

## SUGAR

18<sup>th</sup> August 2006

### SPOT MARKETS

The sugar spot markets remained steady with bearish undertone due to slack demand at the Delhi and Muzaffarnagar. The prices remained a little higher for the better quality sugar, because as the current sugar year is ending in September, the quality sugar stock is towards exhaustion. Rest of the sugar was traded below the yesterday's range. In Kolkata also, the market traded with slight bearish undertone.

### FUTURES MARKETS

Sugar futures at the NCDEX changed its face several time. It traded with bullish sentiments till noon but by the end of the day, most of the contracts closed with bearish sentiments. The reason being that the August contract is ending tomorrow and the existing positions are to be settled down by that time. So, because of squaring off and rollover of some positions in the next contracts, the slight improvement in prices was observed in forenoon session but later on due to selling pressure most of them closed below their opening level. The September contract traded in the range of 1886-1899, while the October contract fluctuated in the range of 1860-1874 on Thursday.

### PRICE DRIVERS

1. Slack spot demand
2. Higher sugar production estimates
3. Squaring off and Rollover of the August positions
4. Low international prices

### WEATHER

Weather has remained pleasant for the sugarcane crop so far.

### TECHNICALS

In September contract, candlestick formation exhibited bearish undertone. The %K line moved parallel to the %D line in the oversold region. DAV ruled below the MACD in the negative region. EMA just touched the price line. RSI also ruled parallel to its smooth average in neutral region. Volume declined while open interest slightly increased on Thursday.

Sugar M Grade 0609(NCSGMU6)2006/08/17 - Daily B:1887.00 A: O 1890.00 H 1899.00 L 1886.00 C 1887.00 V 4,750 I 32  
EMA(9) 1899.7 (18) 1910.6 EMA(9) 1899.7 (18) 1910.6



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1868	1865	1887	1903	1910

### TRADE RECOMMENDATION:

**Sell** NCDEX- September Sugar M near 1888 with **target** around 1872. **Stop loss** above 1896. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	17 .08.06	16 .08.06	Change
Ready Sugar (M Grade)	Delhi	1855-1890	1855-1895	-5
Ready Sugar (S Grade)	Delhi	1840-1875	1840-1880	-5
Mill Delivery	Delhi	1770-1805	1770-1810	-5

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