

SUGAR

3rd July 2006

SPOT MARKETS

The Domestic sugar markets remained almost stable on Saturday and no major movement was observed at Delhi and Muzaffarnagar markets as the Mills were waiting to know their allotted quota by the Government. So no new supply came in to these markets. The Kolkata market witnessed slight downward movement in prices. From Monday onwards some clear picture may emerge with respect to market supply by the major mills, which in turn will guide future price direction in the spot and futures market.

FUTURES MARKETS:

Sugar Futures market at NCDEX witnessed some upward movement in the sugar prices as buyers kept the prices high whole day but the price moved in a very narrow range. The NCDEX July Sugar contract hovered in the range of 1889-1899 while the August contract fluctuated in the range of 1904-1916 during Saturday. The futures market will witness a range bound trade in the coming days with little ups and downs.

PRICE DRIVERS:

1. Supply by millers will guide the price
2. More acreage under sugarcane
3. Lacklustre trade on futures market
4. Likely increase in demand in the coming festive season

WEATHER

Monsoon has arrived in most part of the country and many parts are receiving normal to heavy rainfall. In the northwest India rain/thundershower are likely at a few places over the region. Fairly widespread rainfall is likely over central India with heavy to very heavy falls. The sugarcane crop is in the growth stage in the North-west UP and rain in this region will definitely fulfill the water requirement and cut the irrigation cost.

TECHNICALS

At the NCDEX July Contract, candlestick formed the green Marubozu, which indicates that buyers controlled the price action from the first trade to the last, trade. Volumes marginally declined while open interest slightly increased from the previous day's close level. DAV also made a bullish cross over MACD. The %K line was above the % D line in the neutral zone indicating some consolidation in the futures prices.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1890	1885	1898	1910	1915

TRADE RECOMMENDATION:

Buy NCDEX- July Sugar M near 1898 with **target** of 1908. **Stop loss** at 1893. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	01.06.06	30.06.06	Change
Ready Sugar (M Grade)	Delhi	1905-1920	1895-1925	-5.00
Ready Sugar (S Grade)	Delhi	1890-1905	1880-1910	-5.00
Mill Delivery	Delhi	1820-1835	1810-1840	-5.00

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