

SUGAR

25th February 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Firm on Friday
- NCDEX Sugar: Settled Lower on Increased Selling Interest
- Sugar Industry Facing Logistic Problems for Export to Pakistan

Sugar Futures - Correction

Fundamentals

Domestic Sugar Prices Remained Firm on Friday

The domestic sugar market witnessed a firm sentiment on Friday. Both the 'M' grade as well as 'S' grade sugar was quoted slightly higher as against Thursday.

The sugar prices remained firm following increased buying interest at the physical markets. However, supply remained at the higher side with the mills having enough free sale sugar quota for this month and yet to sell the same. Traders as well as millers hope that Government would extend the time to sale/lift free sale sugar quota for the month of February, which is directed to be sold/lifted only by this month end. The February sugar sale quota is a record amount of 14.5 lakh tonnes and Government at the time of release, has directed that unsold/unlifted free sale sugar would be converted into levy sugar. Traders are eyeing the outcome of TCP tender of 50000 tons by this weekend. Moreover, the demand from bulk consumers is likely to pick up in the coming days. Amidst such situations, sugar prices are likely to remain range bound at the weekend.

NCDEX Sugar M Grade: MARCH Contract



NCDEX -Sugar Futures	Last Traded	Thursday Close	Change
March	2031	2048	-17
April	2103	2117	-14

Future Market Happenings:

NCDEX Sugar: Settled Lower on Increased Selling Interest on Friday

At the futures market the sugar futures at the NCDEX witnessed a bearish trade following a weak opening. The futures traded downwards on profit booking at the higher levels coupled with moderate selling pressure. The March contract hovered in the range of 2028.00-2052.00, while the most active April contract fluctuated in the range of 2095.00-2123.00. The open interest has increased marginally, while the volume of trade remained lower as against Thursday. The sugar futures are likely to trade moderately downwards following a steady to weak opening with possibility of an upward movement later in the session.

Trade Recommendations

Sell NCDEX-March Sugar M above 2035 with **target** of 2020, then 2010. **Stop loss** at 2042.

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

NCDEX Sugar M Grade: MARCH Contract

Support-1	2015
Support-2	1995
Previous Close	2031
Resistance-1	2059
Resistance-2	2079

International Markets

NYBOT Sugar Slid as Commercials Sold after Early Gains

The New York Board of Trade (NYBOT) world raw sugar futures settled lower on Thursday as commercial sold, and locals and speculators booked profit. The NYBOT March contract finished 76 points lower at 17.50 cents per pound, while the May contract settled 77 points lower at 17.64 cents per pound on Thursday. The May contract opened gapped up to a 2-week high as speculators bought, but immediately ran into selling pressure. The March contract as well as May contract went down through 18 cents per pound in late action. The world raw sugar futures remained supported by the projection of decline in global sugar inventories in 2005-06 for the third consecutive season.

News Analysis

Sugar Industry Facing Logistic Problems for Export to Pakistan

The domestic sugar industry is planning to work out alternate way to export sugar to Pakistan as lack of railway wagons are creating problems to the domestic exporters. The alternate way to export sugar through sea route would cost additional \$25-30 per tonne to the domestic exporter. Pakistan is facing a severe sugar crisis in this season and looking to import sizeable quantity of sugar to contain surging sugar prices at the domestic markets. The Indian Sugar Exim Corporation (ISEC) is likely to bid for an upcoming 50000 tonnes sugar import tender by the Trading Corporation of Pakistan (TCP). Meanwhile, the Union Agriculture Ministry is likely request the Railways to provide more wagons for supplying sugar to Pakistan and thereby helping domestic companies to fulfill their export obligations.

Domestic Prices: Delhi

(Rs/qttl)

Quality	24.02.06	23.02.06	Change
Ready Sugar (M)	2010-2055	2010-2050	+5
Ready Sugar (S)	1990-2035	1990-2030	+5
Mill Delivery	1870-1945	1870-1940	+5
Khandsari	1870-1970	1870-1970	-
Gur	1300-1500	1300-1500	-
Sulphur	1960-1990	1960-1990	-

London Daily Spot Prices

Particulars	24-Feb	23-Feb
LDP Raw FOB \$/MT	392.40	410.10
LDP Raw CIF \$/MT	437.40	455.10
LDP Raw CIF GBP/MT	250.20	259.40
LDP White FOB \$/MT	445.00	460.50
London Freight \$/MT	45.00	45.00
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.

PSMA Urged Pakistan Govt to Import 0.9 MT Sugar

The Pakistan Sugar Mills Association (PSMA) has asked the Pakistan Government to import around 0.9 million tons to meet the domestic requirements and contain surging sugar prices. The PSMA has held the Government as well as the sugarcane growers responsible for the recent spurt in sugar prices at the domestic markets. It has also warned that the sugar stock of the country would dry up in the coming two months and consequently would worsen the sugar crisis. The PSMA has informed that the price of sugar has reached Rs 45 per kg as a result of increased sugarcane price of Rs 110 per 40 kg in the recent time.

International Sugar Futures Prices

International Futures	Last Settlement (23.02.06)	Change
NYBOT-May (c/lb)	17.64	-0.77
LIFFE-May (\$/MT)	446.00	-10.50

Market Wise Spot Prices:

(Rs/qttl)

Grade	Market	24.02.06	23.02.06
M 30	Muzaffarnagar	2015-2020	Closed
	Delhi	2010-2015	2005-2010
	Kolkata	2050-2055	2055-2060
S 30	Chennai	1895-1900	1890-1895
	Kolkata	2030-2035	2035-2040
	Vashi	1925-1930	1920-1925

Weather Forecast

NORTH-WEST Region

Rain/snow likely at a few places over Jammu & Kashmir and isolated over Himachal Pradesh and Uttaranchal. Isolated rain/ thundershowers over Punjab and north Haryana on 26th & 27th. Mainly dry weather over the rest region.

EAST Region

Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperatures are likely to remain 4-6 °C above normal.

NORTH-EAST Region

Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh. Mainly dry weather over the rest region.

SOUTH Region

Isolated rain/thundershowers likely over Andaman & Nicobar Islands. Weather will be mainly dry over the rest region. Day temperatures likely to remain 2-3°C above normal. Night temperatures are likely to remain 2-3 °C below normal.

WEST Region

Weather will be mainly dry over the region. Day and Night temperatures likely to remain markedly above normal over many parts of the region.

CENTRAL Region

Weather will be mainly dry over the region. Day temperatures are likely to remain 6-8 °C above normal over the region.

Overall, favourable weather conditions are prevailing over sugarcane areas of North and South India.

Port Watch

'Rainbow Spring' has berthed at Tuticorin Port and is continuing to deliver 10,832 MT of sugar. The vessel is being handled by St.John agents.

FOREX

Foreign Currency	Rs. per unit
1 US \$	44.45
1 Euro	52.99
1 British £	77.87
100 Jap. Yen	38.10

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