

SUGAR

26th August 2006

SPOT MARKETS

No major change from the ongoing depression phase in the spot market was observed as sugar was offered at lower prices in the major mandis at Delhi, Muzaffarnagar and Kolkata mandis due to subdued demand and sufficient supply position. There is little chance of improvement of the current price range in the coming days.

FUTURES MARKETS

The NCDEX sugar futures exhibited bearish trend. However, in the early hours of the trade, some contracts exhibited slight upward movement, which again came down in the absence of desired buying support. Over all prices hovered in a narrow range. The most active September contract traded in the range of 1845-1855, while the October contract fluctuated in the range of 1839-1847 on Friday. The futures market is likely to remain bearish in the coming days.

PRICE DRIVERS

1. Flat physical market demand
2. Ample supply situation
3. Bumper crop harvest prospects
4. Continuation of sugar export ban

WEATHER

Increased rainfall activity over Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh and Bihar. Moderate rainfall activity likely to continue over Indo-Gangetic plains.

TECHNICALS

Candlestick pattern in the September contract at the NCDEX sugar futures exhibited bearish sentiment. The %K line moved parallel from % D line in the oversold region after making a bearish cross over. DAV also ruled below the MACD in the negative region and remained parallel to it. Prices closed below the EMA. RSI ruled below to its smooth average in neutral region but came closer to it. Volume and open interest declined on Friday. Market may be considered as weak.

Sugar M Grade 0609(NCSGMU6)2006/08/25 - Daily B:1845.00 A:1
O 1847.00 H 1855.00 L 1845.00 C 1845.00 V 3,560 I 27.1
EMA(9) 1867.7 (18) 1884.8 EMA(9) 1867.7 (18) 1884.8



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1825	1820	1845	1862	1870

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1850 with **target** around 1834. **Stop loss** above 1859. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	25 .08.06	24.08.06	Change
Ready Sugar (M Grade)	Delhi	1815-1890	1825-1900	-10
Ready Sugar (S Grade)	Delhi	1800-1875	1810-1885	-10
Mill Delivery	Delhi	1730-1805	1740-1815	-10

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