

## SUGAR

10<sup>th</sup> July 2006

### SPOT MARKETS

The domestic sugar markets at Delhi and Muzaffarnagar witnessed lackluster trade due to slack demand in the intense hot summer these days in the northern India. However, Kolkata market witnessed some upward movement in prices. Traders believe that after rains, when temperature will come down, the consumption will increase and market will gather some momentum. The spot market is expected to witness range bound trade in the coming days.

### FUTURES MARKETS

Sugar futures at the NCDEX traded low as against yesterday. The futures witnessed bearish sentiments and hovered in a narrow range due to less buying activities. The NCDEX July Sugar contract hovered in the range of 1876-1885 while the August contract fluctuated in the range of 1882-1893 on Saturday. The sugar futures is also expected to witness a range bound trade.

### PRICE DRIVERS

1. Slight weakness in the futures market
2. Export ban pressure in the market
3. Weak demand in the spot market due to hot weather.

### WEATHER

Rain/thundershowers are likely at many places over Himachal Pradesh and Uttaranchal and at a few places over the rest region including Delhi. Isolated squall likely over the region. Heavy to very heavy rainfall is likely at a few places with isolated extremely heavy falls over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar and East Uttar Pradesh during next 2-3 days. Sugarcane crop, which is in growth stage, will withstand under the prevailing weather conditions.

### TECHNICALS

At the NCDEX July futures, the red candlestick formed, indicating that selling pressure kept the market price down. However, buying in the early hours supported the price level to some extent. Volume and open interest declined slightly as against yesterday. EMA is above the price line. DAV is moving parallel to the MACD though maintaining narrow distance. The %K line, after crossing the % D line from above, is moving down and the gap between them has increased. Sugar technical conditions indicate towards weakness in the market.

Sugar M Grade 0607(NCSGMN6)2006/07/08 - Daily B:1875.00  
O 1880.00 H 1885.00 L 1876.00 C 1876.00 V 2,770 12



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1865	1860	1876	1888	1893

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1873 with **target** of 1883. **Stop loss** at 1869. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	08.07.06	07.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1935	1905-1935	-
Ready Sugar (S Grade)	Delhi	1890-1920	1890-1920	-
Mill Delivery	Delhi	1820-1850	1820-1850	-

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