

## SUGAR

26<sup>th</sup> April 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Weak Following Additional Quota
- NCDEX Sugar: Slid to Settle Lower Near Day's Low
- Pakistan Seeks 1 Lakh Tonnes Sugar from India

### Sugar Futures - Slid

#### Fundamentals

#### Domestic Sugar Prices Weak Following Additional Quota

The domestic sugar market extended the previous weakness further during Tuesday's trade. Both the 'M' grade as well as 'S' grade sugar was quoted lower as against Monday. The market remained underpinned by the additional free sale sugar quota release by the Government for the month of April. With the additional release the total free sale sugar quota stands at 15.75 lakh tonnes for April. With the huge quantity of free sale sugar quota, millers are in a hurry to sale the same within the stipulated time period as the month nears its end and consequently quoted lower prices. Meanwhile, the Government has also revised upwards its sugar production estimates for 2005-06 sugar year at 191 lakh tonnes from earlier estimates of 181.67 lakh tonnes. With bumper production outlook for the coming couple of years, the Government is also planning to increase the sugar export ceiling for 2005-06 from 1 million tonnes to avoid the problem of plenty and to support domestic sugar prices. Indian sugar mill have sold 8000 tons of white sugar to Sri Lanka at \$460-465 per ton CNF Colombo, Dow Jones reported. Shipments are likely in a week. Amidst such situations, sugar prices are likely to remain bearish in the days ahead.

#### NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Monday Close	Change
May	2022	2042	-20
June	2093	2106	-13

#### Future Market Happenings:

#### NCDEX Sugar: Slid to Settle Lower Near Day's Low

At the futures market the sugar futures at the NCDEX witnessed a range bound trade with a bearish undertone following a weak opening for the maximum time. However, the futures slid significantly later in the session and settled much lower near to the day's low in final action. The near-month May contract hovered in the range of 2021.00-2045.00, while the June contract fluctuated in the range of 2092.00-2109.00 during Tuesday's trade. The domestic sugar futures are likely to trade moderately downwards following a weak opening initially with possibility of some upward movement later.

#### Trade Recommendations

**Sell** NCDEX-May Sugar M near 2025 with **target** of 2005. **Stop loss** at 2035.

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

#### NCDEX Sugar M Grade: MAY Contract

Support-1	2006
Support-2	1993
Previous Close	2022
Resistance-1	2033
Resistance-2	2045

### International Markets

#### NYBOT Sugar Settled Down; Pared Early Gains on Monday

At the New York Board of Trade (NYBOT) world raw sugar futures settled lower on profit taking on Monday with losses in other commodities. The May-July rollover was brisk ahead of May expiry on Friday. The NYBOT May finished down 16 points at 17.05 cents per pound, while the July contract settled 16 points lower at 17.38 cents per pound on Monday. The market opened higher following strength in London whites market and scaled Friday's highs at the early hours of trade. However, as crude oil prices eased, trade as well as speculators sold and the market turned southwards. However, trade did some buying and the market pared some of the losses in final action. At the physical markets, Pakistan purchased 50000 tons white sugar from UAE based Al Khaleej Sugar Company.

### London Daily Spot Prices

Particulars	25.04.06	24.04.06
LDP Raw FOB \$/MT	379.20	381.60
LDP Raw CIF \$/MT	421.20	423.60
LDP Raw CIF GBP/MT	236.00	236.50
LDP White FOB \$/MT	476.80	480.50
London Freight \$/MT	42.00	42.00
London Freight GBP/MT	23.50	23.50

Source: London International Financial Futures and Options Exchange (LIFFE)

Note: Exchange remains closed on Saturday and Sunday.

### News Analysis

#### Pakistan Seeks 1 Lakh Tonnes Sugar from India

Pakistan is looking for 1 lakh tonnes of white sugar from India in order to reduce the increasing import cost from other foreign destinations. Notably, Pakistan has recently purchased 50000 tons sugar from a Dubai-based firm at \$504 per ton CNF Karachi. It is learnt that the Commerce Minister of Pakistan has urged the Indian Minister of State for Commerce to help so that Indian sugar exporters can bid for Pakistan's latest 50000 tons sugar import tender to be opened on 29th April. The Indian Sugar Exim Corporation (ISEC) had already exported 50000 tonnes of sugar during the past four months and it would persuade to export 1 lakh tonnes of sugar in near future. Export of sugar in sizeable quantity needs to get permission from Department of Sugar under Advance Licence Scheme so that domestic supply situation does not get hampered. However, sugar production is expected to be higher at 191 lakh tonnes during 2005-06 sugar year as compared to 129.19 lakh tonnes during last sugar season. With bumper production prospect for the coming couple of years Govt is planning to increase sugar export ceiling in order to avoid problem of plenty.

#### Sugar Majors Teamed Up for Rs 325 Crore Sugar Refinery

Indian sugar major EID Parry has teamed up with Cargill International to establish a port based sugar refinery near Kakinada port in Andhra Pradesh with an estimated investment of Rs 325 crore. The plant would have a capacity to produce 1 million tonnes of refined sugar per year. This joint venture is expected to be commissioned by end 2007. This would be the largest sugar refinery in the South Asian region. The plant would have an integrated co-generation system to meet the requirements of steam and power. The refinery plant is expected to earn a net foreign exchange of Rs 150 crore per year.

### International Sugar Futures Settlement Prices

International Futures	Last Settlement (24.04.06)	Change
NYBOT-May (c/lb)	17.05	-0.16
LIFFE-Aug (\$/MT)	468.90	-4.60

### Domestic Prices: Delhi

(Rs/qty)

Quality	25.04.06	24.04.06	Change
Ready Sugar (M)	2020-2070	2030-2090	-20
Ready Sugar (S)	2005-2055	2015-2075	-20
Mill Delivery	1910-1960	1920-1980	-20
Khandsari	1790-1890	1790-1890	-
Gur	1425-1525	1425-1525	-
Sulphur	1890-1950	1900-1960	-10

### Market Wise Spot Prices:

(Rs/qty)

Grade	Market	25.04.06	24.04.06
M 30	Muzaffarnagar	2025-2030	2030-2035
	Delhi	2025-2030	2025-2030
	Kolkata	2055-2060	2075-2080
S 30	Chennai	1930-1935	1935-1940
	Kolkata	2040-2045	2045-2050
	Vashi	1945-1950	1950-1955

### Weather Forecast

The low pressure area over southeast Bay of Bengal and adjoining south Andaman Sea has concentrated into a depression and lies about 350 Km southwest of Port Blair. The system is likely to intensify further and move initially in a northwesterly direction. Under its influence, fairly widespread rain/thundershowers with isolated heavy to very heavy falls and squally weather are likely over and off Andaman & Nicobar Islands during next 2 days.

Mainly dry weather conditions continued to prevail over the country except widespread rain/thundershowers over the Bay islands and isolated over West Bengal & Sikkim and northeastern states. Day temperatures are above 40°C over parts of Rajasthan, western Haryana, Madhya Pradesh, Chhattisgarh, Maharashtra and Telangana.

Heat wave conditions may set in over parts of Rajasthan, western Haryana and Telangana during next 1-2 days.

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

### Port Watch

Loading of 15,000 MT of sugar is continuing at Mumbai Port on the vessel 'Bolan'. The vessel is being handled by Interocean agents. Mumbai Port is loading 19,800 MT of sugar on the vessel 'Pacific Sun'. JM Baxi agents is handling the vessel. The port is expecting 'Amar' to load 13,200 MT of sugar. Interocean agents will be handling the vessels.

'Amanath Shah' has berthed at Chennai Port and continues to load 15,000 MT of sugar. Imperial agents is handling the vessel.

### FOREX

Foreign Currency	Rs. per unit
1 US \$	44.83
1 Euro	55.50
1 British £	80.09
100 Jap. Yen	39.10

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.