

SUGAR

25th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Eased during Monday's Trade
- NCDEX Sugar: Settled Down on Additional Sugar Sales Quota
- Government Estimates 2005-06 Sugar Output at 191 Lakh Tonnes

Sugar Futures - Weak on Additional Sugar Quota

Fundamentals

Domestic Sugar Prices Eased during Monday's Trade

The domestic sugar market witnessed a bearish sentiment during Monday's trade. Both the 'M' grade as well as 'S' grade sugar was quoted lower as compared to the last weekend. The market turned in favour of the bears as Government released 1.25 lakh tonnes free sale sugar quota for the month of April. Notably, earlier the Government has released 14.5 lakh tonnes free sale sugar for April. With the additional release the total free sale sugar quota stands at 15.75 lakh tonnes for April. 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. At the international front, sugar prices are firming up again with strength in energy prices. Amidst such situations, sugar prices are likely to remain slightly bearish in the days ahead.

NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Saturday Close	Change
May	2042	2062	-20
June	2109	2126	-17

Future Market Happenings:

NCDEX Sugar: Settled Down on Additional Sugar Sales Quota

At the futures market the sugar futures at the NCDEX witnessed a bearish sentiment following a weak opening. Increased selling interest has pressurised the futures throughout the day. The market remained underpinned by the release of additional free sale sugar quota of 1.25 lakh tonnes for April. The May contract hovered in the range of 2032.00-2056.00, while the June contract fluctuated in the range of 2095.00-2116.00 during Monday's trade. The domestic sugar futures are likely to trade range bound with a bearish undertone.

Trade Recommendations

Sell NCDEX-May Sugar M above 2050 with **target** of 2030. **Stop loss** at 2060.

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

NCDEX Sugar M Grade: MAY Contract

Support-1	2048
Support-2	2039
Previous Close	2062
Resistance-1	2087
Resistance-2	2095

International Markets

NYBOT Sugar

The New York Board of Trade (NYBOT) remained closed on Saturday and Sunday.

London Daily Spot Prices

Particulars	24.04.06	21.04.06
LDP Raw FOB \$/MT	381.60	377.00
LDP Raw CIF \$/MT	423.60	419.00
LDP Raw CIF GBP/MT	236.50	235.10
LDP White FOB \$/MT	480.50	473.00
London Freight \$/MT	42.00	42.00
London Freight GBP/MT	23.50	24.00

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

Note: Exchange remains closed on Saturday and Sunday.

News Analysis

Govt Estimates 2005-06 Sugar Output at 191 Lakh Tonnes

The Central Government has revised the estimates of sugar production in the country during the 2005-06 sugar season (October-September). According to the revised estimates, sugar production during the current sugar season is expected to be 191 lakh tonnes as against earlier estimates of 181.67 lakh tonnes. The revised estimates of sugar production were arrived at in a meeting under the chairmanship of Union Food Secretary held recently with the Cane commissioners/Directors of Sugar of the major sugar producing states. Uttar Pradesh with estimated production of 58.59 lakh tonnes is expected to be the largest producer followed by Maharashtra with estimated production of 51.92 lakh tonnes. The production of Tamil Nadu is expected to be 19.32 lakh tonnes, while that of Karnataka, 19.00 lakh tonnes. The estimated production of sugar during 2005-06 sugar season is significantly higher than the 2004-05 sugar production of 129.19 lakh tonnes.

Source: PIB

Pakistan Purchased 50000 Tons Sugar from Dubai Firm

The Trading Corporation of Pakistan (TCP) has awarded its 50000 tons of white sugar import tender to a Dubai based firm at \$504 per ton CNF Karachi on Saturday. The tender was awarded to Dubai based Al Khaleej Sugar Company against the import tender issued on 14th April. It is reported that the company would complete shipment within four weeks after the opening of letter of credit. The TCP can purchase another 50000 tons of white sugar if the company offers the same at \$504 per ton. The TCP is buying white sugar on a regular basis in this year from international suppliers following Government estimation of import requirement at 8 lakh tonnes in 2006 to meet domestic demand amidst production shortfalls.

International Sugar Futures Settlement Prices

International Futures	Last Settlement (21.04.06)	Change
NYBOT-May (c/lb)	17.21	+0.06
LIFFE-Aug (\$/MT)	473.50	+1.10

Domestic Prices: Delhi

(Rs/qty)

Quality	24.04.06	22.04.06	Change
Ready Sugar (M)	2030-2090	2030-2110	-20
Ready Sugar (S)	2015-2075	2015-2095	-20
Mill Delivery	1920-1980	1925-2000	-20
Khandsari	1790-1890	1790-1900	-10
Gur	1425-1525	1425-1525	-
Sulphur	1900-1960	1910-1970	-

Market Wise Spot Prices:

(Rs/qty)

Grade	Market	24.04.06	22.04.06
M 30	Muzaffarnagar	2030-2035	2035-2040
	Delhi	2025-2030	2035-2040
	Kolkata	2075-2080	2075-2080
S 30	Chennai	1935-1940	1935-1940
	Kolkata	2045-2050	2050-2055
	Vashi	1950-1955	1950-1955

Weather Forecast

Mainly dry weather conditions continued to prevail over the country except fairly widespread rain/thundershowers over the Bay islands and scattered over Arunachal Pradesh and Assam & Meghalaya.

Isolated duststorm/thunderstorm have also occurred over plains of northwest India. This scenario is likely to continue for next 2-3 days.

Day temperatures are above 40°C over parts of Rajasthan, Madhya Pradesh, Chhattisgarh and Maharashtra, which are 1-2°C above normal.

The day temperatures are likely to increase over northwest & central India and interior Maharashtra.

Heat wave conditions may set in over parts of Rajasthan during next 3-4 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 14,000 MT of sugar on the vessel 'Arihant'. Shaan Marine agents is handling the vessel. The port is expecting 'Pacific Sun' and 'Amar' to load 19,800 MT and 13,200 MT of sugar respectively. JM Baxi and Interocean agents will be handling these 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 \$	45.06
1 Euro	55.70
1 British £	80.50
100 Jap. Yen	38.99

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