

SUGAR

29th August 2006

SPOT MARKETS

The spot market exhibited down trend due to subdued demand at Muzaffarnagar, Delhi and Kolkata mandi. At Delhi and Kolkata, it was offered at substantially lower prices compared to the previous trading day. Market is not witnessing any significant demand, which can trigger the prices in upward direction. The traders are of the opinion that the prices will continue to trade downward in the coming days also.

FUTURES MARKETS

Sugar futures at NCDEX initially traded with strong bearish sentiments and all the active contracts traded at lower prices due to speculative selling but suddenly in the last trading hours, September and October contracts became bullish on some rumor in the market. The most active September contract traded in the range of 1812-1843, while the October contract fluctuated in the range of 1801-1844 on Monday. Volatility is expected, so trade with cautious.

PRICE DRIVERS

1. Subdued spot market demand
2. Comfortable supply situation
3. Better production prospects
4. No export permission

WEATHER

Heavy to very heavy falls are likely at a few places over Orissa during next 24 hours. Isolated heavy to very heavy falls are also likely over West Bengal & Sikkim, Chhattisgarh, Jharkhand, Bihar, East Uttar Pradesh and north Coastal Andhra Pradesh during the same period.

TECHNICALS

In the September contract at NCDEX, candlestick pattern exhibited volatile movement. The %K line touched from below the %D line in the oversold region. DAV ruled below the MACD in the negative region and moved away from it. Prices closed far below the EMA. RSI ruled below to its smooth average in oversold region. Volume significantly increased while open interest slightly declined on Monday. Market is technically weak but may remain volatile tomorrow.

Sugar M Grade 0609(NCSGMU6)2006/08/28 - Daily B:1832.00 A:1832.00 O 1825.00 H 1843.00 L 1812.00 C 1832.00 V 12,720 I 23,970
EMA(9) 1854.8 (18) 1874.3 EMA(9) 1854.8 (18) 1874.3



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1800	1790	1832	1860	1870

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1842 with **target** around 1822. **Stop loss** above 1852. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	28.08.06	26.08.06	Change
Ready Sugar (M Grade)	Delhi	1815-1870	1815-1880	-10
Ready Sugar (S Grade)	Delhi	1800-1855	1800-1865	-10
Mill Delivery	Delhi	1730-1785	1730-1795	-10

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