

## SUGAR

19<sup>th</sup> April 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Maintained Firm Sentiment on Tuesday
- NCDEX Sugar: Slid to Settle Lower on Speculative Selling Pressure
- PSMA Considering Pakistan Government's Proposal to Cut Sugar Prices

### Sugar Futures - Slid

#### Fundamentals

#### Domestic Sugar Prices Maintained Firm Sentiment on Tuesday

The domestic sugar market extended the previous advances further during Tuesday's trade. Both the prices of 'M' grade as well as 'S' grade sugar were quoted higher as against Monday. Demand remained higher from the bulk consumers of summer season and with tight supplies, the millers as well as resellers quoted higher price as against Monday. Market remained supported by overseas demand and recent purchase of 50000 tons white sugar by Trading Corporation of Pakistan from Indian Sugar Exim Corporation at \$491 per ton CNF Karachi. Despite a higher sugar quota released by the Government for April-June quarter, sugar prices have not shown the desired downtrend. The market remained supported by the overseas export demand with the neighbouring countries in urgent need of large quantity of white sugar. Amidst such circumstances, sugar prices are likely to maintain the firm sentiment in the coming days.

#### NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Monday Close	Change
April	1933	1941	-8
May	2073	2103	-30

#### Future Market Happenings:

#### NCDEX Sugar: Slid to Settle Lower on Speculative Selling Pressure

At the futures market the sugar futures at the NCDEX witnessed a bearish sentiment following a firm opening. Increased selling interest on rumour of additional quota for the month of April has pressurised the futures. The futures slid to settle much lower near to the day's low in final action. The near-month April contract hovered in the range of 1925.00-1949.00, while the May contract traded in the range of 2068.00-2113.00 during Tuesday's trade. The sugar prices at the futures market are expected to trade moderately downwards following a steady to weak opening initially and upwards thereafter.

#### Trade Recommendations

**Buy** NCDEX-May Sugar M near 2060 with **target** of 2085. **Stop loss** at 2047.

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

#### NCDEX Sugar M Grade: MAY Contract

Support-1	2048
Support-2	2033
Previous Close	2073
Resistance-1	2089
Resistance-2	2106

### International Markets

#### NYBOT Sugar Settled Up Eyeing Strength in Other Commodities

The New York Board of Trade (NYBOT) world raw sugar futures retraced back on speculative buying on Monday. The market remained supported by strength in energy prices and other commodities. The NYBOT May contract finished 39 points higher at 16.88 cents per pound, while the July contract settled 41 points higher at 17.27 cents per pound on Monday. The market opened higher after the long holiday weekend and crossed Thursday's high early in the session. The May contract rallied to 16.89 cents per pound by the mid-session. However, the May contract could not breach that level and settled near by in final action. In physical markets, Pakistan bought 50000 tons sugar from Indian Sugar Exim Corporation and 25000 tons from a Singapore based firm at \$491 per ton each.

### News Analysis

#### Pakistan Bought 75000 Tons Sugar at \$491 per Ton CNF Karachi

The Trading Corporation of Pakistan (TCP) has awarded 75000 tons of white sugar at \$491 per ton Cost and Freight Karachi. Out of the total 75000 tons, it has awarded 50000 tons to Indian Sugar Exim Corporation and remaining 25000 tons to a Singapore based firm, both at the same rate. Though the original tender was for 50000 tons, but the quantity was later increased keeping in view the lower bids by these two firms. With this latest purchase, the TCP has so far contracted to purchase 225000 tons white sugar in this year through 4 tenders. Out of this quantity, Indian Sugar Exim Corporation bagged 150000 tons white sugar at \$478, \$471 and \$491 per ton for a quantity of 50000 tons each. The third tender to import 50000 tons sugar was awarded to a Swiss firm at \$505 per ton early last week. Meanwhile, the TCP has floated another 50000 tons white sugar import tender late last week, bids of which to be submitted by 22nd April.

### Domestic Prices: Delhi

(Rs/qtyl)

Quality	18.04.06	17.04.06	Change
Ready Sugar (M)	2030-2115	2000-2090	+25
Ready Sugar (S)	2015-2100	1985-2075	+25
Mill Delivery	1920-2005	1890-1980	+25
Khandsari	1800-1900	1800-1900	-
Gur	1400-1500	1375-1475	+25
Sulphur	1910-1970	1900-1960	+10

### London Daily Spot Prices

Particulars	18.04.06	17.04.06
LDP Raw FOB \$/MT	381.00	Closed
LDP Raw CIF \$/MT	423.00	Closed
LDP Raw CIF GBP/MT	238.80	Closed
LDP White FOB \$/MT	475.00	Closed
London Freight \$/MT	42.00	Closed
London Freight GBP/MT	24.00	Closed

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

Note: Exchange remains closed on Saturday and Sunday.

#### PSMA Considering Pak Govt's Proposal to Cut Sugar Prices

According to the Pakistan Sugar Mills Association (PSMA), it would act in response to Government's proposals on reduction in sugar prices for the common man soon after consulting its zonal chapters. The Pakistan Government has proposed that the domestic sugar industry help by contributing 10 percent of available stocks to the Utility Stores Corporation (USC) or by providing cheap sugar directly to the market. The Government would exempt such stocks from the sales tax.

### International Sugar Futures Settlement Prices

International Futures	Last Settlement (17.04.06)	Change
NYBOT-May (c/lb)	16.88	+0.39
LIFFE-May (\$/MT)	Closed	-

### Market Wise Spot Prices:

(Rs/qtyl)

Grade	Market	18.04.06	17.04.06
M 30	Muzaffarnagar	2050-2055	2040-2045
	Delhi	2040-2045	2030-2035
	Kolkata	2075-2080	2060-2065
S 30	Chennai	1935-1940	1930-1935
	Kolkata	2050-2055	2040-2045
	Vashi	1990-1995	1985-1990

### Weather Forecast

Isolated hail/squall are likely over Bihar, West Bengal & Sikkim and northeastern States.

Decrease in rain/thundershower activity over northeastern States.

Isolated light rainfall may commence again over Western Himalayas.

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

### Port Watch

Mumbai Port is loading 14,000 MT of sugar on the vessel 'Arihant'. 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 \$	45.15
1 Euro	55.34
1 British £	79.97
100 Jap. Yen	38.34

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