

SUGAR

15th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Range Bound Amidst Scattered Activity
- NCDEX Sugar: Recovered; Settled Up Near Day's High on Friday
- Mexico 2005-06 Sugar Output Revised Down on Weather Adversities

Sugar Futures - Recovered from Recent Lows

Fundamentals

Domestic Sugar Prices Range Bound Amidst Scattered Activity

The domestic sugar market remained on an average range bound during Friday's trade. Both the prices of 'M' grade as well as 'S' grade sugar were quoted mostly steady as against Thursday. Physical market activity remained limited with many markets remained close on celebration of religious festival. Meanwhile, the Government is considering options to impose control on quantity of sugar that individual trader can stock, a practice that was withdrawn few years back. Moreover, the Government may also set the time limit for said stock. Notably, despite a higher sugar quota released by the Government for April-June quarter, sugar prices have not shown the desired downtrend. The market remained underpinned by the overseas export demand with the neighbouring countries in urgent need of large quantity of white sugar. Meanwhile, Pakistan has issued another 50000 tons white sugar import tender. This is the fifth such tender by the Trading Corporation of Pakistan in this year.

NCDEX Sugar M Grade: APRIL Contract



| NCDEX -Sugar Futures | Last Traded | Thursday Close | Change |
|----------------------|-------------|----------------|--------|
| April | 1943 | 1935 | +8 |
| May | 2075 | 2051 | +24 |

Future Market Happenings:

NCDEX Sugar: Recovered; Settled Up Near Day's High

At the futures market the sugar futures at the NCDEX witnessed an upward trade following a firm opening. Moderate buying support at the lower price levels supported the futures through mid-session and the futures settled higher near to the day's high in final action. The later month contracts registered higher gains. The near-month April contract hovered in the range of 1930.00-1948.00, while the May contract traded in the range of 2047.00-2075.00. The sugar prices at the futures market are expected to witness an upward trade following a steady to firm opening initially with possibility of some downwards movement later.

Trade Recommendations

Buy NCDEX-April Sugar M below 1940 with **target** of 1960. **Stop loss** at 1930.

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

NCDEX Sugar M Grade: APRIL Contract

| | |
|----------------|------|
| Support-1 | 1926 |
| Support-2 | 1911 |
| Previous Close | 1943 |
| Resistance-1 | 1963 |
| Resistance-2 | 1978 |

International Markets

NYBOT Sugar Settled Down on Thursday as May Expiry Nears

The world raw sugar futures at the New York Board of Trade (NYBOT) settled down on Thursday as funds continued May long liquidation ahead of its expiry. The market witnessed lacklustre trade ahead of long weekend holiday. The May contract finished 27 points lower at 16.49 cents per pound, while the July contract finished 20 points down at 16.86 cents per pound on Thursday. The market opened weaker and continue to trade downwards within a narrow range for the rest of the session. The exchange would remain close on Friday. Meanwhile, Pakistan has awarded its 50000 tons white sugar import tender to a Switzerland firm at \$505 per ton. Bangladesh would tender for 15000 tons white sugar on 22nd April.

News Analysis

Mexico 2005-06 Sugar Output Revised Down on Weather Adversities

According to a latest released attaché report by the USDA, the FAS/Mexico estimates production could reach at least 5.75 million metric tons (MMT) raw value assuming normal weather conditions during 2006-07. However, the Mexican sugar industry has not yet set a sugar production estimate for marketing year 2006-07 (October-September). It is reported that the sugar production will also be dependent on timely maintenance of the sugar mills and a timely harvest. Based on official information, sugar production estimates for marketing year 2005-06 were revised downward to 5.62 MMT as weather conditions and rainfall delayed harvesting and lowered cane yields. Mill yields for marketing year 2005-06 are expected to be slightly lower than those of marketing year 2004-05 yields of 11.39 percent. Marketing year 2004-05 sugar production estimates remain unchanged reflecting a record year for sugar production.

Source: FAS, USDA.

London Daily Spot Prices

| Particulars | 14.04.06 | 13.04.06 |
|-----------------------|----------|----------|
| LDP Raw FOB \$/MT | Closed | 373.20 |
| LDP Raw CIF \$/MT | Closed | 415.20 |
| LDP Raw CIF GBP/MT | Closed | 236.80 |
| LDP White FOB \$/MT | Closed | 462.50 |
| London Freight \$/MT | Closed | 42.00 |
| London Freight GBP/MT | Closed | 24.00 |

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

Note: Exchange remains closed on Saturday and Sunday.

Chinese Auctions Unlikely to Contain Sugar Prices

According to the Chinese Analysts, the country's decision to auction near 4 lakh tons of white sugar in the coming weeks may cap the continuous uptrend in the short-term, but unlikely to last long if global sugar prices remain high. According to the National Development and Reform Commission (NDRC), the Ministry of Commerce and the Ministry of Finance of China, a total of 368000 tons of reserve white sugar will be sold at four auctions, with each round selling 92000 tons starting next week. The sugar auction is due to output reduction and aimed at stabilizing market supply and prices. Chinese Government has already sold 184000 tons of sugar at two auctions in January in order to contain the surging sugar prices, but failed to get the desired impact.

International Sugar Futures Settlement Prices

| International Futures | Last Settlement (13.04.06) | Change |
|-----------------------|----------------------------|--------|
| NYBOT-May (c/lb) | 16.49 | -0.27 |
| LIFFE-May (\$/MT) | 464.50 | +2.50 |

Domestic Prices: Delhi

(Rs/qttl)

| Quality | 14.04.06 | 13.04.06 | Change |
|-----------------|-----------|-----------|--------|
| Ready Sugar (M) | 1985-1965 | 1980-2060 | +5 |
| Ready Sugar (S) | 1970-2050 | 1965-2045 | +5 |
| Mill Delivery | 1865-1955 | 1860-1950 | +5 |
| Khandsari | 1790-1890 | 1790-1890 | - |
| Gur | 1375-1475 | 1375-1475 | - |
| Sulphur | 1900-1960 | 1900-1960 | - |

Market Wise Spot Prices:

(Rs/qttl)

| Grade | Market | 14.04.06 | 13.04.06 |
|-------|---------------|-----------|-----------|
| M 30 | Muzaffarnagar | 2005-2010 | 2000-2005 |
| | Delhi | 2000-2005 | 2000-2005 |
| | Kolkata | 2050-2055 | 2045-2050 |
| S 30 | Chennai | Closed | 1920-1925 |
| | Kolkata | 2020-2025 | 2020-2025 |
| | Vashi | 1965-1970 | 1965-1970 |

Weather Forecast

Isolated hail/squall over northwestern region from 15th to 17th and over central India from 16th to 18th.

Scattered rainfall activity over northeastern States is likely to continue.

Rainfall activity over western Himalayas likely to decrease.

Scattered thundershower activity likely to continue over Peninsular India.

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

Port Watch

Mumbai Port is loading 13,500 MT of sugar on the vessel 'Bunglar Urmi'. JM Baxi agents is handling the vessel. The port is expecting 'Arihant' to load 14,000 MT of sugar. Shaan Marine agents is handling the vessel. Loading of 15,000 MT of sugar is expected at the port on the vessel 'Bolan'. The vessel will be handled by Interocean agents.

FOREX

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 45.12 |
| 1 Euro | 54.61 |
| 1 British £ | 79.02 |
| 100 Jap. Yen | 38.03 |

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.