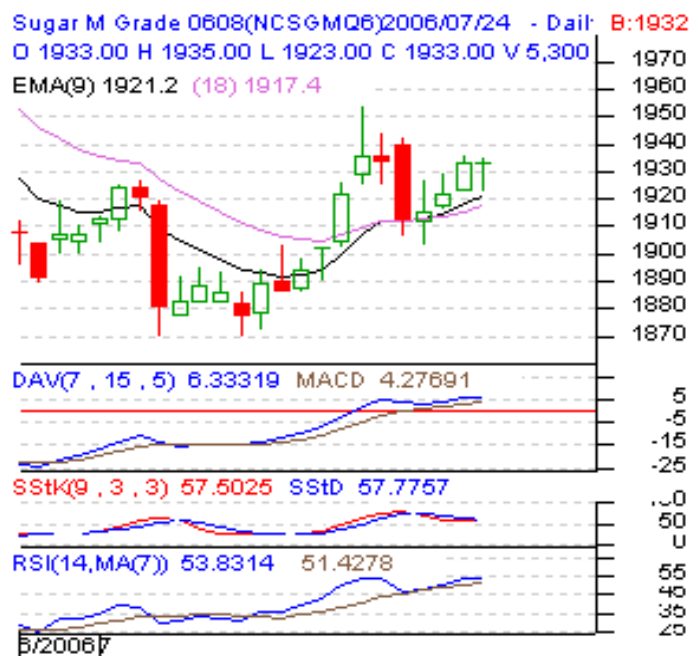
1. Speculative trading on futures
2. Firm Spot Market
3. Upcoming festival season
4. Ongoing monsoon session.

WEATHER

Fairly widespread rainfall with isolated heavy falls likely over Konkan & Goa (including Mumbai), Madhya Maharashtra, Sub-Himalayan West Bengal & Sikkim, Assam & Megalaya and Arunachal Pradesh. The sugarcane crop has got enough irrigation through the ongoing monsoon showers.

TECHNICALS

In August contract candlestick pattern exhibited doji formation. Volume slightly increased while open interest declined today. %K line just touched the % D line from below. DAV is above the EMA in the positive territory. EMA is below the price line. RSI is also in the neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1916	1910	1933	1945	1950

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M near 1926 with **target** around 1940. **Stop loss** below 1919. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	24 .07.06	22..07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1935	1885-1930	+5.00
Ready Sugar (S Grade)	Delhi	1890-1920	1870-1915	+5.00
Mill Delivery	Delhi	1820-1850	1800-1845	+5.00

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