

SUGAR

22nd August 2006

SPOT MARKETS

The sugar spot market exhibited steady trade due to flat demand from the retailers. The supply position is still comfortable to meet the current consumption requirement. It was offered in the previous price range at Delhi while at Muzaffarnagar slight decline in prices was observed. However, Kolkata witnessed some improvement in prices due to increased demand. The current trend is expected to continue for some more days due to nearly stable demand.

FUTURES MARKETS

At the NCDEX Sugar futures, most of the contracts opened with a slight positive note due to slight buying interest but soon after it, they came down, as bears again captured the market. The most active September contract traded in the range of 1875-1894, while the October contract fluctuated in the range of 1860-1872 on Monday.

PRICE DRIVERS

1. Weak physical demand
2. Low demand in futures market
3. Weak international market sentiments

WEATHER

Heavy falls at a few places are likely over Orissa, Gangetic West Bengal during next 48 hours. Isolated falls are likely over southwest Rajasthan during next 24 hours.

TECHNICALS

In September contract, candlestick formation exhibited bearish sentiments. The %K line made a bullish cross over to the %D line in the oversold region. DAV ruled below the MACD in the negative region but has come closer to it. EMA touched the upper shadow of the price candlestick. RSI remained below to its smooth average in neutral region, but moved parallel to it. Volume and open interest declined on Monday. Technically market may be considered as steady at the current levels.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1860	1856	1876	1895	1905

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1880 with **target** around 1866. **Stop loss** above 1887. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	21 .08.06	19.08.06	Change
Ready Sugar (M Grade)	Delhi	1840-1905	1840-1905	-
Ready Sugar (S Grade)	Delhi	1825-1890	1825-1890	-
Mill Delivery	Delhi	1755-1820	1755-1820	-

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