

SUGAR

25th August 2006

SPOT MARKETS

Bearish trend continues in the absence of buyers in the major mandis at Delhi, Muzaffarnagar and Kolkata. The sugar was offered at lower prices at these places due to comfortable supply position. The prices have come down considerably in this week. The spot prices will remain weak in the coming days also.

FUTURES MARKETS

The NCDEX sugar futures also traded with weak sentiments due to intense selling pressure. The traders have firm belief that prices will hardly see up trend in near future due to weak domestic demand and ban on sugar export till next financial year or until government allows it after October. So all the futures contracts are exhibiting bearish trend and making month's lowest points each day. The most active September contract traded in the range of 1842-1860, while the October contract fluctuated in the range of 1836-1850 on Thursday.

PRICE DRIVERS

1. Weak spot market demand
2. More selling interest in futures market
3. Ample supply situation
4. Continuation of sugar export ban

WEATHER

Heavy falls at a few places are likely over interior Orissa, Jharkhand, Chhattisgarh and East Madhya Pradesh during next 24 hours. Isolated heavy falls also likely over southwest Rajasthan and East Uttar Pradesh.

TECHNICALS

Candlestick pattern in the September contract at the NCDEX sugar futures exhibited strong bearish sentiment. The %K line moved away from % D line in the oversold region after making a bearish cross over. DAV ruled below the MACD in the negative region and proceeded parallel to it. EMA remained far above the price candlestick. RSI ruled below to its smooth average in neutral region and moved away from it. Volume and open interest declined on Thursday. Technically market is weak.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1825	1820	1845	1860	1870

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1847 with **target** around 1831. **Stop loss** above 1855. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	24 .08.06	23.08.06	Change
Ready Sugar (M Grade)	Delhi	1825-1900	1840-1905	-5
Ready Sugar (S Grade)	Delhi	1810-1885	1825-1890	-5
Mill Delivery	Delhi	1740-1815	1755-1820	-5

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