

SUGAR

24th July 2006

SPOT MARKETS

The sugar spot markets observed improvement as demand started to emerge in the market on the last trading day of the week. The prices were offered slightly higher at Delhi, Muzaffarnagar and Kolkata markets. The sugar mills are near end of their allotted free sale July quota. So they appear to be in a position to bargain the prices keeping in mind the increasing festive demand in the coming days.

FUTURES MARKETS

The NCDEX sugar futures traded firm due to bullish sentiments as most of the active contracts ended with a positive note. Though, range bound trading was observed; yet buying pressure did not allow the prices to go down. The monsoon session is going to start from 24th July, and the parliament will witness a hot discussion on prices of essential commodities. The climate in side the Parliament House may adverse affect the weather of Sugar Futures at NCDEX. The NCDEX August Sugar contract hovered in the range of 1923-1936 while the September contract fluctuated in the range of 1925-1936 on Saturday.

PRICE DRIVERS

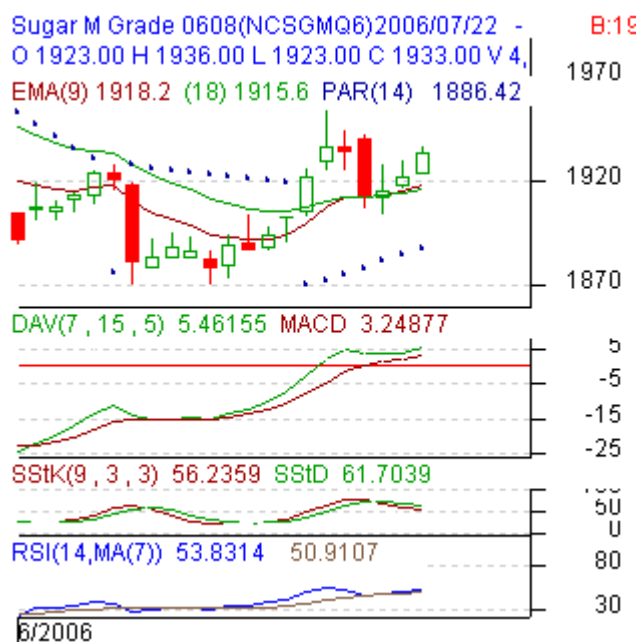
1. Bullish Futures
2. Positive Spot Market
3. Upcoming festival season
4. Monsoon session starts on July 24, 2006

WEATHER

Weather conditions have so far been satisfactory in the sugarcane growing area and it has greatly benefited the standing crop.

TECHNICALS

In August contract candlestick pattern exhibited firm sentiments. Volume declined while open interest remained almost same. %K line made a bearish crossover to % D line but the gap between them narrowed down. DAV moved away from MACD in the positive territory. EMA cut price line from below. RSI is in neutral region. Indicators suggest bullish sentiments.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1922	1917	1933	1952	1961

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M near 1933 with **target** around. 1947. **Stop loss** below 1925. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	22 .07.06	21.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1930	1885-1925	+5.00
Ready Sugar (S Grade)	Delhi	1870-1915	1870-1910	+5.00
Mill Delivery	Delhi	1800-1845	1800-1840	+5.00

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