

SUGAR

14th August 2006

SPOT MARKETS

The sugar spot market continued to exhibit bearish sentiments due to weak demand and comparatively more supply. It was offered at lower prices at Delhi and Muzaffarnagar. While at Kolkata it remained on the previous day's level. The physical market is not expected to gain momentum in the coming days due to weak demand.

FUTURES MARKETS

At the NCDEX sugar futures, all the active contracts showed strong bearish sentiments owing to intense selling pressure. The most active September contract is trading in the oversold region. The most active September contract traded in the range of 1890-1905, while the October contract fluctuated in the range of 1870-1886 on Saturday. The futures are expected to continue the same trend in the coming days also. However, some technical corrections cannot be overruled.

PRICE DRIVERS

1. Less demand in the spot market
2. Nearly end of the current festival demand
3. Good production prospects
4. Intense selling pressure in futures market

WEATHER

The weather so far has been good enough for the sugarcane crop. However, the recent widespread rainfalls in the Maharashtra and Gujarat region may be a matter of some concern.

TECHNICALS

In September contract, candlestick pattern exhibited strong bearish sentiments. The %K line touched the %D line in the oversold region. DAV ruled below and moved away from the MACD in the negative region. Prices closed below the 9-days and 18-days EMA, indicating bearish sentiments. RSI moved farther to its smooth average in neutral region. Volume and open interest increased on Saturday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1872	1868	1891	1905	1909

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1892 with **target** around 1877. **Stop loss** above 1900. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	12 .08.06	11.8. 06	Change
Ready Sugar (M Grade)	Delhi	1855-1895	1855-1905	-10
Ready Sugar (S Grade)	Delhi	1840-1880	1840-1890	-10
Mill Delivery	Delhi	1770-1810	1770-1820	-10

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>