

SUGAR

10th August 2006

SPOT MARKETS

Lackluster trade was observed at the major mandis of north India as most of the markets remained closed due to the religious festival "*Raksha Bandhan*". However, it was offered at slightly higher rate at some retail points in Delhi.

FUTURES MARKETS

Sugar futures also exhibited the lacklustre trade, as volumes remained very low. The price showed slight upward movement in the morning session but later on it could not sustain on these level due to less demand and then it continued to hover near its open price range and finally closed slightly above it. The most active September contract traded in the range of 1904-1914, while the October contract fluctuated in the range of 1889-1900 on Wednesday.

PRICE DRIVERS

1. Higher supply in spot markets
2. Meager demand in spot market
3. Indecisive futures market

WEATHER

Heavy to very heavy rainfalls at scattered places over Konkan and Goa (including Mumbai) and coastal Karnataka during 1-2 days. Isolated heavy to very heavy falls are also likely over Gujarat Region, southeast Rajasthan, West Madhya Pradesh and Andaman & Nicobar islands.

TECHNICALS

In September contract, candlestick pattern exhibits indecisiveness. The %K line ruled below the %D line in the oversold region, however, it is coming closer to it. DAV ruled below and moved away from the MACD in the negative region. Prices remained far below the 9-days and 18-days EMA, indicating bearish sentiments. RSI came closer to its smooth average in neutral region. Volume significantly declined while open interest slightly increased on Wednesday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1895	1889	1910	1925	1928

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1915 with **target** around 1899. **Stop loss** above 1923. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	09 .08.06	08.8. 06	Change
Ready Sugar (M Grade)	Delhi	1865-1915	1870-1925	-
Ready Sugar (S Grade)	Delhi	1850-1900	1855-1910	-
Mill Delivery	Delhi	1780-1830	1785-1840	-

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