

SUGAR

20th July 2006

SPOT MARKETS

Sugar domestic markets remained quiet due to lacklustre trade in the major mandis like Delhi and Kolkata, where slight fall in the sugar spot prices was observed. However, at the Muzaffarnagar it was offered at higher prices in the later half of the day. Traders say that stockiest are not interested in buying and the existing demand is only on the part of the retailers to meet out the day-to-day demand. This is the reason why prices are not seeing the up trend despite the beginning of the festive season. The spot markets are likely to witness stable demand in the near future.

FUTURES MARKETS

At the NCDEX, the July contract witnessed a volatile movement in prices due to the second last day of the end of the contract month. Rest of the contracts remained hovering in a narrow range in the morning but later on August contract also witnessed a sharp downward movement due to rollover of the positions from the July contract. Perhaps from tomorrow onward some clear picture may emerge with respect to the trade direction. The NCDEX August Sugar contract hovered in the range of 1906-1942 while the September contract fluctuated in the range of 1908-1945 on Wednesday.

PRICE DRIVERS

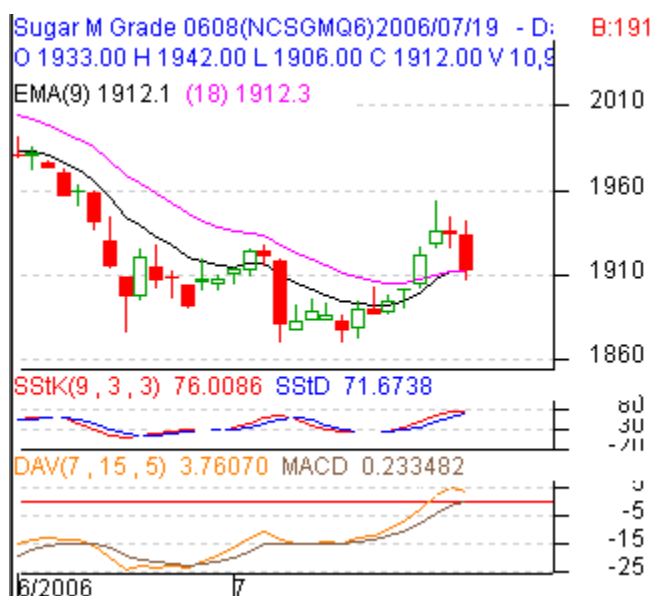
1. Higher sugar production estimates
2. Volatile futures market
3. Upcoming festival season
4. Stable Spot market

WEATHER

Isolated heavy to very heavy falls also likely over northeastern states, West Bengal, Jharkhand, Orissa, Madhya Pradesh, Uttar Pradesh, Himachal Pradesh, Uttaranchal, Haryana and Delhi. The ongoing monsoon showers are greatly benefiting the sugarcane crop.

TECHNICALS

Downward movement was observed at the NCDEX sugar futures. In the August contract volume increased while open interest declined. %K line has touched the % D line and near overbought region. DAV is also approaching to MACD. EMA is below the price line. Technical indicators hint towards bearish sentiments.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1898	1884	1912	1940	1950

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M near 1930 with **target** around 1905. **Stop loss** above 1943. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	19 07.06	18.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1935	1885-1940	-5.00
Ready Sugar (S Grade)	Delhi	1870-1920	1870-1925	-5.00
Mill Delivery	Delhi	1800-1850	1800-1855	-5.00

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