

## SUGAR

18<sup>th</sup> July 2006

### SPOT MARKETS

The sugar domestic market remained firm due to good demand at the spot markets at the Delhi and Muzaffarnagar mandis where it was offered at higher prices as against Saturday. However Kolkata market remained weak today. The market will continue to witness good demand in the upcoming festive season. Further, the Government has also indicated to make some relaxation in the sugar export conditions. The news will have some positive impact on spot sugar prices.

### FUTURES MARKETS

The sugar at the NCDEX exhibited extremely bullish sentiments with the confirmation of some relaxation in export condition of sugar by the Union Agriculture Minister. All active contracts traded high on speculative buying. The NCDEX August Sugar contract hovered in the range of 1925-1954 while the September contract fluctuated in the range of 1936-1963 on Monday. Futures market will trade in a range bound fashion in the coming days near existing levels.

### PRICE DRIVERS

1. Export relaxation by the Government
2. Positive sentiments of the futures market
3. Upcoming festive season
4. Good demand at the spot market

### WEATHER

Heavy to very heavy rainfall is likely at a few places over Chhattisgarh, East Madhya Pradesh and Vidarbha. Isolated heavy to very heavy falls also likely over Konkan & Goa, West Madhya Pradesh and Andaman & Nicobar Islands. Fairly widespread rainfall likely to continue along the west coast and over central India. Rainfall activity may increase over East Rajasthan and northwest India. Sugarcane crop is benefited from the ongoing monsoon rainfall.

### TECHNICALS

In the candlestick pattern, a long upper shadow indicates that the Bulls controlled the ball for part of the game, but lost control by the end and the Bears made an impressive comeback. Pries opened with up gap formation. In the August contract volume and open interest increased with the increase in prices indicating firm sentiments in the market. Stochastic are in neutral region and %K line moved away from % D line. DAV is also above the MACD and the gap has widened between them. EMA is far below the price line, which further suggests the firm market sentiments.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1912	1907	1936	1950	1955

### TRADE RECOMMENDATION:

**Buy** NCDEX- August Sugar M near 1920 with **target** around 1940. **Stop loss** near 1910. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	17. 07.06	15.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1945	1885-1935	+10.00
Ready Sugar (S Grade)	Delhi	1870-1930	1870-1920	+10.00
Mill Delivery	Delhi	1800-1860	1800-1850	+10.00

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