

SUGAR

02nd August 2006

SPOT MARKETS

The domestic sugar prices remained steady to firm due to stable demand. The spot prices of sugar at Muzaffarnagar market were quoted higher today as against yesterday while at Delhi and Kolkata market it remained stable at the previous levels. Spot market remained influenced by the bullish sentiments of the futures market in the afternoon and prices remained slightly up from early hours of the trading. The market will remain firm in the coming days due to increased consumption in this ongoing festive season.

FUTURES MARKETS

The sugar futures prices surged up extending previous day's gain in the futures market. The most active August and September contracts at the NCDEX traded with strong bullish sentiments and set the session high at 1968 and 1975 respectively on the news of the announcement that the Sugar stock which was taken out of sugar mills before June 22, 2006 and which is in transit would be allowed to be exported. But higher levels could not sustain for long and profit booking at these levels brought the price down in the last few hours of the trade. The most active August contract traded in the range of 1944-1968, while the September contract fluctuated in the range of 1947-1975. The world raw sugar futures at the New York Board of Trade (NYBOT) and LIFFE also settled higher.

PRICE DRIVERS

1. Steady spot markets
2. Profit booking at the futures
3. Ongoing festival season
4. Government allowed export of sugar stocks in Transit

WEATHER

Heavy to very heavy rainfall likely at a few places over Gujarat Region, West Madhya Pradesh, and southeast Rajasthan. Isolated heavy falls also likely over northeast Rajasthan, Saurashtra & Kutch, north Madhya Maharashtra and Konkan & Goa (including Mumbai).

TECHNICALS

In August contract, candlestick made a gravestone doji. Volume increased thrice while open interest slightly declined. %K just touched the %D line from below in the neutral region. DAV merged in MACD and ruled flat in positive territory indicating stable sentiments in medium term. Prices closed above the 9-days and 18-days EMA, indicating bullishness in medium term. RSI came close to its smooth average in neutral region.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1928	1920	1945	1966	1970

TRADE RECOMMENDATION:

Buy NCDEX- August Sugar M above 1940 with **target** around 1957. **Stop loss** below 1932. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	01 .08.06	31.07.06	Change
Ready Sugar (M Grade)	Delhi	1885-1940	1885-1940	-
Ready Sugar (S Grade)	Delhi	1870-1925	1870-1925	-
Mill Delivery	Delhi	1800-1855	1800-1855	-

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