

SUGAR

23rd January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Up on Increased Demand
- NCDEX Sugar: Surged Up to Fresh Contract Highs on Saturday
- NYBOT Sugar Settled Up; Raced to 24-Year Highs on Trade, Fund Buying

Sugar Futures - Be Cautious as Correction Likely

Fundamentals

Domestic Sugar Prices Up on Increased Demand

The domestic sugar market extended previous advances further during Saturday's trade. The 'M' grade as well as 'S' grade sugar was quoted much higher as against Friday.

The domestic sugar market is witnessing an upward trend with increased buying by the stockists. Moreover, higher marriage season demand from the Eastern states has also lifted up the market sentiments. The sugar prices in North Indian markets are also hovering near Rs 2000 per quintal and traders are eyeing even higher levels in the coming days. The skyrocketing domestic sugar futures prices amidst heavy trading activity has also underpinned the uptrend in sugar prices at the physical markets. At the international markets the NYBOT world raw sugar future has surged up to 24-year highs, while the LIFFE white sugar future crossed \$400 per MT on Friday. The international sugar market is seen fundamentally bullish enough to cross further higher levels. The domestic sugar market is also expected to remain firm in the days ahead.



NCDEX -Sugar Futures	Last Traded	Friday Close	Change
February	2048	1994	+54
March	2071	2035	+36

Future Market Happenings:

NCDEX Sugar: Surged Up to Fresh Contract Highs on Saturday

At the futures market the sugar futures at the NCDEX rallied to fresh contract month highs following a firm opening. The sugar futures finished higher near to the day's high in final action. The later month sugar futures have also tested fresh contract month highs. The February future hovered in a higher range of 1995.00-2049.00 during Saturday's trade. The open interest as well as volume of trade has increased during Saturday's trade. The sugar prices at the spot as well as futures market are expected to trade upwards following a firm opening with possibility of some downward movement later.

Trade Recommendations

Buy NCDEX-February Sugar M near 2045 with **target** of 2065. **Stop loss** at 2035.

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

NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	2022
Support-2	2000
Previous Close	2048
Resistance-1	2070
Resistance-2	2098

International Markets

NYBOT Sugar Settled Up; Raced to 24-Year Highs on Trade, Fund Buying

The New York Board of Trade (NYBOT) world raw sugar futures surged up to 24-year highs during Friday's trade on heavy trade and fund buying along with lots of short covering. The NYBOT March future finished 103 points higher at 17.15 cents per pound, while the May future settled 97 points higher at 16.90 cents per pound. The March future opened gapped up through 16.28 cents per pound, a 15-year high. With heavy buying support the March future touched 17.21 cents per pound, 24-year highs, while the May future also reached 17.00 cents per pound. The sugar market is seen technically and fundamentally bullish enough to cross 18 cents per pound at the near future. In supportive fundamentals higher demand for cane-ethanol in the wake of surging crude prices has resulted into more cane diversion towards ethanol in Brazil.

News Analysis

Agril Minster: India Likely to Export Sugar in Years Ahead

According to the Union Agriculture Minister, India can emerge out as a sugar exporter in the international market in two years. Domestic sugar production is likely to top 18 million tonnes during the current sugar season. The sugar production in the coming 2006-07 year is also expected to be higher than the present season. With a bumper sugar production outlook in the years ahead, India is expected to export sugar to the international market in the coming year or two.

London Daily Spot Prices

Particulars	20-Jan	19-Jan
LDP Raw FOB \$/MT	353.20	339.50
LDP Raw CIF \$/MT	398.20	384.50
LDP Raw CIF GBP/MT	226.30	219
LDP White FOB \$/MT	382	371.50
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.

US Sugar Industry Sought for More Import Quota

The United States sugar industry has requested the United States Department of Agriculture (USDA) to allow additional sugar import in order to avoid supply shortage in the domestic market. Recently, the USDA has estimated the United States sugar supply at 1.3 million tons, lower than the month ago forecast. The projected sugar supply is seen to fall short of domestic requirements. The domestic sugar industry has requested to the USDA to allow more sugar import since the commodity is subject to import quota.

International Sugar Futures Prices

International Futures	Last Settlement (20.01.06)	Change
NYBOT-March (c/lb)	17.15	+1.03
LIFFE-March (\$/MT)	401.10	+18.00

Domestic Prices: Delhi

(Rs/qrtl)

Quality	21.01.06	20.01.06	Change
Ready Sugar (M)	1960-2025	1930-1990	+35
Ready Sugar (S)	1940-2000	1910-1970	+30
Mill Delivery	1870-1950	1840-1920	+30
Khandsari	1700-1750	1690-1725	+25
Gur	1450-1575	1450-1550	+25
Sulphur	1780-1830	1770-1810	+20

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	21.01.06	20.01.06
M 30	Muzaffarnagar	2005-2010	1985-1990
	Delhi	1995-2000	1975-1980
	Kolkata	2030-2035	2005-2010
S 30	Chennai	1865-1870	1860-1865
	Kolkata	1990-1995	1975-1980
	Vashi	1910-1915	1905-1910

Weather Forecast

NORTH Region:

Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22nd evening till 24th.

EAST Region:

Isolated rain/thundershowers likely over northeast Assam and Arunachal Pradesh. Weather will be mainly dry over the 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

`Amanath Shah' has berthed at Tuticorin Port and continues to load 4,400 MT of sugar. S Albert agents is handling the vessel.

Mumbai Port is loading 10,200 MT of sugar on the vessel `Nama'. POL agents is handling the vessel.

FOREX

Foreign Currency	Rs. per unit
1 US \$	44.11
1 Euro	53.52
1 British £	78.10
100 Jap. Yen	38.15

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