

SUGAR

21st July 2006

SPOT MARKETS

Spot sugar markets remained dull today amidst weak buying activities in the major mandis at Delhi, Muzaffarnagar and Kolkata. Due to ongoing rain showers around Delhi and northern India, demand is originating only from the retailers and not from the stockiest due to storage and other associated problems with it. Further, due to traffic disruption on Delhi-Hardwar Highway on account of 'Kanwad-Yatra' is also attributed to the spot market weakness. Spot market will trade in the existing price range in coming days.

FUTURES MARKETS

The NCDEX sugar M contract remained volatile due to ending day of the July contract and the meeting of the Cabinet Committee on Prices, however, ended with a positive note. The July contract witnessed a sharp upward movement in the prices due to the last day to square off the position in the July Contract. Rest of the contracts traded with a slightly bullish undertone. The NCDEX August Sugar contract hovered in the range of 1903-1927 while the September contract fluctuated in the range of 1907-1932 on Thursday. Futures may witness volatile trade with movements on both directions.

PRICE DRIVERS

1. CCP meeting on review of prices of essential commodities and sugar export relaxation
2. Volatile futures market
3. Upcoming festival season
4. Weak spot market

WEATHER

SW monsoon has further advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan. The Northern Limit of Monsoon as on 20th July passes through Jalore, Jodhpur and Ganganagar. The sugarcane crop has got sufficient water for its growth during the ongoing monsoon showers.

TECHNICALS

In the August contract candlestick pattern show that bears and bulls both remained active throughout the day. Volume significantly increased while open interest declined. %K line made a bearish crossover to % D line. DAV is also approaching to MACD in the positive territory. EMA cut price line in between. Market may remain volatile and trade in either direction.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | PCP | R1 | R2 |
|-------------------------------|------|------|------|------|------|
| NCDEX-Sugar M-August Contract | 1905 | 1894 | 1915 | 1933 | 1943 |

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M near 1913 with **target** around 1927. **Stop loss** below 1907. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

| Origin/Grade | Center | 20 .07.06 | 19.07.06 | Change |
|-----------------------|--------|-----------|-----------|--------|
| Ready Sugar (M Grade) | Delhi | 1885-1925 | 1885-1935 | -10.00 |
| Ready Sugar (S Grade) | Delhi | 1870-1910 | 1870-1920 | -10.00 |
| Mill Delivery | Delhi | 1800-1840 | 1800-1850 | -10.00 |

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