

## SUGAR

28<sup>th</sup> August 2006

### SPOT MARKETS

The sugar spot market exhibited bearish sentiments as it was offered at lower prices at the major mandis of Delhi and Muzaffarnagar. The supply situation is good enough while demand is flat in these mandis. Traders expect that sugar will continue to trade down ward with the nearing in of the crushing season. Currently no respite from the ongoing depression phase is expected. Marginal improvement was observed in the Kolkata mandi.

### FUTURES MARKETS

Sugar futures at NCDEX traded with bearish sentiments, as all the active contracts saw continued downtrend from opening to close level. The international sugar scenario is also bearish. This trend is expected to continue till any positive news hit the sugar market, which is hardly expected till October. The most active September contract traded in the range of 1829-1848, while the October contract fluctuated in the range of 1821-1840 on Saturday.

### PRICE DRIVERS

1. Weak physical market demand
2. Comfortable supply situation
3. Higher sugar production estimates
4. Continuation of sugar export ban
5. Weak global sugar markets

### WEATHER

The weather conditions may be considered normal as far as sugarcane crop is concerned.

### TECHNICALS

In the September contract at NCDEX, candlestick pattern exhibited bearish sentiment. The %K line remained below the % D line in the oversold region. DAV also ruled below the MACD in the negative region and remained parallel to it. Prices closed below the EMA. RSI ruled below to its smooth average in oversold region. Volume and open interest slightly declined on Saturday. Market is technically weak.

Sugar M Grade 0609(NCSGMU6)2006/08/26 - Daily B:1832.00 A:18: O 1845.00 H 1848.00 L 1829.00 C 1832.00 V 3,290 I 26.67

EMA(9) 1860.5 (18) 1879.2 EMA(9) 1860.5 (18) 1879.2



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1815	1810	1832	1850	1865

### TRADE RECOMMENDATION:

**Sell** NCDEX- September Sugar M near 1836 with **target** around 1820. **Stop loss** above 1845. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	26.08.06	25.08.06	Change
Ready Sugar (M Grade)	Delhi	1815-1880	1815-1890	-10
Ready Sugar (S Grade)	Delhi	1800-1865	1800-1875	-10
Mill Delivery	Delhi	1730-1795	1730-1805	-10

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