

## SUGAR

12<sup>th</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Stable at Higher Side
- NCDEX Sugar: Finished Down Amidst Rangebound Trade
- Pakistan Likely to Import 6 Lakh Tons Sugar in 2005-06

### Sugar Futures - Technical Correction- Go Short

#### Fundamentals

#### Domestic Sugar Prices Remained Stable at Higher Side

The domestic sugar market remained on an average stable on Wednesday. The 'M' grade as well as 'S' grade sugar was quoted mostly stable at the higher levels.

The domestic sugar market is expected to continue the firm sentiment in the days ahead. The demand for sugar is likely to increase during the coming festivals and marriage season during mid-January. However, supply remained at the higher side, keeping the uptrend of the prices at a check. Sellers are away from market at the lower price levels. At the international market the NYBOT March world raw sugar future finished higher on Tuesday on increased trade buying support.

NCDEX -Sugar Futures	Last Traded	Tuesday Close	Change
January	1888	1897	-9
February	1916	1921	-5



#### Future Market Happenings:

#### NCDEX Sugar: Finished Down Amidst Rangebound Trade

At the futures market the sugar futures at the NCDEX witnessed some upwards trade following a weak opening at the early hours of trade. However, the futures turned southwards on increased selling pressure at the higher levels and settled down near to the day's low in final action. The January future hovered in a lower range of 1885.00-1898.00, while the February future fluctuated in the range of 1909.00-1925.00. The open interest has increased, while the volume of trade has declined as against Tuesday.

#### Trade Recommendations

**Sell** NCDEX-January Sugar M near 1890 with **target** of 1875. **Stop loss** at 1898.

#### NCDEX Sugar M Grade: January Contract

Support-1	1875
Support-2	1868
Previous Close	1888
Resistance-1	1891
Resistance-2	1895

## International Markets

### NYBOT Sugar Settled Higher on Trade Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) settled higher on Tuesday on trade buying. The NYBOT March future finished up 6 points at 14.66 cents per pound, while the May future settled 8 points higher at 14.74 cents per pound on Tuesday. The market opened with a firm note as the trade and speculators bought at the open and tested day's high at the opening session of trade. Buying was seen at the lower levels but the futures failed to reach the early morning highs. In supportive factors, Thailand's sugar output till first week January falls well below the year ago figure.

## London Daily Spot Prices

Particulars	11-Jan	10-Jan
LDP Raw FOB \$/MT	311.70	307.50
LDP Raw CIF \$/MT	356.70	352.50
LDP Raw CIF GBP/MT	203.60	199.30
LDP White FOB \$/MT	352.10	346.10
London Freight \$/MT	45	45
London Freight GBP/MT	26	25.50

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

Note: Exchange remains closed on Saturday and Sunday.

## News Analysis

### Vietnam Sugar Prices at a Downtrend

The sugar price in Vietnam is witnessing a declining trend though no imported sugar has arrived. The sugar prices have declined by upto VND 500 per kg on a higher supply. However, the demand for sugar is also at an uptrend. According to the traders, the tax reduction and Government's decision to allow import of 40000 tonnes of sugar has also underpinned the downtrend in sugar prices at the domestic markets. According to the Vietnam Sugar Association, the prices should decline further when the country enters the new production cycle. At present, almost 90 percent of the plants have started crushing the new crop and the supply would be much higher in the coming days.

### Pakistan Likely to Import 6 Lakh Tons Sugar in 2005-06

The Pakistan Government is likely to import around 6 lakh tons of raw sugar through the Trading Corporation of Pakistan (TCP) and the private sector in the days ahead. The Government is expecting a shortfall of the same quantity in this year, which would be met through import to check the surging domestic sugar prices. Pakistan harvested 47 million tonnes of sugarcane last year, which would likely to fall below 46 million tonnes this year.

## International Sugar Futures Prices

International Futures	Last Settlement (10.01.06)	Change
NYBOT-March (c/lb)	14.66	+0.06
LIFFE-March (\$/MT)	356.20	+5.20

## Domestic Prices: Delhi

(Rs/qrtl)

Quality	11.01.06	10.01.06	Change
Ready Sugar (M)	1890-1960	1880-1950	+10
Ready Sugar (S)	1870-1945	1860-1935	+10
Mill Delivery	1780-1840	1780-1830	+10
Khandsari	1690-1725	1680-1710	+15
Gur	1400-1550	1375-1575	-25
Sulphur	1780-1810	1780-1805	+5

## Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	11.01.06	10.01.06
M 30	Muzaffarnagar	1920-1925	1920-1925
	Delhi	1910-1915	1910-1915
	Kolkata	1950-1955	1955-1960
S 30	Chennai	1790-1795	1785-1790
	Kolkata	1910-1915	1915-1920
	Vashi	1870-1875	1875-1880

### Weather Forecast

#### **NORTH Region:**

Weather will be mainly dry over the region.

#### **EAST Region:**

Weather will be mainly dry over the region.

#### **SOUTH Region:**

Isolated rain/thundershowers are likely over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Lakshadweep and Kerala. 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 \$	43.99
1 Euro	53.18
1 British £	77.29
100 Jap. Yen	38.46

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