

SUGAR

05th September 2006

SPOT MARKETS

Sugar spot markets are witnessing lacklustre trade due to very meager demand. Spot traders are little bit nervous to see the situation as prices are moving downward but still there is lack of buyers in the market. Perhaps the buyers are expecting further downward movement in the prices. All the three major markets i.e. Delhi, Muzaffarnagar and Kolkata traded at lower prices as compared to the Saturday. Current trend is expected to continue for some more days.

FUTURES MARKETS

Sugar futures on the NCDEX opened with slightly weak sentiments, but gained momentum in the early hour of the trade, but later on due to selling pressure, it came down substantially. The most active September contract traded in the range of 1797-1815, while the October contract fluctuated in the range of 1800-1815 on Monday. The futures are expected to continue its bearish undertone.

PRICE DRIVERS

1. Meager spot market demand
2. Ample September free sale quota
3. Bumper crop harvest prospects
4. Selling pressure in the futures market

WEATHER

Weather is quite comfortable in most of the sugarcane growing areas.

TECHNICALS

In September contract on NCDEX, after a long filled candlestick, a doji indicates that in coming days we may expect some buying support. But further strength is required for any confirmation. Price closed far below the 9-days and 18-days EMA, which indicates weakness in the market. MACD remaining in negative region continued its downward journey. Volume and open interest slightly increased on Monday. Market is likely to continue its downtrend.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-September Contract	1770	1760	1796	1820	1830

TRADE RECOMMENDATION:

Sell NCDEX- September Sugar M near 1805 with **target** around 1785. **Stop loss** above 1815. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	04.09.06	02.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1865	1800-1870	-5
Ready Sugar (S Grade)	Delhi	1770-1850	1785-1855	-5
Mill Delivery	Delhi	1700-1780	1715-1785	-5

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