

SUGAR

26th July 2006

SPOT MARKETS

The sugar spot market witnessed steady to firm sentiments on Tuesday as the prices were offered higher in the mandis at Delhi, Muzaffarnagar and Kolkata amidst steady demand. The traders expect a reasonable demand to continue in the on going festive season amid cool weather. Further, the July free sale quota allotted to the mills is also towards end and the mills are in a position to offload their stock on parity prices. The Central Government in a latest press release claimed that the retail prices of essential commodities have come down including sugar. It claimed that on comparison of the prices as on July 20, 2006 with the prices on June 21 (prior to the decision of the government to import refined sugar at zero duty and effect a ban on export till the end of the current financial year) spot prices of sugar declined by 1.24 per cent and futures prices in the range of 1.24 to 5.75 per cent, except July contract which increased by 7.58 per cent. Retail prices declined by one rupee per kg.

FUTURES MARKETS

The NCDEX sugar futures exhibited bullish sentiments as all the active contracts traded well above their previous close amidst good buying activities. The futures traders anticipate a high demand in coming days; consequently the market is likely to remain firm. However, due to profit booking some corrections may not be overruled time to time. The most active August contract traded in the range of 1930-1958, while the September contract fluctuated in the range of 1933-1960.

PRICE DRIVERS

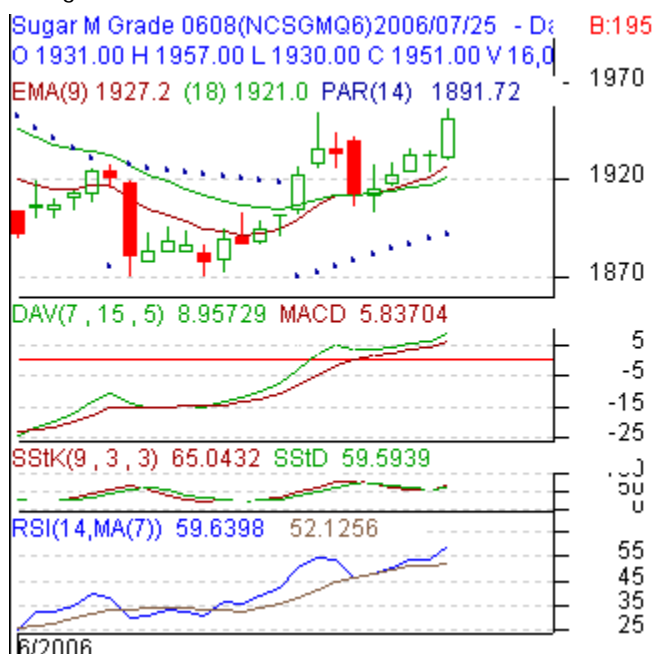
1. Bullish futures market
2. Steady to firm Spot Market
3. Ongoing festival season

WEATHER

Southwest Monsoon has further advanced into remaining parts of Arabian Sea and West Rajasthan. Thus Southwest monsoon has covered the entire country.

TECHNICALS

Candlestick showed strong bullishness. Volume increased thrice while open interest slightly declined today as compared to yesterday. %K line made a bullish cross over to % D line. DAV ruled above the MACD in the positive territory. Prices closed above the 9-days and 18-days EMA. RSI is also above the smooth average in the neutral region. Market is technically strong.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1931	1928	1951	1970	1975

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M above 1945 with **target** around 1965. **Stop loss** below 1935. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	25 .07.06	24.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1945	1905-1935	+10.00
Ready Sugar (S Grade)	Delhi	1890-1930	1890-1920	+10.00
Mill Delivery	Delhi	1820-1860	1820-1850	+10.00

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