

SUGAR

09th August 2006

SPOT MARKETS

The domestic sugar markets continued to exhibit the previous day's bearish sentiments due to more supply in the market while demand remained stable. In the major mandis like Muzaffarnagar and Delhi prices exhibited down trend due to more selling pressure. No major change in demand - supply scenario is expected in near few days.

FUTURES MARKETS

The sugar futures market also traded with bearish sentiments due to weak demand and more selling pressure in all the active sugar futures contracts. The futures is likely to exhibit same trend in the coming days as well as spot market is not showing any major demand these day. On Tuesday, the Directorate General of Foreign Trade (DGFT) in its latest released notification announced to lift the restriction on sugar export to Bhutan, which was earlier imposed by a notification in this regard on 04 July 2006. The most active September contract traded in the range of 1915-1900, while the October contract fluctuated in the range of 1887-1897 on Tuesday.

PRICE DRIVERS

1. Higher supply in spot markets
2. Lack of buying interest in futures market
3. Ongoing festival season

WEATHER

Heavy rainfall is expected at Marathwada, north Madhya Maharashtra, Gujarat Region during next 1 day. Isolated heavy rainfall is also expected over West MP, southeast Rajasthan, Saurashtra & Kutch, North Interior Karnataka, Vidarbha and Jammu region during next 48 hrs.

TECHNICALS

In September contract, candlestick pattern exhibits bearish pattern. The %K line ruled below the %D line in the oversold region. DAV remained below and moved away from the MACD in the negative region. Prices closed far below the 9-days and 18-days EMA, indicating bearish sentiments. RSI moved far away from its smooth average in neutral region. Volume slightly declined while open interest increased.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1883	1876	1905	1920	1926

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1904 with **target** around 1889. **Stop loss** above 1912. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	08 .08.06	07.8. 06	Change
Ready Sugar (M Grade)	Delhi	1865-1915	1870-1925	-10
Ready Sugar (S Grade)	Delhi	1850-1900	1855-1910	-10
Mill Delivery	Delhi	1780-1830	1785-1840	-10

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