

SUGAR

19th July 2006

SPOT MARKETS

The domestic sugar markets at Delhi and Muzaffarnagar traded slightly weak as demand remained subdued on widespread rainfall in these areas. Kolkata market also witnessed slightly weak trade today. The Government released its fourth advanced estimates of food grains production for 2005-06. The sugarcane production estimates are now at 278.39 million tonnes, which are about 5.23 million tonnes higher than the target level. It is to be learnt that the final output during 2004-05 was 237.09 million tonnes. Government is expecting a bumper crop harvest this year. The spot market is likely to witness ample demand in the near futures.

FUTURES MARKETS

The NCDEX sugar futures also exhibited similar trend. Initially, it tried to gain momentum but later on bears captured the market and all the active contracts traded at low levels as against Monday. The profit booking activities kept the market down today. The NCDEX August Sugar contract hovered in the range of 1925-1944 while the September contract fluctuated in the range of 1933-1950 on Tuesday. The sugar futures is likely to witness rang bound trade in the coming days.

PRICE DRIVERS

1. Higher sugarcane production estimates
2. Indecisive sentiments in futures market
3. Upcoming festival season
4. Stable Spot market

WEATHER

Scattered showers and thundershowers through central and east areas during today, little through the west. Temperatures average near to above normal. Showers and thundershowers, occasionally heavy in the west and north. Temperatures near to a little above normal. Periods of rain/showers have been noted recently in north India sugarcane areas after a few weeks of drier and hotter weather that have benefited sugarcane crop.

TECHNICALS

Sugar futures at the NCDEX traded downwards today. The candlestick formed Spinning Top indicating state of indecision in the futures market. In the August contract volume significantly declined as against Monday. The %K line is away from % D line and proceeding towards overbought region. DAV is also above the MACD and the gap has widened between them. EMA is below the price line.

Sugar M Grade 0608(NCSGMQ6)2006/07/18 - Daily B:1933.00 A:
O 1936.00 H 1944.00 L 1925.00 C 1933.00 V 6,490 I 38.
EMA(9) 1912.1 (18) 1912.3



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1922	1915	1933	1945	1953

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M near 1925 with **target** around 1940. **Stop loss** below 1917. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	18 07.06	17.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1940	1885-1945	-5.00
Ready Sugar (S Grade)	Delhi	1870-1925	1870-1930	-5.00
Mill Delivery	Delhi	1800-1855	1800-1860	-5.00

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