

SUGAR

27th January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witnessed Bearish Sentiment
- NCDEX Sugar: Settled Down Amidst Extra Quota Scare
- NYBOT Sugar Settled Up; Pared Early Slid on Tuesday

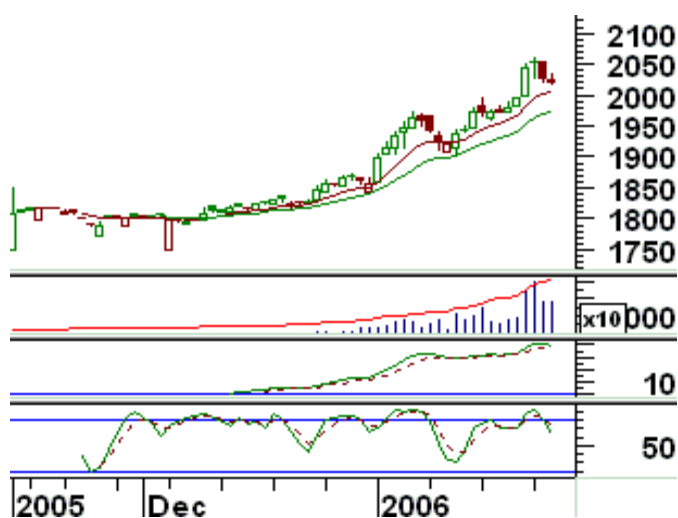
Sugar Futures - Down; Extra Quota Scare

Fundamentals

Domestic Sugar Prices Witnessed Bearish Sentiment

The domestic sugar market witnessed on an average a bearish sentiment during Wednesday's trade. The 'M' grade as well as 'S' grade sugar was quoted mostly lower as against Tuesday.

The domestic sugar market remained bearish during Wednesday's trade. With traders from Maharashtra demanding for additional 1-1.5 lakh tonnes sugar sales quota to curb the surging sugar prices, the market has turned southwards for the last couple of days. Cautious move by the traders along with some selling by the retailers and lower quotes from the millers have altogether capped the uptrend in the sugar prices. The activity was limited at the higher price levels. However, the traders are anticipating the market to remain firm even if the Government releases some extra quota, as the demand for sugar remained higher with the marriage season on the way. Moreover, surging global sugar prices would support the domestic market to remain firm in the days ahead.



NCDEX -Sugar Futures	Last Traded	Tuesday Close	Change
February	2018	2023	-5
March	2051	2055	-4

Future Market Happenings:

NCDEX Sugar: Settled Down Amidst Extra Quota Scare

At the futures market the sugar futures at the NCDEX witnessed some upward trade following a firm opening at the early hours of trade. However, increased selling pressure at the higher levels pressurised the futures thereafter and the futures settled down near to the day's low in final action. The February future hovered in the range of 2014.00-2034.00 during Wednesday's trade. The open interest as well as volume of trade has declined as against Tuesday. The sugar prices at the spot as well as futures market are expected to trade moderately downwards following a steady to weak opening with possibility of some upward movement later.

Trade Recommendations

Sell NCDEX-February Sugar M above 2030 with target of 2000. **Stop loss** at 2045.

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

NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	1994
Support-2	1977
Previous Close	2018
Resistance-1	2035
Resistance-2	2050

International Markets

NYBOT Sugar Settled Up; Pared Early Slid on Tuesday

The New York Board of Trade (NYBOT) world raw sugar futures settled higher on Tuesday after retracing back from an early slide on trade and fund buying. The raw sugar futures hovered below Monday's fresh 24-year highs. The NYBOT March future finished 54 points higher at 17.89 cents per pound, while the May future settled 45 points higher at 17.72 cents per pound on Tuesday. The raw sugar futures opened gapped down with some early profit taking. However, the futures retraced back again as trade and funds bought at the dips. The March futures crossed 18 cents per pound, but increased selling coupled with some profit taking capped further advances. The futures turned southwards, but managed to settle near to the day's high in final action. The raw sugar futures are expected to move further upwards in the days ahead.

News Analysis

Traders Asks for More Sugar Quota to Curb Rising Prices

The sugar traders of Maharashtra has sought release of 1-1.5 lakh tonnes of special quota for the state in order to control surging sugar prices at the domestic markets. Higher demand from the Eastern states along with the funds buying in the physical as well as futures market has underpinned the uptrend in sugar prices during the recent time. The demand from the stockists has also supported the uptrend. However, with a higher price tag the activity remained limited at the physical markets. According to the Secretary, Bombay Sugar Merchant Association, sugar prices may move up further by another Rs 100 per quintal if special quota is not released. With a surging global sugar prices, the sugar prices at the domestic markets are expected to remain firm in the coming days.

London Daily Spot Prices

Particulars	25-Jan	24-Jan
LDP Raw FOB \$/MT	396.80	375.90
LDP Raw CIF \$/MT	441.80	420.90
LDP Raw CIF GBP/MT	247	236
LDP White FOB \$/MT	415	395
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.

Reopening of Alanganallur Sugar Mill Cancelled

The last moment cancellation of reopening of the National Cooperative Sugar Mills at Alanganallur has surprised the farmers of the region. The mill was scheduled to reopen today. The farmers were looking forward for recommencement of crushing operation of the mills since it was suspended in early 2003. Earlier it was decided to be reopened in 2007, but later it was propounded to January 2006. By this time around 3000 acres under sugarcane has been registered and another 3000 acres was likely to be registered after the mill was scheduled to restart its operations today.

International Sugar Futures Prices

International Futures	Last Settlement (24.01.06)	Change
NYBOT-March (c/lb)	17.89	+0.54
LIFFE-March (\$/MT)	426.00	+22.40

Domestic Prices: Delhi

(Rs/qrtl)

Quality	25.01.06	24.01.06	Change
Ready Sugar (M)	1950-2015	1960-2030	-15
Ready Sugar (S)	1930-1990	1940-2000	-10
Mill Delivery	1760-1930	1870-1950	-20
Khandsari	1725-1775	1725-1775	-
Gur	1450-1600	1450-1600	-
Sulphur	1800-1850	1800-1850	-

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	25.01.06	24.01.06
M 30	Muzaffarnagar	2010-2015	2020-2025
	Delhi	2005-2010	2010-2015
	Kolkata	2045-2050	2065-2070
S 30	Chennai	1900-1905	1895-1900
	Kolkata	2025-2030	2035-2040
	Vashi	1920-1925	1930-1935

Weather Forecast

NORTH Region:

Weather will be mainly dry over the region.

EAST Region:

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

SOUTH Region:

Isolated rain/thundershowers are likely over Andaman & Nicobar Islands. 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 on Tuesday.

FOREX

Foreign Currency	Rs. per unit
1 US \$	44.29
1 Euro	54.38
1 British £	79.01
100 Jap. Yen	38.53

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