

## SUGAR

28<sup>th</sup> July 2006

### SPOT MARKETS

The trade remained subdued on account of yet another rainy day in major trading areas like Delhi and Muzaffarnagar where lacklustre demand was observed and prices remained on the lower side. 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 the forthcoming festive season.

### FUTURES MARKETS

The NCDEX sugar futures exhibited slightly bearish sentiments in the absence of any fresh inputs to the market sentiments. The prices remained mostly on the lower side in conjunction with the spot markets. Volume improved marginally while open interest slightly declined. The most active August contract traded in the range of 1932-1945, while the September contract fluctuated in the range of 1934-1946. The prices are likely to remain subdued in the current weather conditions, as the lacklustre trading in the physical markets would put pressure on the futures market prices for the time being. However, some improvement in the prices in forthcoming festive season is expected.

### PRICE DRIVERS

1. Subdued trading activity at the spot markets due to widespread rains.
2. Expected improvement in demand on account of festive season.

### 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 shows slight bearishness in the market sentiments. Oscillators like stochastics and RSI continue to show strength in the market. However, momentum is dipping a bit with convergence of MACD towards its signal line. Prices closed above the 9-days and 18-days EMA, further indicating bullishness in medium term.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1925	1914	1937	1963	1981

### TRADE RECOMMENDATION:

**Sell** NCDEX- August Sugar M below 1943 with **target** around 1931 and then 1925. **Stop loss** above 1951. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.07.06	26.07.06	Change
Ready Sugar (M Grade)	Delhi	1900-1935	1905-1940	-5.00
Ready Sugar (S Grade)	Delhi	1885-1920	1890-1925	-5.00
Mill Delivery	Delhi	1815-1850	1820-1855	-5.00

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