

SUGAR

25th January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Rangebound with Bearish Undertone
- NCDEX Sugar: Profit Taking Capped Early Surge to Contract Highs
- NYBOT Sugar Settled Up; Pared Early Surge to 24-Year Highs on Monday

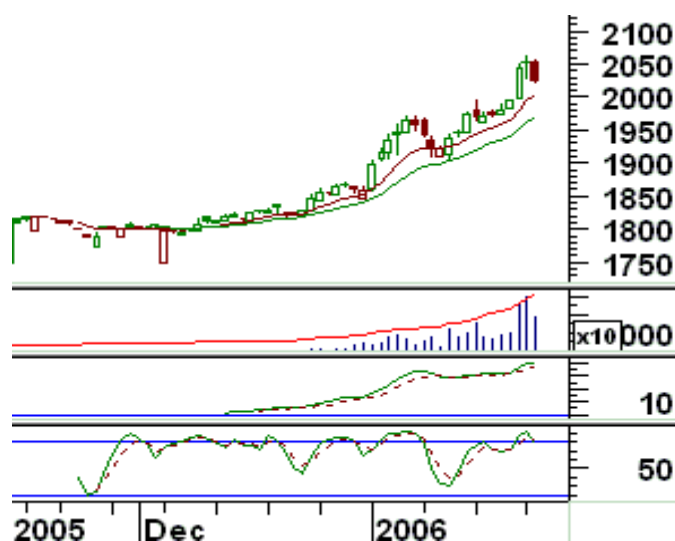
Sugar Futures - Technical Correction

Fundamentals

Domestic Sugar Prices Rangebound with Bearish Undertone

The domestic sugar market witnessed a range bound trade with a bearish undertone during Tuesday's trade. The 'M' grade as well as 'S' grade sugar was quoted on an average lower as against Monday.

The domestic sugar market failed to extend Monday's advances further on Tuesday. The sugar prices have surged up during the last weekend with increased buying from the stockists. However, traders remained cautious at this higher levels and some selling by the retailers pressurised the sugar prices. Some mills have also quoted lower prices, as activity was limited at such higher levels. However, traders are anticipating the sugar prices to move up further as the marriage season demand is likely to pick up in the days ahead. At the international markets the NYBOT world raw sugar future scaled above 18 cents per pound, while the LIFFE white sugar future reached \$431 per MT on Monday. The international sugar market is seen fundamentally and technically bullish enough to cross further higher levels. With a bullish international market outlook, the domestic sugar market is also expected to remain firm in the days ahead.



NCDEX -Sugar Futures	Last Traded	Monday Close	Change
February	2021	2049	-28
March	2052	2080	-28

Future Market Happenings:

NCDEX Sugar: Profit Taking Capped Early Surge to Contract Highs

At the futures market the sugar futures at the NCDEX witnessed a downward trade following a firm opening. The later month futures tested contract month highs at the early hours of trade, but ran into profit taking and increased selling pressure at the higher levels. The February future hovered in the range of 2018.00-2055.00 during Tuesday's trade. The open interest has increased, while the volume of trade has declined during Tuesday's trade. The sugar prices at the spot as well as futures market are expected to trade moderately downwards following a steady to weak opening initially with possibility of upward movement later.

Trade Recommendations

Buy NCDEX-February Sugar M near 2010 with **target** of 2040. **Stop loss** at 1995.

Do not carry-forward the position until the next day.

NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	2000
Support-2	1980
Previous Close	2021
Resistance-1	2041
Resistance-2	2061

International Markets

NYBOT Sugar Settled Up; Pared Early Surge to 24-Year Highs on Monday

The New York Board of Trade (NYBOT) world raw sugar futures settled higher after paring an early surge to 24-year highs on profit taking. The futures opened gapped up by over 1 cent per pound with trade and others buying. The white sugar future at the LIFFE also touched fresh 16-year highs during Monday's trade. The NYBOT March future finished 20 points higher at 17.35 cents per pound, while the May future settled 37 points higher at 17.27 cents per pound on Monday. With the crude oil prices falling, profit taking in sugar futures cut back most of the early gains in final action. However, the market is seen fundamentally and technically good enough to continue the surge in sugar futures prices and traders are looking forward for further higher levels in the days ahead.

News Analysis

LIFFE White Sugar Future Raced to 16-Year Highs on Monday

The London white sugar future surged up to fresh 16-year highs during Monday's trade with speculative buying and short covering. The LIFFE benchmark March white sugar future raced to \$431 per MT, an increase of \$29.9 over Friday's settlement. However, profit taking at the higher levels pared most of the gains in final action and the March future settled \$2.50 per MT up at \$403.60 per MT on Monday. With global sugar supply deficit and increasing demand for the essential commodity, the market is on an uptrend with the trade and funds buying continuously. The NYBOT raw sugar futures also scaled a fresh 24-year high during Monday's trade.

London Daily Spot Prices

Particulars	24-Jan	23-Jan
LDP Raw FOB \$/MT	375.90	388.70
LDP Raw CIF \$/MT	420.90	433.70
LDP Raw CIF GBP/MT	236	243.10
LDP White FOB \$/MT	395	409.50
London Freight \$/MT	45	45
London Freight GBP/MT	25.50	25.50

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

Note: Exchange remains closed on Saturday and Sunday.

Association Urged for Ethanol Production in Sugar Mill

The Tamil Nadu Sugarcane Farmers Association has requested the State Government to take necessary steps in order to produce ethanol and electricity in the Alanganallur National Cooperative Sugar Mill ahead of its re-opening. The mill was closed in 2003 and consequently adversely affecting the sugarcane growers in this region. According to the association, with ethanol production the mill can generate employment along with more revenue. The mill would officially reopened on 25th January.

International Sugar Futures Prices

International Futures	Last Settlement (23.01.06)	Change
NYBOT-March (c/lb)	17.35	+0.20
LIFFE-March (\$/MT)	403.60	+2.50

Domestic Prices: Delhi

(Rs/qttl)

Quality	24.01.06	23.01.06	Change
Ready Sugar (M)	1960-2030	1970-2035	-5
Ready Sugar (S)	1940-2000	1950-2010	-10
Mill Delivery	1870-1950	1880-1960	-10
Khandsari	1725-1775	1725-1775	-
Gur	1450-1600	1450-1600	-
Sulphur	1800-1850	1800-1850	-

Market Wise Spot Prices:

(Rs/qttl)

Grade	Market	24.01.06	23.01.06
M 30	Muzaffarnagar	2020-2025	2030-2035
	Delhi	2010-2015	2010-2015
	Kolkata	2065-2070	2030-2035
S 30	Chennai	1895-1900	1890-1895
	Kolkata	2035-2040	1995-2000
	Vashi	1930-1935	1925-1930

Weather Forecast

NORTH Region:

Isolated rain/snow likely over Jammu & Kashmir and Himachal Pradesh for next 24 hours and may increase there after. Weather will be mainly dry over the rest region.

EAST Region:

Isolated Rain/thundershower likely over northeast Assam and Arunachal Pradesh Weather will be mainly dry over rest region.

SOUTH Region:

Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be mainly dry in the rest region.

WEST Region:

Weather will be mainly dry over the region.

Port Watch

No latest vessel position is reported on Tuesday.

FOREX

Foreign Currency	Rs. per unit
1 US \$	44.21
1 Euro	54.36
1 British £	78.96
100 Jap. Yen	38.57

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