

SUGAR

31st August 2006

SPOT MARKETS

Sugar market traded with steady sentiments. It was offered at slight lower prices at Muzaffarnagar while in Delhi and Kolkata mandis some improvement was observed due to moderately increased demand. The spot prices are expected to trade in its current range with no major deviation in either direction. The sugar mills will remain in pressure with the nearing-in of the crushing season as sugar prices are easing while the sugarcane farmers are expecting enhanced prices for their produce. Thus, increased cost factor and declining profitability due to domestic and world sugar prices, is a matter of worry for the mills.

FUTURES MARKETS

Sugar futures on NCDEX opened with weak sentiments but observed initial marginal gains. All the active sugar futures contracts hovered in a very narrow price range thus reducing volatility. The most active September contract traded in the range of 1824-1833, while the October contract fluctuated in the range of 1821-1829 on Wednesday. The futures are expected to continue its bearish undertone.

PRICE DRIVERS

1. Moderately increased demand in the spot market
2. Sufficient supply in the domestic market
3. Better production prospects at domestic and global level
4. Wait for September free sale quota release order
5. Overall weak International market sentiments

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 September contract on NCDEX, candlestick pattern exhibited bearish trend. MACD is moving downward in negative region indicating weak sentiments. Prices closed far below the EMA favoring the bears. Stochastic is giving slight bullish signal in oversold region. Volume increased while open interest slightly declined. Prices are likely to witness southward movement.

Sugar M Grade 0609(NC SGMU6)2006/08/30 - Daily B:1823.00 A:1826.00
O 1830.00 H 1833.00 L 1824.00 C 1824.00 V 5,230 I 22,290 -5
EMA(9) 1844.5 (18) 1864.7 EMA(9) 1844.5 (18) 1864.7



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1800	1790	1824	1845	1860

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1830 with **target** around 1814. **Stop loss** above 1838. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	30.08.06	29.08.06	Change
Ready Sugar (M Grade)	Delhi	1800-1875	1815-1870	+5
Ready Sugar (S Grade)	Delhi	1785-1860	1800-1855	+5
Mill Delivery	Delhi	1715-1790	1730-1785	+5

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