

SUGAR

08th August 2006

SPOT MARKETS

The domestic sugar prices exhibited bearish trend in the spot markets at the mandis of Delhi, Muzaffarnagar and Kolkata. However, at Muzaffarnagar some improvement in prices was observed in the later hours of the day. Traders say that the demand is stable and the declining spot prices are partially guided by the futures bearish sentiments. Further, the market will also remain close on the national holidays and the trading activity will remain slow on the festival days in present and coming week. The mills are therefore offloading the stock at comparatively lower prices ahead of these holidays so as to avoid problem of plenty in the last days of the months. This is also one of the reasons of the declining spot prices. The demand is expected to remain stable in the near future.

FUTURES MARKETS

The sugar futures market is exhibiting weak sentiments and all the active sugar futures showed similar downward movement. The sugar futures is expected to witness these bearish sentiments in the coming days as well, as there is no news right now which can trigger the prices in upward direction. The most active September contract traded in the range of 1913-1925, while the October contract fluctuated in the range of 1896-1905.

PRICE DRIVERS

1. Steady spot markets
2. Bearish futures market
3. Ongoing festival season

WEATHER

Heavy rainfall is expected at Marathwada, north Madhya Maharashtra, Gujarat Region during next 2 days. Isolated heavy rainfall is also expected over West MP, southeast Rajasthan, Saurashtra & Kutch, North Interior Karnataka, Vidarbha and Jammu region next during next 48 hrs.

TECHNICALS

In September contract, bearish sentiments prevailed as is evident from the candlestick formation. Volume and open interest increased with the decline in prices, which is a sign of weak market conditions. The %K line ruled below the %D line in the neutral region. DAV remained below and moved away from the MACD in positive territory exhibiting slight weakness in the market. Prices closed far below the 9-days and 18-days EMA, indicating bearish sentiments. RSI remained below its smooth average in neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1895	1888	1915	1925	1933

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1916 with **target** around 1901. **Stop loss** above 1923. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	07 .08.06	05.8. 06	Change
Ready Sugar (M Grade)	Delhi	1870-1925	1885-1935	-10
Ready Sugar (S Grade)	Delhi	1855-1910	1870-1920	-10
Mill Delivery	Delhi	1785-1840	1800-1850	-10

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