

SUGAR

21st January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Moved Upwards on Friday
- NCDEX Sugar: Settled Up on Increased Buying Support
- NYBOT Sugar Surged Up to 15-Year Highs on Trade Buying

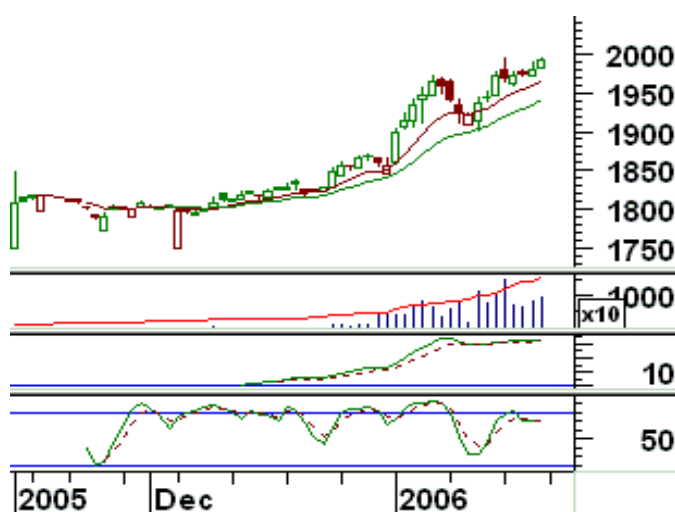
Sugar Futures - Go Long at Dips

Fundamentals

Domestic Sugar Prices Moved Upwards on Friday

The domestic sugar market witnessed an upward trade during Friday's trade. The 'M' grade as well as 'S' grade sugar was quoted on an average higher as against Thursday.

The domestic sugar market witnessed a firm sentiment after remaining steady at the higher levels for the last couple of days. Increased demand from the stockists has supported the uptrend. Moreover, demand is higher from the eastern states with the marriage season on the way. The sugar price in Kolkata market has topped Rs 2000 per quintal on a better demand amidst short supply. Traders are eyeing for further higher prices, as the demand is likely to pick up in the coming days. At the international markets sugar prices have surged up again with the NYBOT world raw sugar future touching 15-year highs and the LIFFE white sugar future at a fresh 9-1/2 year high on Thursday. The world raw sugar future has crossed 16 cents per pound level and likely to move up further in the coming days. With a bullish international sugar market, domestic sugar industry is likely to enjoy a profitable business ahead.



NCDEX -Sugar Futures	Last Traded	Thursday Close	Change
January	1972	1945	+27
February	1992	1979	+13

Future Market Happenings:

NCDEX Sugar: Settled Up on Increased Buying Support

At the futures market the sugar futures at the NCDEX witnessed an upward trade following a firm opening. The January future hovered in the range of 1925.00-1974.00, while the February future fluctuated in the range of 1983.00-1996.00. The January future opened gapped down, but retraced back on good buying support on its last trading day. The January future finally settled at Rs 1986.60 per quintal, higher than its last traded price. The later month sugar futures tested fresh contract month highs on increased buying interest. The open interest as well as volume of trade has increased as against Thursday. It is expected that the sugar prices at the spot as well as futures market would witness an upward trade following a firm opening with possibility of a downward correction later.

Trade Recommendations

Buy NCDEX-February Sugar M near 1985 with target of 2000. **Stop loss** at 1977.

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

NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	1974
Support-2	1959
Previous Close	1992
Resistance-1	2008
Resistance-2	2024

International Markets

NYBOT Sugar Surged Up to 15-Year Highs on Trade Buying

The New York Board of Trade (NYBOT) world raw sugar futures surged up to 15-years high on trade and fund buying. The NYBOT March future finished 42 points higher at 16.12 cents per pound, while the May future settled 25 points higher at 15.93 cents per pound on Thursday. The futures opened lower, but the March future held above Wednesday's low as trade bought. The futures retraced back on some short covering and buying at the lower levels. During the mid-session, March future scaled its previous contract high at 15.76 cents per pound and crossed 16 cents per pound level. The March future touched 16.22 cents per pound, a contract and 15-year highs in late action. However, profit booking at the higher levels curbed some of the gains in final action. The later month futures also tested fresh contract month highs on Thursday. The market is seen technically and fundamentally bullish.

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.

London Daily Spot Prices

Particulars	20-Jan	19-Jan
LDP Raw FOB \$/MT	353.20	339.50
LDP Raw CIF \$/MT	398.20	384.50
LDP Raw CIF GBP/MT	226.30	219
LDP White FOB \$/MT	382	371.50
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.

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 (19.01.06)	Change
NYBOT-March (c/lb)	16.12	+0.42
LIFFE-March (\$/MT)	383.10	+4.00

Domestic Prices: Delhi

(Rs/qrtl)

Quality	20.01.06	19.01.06	Change
Ready Sugar (M)	1910-1975	1900-1960	+15
Ready Sugar (S)	1890-1955	1880-1940	+15
Mill Delivery	1790-1850	1780-1840	+10
Khandsari	1690-1725	1690-1725	-
Gur	1450-1550	1450-1550	-
Sulphur	1770-1810	1770-1810	-

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	20.01.06	19.01.06
M 30	Muzaffarnagar	1985-1990	1970-1975
	Delhi	1975-1980	1965-1970
	Kolkata	2005-2010	1990-1995
S 30	Chennai	1860-1865	1840-1845
	Kolkata	1975-1980	1945-1950
	Vashi	1905-1910	1900-1905

Weather Forecast

NORTH Region:

Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22nd evening.

EAST Region:

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

`Amanath Shah' has berthed at Tuticorin Port and continues to load 4,400 MT of sugar. S Albert agents is handling the vessel.

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 \$	44.36
1 Euro	53.56
1 British £	77.88
100 Jap. Yen	38.38

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