

## SUGAR

27<sup>th</sup> July 2006

### SPOT MARKETS

The trade remained disrupted due to widespread rain in major trading areas like Delhi and Muzaffarnagar where lacklustre demand was observed and prices did not see any major change. Prices at the Kolkata market remained slightly higher. Spot market will see reasonable demand if it does not rain and weather remains good enough in coming days.

### FUTURES MARKETS

The NCDEX sugar futures exhibited slightly bearish sentiments as all the active contracts traded below their previous close due to profit booking activities. Volume remained extremely low while open interest slightly declined. The most active August contract traded in the range of 1935-1950, while the September contract fluctuated in the range of 1938-1950. The sugar futures will also respond to the weather conditions and if it remains sunny day tomorrow then firm trading may be observed or vice versa.

### PRICE DRIVERS

1. Profit booking at the futures market
2. Steady Spot Market
3. Ongoing festival season
4. Widespread rains

### WEATHER

Heavy to very heavy falls at a few places likely over HP, Uttaranchal, Haryana, Chandigarh & Delhi and Punjab, Isolated heavy falls also likely over northeastern States, East Rajasthan, UP, Bihar and Sub-Himalayan WB & Sikkim. Sugarcane crop has got enough water during these monsoon showers, which will definitely have a positive impact on the productivity of the crop.

### TECHNICALS

Candlestick exhibited bearish sentiments due to profit booking. Volume significantly declined while open interest slightly declined today as compared to yesterday. %K line after making a bullish cross over to % D line, moved upward in the neutral region, which indicates slight bullish sentiments in medium term. DAV ruled above the MACD in the positive territory. Prices closed above the 9-days and 18-days EMA, further indicating bullishness in medium term. RSI is also above the smooth average in the neutral region.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1931	1925	1945	1970	1980

### TRADE RECOMMENDATION:

**Buy** NCDEX- August Sugar M above 1943 with **target** around 1962. **Stop loss** below 1934. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	26 .07.06	25.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1940	1905-1945	-5.00
Ready Sugar (S Grade)	Delhi	1890-1925	1890-1930	-5.00
Mill Delivery	Delhi	1820-1855	1820-1860	-5.00

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