

## SUGAR

4<sup>th</sup> July 2006

### SPOT MARKETS

The domestic sugar markets featured firm sentiments as prices were quoted high as against Saturday's trade at Delhi, Muzaffarnagar and Kolkata mandis due to substantial buying. The mills have got the clear picture of their allotted quota. It is expected that the prices will now consolidate and hover in a particular range. The spot markets are expected to observe a steady movement of prices in the coming days.

### FUTURES MARKETS

Sugar Futures market at NCDEX witnessed slightly bullish sentiments. The futures market has gained some confidence as the quota uncertainty has vanished and the traders have fair idea about the demand and supply scenario. The NCDEX July Sugar contract hovered in the range of 1895-1911 while the August contract fluctuated in the range of 1908-1925 during Monday. The futures prices are expected to witness some consolidation in the prices in the coming days.

### PRICE DRIVERS

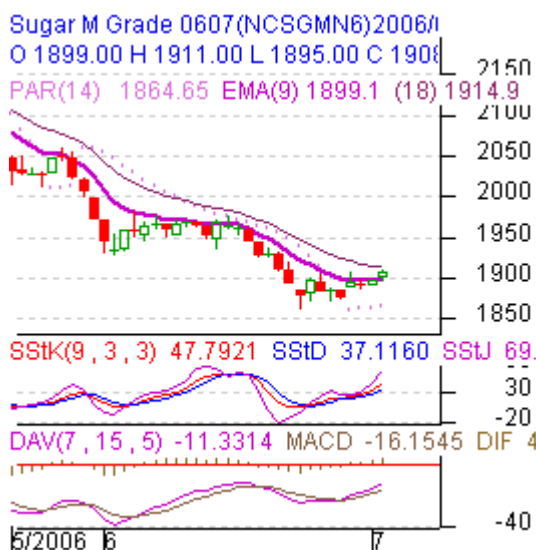
1. Firm sentiments in the spot and futures market
2. More acreage under sugarcane
3. Slightly bullish futures market
4. Likely increase in demand in the coming festive season

### WEATHER

Rain/thundershowers are likely at a few places over Himachal Pradesh, Uttaranchal, Punjab and Haryana and isolated over the rest region. Fairly widespread rains with heavy to very heavy falls is likely to continue over Konkan & Goa, Madhya Maharashtra, south Gujarat and Coastal Karnataka with heavy to very heavy falls at a few places and isolated extremely heavy falls. The sugarcane crop will be largely benefited from the on going monsoon rainfall.

### TECHNICALS

At the NCDEX July Contract, the green candlestick formation indicated slightly bullish sentiments. Volumes marginally increased while open interest remained almost same from the previous day's close level. The EMA is below the price line indicating some bullish sentiments in the market. DAV also made a bullish cross over MACD and the gap is widening. Similarly, the %K line is above the % D line in the neutral zone and the gap is widening between % K and % D line. All these indicators suggest some consolidation in the futures market prices.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-July Contract	1892	1888	1908	1918	1922

### TRADE RECOMMENDATION:

**Buy** NCDEX- July Sugar M near 1902 with **target** of 1916. **Stop loss** at 1895. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	03.07.06	01.07.06	Change
Ready Sugar (M Grade)	Delhi	1905-1930	1905-1920	+10.00
Ready Sugar (S Grade)	Delhi	1890-1915	1890-1905	+10.00
Mill Delivery	Delhi	1820-1845	1820-1835	+10.00

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