

## SUGAR

07<sup>th</sup> August 2006

### SPOT MARKETS

The domestic sugar markets exhibited mixed sentiments amidst stable demand. The prices at the Delhi and Kolkata remained slightly higher as against yesterday while it was offered at lower prices at Muzaffarnagar mandi. The demand will remain steady and the prices are expected to hover in its current price range.

### FUTURES MARKETS

The sugar futures market continued to show bearish trend on the second consecutive day as the traders have lost the hope of getting higher price advantage before October due to only partial sugar export relaxation given by the government. Their depression is now reflected in the futures market prices, which continued to show down trend after this decision. The most active August contract traded in the range of 1915-1912, while the September contract fluctuated in the range of 1927-1938.

### PRICE DRIVERS

1. Steady spot markets
2. Bearish sentiments in futures market
3. Ongoing festival season

### WEATHER

Heavy rainfall is likely at a few places over Telangana, Vidrabha and Marathawada. Isolated heavy rainfall also likely over Madhya Maharashtra, Konkan, north Coastal Andhra Pradesh, south Chhattisgarh and Jammu division of Jammu & Kashmir.

### TECHNICALS

In August contract, candlestick formation exhibited bearish sentiments. Volume significantly declined while open interest slightly declined. The %K line ruled below the %D line in the neutral region. DAV remained below and moved away from the MACD in positive territory indicating slight weakness in the market. Prices closed below the 9-days and 18-days EMA, indicating bearish sentiments. RSI remained below its smooth average in neutral region.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1900	1895	1912	1923	1927

### TRADE RECOMMENDATION:

**Sell** NCDEX- August Sugar M near 1915 with **target** around 1903. **Stop loss** above 1921. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	05 .08.06	04.8. 06	Change
Ready Sugar (M Grade)	Delhi	1885-1935	1885-1940	-
Ready Sugar (S Grade)	Delhi	1870-1920	1870-1925	-
Mill Delivery	Delhi	1800-1850	1800-1855	-

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