

## SUGAR

21<sup>st</sup> August 2006

### SPOT MARKETS

The sugar spot market exhibited steady trade with bearish undertone. It was offered in the previous price range at Delhi, while at the Muzaffarnagar and Kolkata it traded at lower levels due to subdued demand. The current trend is expected to continue for some more days due to flat demand. The supply conditions appear to be quite comfortable in the market.

### FUTURES MARKETS

At the NCDEX Sugar futures, due to slight increased buying interest in the last trading hour, most of the active contracts closed with some positive sentiments as the closing price remained above the previous close level. The most active September contract traded in the range of 1874-1886, while the October contract fluctuated in the range of 1860-1875 on Saturday.

### PRICE DRIVERS

1. Flat spot demand
2. Higher sugar production estimates
3. Slight improvement in futures demand
4. Weak international prices and demand

### WEATHER

Widespread isolated heavy rainfall is likely over Gujarat, southeast Rajasthan, Marathwara and Madhya Maharashtra during next 24Hrs.

### TECHNICALS

In September contract, candlestick formation exhibited slightly improved demand. The %K line continued to remain flat and moved parallel to the % D line in the oversold region. DAV ruled below the MACD in the negative region. EMA remained above the price line. RSI came closer to its smooth average in neutral region. Volume increased while open interest slightly declined on Saturday. Technically market may be considered as stable at the current levels.

Sugar M Grade 0609(NCSGMU6)2006/08/19 - Daily B:1884.00 A:188  
O 1880.00 H 1886.00 L 1874.00 C 1884.00 V 11,870 I 28,76  
EMA(9) 1893.9 (18) 1905.2 EMA(9) 1893.9 (18) 1905.2



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1865	1860	1884	1895	1905

### TRADE RECOMMENDATION:

**Buy** NCDEX- September Sugar M near 1877 with **target** around 1891. **Stop loss** below 1870. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	19 .08.06	18 .08.06	Change
Ready Sugar (M Grade)	Delhi	1840-1885	1855-1885	-
Ready Sugar (S Grade)	Delhi	1825-1870	1840-1870	-
Mill Delivery	Delhi	1755-1800	1770-1800	-

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