

## SUGAR

30<sup>th</sup> August 2006

### SPOT MARKETS

Sugar traded with almost steady sentiments in most of the mandis with no major change in prices and demand. However, at Delhi and Kolkata marginal improvement was observed in prices while Muzaffarnagar mandi did not witness any change in the previous day's prices. Earlier, the Government announced the release of 15 lakh tons of sugar as free sale quota for September. However, exact quantity is expected to be declared by the very first day of the September month. Market has become a little bit rumors driven regarding the quantity of quantity to be released.

### FUTURES MARKETS

Sugar futures at NCDEX traded with firm sentiments in the early hours of trade but later on due to lack of buying support, most of the contracts came down substantially and hovered in a narrow range thereafter. The most active September contract traded in the range of 1823-1837, while the October contract fluctuated in the range of 1817-1831 on Tuesday. Futures market is expected to remain bearish till the declaration of the September free sale quota quantity. It will decide the further direction of the trade.

### PRICE DRIVERS

1. Steady physical market demand
2. Ample supply in the market
3. Better production prospects
4. Wait for September free sale quota release order
5. Selling pressure in the futures market

### WEATHER

Heavy to very heavy falls are likely at a few places over Orissa West Bengal & Sikkim, Chhattisgarh, Jharkhand, Bihar, East Uttar Pradesh and north Coastal Andhra Pradesh during next one day.

### TECHNICALS

In the September contract at NCDEX, candlestick pattern exhibited bearish trend. The %K line made a bullish cross over to % D line in the oversold region. MACD is proceeding downward in negative region indicating weak sentiments. Prices closed far below the EMA. This pattern is further in favor of bears. Volume significantly and open interest slightly declined on Tuesday. Prices are likely to witness downward movement.

Sugar M Grade 0609(NCSGMU6)2006/08/29 - Daily B:1828.00 A:1830.00 H 1837.00 L 1824.00 C 1829.00 V 2,730 I 23,39C 2000  
EMA(9) 1849.7 (18) 1869.5 EMA(9) 1849.7 (18) 1869.5



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1800	1790	1829	1860	1870

### TRADE RECOMMENDATION:

**Sell** NCDEX- September Sugar M near 1835 with **target** around 1819. **Stop loss** above 1843. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	29.08.06	28.08.06	Change
Ready Sugar (M Grade)	Delhi	1815-1870	1815-1870	-
Ready Sugar (S Grade)	Delhi	1800-1855	1800-1855	-
Mill Delivery	Delhi	1730-1785	1730-1785	-

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