

SUGAR

17th August 2006

SPOT MARKETS

The sugar spot market traded steady with slight bearish undertone due to stable demand at the major trading centers like Delhi and Muzaffarnagar. Quality sugar from some mills was traded at slightly higher prices in Delhi, however, rest were traded at the lower prices as against previous trading day's levels. At Kolkata, due to increased demand it was offered at slightly higher prices. In northern India, the sugar prices are not expected to go up in near future due to stable demand and ample supply situation.

FUTURES MARKETS

Most of the sugar futures at the NCDEX traded with bearish sentiments. However, the most active September contract showed slight improvement due to some buying interest. Further, it is in oversold region, giving some impetus to upward movements. But these higher levels does not seem sustainable in the light of weak support from buyers end in the physical market. The market fundamentals do not suggest a sustainable upward movement in the coming days. The September contract traded in the range of 1881-1895, while the October contract fluctuated in the range of 1863-1872 on Wednesday.

PRICE DRIVERS

1. Weak demand in the spot market
2. Higher sugar production estimates
3. Overall selling interest in the futures market owing to weak spot market demand.
4. Lower prices in the International market

WEATHER

Heavy rainfall at a few places is likely over southwest MP. Isolated heavy falls also likely over Saurashtra, southeast Rajasthan, northwest MP, north Marathwada and north Madhya MH.

TECHNICALS

In September contract, candlestick formation resulted in a standoff. Both bulls and bears had their moments but neither could put the other away. The %K line is just ready to make a bullish crossover to %D line in the oversold region. DAV ruled below the MACD in the negative region. Prices closed below the 9-days and 18-days EMA. RSI came closer to its smooth average in neutral region. Volume increased while open interest slightly declined on Wednesday.

Sugar M Grade 0609(NCSGMU6)2006/08/16 - Daily B:1889.00 A
O 1885.00 H 1895.00 L 1881.00 C 1891.00 V 5,740 I 32
EMA(9) 1901.9 (18) 1912.2 EMA(9) 1901.9 (18) 1912.2



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1876	1870	1891	1905	1910

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1895 with **target** around 1880. **Stop loss** above 1902. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	16 .08.06	14 .08.06	Change
Ready Sugar (M Grade)	Delhi	1855-1895	1855-1895	-
Ready Sugar (S Grade)	Delhi	1840-1880	1840-1880	-
Mill Delivery	Delhi	1770-1810	1770-1810	-

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