

## SUGAR

7<sup>th</sup> July 2006

### SPOT MARKETS

The sugar spot market exhibited mixed sentiments as stable trading was witnessed at the major domestic markets at Delhi, Muzaffarnagar and Kolkata. Sugar was offered at higher prices at Delhi, while the remaining two markets traded at slightly lower prices as against yesterday. The sugar spot market is expected to remain steady to slightly firm in the coming days.

### FUTURES MARKETS

Sugar futures at the NCDEX could not find any clear direction and hovered in a particular range as the traders had a very cautious and calculated move. However, the futures market seems to have absorbed the shocks of the news of ban on sugar export till the beginning of the next financial year. The NCDEX July Sugar contract hovered in the range of 1868-1881 while the August contract fluctuated in the range of 1877-1892 on Thursday. The futures markets have become very sensitive to the Government move and mood. Range bound trading is expected in the coming days.

### PRICE DRIVERS

1. Market has recovered from the yesterday's panic
2. Sugar Export Ban till 31 March 2007
3. Steady futures market sentiments

### WEATHER

Periods of moderate to locally heavy rain, showers and thunderstorms again expected in southwestern areas (including western Madhya/Maharashtra and Gujarat) with flooding likely. A few scattered lighter showers and passing thundershowers possible in the far north. Temperatures near normal south, above normal elsewhere. Temperatures near to a bit above normal. Overall normal conditions are there in the sugarcane growing area of the country.

### TECHNICALS

The candlestick formed an opening Marubozu on the NCDEX sugar futures. Volumes declined considerably while open interest remained almost same as was on yesterday. EMA is far above the price line. DAV is just approaching to MACD. The %K line has just crossed the %D line and started to move downward in the neutral zone. All these indicators suggest the weak medium term technical conditions of the futures market.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1863	1860	1874	1888	1892

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1871 with **target** of 1885. **Stop loss** at 1864. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	06.07.06	05.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1935	1905-1925	+10.00
Ready Sugar (S Grade)	Delhi	1890-1920	1890-1910	+10.00
Mill Delivery	Delhi	1820-1850	1820-1840	+10.00

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