

SUGAR

16th January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witnessed Bullish Sentiment
- NCDEX Sugar: Rallied to Contract Highs on Increased Buying
- NYBOT Sugar Surged Up to 11-Year Highs on Trade, Fund Buying

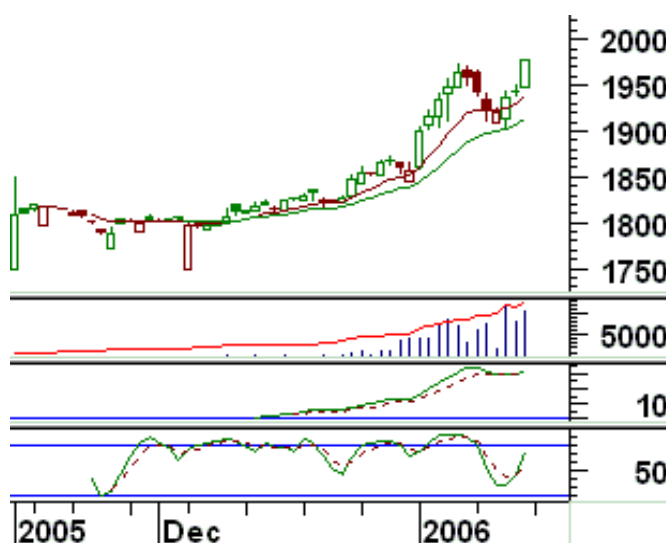
Sugar Futures Surged Up Again

Fundamentals

Domestic Sugar Prices Witnessed Bullish Sentiment

The domestic sugar market extended previous advances further on Saturday. The 'M' grade as well as 'S' grade sugar was quoted higher as against Friday.

The domestic sugar market has turned in favour of the bulls once again. The Government's measure to surging sugar prices in the North Indian markets has resulted into a short-term bearishness only. The stockists are in full operation and increased demand has lifted up the sugar prices once again. However, activity was lower at the higher price levels as the millers are cautious to keep the prices steady. The sugar mills in Northern India are already paying higher sugarcane prices, but growers are asking even more. According to traders the sugar prices may move up further in the days ahead. At the international markets, the world raw sugar future tested contract and 11-year highs, while the white sugar future surged up to a 9-½ year highs during Friday's trade. The global sugar prices are likely to scale new highs in the days ahead. Amidst such circumstances, the sugar price at the domestic markets is expected to remain strong in the coming days.



NCDEX -Sugar Futures	Last Traded	Friday Close	Change
January	1945	1912	+33
February	1978	1942	+36

Future Market Happenings:

NCDEX Sugar: Rallied to Contract Highs on Increased Buying Support

At the futures market the sugar futures at the NCDEX surged up again following a firm opening. The sugar futures tested fresh contract month highs on increased buying support. The April-2006 contract crossed the April-2005 contract high of 2029.00, made at the beginning of January 2005. The April future tested a fresh high at 2044.00 during Saturday's trade. The January future hovered in the range of 1915.00-1945.00, while the February future fluctuated in a higher range of 1946.00-1978.00 during Saturday's trade. The sugar prices at the spot as well as futures market are expected to trade upwards following a firm opening. However, a downward correction is likely from the higher levels.

Trade Recommendations

Buy NCDEX-February Sugar M near 1970 with **target** of 1995. **Stop loss** at 1960.

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

NCDEX Sugar M Grade: FEBRUARY Contract

Support-1	1958
Support-2	1940
Previous Close	1978
Resistance-1	1999
Resistance-2	2020

International Markets

NYBOT Sugar Surged Up to 11-Year Highs on Trade, Fund Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) rallied to a contract and 11-year highs on Friday as trade and speculators provided buying support. The raw sugar market got support from the London whites market, where the white sugar futures touched 9- ½ year highs on Friday. The NYBOT March future finished up 55 points at 15.27 cents per pound, while the May future settled 50 points higher at 15.31 cents per pound. The market opened gapped up as trade continues buying, but some selling pulled back the futures. However, the gap remained unfilled and the futures surged up again as trade and speculators bought heavily. The March future touched 15.30 cents per pound, a 11-year high in late action. The later month futures also tested fresh highs. The market remained technically and fundamentally strong and traders are eyeing a 16-year high of 16.27 cents per pound as a near-term objective.

News Analysis

Punjab Province of Pakistan to Start Cane Crushing

The sugar mills of Punjab province of Pakistan would start sugarcane crushing operations by 15th January and the millers would pay Rs 60 per maund to the sugarcane growers. The sugar mills in the province are on the way to crushing operations, but supply of cane remain tight as the farmers have not yet harvested the crop as per requirement. Some traders are reported to have booked sugar from India at \$385-390 per ton in recent time. However, the arrival of the sugar has been delayed due to problem in transportation. Pakistan is facing sugar shortage in this season and importing it from international sources since beginning of the last year to check the surging sugar prices at the domestic markets. However, the sugar prices in Pakistan's market are still ruling at a much higher level.

London Daily Spot Prices

Particulars	13-Jan	12-Jan
LDP Raw FOB \$/MT	314.20	312.40
LDP Raw CIF \$/MT	359.20	357.40
LDP Raw CIF GBP/MT	203.40	202.00
LDP White FOB \$/MT	356.50	354.80
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.

U.P Sugar Mill Suspend Operation as Farmers Asked Higher Price

The Ramala sugar mill, based in Uttar Pradesh has shut down, as farmers are demanding higher sugarcane prices. The sugar mills of Uttar Pradesh are already paying higher than State Advised Price (SAP) for sugarcane in order to ensure adequate supply. However, the farmers are asking to raise the sugarcane price to Rs 150 per quintal. Since, farmers are not ready to supply sugarcane at lower prices, the mill has been forced to suspend its operation for the time being.

International Sugar Futures Prices

International Futures	Last Settlement (13.01.06)	Change
NYBOT-March (c/lb)	15.27	+0.55
LIFFE-March (\$/MT)	374.00	+16.10

Domestic Prices: Delhi

(Rs/qrtl)

Quality	14.11.06	13.01.06	Change
Ready Sugar (M)	1900-1970	1890-1960	+10
Ready Sugar (S)	1880-1850	1870-1940	+10
Mill Delivery	1790-1850	1780-1840	+10
Khandsari	1700-1730	1690-1725	+5
Gur	1450-1550	1450-1550	-
Sulphur	1780-1820	1780-1810	+10

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	14.01.06	13.01.06
M 30	Muzaffarnagar	1950-1955	1940-1945
	Delhi	1930-1935	1925-1930
	Kolkata	1935-1940	1925-1930
S 30	Chennai	1790-1795	1790-1795
	Kolkata	1890-1895	1895-1900
	Vashi	1880-1885	1875-1880

Weather Forecast

NORTH Region:

Isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh from today which may subsequently increase and extend into Uttaranchal. Isolated to scattered rain/thundershowers likely over Punjab and Haryana from 15th. Weather will be mainly dry over the rest region.

EAST Region:

Weather will be mainly dry over the region.

SOUTH Region:

Rain/thundershowers are likely at many places with isolated heavy to very heavy fall over southern parts of Kerala and Lakshadweep; at a few places over south Tamil Nadu and isolated over rest Tamil Nadu, Kerala and Andaman & Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST Region:

Isolated rain/thundershowers likely over north Rajasthan from 15th. Weather will be mainly dry over the region.

Port Watch

Mumbai Port is loading 10,200 MT of sugar on the vessel `Nama`. POL agents is 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 \$	44.13
1 Euro	53.40
1 British £	78.18
100 Jap. Yen	38.65

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