

SUGAR

08th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Improves on Good demand
- NCDEX Sugar: Slightly Higher Eying Strong Fundamentals
- NYBOT Sugar Closes Mixed

Sugar Futures - Slightly Down

Fundamentals

Domestic Sugar Prices Slightly Bullish on Good Demand

The domestic sugar market witnessed a slightly bullish sentiment on Friday. The 'M' grade sugar traded firm at most of the spot markets where as S grade sugar traded slightly steady today. Demand is also seen improving at the retail end. Higher quota of sugar released recently by government is hit the prices down during last three four days. But, looking at the prospective demand from the export end lend some firmness in the prices as stockists saw good opportunity to buy sugar at these prices. Further, the news that Pakistan government floated fresh tender for sugar import to the tune of 50000 MT, apart from recently issued tender, created hopes for Indian exporters. Also, the recent news that, Government would allow the State Trading Corporation (STC) to export around 3-4 lakh tonnes of white sugar is supporting the prices from falling sharply. Amidst such situations, sugar prices at the domestic markets are likely to trade rangebound to slightly bullish.

NCDEX Sugar M Grade: APRIL Contract



NCDEX -Sugar Futures	Last Traded	Tuesday Close	Change
April	1926	1929	-3

Future Market Happenings:

NCDEX Sugar: Improves Eying Strong Fundamentals

Sugar market witnessed some recovery today after recent fall in the prices after the release of higher sales quota by the Govt. It seems that the sugar market is now starting to eye on the prospective good export demand. Sugar prices at Delhi, Kolkata and Muzaffar Nagar spot markets firmed up today. At the NCDEX sugar futures witnessed recovery of some of its recent losses on strong domestic and global fundamentals for sugar. April futures of Sugar M Grade have traded in the range of Rs 1926-1940 today after opening firm at Rs 1930. The medium term outlook is still bullish with possibility of sugar exports by STC and chances of getting import tender for 50000 MT. In such a scenario the prices are expected to remain rangebound with slightly bullish undertone. .

Trade Recommendations

Buy NCDEX-April Sugar M near 1933 with **target** of 1948. **Stop loss** at 1923.

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

NCDEX Sugar M Grade: APRIL Contract

Support-1	1912
Support-2	1900
Previous Close	1940
Resistance-1	1961
Resistance-2	1975

International Markets

World Raw Sugar at NYBOT Closes Mixed

World raw sugar futures closed mixed on the New York Board of Trade on Thursday with brisk rolling over from May to July causing front month contract to close lower and back months higher. Nybot May settled 7 points lower at 17.77 cents a pound and July lost 6 points to 17.83 cents. Prices opened gap up at the start and May contract climbed to 18.12 cents. Selling from producers and fund selling in the May-July spread capped the move, however. However, trade buying in the later session supported the prices at higher levels. The May-July spread widened by 1 point to 6 points under versus 5 under in the previous session. The fundamental factors for sugar are strong at the stage with high-expected demand for sugar and ethanol from Brazilian cane crop. Strength in the other commodities also supported the sugar prices.

News Analysis

Indian Sugar Industry Wishes to Earn from Sugar Exports

Indian sugar this year might occupy a greater share in world sugar market, as the Indian sugar industry intends to increase exports of sugar this year and hopes from the Centre to ease rigid rules formulated on export of Sugar from India. The production estimates are of about 19 million tonnes in the crop year upto coming September. This is around 6 million tonnes greater than last year. India's average consumption of sugar is of about 18 million tonnes and thus gives the industry a chance to earn handsome money through its exports. The Indian Sugar producers believe that there is possibility of more exports to neighboring countries like Srilanka, Bangladesh, Pakistan Malaysia, Indonesia and some other Middle East countries. The sugar consumption in Bangladesh is high and supply this time is less, sugar prices are already high at Taka 64 a Kg as against taka 52 a Kg about 10 days ago. This might draw attention of buyers from Bangladesh to Indian markets as the country will get the commodity at lower prices due to freight advantage.

London Daily Spot Prices

Particulars	07.04.06	06-April
LDP Raw FOB \$/MT	394.00	395.50
LDP Raw CIF \$/MT	436.00	437.50
LDP Raw CIF GBP/MT	249.10	248.80
LDP White FOB \$/MT	462.80	468.70
London Freight \$/MT	42.00	42.00
London Freight GBP/MT	24.00	24.00

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

Note: Exchange remains closed on Saturday and Sunday.

Pakistan Likely to Exchange Wheat for Indian Sugar

India has given an offer to Pakistan to barter wheat for sugar as the country is facing a shortage of around 1 million tonnes of sugar, according to a senior government official. According to Ashfaq Hasan Khan an adviser to the Finance Ministry, India was looking for an arrangement to barter their sugar for Pakistani wheat. He also concluded that the decision, however, would only be taken after a final estimate on the size of their wheat crop. The wheat production is expected to hit 22 MMT in 2005-06 crop year in Pakistan. Annual domestic demand is a little over 20.8 million tonnes. Agriculture officials would make a final assessment on the crop size in the second week of May.

International Sugar Futures Settlement Prices

International Futures	Last Settlement (5.03.06)	Change
NYBOT-May (c/lb)	17.77	+0.07
LIFFE-May (\$/MT)	463.2	+3.60

Domestic Prices: Delhi(Rs/qrtl)

Quality	07.04.06	06.04.06	Change
Ready Sugar (M)	1975-2035	1970-2030	+5
Ready Sugar (S)	1860-2020	1855-2015	+5
Mill Delivery	1830-1920	1825-1915	+5
Khandsari	1800-1900	1800-1900	-
Gur	1400-1500	1400-1500	-
Sulphur	1900-1950	1900-1950	-

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	07.04.06	06.04.06
M 30	Muzaffarnagar	1965-16	1965-1670
	Delhi	1955-1960	1950-1955
	Kolkata	2010-2015	2005-2010
S 30	Chennai	1905-1910	1905-1910
	Kolkata	1965-1970	1965-1970
	Vashi	1885-1890	NA

Weather Forecast**NORTH-WEST Region**

Mainly dry weather is likely over the region. However isolated to scattered rain /snow likely to commence over Jammu & Kashmir from 8th onwards. This activity will increase and extend into Himachal Pradesh and Uttaranchal also. Day temperatures over the region are likely to increase further by 2-3° C during next 2-3 days.

EAST Region

Rain/thundershowers accompanied with hail/squall are likely at a few places over West Bengal & Sikkim and isolated over the rest of the region.

NORTH-EAST Region

Rain/thundershowers at many Places with hail/squall at a few Places are likely over the region.

SOUTH Region

Weather will be mainly dry over the region except isolated rain/thundershowers over South Tamil Nadu and Kerala. Day temperatures are likely to increase in Karnataka and Telangana region.

WEST Region

Weather will be mainly dry over the region with increase in day temperatures.

CENTRAL Region

Weather will be mainly dry over the region. The day temperatures in this region also are likely to increase by 1-2° C.

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

Port Watch

'Dolphin II' has berthed at Tuticorin Port and continues to load 6,000 MT of sugar. The vessel is being handled by St.John agents.

Mumbai Port is loading 18,244 MT of sugar on the vessel 'Persian'. JM Baxi agents is handling the vessel. 'Golden Aries' is expected at the port to load 8,500 MT of sugar. The vessel will be handled by Shaan Marine agents. The port is expecting 'Arihant' to load 14,000 MT of sugar. Shaan Marine agents is handling the vessel.

'Manpung' is expected at Chennai Port to load 12,500 MT of sugar. The vessel will be handled by Albert agents.

FOREX

Foreign Currency	Rs. per unit
1 US \$	44.63
1 Euro	54.48
1 British £	78.20
100 Jap. Yen	37.91

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>

