

## SUGAR

04<sup>th</sup> August 2006

### SPOT MARKETS

The domestic sugar market witnessed a lacklustre trade on Thursday as the prices in all the major mandis at Delhi, Muzaffarnagar and Kolkata remained on lower side as against yesterday due to weak demand. The spot market prices seem to be affected by the last two days bearish sentiments of the sugar futures market. The demand is expected to remain normal in the coming days. Hence no major deviation from the current price range is expected.

### FUTURES MARKETS

The sugar futures market, which was exhibiting bearish sentiments in the forenoon session, became bullish on the suddenly came news of the notification by the DGFT regarding partial relaxation in the sugar export in specific cases. However, higher levels hardly sustained for few minutes and came down to near the opening level of the day and closed near to it. The most active August contract traded in the range of 1930-1960, while the September contract fluctuated in the range of 1933-1962.

### PRICE DRIVERS

1. Lacklustre spot markets
2. Volatile futures market
3. DGFT notification regarding conditional relaxation in sugar export
4. Ongoing festival season

### WEATHER

Heavy rainfall is likely over north Coastal AP, south Orissa and south Chhattisgarh. Isolated heavy to very heavy rainfall also likely over Telangana, Konkan & Goa. Vidarbha, Marathwada and Coastal Karnataka.

### TECHNICALS

In August contract, candlestick formation exhibited a volatile trade. Volume significantly increased while open interest slightly increased. The %K line moved downward along with the %D line in the neutral region. DAV ruled below the MACD in positive territory indicating stable sentiments in medium term. Prices closed between the 9-days EMA, indicating indecisiveness. RSI remained below its smooth average in neutral region.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-August Contract	1930	1926	1940	1960	1965

### TRADE RECOMMENDATION:

**Sell** NCDEX- August Sugar M near 1948 with **target** around 1934. **Stop loss** above 1955. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	03 .08.06	02.8. 06	Change
Ready Sugar (M Grade)	Delhi	1885-1935	1885-1940	-5
Ready Sugar (S Grade)	Delhi	1870-1920	1870-1925	-5
Mill Delivery	Delhi	1800-1850	1800-1855	-5

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