

SUGAR

01st February 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Up; Eyeing Export to Pakistan
- NCDEX Sugar: Up; Later Months Tested Fresh Contract Highs
- Pak Govt Asked TCP to Float Tender to Import 50000 Tons Sugar

Sugar Futures - Surged Up, Eyeing Export to Pak

Fundamentals

Domestic Sugar Prices Up; Eyeing Export to Pakistan

The domestic sugar market witnessed a strong sentiment during Tuesday's trade. The 'M' grade as well as the 'S' grade sugar was quoted higher as against Monday.

The domestic sugar market witnessed a firm sentiment. Most of the sugar mills are out of January sales quota and being the last trading day of this month, no major activity was reported in the market. However, the Pakistani Government has recently decided to allow regular sugar import from India and consequently has directed the TCP to float tender for import of 50000 tons of sugar at the earliest from the cheapest and quickest sources, including that of from India. These steps were taken to cap surging sugar prices in Pakistani market and have in turn lifted up the sentiments in our sugar markets. Traders, millers are eyeing further higher levels in the days ahead anticipating good export deals between these two countries. At the international markets, both the raw sugar as well as white sugar futures settled down on Monday on profit booking at the historical high levels. However, further higher levels are expected in the coming days.



NCDEX -Sugar Futures	Last Traded	Monday Close	Change
February	2051	2032	+19
March	2096	2069	+27

Future Market Happenings:

NCDEX Sugar: Up; Later Months Tested Fresh Contract Highs

At the futures market the sugar futures at the NCDEX witnessed a bullish sentiment following a firm opening. The near month February future neared its contract high, while the later month sugar futures tested fresh contract month highs on increased buying support. The May 2006 future crossed Rs 2150 per quintal level for the first time in the history of NCDEX. The February future hovered in a higher range of 2025.00-2053.00 during Tuesday's trade. The open interest as well as volume of trade has increased in the later month futures. The sugar prices at the spot as well as futures market are expected to trade upwards following a firm opening.

Trade Recommendations

Buy NCDEX-February Sugar M near 2045 with **target** of 2061. **Stop loss** at 2037.

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

NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	2032
Support-2	2019
Previous Close	2051
Resistance-1	2072
Resistance-2	2089

International Markets

NYBOT Sugar Settled Down on Profit Taking

The New York Board of Trade (NYBOT) world raw sugar futures settled lower on Monday on profit taking at the higher levels. The world raw sugar futures reached a contract and 24-year highs on last Friday. The March-May rollover was brisk ahead of March expiry on late February. The NYBOT March future finished 41 points lower at 18.20 cents per pound, while the May future settled 32 points lower at 18.17 cents per pound on Monday. The March future opened lower and traded downwards thereafter as funds and speculators liquidated some of their longs. The volume of trade was good but remained lower than previous few days. Despite the correction, the market is seen fundamentally and technically strong and higher targets are eyed in the days ahead.

News Analysis

Pak Govt Asked TCP to Float Tender to Import 50000 Tons Sugar

In a recently held meeting of the high-level Pakistani Government officials, the Trading Corporation of Pakistan (TCP) has been directed to float tender for import of 50000 tons of sugar at the earliest from the cheapest and quickest sources, including that of from India. The meeting also decided to open the road link from India for the import of sugar. The meeting was held to tackle rising sugar prices in the country. The meeting also decided to hold meetings with the governments of provinces and cane commissioners to check large-scale unregistered buying of sugar cane. The TCP has been asked to continue importing sugar and offload the imported sugar in the market as soon as it arrives. The meeting also decided to open the road link from India for the import of sugar. The Pakistan Railways will also be asked to allocate wagons for the import of sugar from India.

London Daily Spot Prices

Particulars	31-Jan	30-Jan
LDP Raw FOB \$/MT	400.10	405.90
LDP Raw CIF \$/MT	445.10	450.90
LDP Raw CIF GBP/MT	251.30	255.40
LDP White FOB \$/MT	430	430.90
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.

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 (30.01.06)	Change
NYBOT-March (c/lb)	18.20	-0.41
LIFFE-March (\$/MT)	428.10	-9.40

Domestic Prices: Delhi

(Rs/qtl)

Quality	31.01.06	30.01.06	Change
Ready Sugar (M)	1960-2025	1940-1995	+30
Ready Sugar (S)	1940-2000	1920-1975	+25
Mill Delivery	1860-1920	1840-1900	+20
Khandsari	1800-1860	1775-1825	+35
Gur	1300-1500	1350-1500	-
Sulphur	1875-1925	1850-1900	+25

Market Wise Spot Prices:

(Rs/qtl)

Grade	Market	31.01.06	30.01.06
M 30	Muzaffarnagar	2025-2030	2005-2010
	Delhi	2000-2005	1990-1995
	Kolkata	2055-2060	2035-2040
S 30	Chennai	1915-1920	1910-1915
	Kolkata	2025-2030	2015-2020
	Vashi	1930-1935	1915-1920

Weather Forecast

NORTH Region:

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

EAST Region:

Weather will be mainly dry over the region.

SOUTH Region:

Weather will be mainly dry over the region.

WEST Region:

Isolated rain/thundershowers likely over south coastal Tamil Nadu and Kerala. Weather will be mainly dry over the rest region.

Port Watch

Chennai Port is loading 11,600 MT of sugar on the vessel 'Kom'.

'Uranus' is expected at Tuticorin Port to load 5,800 MT of sugar. The vessel will be handled by St.John agents.

FOREX

Foreign Currency	Rs. per unit
1 US \$	44.07
1 Euro	53.32
1 British £	77.95
100 Jap. Yen	37.50

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