

## SUGAR

24<sup>th</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Firm on Monday
- NCDEX Sugar: Profit Taking Capped Early Surge to Contract Highs
- NYBOT Sugar Settled Up; Raced to 24-Year Highs Last Week

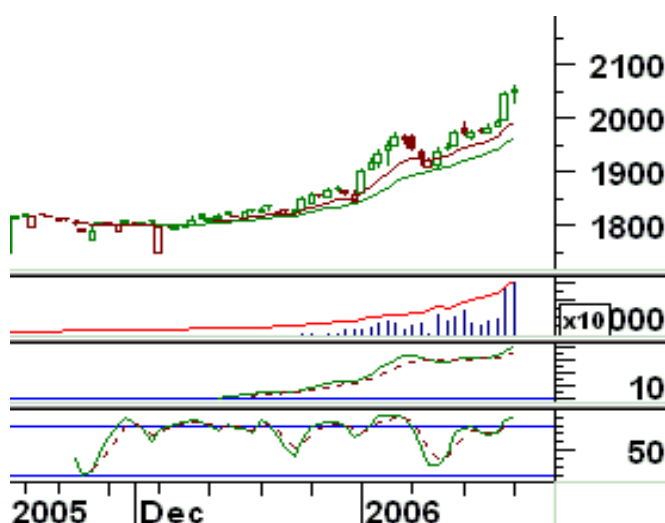
### Sugar Futures - Go Long at Corrective Dips

#### Fundamentals

##### Domestic Sugar Prices Remained Firm on Monday

The domestic sugar market witnessed a firm sentiment during Monday's trade. The 'M' grade as well as 'S' grade sugar was quoted steady to higher as against Saturday.

The domestic sugar market remained firm at the higher levels with the start of this week. The sugar prices are 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 have crossed Rs 2000 per quintal and traders are eyeing further 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 last week. The international sugar market is seen fundamentally 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	Saturday Close	Change
February	2045	2044	+1
March	2076	2071	+5

#### Future Market Happenings:

##### NCDEX Sugar: Profit Taking Capped Early Surge to Contract Highs

At the futures market the sugar futures witnessed an upward trade following a firm opening at the early hours of trade. The sugar futures tested fresh contract month highs, but ran into profit taking and turned southwards. With alternate buying and selling interest, the futures managed to settle with marginal gains in final action. The February future hovered in a higher range of 2055.00-2061.00 during Monday's trade. The open interest as well as volume of trade has increased as against Saturday. The sugar prices at the spot as well as futures market are expected to trade upwards following a steady to firm opening with possibility of a downward correction from the higher levels.

#### Trade Recommendations

**Buy** NCDEX-February Sugar M near 2040 with **target** of 2065. **Stop loss** at 2028.

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

##### NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	2025
Support-2	2002
Previous Close	2045
Resistance-1	2078
Resistance-2	2098

### International Markets

#### NYBOT Sugar:

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

### London Daily Spot Prices

Particulars	23-Jan	20-Jan
LDP Raw FOB \$/MT	388.70	353.20
LDP Raw CIF \$/MT	433.70	398.20
LDP Raw CIF GBP/MT	243.10	226.30
LDP White FOB \$/MT	409.50	382
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.

### 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.

#### 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/qttl)

Quality	23.01.06	21.01.06	Change
Ready Sugar (M)	1970-2035	1960-2025	+10
Ready Sugar (S)	1950-2010	1940-2000	+10
Mill Delivery	1880-1960	1870-1950	+10
Khandsari	1725-1775	1700-1750	+25
Gur	1450-1600	1450-1575	-
Sulphur	1800-1850	1780-1830	+20

### Market Wise Spot Prices:

(Rs/qttl)

Grade	Market	23.01.06	21.01.06
M 30	Muzaffarnagar	2030-2035	2005-2010
	Delhi	2010-2015	1995-2000
	Kolkata	2030-2035	2030-2035
S 30	Chennai	1890-1895	1865-1870
	Kolkata	1995-2000	1990-1995
	Vashi	1925-1930	1910-1915

### 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

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 \$	44.15
1 Euro	54.06
1 British £	78.60
100 Jap. Yen	38.48

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