

SUGAR

23rd August 2006

SPOT MARKETS

The physical sugar market continued to witness downtrend in the absence of major demand. The supply position is very much comfortable. It was offered at slight lower prices at Muzaffarnagar and Delhi mandis while the Kolkata market remained on the previous day levels. The physical market prices seem to be affected by the futures market sentiments, which are exhibiting bearish trend, as the sugar scenario at the national and international level is pessimistic due to higher supply and weak demand.

FUTURES MARKETS

At the NCDEX Sugar futures, all the active contracts traded with bearish sentiments in the absence of significant demand. The most active September contract traded in the range of 1863-1881, while the October contract fluctuated in the range of 1851-1863 on Tuesday. The bumper crop harvest prospects, election in the Uttar Pradesh in the early months of the next year, weak international market, no permission for sugar export till next financial year are some of the major reasons for the current down trend in the futures market which are perhaps having long lasting effect. Further, Indian exporters lost the opportunity to get better prices by export in the month of July because of the Government decision regarding banning on sugar export.

PRICE DRIVERS

1. Weak physical demand
2. Selling interest in the futures market
3. More supply in the domestic and International market
4. Bearish International market sentiments

WEATHER

Heavy falls at a few places are likely over Orissa, Gangetic West Bengal during next 24 hours. Isolated falls are likely over southwest Rajasthan during next one day.

TECHNICALS

Candlestick pattern in the September contract at the NCDEX sugar futures exhibited bearish sentiment. The %K line touched the % D line in the oversold region. DAV ruled below the MACD in the negative region and came closer to it. EMA remained above the price candlestick. RSI ruled below to its smooth average in neutral region. Volume and open interest slightly declined on Tuesday. Technically market may be considered as weak.

Sugar M Grade 0609(NCSGMU6)2006/08/22 - Daily B:1864.00 A:1
O 1880.00 H 1881.00 L 1863.00 C 1865.00 V 4,820 I 26.9
EMA(9) 1885.8 (18) 1898.9 EMA(9) 1885.8 (18) 1898.9



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1845	1840	1865	1880	1890

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1865 with **target** around 1849. **Stop loss** above 1873. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	22.08.06	21.08.06	Change
Ready Sugar (M Grade)	Delhi	1840-1905	1840-1905	-
Ready Sugar (S Grade)	Delhi	1825-1890	1825-1890	-
Mill Delivery	Delhi	1755-1820	1755-1820	-

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