

SUGAR

11th August 2006

SPOT MARKETS

The sugar spot markets at the major mandis of North India like Delhi and Muzaffarnagar traded with slightly weak sentiments. The bulk demand of the festivals in the August month is almost over. With the normal day-to-day demand amidst ample supply the prices remained cool with no upward movement. It was offered at lower prices at Delhi, Muzaffarnagar and Kolkata. The spot prices are expected to remain calm in the coming days as well, with no fresh bulk demand in the near future.

FUTURES MARKETS

At the NCDEX sugar futures, no clear-cut trend prevailed in the active contracts as some traded with slight positive sentiments while others with negative sentiments. All the contracts hovered in a narrow range. The most active September contract traded in the range of 1908-1915, while the October contract fluctuated in the range of 1884-1894 on Thursday. The futures market is expected to hover in the current range with a slight bearish undertone.

PRICE DRIVERS

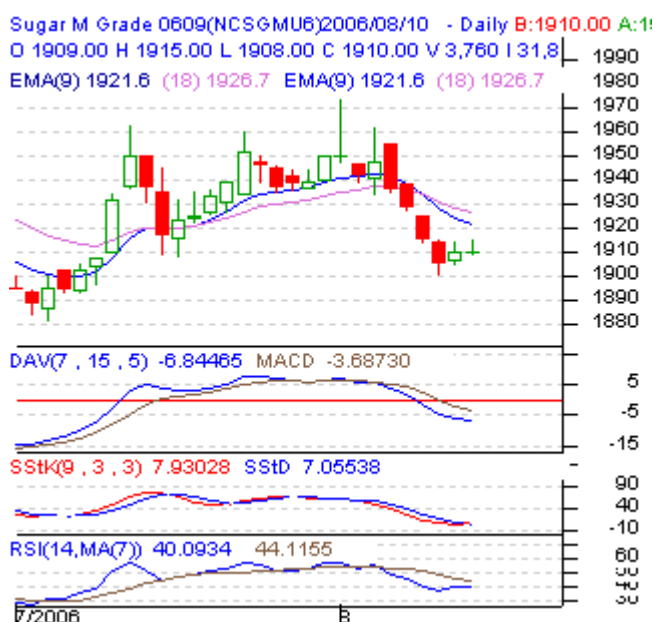
1. Less demand in the spot market
2. Higher production estimates
3. Less buying interest in futures market

WEATHER

On going monsoon showers have so far been good enough for the sugarcane crop.

TECHNICALS

In September contract, candlestick pattern exhibited indecisiveness, as it hovered in a very narrow price range. The %K line touched the %D line in the oversold region. DAV ruled below and moved away from the MACD in the negative region. Prices closed far below the 9-days and 18-days EMA, indicating bearish sentiments. RSI came closer to its smooth average in neutral region. Volume slightly declined while open interest increased on Thursday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1900	1895	1910	1923	1926

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1912 with **target** around 1902. **Stop loss** above 1917. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	10 .08.06	09.8. 06	Change
Ready Sugar (M Grade)	Delhi	1865-1915	1865-1915	-
Ready Sugar (S Grade)	Delhi	1850-1900	1850-1900	-
Mill Delivery	Delhi	1780-1830	1780-1830	-

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