

SUGAR

11th July 2006

SPOT MARKETS

The sugar domestic markets at the Delhi, Muzaffarnagar and Kolkata witnessed slight downward movement of prices due to weak demand on Monday. Further, spot markets also remained influenced by the futures market movement, which also exhibited bearish sentiments. The coming days are also likely to witness a range bound trade with bearish undertone.

FUTURES MARKETS

Selling pressures in all the active contracts put a cap on the upper movement of prices at the NCDEX. Highly bearish sentiments following a weak opening were observed at the futures market. The NCDEX August Sugar contract hovered in the range of 1870-1886 while the September contract fluctuated in the range of 1883-1894 on Monday. The sugar futures are expected to remain volatile and range bound.

PRICE DRIVERS

1. Widespread rain in northern India
2. Likely review meeting on inflation of the Political parties in the coming days
3. Lackluster trade in the spot and futures market
4. Weak technical indicators in the futures market

WEATHER

In north-west India (Uttaranchal, Delhi, Punjab, Haryana, West UP) rain/thundershowers are likely at most places. Besides it, most part of the West India, Goa, Maharashtra (other than Vidarbha), Gujarat, Rajasthan will also receive isolated rainfall and thundershower. Conditions are becoming favourable for the sugarcane crop as the monsoon is proceeding.

TECHNICALS

The NCDEX sugar futures market remained in the hand of bears as is clear from the candlestick formation. With decrease in price, volume and open interest increased, which is indicative of weak market sentiments. Price line is far below the EMA. Stochastic are in neutral region and the %K line is below % D line, which further suggests bearish sentiments. MACD is almost flat showing mid term indecisiveness in the market. Sugar technical conditions are overall bearish.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1869	1861	1877	1890	1894

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M near 1888 with **target** of 1874. **Stop loss** at 1895. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	10. 7.06	08.07.06	Change
Ready Sugar (M Grade)	Delhi	1915-1930	1905-1935	-5.00
Ready Sugar (S Grade)	Delhi	1900-1915	1890-1920	-5.00
Mill Delivery	Delhi	1830-1845	1820-1850	-5.00

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