

## SUGAR

22<sup>nd</sup> July 2006

### SPOT MARKETS

The domestic sugar markets witnessed mixed sentiments as steady trade was observed at Delhi and Muzaffarnagar mandis where no change in spot prices was observed. However, Kolkata continues to remain slightly weak. The 'Kanwad Yatra' is blamed to the slow movement of trucks carrying supplies between Delhi and Muzaffarnagar, which, in turn is affecting the supply situation in northern India. Spot market is likely to trade in the same fashion up to Monday, and a momentum in the sugar trade can be witnessed.

### FUTURES MARKETS

The NCDEX sugar futures traded firm on good buying activities in most of the active contracts. All the active contracts closed with a positive note. The NCDEX August Sugar contract hovered in the range of 1916-1929 while the September contract fluctuated in the range of 1922-1935 on Friday. The sugar futures seem to have consolidated around 1925-35 levels. Government has given its intension to relax the sugar export condition but has not given time frame for it. Hopes are still there. The sugar futures will remain hovering in a particular range with a slightly firm undertone.

### PRICE DRIVERS

1. Firm futures market
2. Upcoming festival season
3. Steady spot market
4. Gloomy picture about export relaxation time framework.

### WEATHER

Heavy to very heavy falls likely at a few places over Jharkhand, Orissa, Chhattisgarh and Vidarbha. Isolated heavy to very heavy falls also likely over Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Gujarat and East Rajasthan. The recent rainfall in the sugarcane growing areas has greatly benefited the crop.

### TECHNICALS

In the August contract candlestick pattern exhibit slight up trend. Volume declined while open interest remained almost same. %K line made a bearish crossover to % D line and the gap between them has widened while DAV is coming nearer to MACD in the positive territory. EMA cut price line from below. In the short run, market appears to be slightly firm.

Sugar M Grade 0608(NCSGMQ6)2006/07/21 - Daily B:1921.00  
O 1917.00 H 1929.00 L 1916.00 C 1922.00 V 7,900 I 3  
EMA(9) 1914.5 (18) 1913.5



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1910	1904	1922	1940	1950

### TRADE RECOMMENDATION:

**Buy** NCDEX- August Sugar M near 1922 with **target** around 1936. **Stop loss** below 1914. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	21 .07.06	20.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1925	1885-1935	-10.00
Ready Sugar (S Grade)	Delhi	1870-1910	1870-1920	-10.00
Mill Delivery	Delhi	1800-1840	1800-1850	-10.00

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