

## SUGAR

14<sup>th</sup> July 2006

### SPOT MARKETS

Trading was calmer in the sugar spot market at the major mandis of Delhi, Muzaffarnagar and Kolkata market where prices were quoted a little bit lower from the previous day close. The sufficient demand, which can trigger the prices, is still not there, as it appears that buyers are still in the expectation that prices may further go down in the coming days despite the upcoming festive season. It is argued that the monsoon session of the parliament is going to start from 24th of July and will last till 10th of August. During this period, the government strict monitoring and psychological pressures upon the traders will not allow the sugar prices to go up. The spot sugar market is expected to witness moderate demand in coming days.

### FUTURES MARKETS

On the futures market at the NCDEX, the active sugar contracts showed slightly bullish sentiments on the news of consideration of the agenda of sugar export by mills in Cabinet Committee on Prices. However, it kept on hovering in a narrow range. The NCDEX August Sugar contract hovered in the range of 1886-1898 while the September contract fluctuated in the range of 1892-1905 on Thursday. The futures is likely to witness some bullish sentiments.

### PRICE DRIVERS

1. Festive demand of sugar in coming days
2. Meeting of CCP to decide sugar export by mills.
3. Optimistic sugar industry for resumption of sugar export very soon
4. Slightly firm futures sentiments

### WEATHER

Heavy to very heavy rainfall is likely at a few places over Bihar, East Uttar Pradesh, Himachal Pradesh, Uttaranchal, Coastal Karnataka, Kerala and Lakshadweep. Isolated heavy rainfall also likely over Punjab, Jammu & Kashmir and Konkan & Goa. The weather conditions seems favourable for the sugarcane crop.

### TECHNICALS

Trend indicators are indicating some strength in the futures market. The EMA has just crossed the price line. In the August contract volume and open interest remained almost same as against yesterday's trade. Stochastic are in neutral region and the %K line has started moving upward after crossing the % D line. DAV has made a bullish cross over to MACD.

Sugar M Grade 0608(NCSGMQ6)2006/07/13 - Daily B:1892.00 A:1  
O 1887.00 H 1898.00 L 1886.00 C 1894.00 V 3,030 I 36.4  
EMA(9) 1892.0 (18) 1905.3



### SUPPORT / RESISTANCES:

| Contract                      | S1   | S2   | PCP  | R1   | R2   |
|-------------------------------|------|------|------|------|------|
| NCDEX-Sugar M-August Contract | 1887 | 1880 | 1894 | 1910 | 1915 |

### TRADE RECOMMENDATION:

**Buy** NCDEX- August Sugar M near 1897 with **target** around 1907. **Stop loss** above 1891. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

| Origin/Grade          | Center | 13. 7.06  | 12.07.06  | Change |
|-----------------------|--------|-----------|-----------|--------|
| Ready Sugar (M Grade) | Delhi  | 1905-1925 | 1915-1930 | -5.00  |
| Ready Sugar (S Grade) | Delhi  | 1890-1910 | 1900-1915 | -5.00  |
| Mill Delivery         | Delhi  | 1820-1840 | 1830-1845 | -5.00  |

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.