

## SUGAR

10<sup>th</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Maintained Strength
- NCDEX Sugar: Witnessed Bearish Sentiment
- Maharashtra Looking Forward for Sugar Export

### Sugar Futures - May Retrace Back Again

#### Fundamentals

##### Domestic Sugar Prices Maintained Strength

The domestic sugar market maintained the firm sentiment. The 'M' grade as well as 'S' grade sugar was quoted on an average steady at the higher levels.

The domestic sugar market is likely to remain firm in the coming days. Traders are eyeing the coming festivals and marriage season demand during the mid-January and expecting the prices to move up further during the period. The sugar mills are quoting higher prices and were away from the market at the lower levels. The demand and supply situation remained tightly balanced and the demand from the stockists are picking up. At the international market the NYBOT benchmark March world raw sugar future settled higher on last week with October future testing fresh high.

NCDEX -Sugar Futures	Last Traded	Saturday Close	Change
January	1911	1924	-13
February	1936	1957	-21



#### Future Market Happenings:

##### NCDEX Sugar: Witnessed Bearish Sentiment as Profit Taking Continues

At the futures market the sugar futures at the NCDEX witnessed some upward movement following a firm opening at the early hours of trade. However, profit booking capped further advances and the futures traded with a bearish sentiment thereafter. The January future hovered in the range of 1905.00-1930.00, while the February future fluctuated in the range of 1936.00-1967.00. The open interest as well as volume of trade has increased as against Saturday's trade.

#### Trade Recommendations

**Buy** NCDEX-January Sugar M near 1910 with **target** of 1925. **Stop loss** below 1900.

##### NCDEX Sugar M Grade: January Contract

Support-1	1900
Support-2	1890
Previous Close	1911
Resistance-1	1920
Resistance-2	1930

### International Markets

#### NYBOT Sugar:

The New York Board of Trade (NYBOT) remained closed on Saturday and Sunday.

### London Daily Spot Prices

Particulars	09-Jan	06-Jan
LDP Raw FOB \$/MT	313.70	315.30
LDP Raw CIF \$/MT	358.70	360.30
LDP Raw CIF GBP/MT	203.10	205.50
LDP White FOB \$/MT	351.50	346.90
London Freight \$/MT	45	45
London Freight GBP/MT	25.50	26

Source: London International Financial Futures and Options Exchange (LIFFE)

Note: Exchange remains closed on Saturday and Sunday.

### News Analysis

#### Maharashtra Looking Forward for Sugar Export

According to the Maharashtra State Cooperative Sugar Factories Federation, the state is in a position to export around 1.2 million tonnes of sugar during the next two seasons if the Central Government allows doing so. According to the federation, since the European Union (EU) would cut the global export quota and reduce subsidy on sugar by around 36 per cent over the next four years period, there is an opportunity for Maharashtra to export to meet the shortfall of 4 million tonnes. Earlier, Maharashtra contributed 1.1 million tonnes of sugar out of 1.9 million tonnes of sugar that India exported several years back.

#### Sugar Mills Resumes Crushing in Sindh, Pakistan

The sugar mills of the Sindh province of Pakistan have started the sugarcane crushing operations after fixing the sugarcane prices between the Pakistan Sugar Mills Association (PSMA) and Food and Agriculture Minister of Pakistan. The sugarcane growers have also started harvesting operations after the re-start of the sugar mills in the province. It was also decided to remove private zones. The support price of sugarcane would be fixed at Rs 58 per maund. The sugar production of the country is estimated to be around 2.7-2.9 million tons.

### International Sugar Futures Prices

International Futures	Last Settlement (06.01.06)	Change
NYBOT-March (c/lb)	14.88	+0.03
LIFFE-March (\$/MT)	357.70	+3.20

### Domestic Prices: Delhi

(Rs/qttl)

Quality	09.01.06	07.01.06	Change
Ready Sugar (M)	1880-1945	1880-1945	-
Ready Sugar (S)	1860-1930	1860-1930	-
Mill Delivery	1780-1830	1780-1830	-
Khandsari	1680-1710	1680-1710	-
Gur	1350-1550	1350-1550	-
Sulphur	1780-1805	1780-1805	-

### Market Wise Spot Prices:

(Rs/qttl)

Grade	Market	09.01.06	07.01.06
M 30	Muzaffarnagar	1920-1925	1935-1940
	Delhi	1910-1915	1920-1925
	Kolkata	1955-1960	1960-1965
S 30	Chennai	1780-1785	1775-1780
	Kolkata	1910-1915	1910-1915
	Vashi	1870-1875	1860-1865

### Weather Forecast

#### **NORTH Region:**

Isolated rain/snow likely over higher reaches of Jammu & Kashmir, which is likely to increase on 12th & 13th and extend in to Himachal Pradesh and Uttaranchal. Weather will be mainly dry over the rest region.

#### **EAST Region:**

Weather will be mainly dry over the region.

#### **SOUTH Region:**

Rain/thundershowers are likely at a few places over Nicobar Islands and isolated over Andaman islands, Tamil Nadu and Pondicherry, Lakshadweep and Kerala. The rainfall activity over Tamil Nadu & Pondicherry and Kerala is likely to increase after 24 hours. Weather will be Mainly dry in the rest region.

#### **WEST Region:**

Weather will be mainly dry over the region.

### Port Watch

Mumbai Port is expecting 'Nama' to load 10,200 MT of sugar. POL agents will be handling the vessel.

'Amanath Shah' is expected at Tuticorin Port to load 4,400 MT of sugar. S Albert agents will be handling the vessel.

### FOREX

Foreign Currency	Rs. per unit
1 US \$	44.28
1 Euro	53.77
1 British £	78.42
100 Jap. Yen	38.87

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