

## SUGAR

31<sup>st</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Maintained Weakness
- NCDEX Sugar: Surged Up on Speculative Buying
- Pak Govt Likely to Direct TCP to Import 3 Lt Sugar

### Sugar Futures - Up on Speculative Buying

#### Fundamentals

##### Domestic Sugar Prices Maintained Weakness

The domestic sugar market witnessed a range bound trade with a bearish undertone. The 'M' grade as well 'S' grade sugar was quoted marginally lower as against the last weekend.

The domestic market maintained the weakness following the February sugar sales quota release by the Government. However, most of the mills are out of January sales quota. Hence, no significant activity was observed in the market. The market may witness some bearish trade in the coming month. However, in a supportive activity, the Government of Pakistan has decided to allow regular sugar import from India as a measure to check surging sugar prices at the Pakistani market and likely to direct the TCP to import around 3 lakh tons sugar. In the global perspective sugar prices are at historical highs and likely to move up further in the coming days. Under such situations, the sugar prices at the spot as well as futures market are likely to witness a firm sentiment in the short-term.



NCDEX -Sugar Futures	Last Traded	Saturday Close	Change
February	2031	2009	+22
March	2070	2048	+22

#### Future Market Happenings:

##### NCDEX Sugar: Surged Up on Speculative Buying

At the futures market the sugar futures at the NCDEX witnessed an upward trade following a firm opening. The futures traded strongly with the later month futures nearing contract highs on speculative buying support. The futures settled higher near to the day's high in final action. The February future hovered in the range of 2018.00-2036.00 during Monday's trade. The open interest as well as volume of trade has increased as against the last weekend. The open interest of February future has reached its highest level on Monday. The sugar prices at the spot as well as futures market are expected to trade moderately upwards following a steady to firm opening initially with possibility of some downward movement later.

#### Trade Recommendations

**Buy** NCDEX-February Sugar M near 2025 with target of 2040. **Stop loss** at 2017.

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

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

Support-1	2012
Support-2	2000
Previous Close	2031
Resistance-1	2045
Resistance-2	2056

### International Markets

#### NYBOT Sugar

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

### London Daily Spot Prices

Particulars	30-Jan	27-Jan
LDP Raw FOB \$/MT	405.90	403
LDP Raw CIF \$/MT	450.90	448
LDP Raw CIF GBP/MT	255.40	252
LDP White FOB \$/MT	430.90	430
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

#### Pakistan Allowed Regular Import of Sugar from India

The Government of Pakistan has decided to start regular import of sugar from neighbouring countries including India, impose 15 percent tax of export of gur and double the quantity of sugar supply to utility stores corporation. These steps were taken in order to cap the surging sugar prices at the domestic market. The sugar prices at the domestic markets have crossed Rs 35 per kg in recent time. These measures were taken in an inter-ministerial meeting, presided over by Adviser to Prime Minister on Finance. The meeting attributed the steep and sudden rise in sugar prices to shortage of sugar at the domestic market and hike in global sugar prices. The Trading Corporation of Pakistan (TCP) has been directed to explore import of enough quantity of sugar periodically throughout the year from neighbouring countries, including India, to replenish their stock.

#### Pak Govt Likely to Direct TCP to Import 3 Lt Sugar

The Government of Pakistan is likely to direct the Trading Corporation of Pakistan (TCP) to import around 3 lakh tons of sugar in order to stabilize the rising sugar prices at the domestic markets as well to maintain an optimum level of its sugar stock. The Pakistani Government has fixed sugar price at Rs 25 per kilogram for the Trading Corporation of Pakistan (TCP) and directed it to offload reasonable stock of sugar in the open market at the earliest. Pakistan is facing sugar crisis in the current season and the prices has reached record high level. The Pakistani Government has taken several measures to cap the rising sugar prices and recently allowed regular import of sugar from neighbouring countries including India.

### International Sugar Futures Prices

International Futures	Last Settlement (27.01.06)	Change
NYBOT-March (c/lb)	18.61	+0.13
LIFFE-March (\$/MT)	437.50	+2.00

### Domestic Prices: Delhi

(Rs/qtl)

Quality	30.01.06	28.01.06	Change
Ready Sugar (M)	1940-1995	1940-2000	-5
Ready Sugar (S)	1920-1975	1920-1980	-5
Mill Delivery	1840-1900	1840-1910	-10
Khandsari	1775-1825	1750-1800	+25
Gur	1350-1500	1400-1550	-50
Sulphur	1850-1900	1825-1875	+25

### Market Wise Spot Prices:

(Rs/qtl)

Grade	Market	30.01.06	28.01.06
M 30	Muzaffarnagar	2005-2010	2000-2005
	Delhi	1990-1995	1990-1995
	Kolkata	2035-2040	2030-2035
S 30	Chennai	1910-1915	1905-1910
	Kolkata	2015-2020	2010-2015
	Vashi	1915-1920	1900-1905

### Weather Forecast

#### **NORTH Region:**

Rain/snow is likely at a few places over higher reaches of Jammu & Kashmir and at isolated places over rest Jammu & Kashmir and Himachal Pradesh. Weather will be mainly dry over the rest region.

#### **EAST Region:**

Weather will be mainly dry over the region.

#### **SOUTH Region:**

Isolated rain/thundershowers likely over south Tamil Nadu. 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.

### FOREX

Foreign Currency	Rs. per unit
1 US \$	44.14
1 Euro	53.43
1 British £	78.03
100 Jap. Yen	37.61

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.