

SUGAR

05th August 2006

SPOT MARKETS

At the domestic sugar markets trade remained stable among normal demand and the prices hovered in the previous day's range with slight change. It was offered at slightly higher prices at Delhi while at Muzaffarnagar it traded at lower levels as against yesterday. At Kolkata, it remained at the yesterday's level. The demand is expected to remain firm, the prices are supposed to hover in the current price range.

FUTURES MARKETS

The sugar futures market exhibited bearish sentiments as most of the active contracts opened firmly but selling pressure brought the prices down. The yesterday's DGFT notification regarding partial relaxation in sugar export could make the futures bullish only for few hours yesterday. The most active August contract traded in the range of 1922-1944, while the September contract fluctuated in the range of 1934-1955.

PRICE DRIVERS

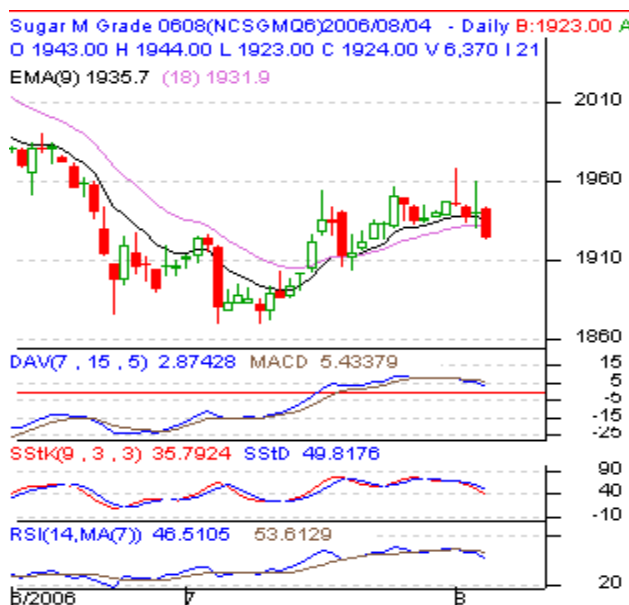
1. Stable spot markets
2. Selling pressure in futures market
3. DGFT notification regarding conditional relaxation in sugar export.

WEATHER

Weather has been good enough so far for the sugarcane crop as it has received enough water during the ongoing monsoon showers.

TECHNICALS

In August contract, candlestick formation exhibited strong bearish sentiments. Volume and open interest declined considerably. The %K line ruled below the %D line in the neutral region. DAV also remained below and moved away from the MACD in positive territory indicating slight weakness in the market. Prices closed between the 9-days and 18-days EMA, indicating slight bearishness. RSI remained below its smooth average in neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1909	1904	1924	1942	1950

TRADE RECOMMENDATION:

Sell NCDEX- August Sugar M near 1930 with **target** around 1915. **Stop loss** above 1938. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	04 .08.06	03.8. 06	Change
Ready Sugar (M Grade)	Delhi	1885-1935	1885-1940	-
Ready Sugar (S Grade)	Delhi	1870-1920	1870-1925	-
Mill Delivery	Delhi	1800-1850	1800-1855	-

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