

## SUGAR

28<sup>th</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady on Friday
- NCDEX Sugar: Settled Lower After Rangebound Trade
- Govt Released 12 Lt Free Sale Sugar Quota for February

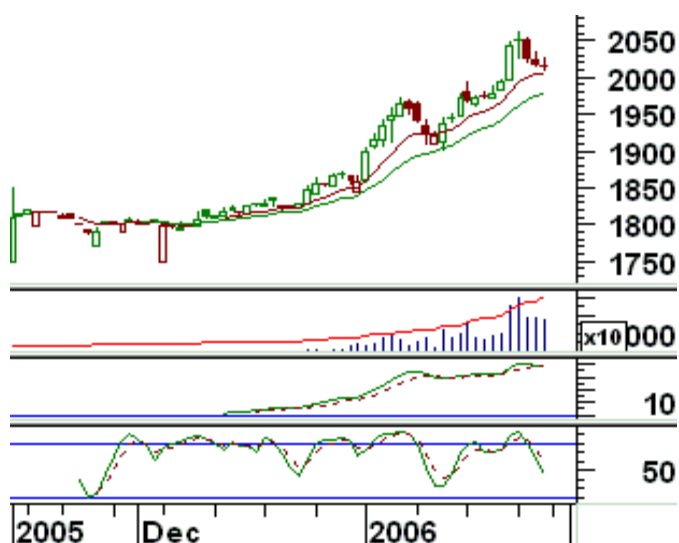
### Sugar Futures - Lower; Feb Quota at 12 Lt

#### Fundamentals

##### Domestic Sugar Prices Remained Mostly Steady on Friday

The domestic sugar market witnessed on an average a stable sentiment during Friday's trade. The 'M' grade as well as 'S' grade sugar was quoted mostly unchanged as against the last trading day.

The domestic sugar market remained steady during Friday's trade. As most of the mills remained out of quota, the market witnessed no significant movement. The Government has released 12 lakh tonnes free sale sugar quota for the month of February 2006. In addition to this, 1 lakh tonnes of sugar would be released only for UP based sugar mills in February. The step is taken to cap surging sugar prices at the North Indian markets. For the last couple of days, the market turned southwards anticipating a higher quota release by the Government to tackle the rising sugar prices. The extra quota for the UP based mills is likely to create a bearish environment. At the international markets, both the world raw sugar futures and the white sugar futures settled higher on Thursday. Amidst such situations, the sugar prices at the domestic markets are likely to remain weak in the short-term.



NCDEX -Sugar Futures	Last Traded	Thursday Close	Change
February	2014	2017	-3
March	2044	2051	-7

#### Future Market Happenings:

##### NCDEX Sugar: Settled Lower After Rangebound Trade on Friday

At the futures market the sugar futures at the NCDEX witnessed a moderately upward trade following a weak opening at the early hours of trade. The futures traded mostly range bound for the maximum time. However, the futures turned downwards and settled with losses in final action. The February future hovered in the range of 2007.00-2028.00 during Friday's trade. The open interest has increased, while the volume of trade has declined as against the last trading day. It is expected that the sugar prices at the spot as well as physical markets would witness a bearish sentiment following a steady to weak opening.

#### Trade Recommendations

**Sell** NCDEX-February Sugar M above 2020 with **target** of 1995. **Stop loss** at 2032.

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

#### NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	1994
Support-2	1979
Previous Close	2014
Resistance-1	2025
Resistance-2	2040

### International Markets

#### NYBOT Sugar Heads Higher as Trade Continues Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) settled higher on Thursday on trade and local buying along with some speculative buying. The March-May rollover was brisk. The March future reached near 24-year highs tested on Monday. The NYBOT March future finished 57 points higher at 18.48 cents per pound, while the May future settled 54 points higher at 18.34 cents per pound on Thursday. The March future went downwards at the opening, but trade buying at the dips along with some speculative buying supported the futures. Moreover, with the locals covering shorts, the futures retraced back again. The March future reached 18.50 cents per pound in final action and the later month October future tested its old contract high at 17.00 cents per pound. In supportive fundamentals, Thailand's 2005-06 sugarcane production is estimated lower at around 42-43 million tonnes compared to near 48 million tonnes in 2004-05.

### News Analysis

#### Govt Released 12 Lt Free Sale Sugar Quota for Feb

The Government has released 12 lakh tonnes of sugar as indigenous free sale quota for the month of February 2006 towards free sale quota for all sugar mills in the country. In addition to this free sale sugar quota, 1 lakh tonnes of sugar would also be released exclusively for the Uttar Pradesh based sugar mills. With a levy quota release of 2.16 lakh tonnes for February 2006, the total availability of sugar for the month of February would be 15.16 lakh tonnes. According to the release order, the Government would also convert such quantities of free sale quota sugar into levy sugar, which the sugar mills do not sell during February 2006. It has been also reported that with enough stocks in hand, the Government would not hesitate in releasing further quantities of sugar in case requirement so demands.

Source: PIB

### London Daily Spot Prices

Particulars	27-Jan	26-Jan
LDP Raw FOB \$/MT	403	395.70
LDP Raw CIF \$/MT	448	440.70
LDP Raw CIF GBP/MT	252	246.90
LDP White FOB \$/MT	430	420.50
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.

#### 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 (26.01.06)	Change
NYBOT-March (c/lb)	18.48	+0.57
LIFFE-March (\$/MT)	435.50	+7.50

### Domestic Prices: Delhi

(Rs/qttl)

Quality	27.01.06	25.01.06	Change
Ready Sugar (M)	1950-2010	1950-2015	-5
Ready Sugar (S)	1930-1990	1930-1990	-
Mill Delivery	1760-1930	1760-1930	-
Khandsari	1725-1775	1725-1775	-
Gur	1450-1600	1450-1600	-
Sulphur	1800-1850	1800-1850	-

### Market Wise Spot Prices:

(Rs/qttl)

Grade	Market	27.01.06	25.01.06
M 30	Muzaffarnagar	2010-2015	2010-2015
	Delhi	2005-2010	2005-2010
	Kolkata	2045-2050	2045-2050
S 30	Chennai	1900-1905	1900-1905
	Kolkata	2015-2020	2025-2030
	Vashi	1915-1920	1920-1925

### Weather Forecast

#### **NORTH Region:**

Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest 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 south Coastal Andhra Pradesh, coastal & south Tamil Nadu and 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.

### FOREX

Foreign Currency	Rs. per unit
1 US \$	44.15
1 Euro	53.91
1 British £	78.57
100 Jap. Yen	37.92

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