

SUGAR

16th August 2006

SPOT MARKETS

The spot sugar markets at major trading centers remained steady with a slight bearish undertone. In Muzaffarnagar no significant change in prices was observed, while at Delhi, it was offered at slightly lower prices. However, the Kolkata market witnessed sharp decline in prices due to weak demand. The spot market is likely to hover in the same fashion with no major change due to stagnant demand.

FUTURES MARKETS

No clear-cut direction was witnessed in the active contracts at the NCDEX sugar futures. However, at the closing time, most of the contracts exhibited slight bearish sentiments. The most active September contract traded with slight positive sentiments for most of the time due to some buying interest. Technically, it has reached in the oversold region, hence the current trend may be taken as signal towards some technical correction in near future. The September contract traded in the range of 1887-1899, while the October contract fluctuated in the range of 1866-1878 on Monday.

PRICE DRIVERS

1. Less demand in the spot market
2. Higher sugar production estimates
3. Oversold position in September contract

WEATHER

Heavy rainfall at a few places is likely over south Chhattisgarh and Vidarbha. Heavy falls at a few places also likely over East MP and north Telangana during next 24 hours.

TECHNICALS

In September contract, candlestick formed the doji pattern after a decline, which indicates towards some technical correction. The %K line moved parallel to %D line in the oversold region. DAV ruled below the MACD in the negative region. Prices closed below the 9-days and 18-days EMA. RSI moved farther to its smooth average in neutral region. Volume and open interest declined on Monday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1880	1875	1890	1905	1910

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1896 with **target** around 1884. **Stop loss** above 1902. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	14 .08.06	12 .08.06	Change
Ready Sugar (M Grade)	Delhi	1855-1895	1855-1895	-
Ready Sugar (S Grade)	Delhi	1840-1880	1840-1880	-
Mill Delivery	Delhi	1770-1810	1770-1810	-

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