

## SUGAR

03<sup>rd</sup> August 2006

### SPOT MARKETS

Mixed sentiments were observed at the domestic sugar markets amidst stable demand. At the Delhi market it remained at the previous day's prices level, while it traded at lower levels in Muzaffarnagar and Kolkata markets. The Government has released 13 lakh tonnes of sugar as non-levy quota for the month of August 2006. With a levy quota of 1.65 lakh tonnes released already for distribution in the Public Distribution System, the total sugar available in the month of August 2006 is 14.65 lakh tonnes. The quantity appears to be more than enough to meet the current increased festive demand. The prices in the coming days are expected to hover in its current range.

### FUTURES MARKETS

The sugar futures market extended previous day's profit booking activity today also. All the sugar futures exhibited bearish sentiments and the volume and open interest also declined. The August free sale quota release information also added to the bearish sentiments of the traders. The most active August contract traded in the range of 1934-1945, while the September contract fluctuated in the range of 1938-1947.

### PRICE DRIVERS

1. Steady spot markets
2. Profit booking at the futures
3. Ongoing festival season
4. August free sale quota release

### WEATHER

Heavy rainfall at a few places is likely over Orissa. Isolated heavy to very heavy falls also likely over Madhya Maharashtra, Konkan & Goa (including Mumbai), Chhattisgarh, East Madhya Pradesh, Vidarbha, north coastal Andhra Pradesh and Telangana.

### TECHNICALS

In August contract, candlestick formation exhibits a bearish sentiment. Volume and open interest declined. The %K line is moving downward along with the %D line in the neutral region. DAV continues to move flat with MACD in positive territory indicating stable sentiments in medium term. Prices closed between the 9-days EMA, indicating indecisiveness. RSI started to rule below its smooth average in neutral region.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1923	1917	1937	1950	1957

### TRADE RECOMMENDATION:

**Sell** NCDEX- August Sugar M near 1940 with **target** around 1926. **Stop loss** above 1947. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	02 .08.06	01.8. 06	Change
Ready Sugar (M Grade)	Delhi	1885-1940	1885-1940	-
Ready Sugar (S Grade)	Delhi	1870-1925	1870-1925	-
Mill Delivery	Delhi	1800-1855	1800-1855	-

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