

SUGAR

29th July 2006

SPOT MARKETS

Rains again slowed down the trade at the major mandis in Delhi and Muzaffarnagar where it was offered at slightly lower prices due to steady demand. The spot market will remain firm in the coming days due to continued festive demand. The NCDEX sugar futures exhibited dozi like candle in the August contract. Profit booking did not allow the bulls to dominate in trade. However, day ended at little higher level. The sentiments for the coming days looks slightly bearish.

FUTURES MARKETS

August contract featured roller-coaster trend through the day. Futures moved both side of unchanged level during the day. Futures peaked to 1945 near 14.00 hrs. From then on, steady selling took down futures far off from the day's high by end of the session. August contract settled unchanged at Rs 1937 per qtl.

PRICE DRIVERS

1. Bearish futures market
2. Steady Spot Market
3. Ongoing festival season
4. Widespread rains

WEATHER

Weather continues to remain favorable as far as sugarcane is concerned. The states cultivating sugar have received good rainfall so far, which has greatly benefited the crop.

TECHNICALS

Candlestick indicated that market tried to gain momentum but selling pressure did not allow it to sustain on higher levels. Volume and open interest slightly declined today as compared to yesterday. %K line is just about to make a bearish cross over to %D line. DAV is also touching to the MACD in the positive territory. Prices ruled above the 9-days and 18-days EMA, further indicating bullishness in medium term. RSI is also above the smooth average in the neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1925	1920	1937	1950	1957

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M above 1940 with **target** around 1928. **Stop loss** Above 1946. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	28 .07.06	27.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1935	1905-1940	-5.00
Ready Sugar (S Grade)	Delhi	1890-1920	1890-1925	-5.00
Mill Delivery	Delhi	1820-1850	1820-1855	-5.00

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