

## SUGAR

01<sup>st</sup> May 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Sugar Prices Remained Range Bound at Weekend
- NCDEX Sugar: Settled Slightly Up but Pared Early Advances
- Govt to Decide on Sugar Export Amidst Bumper Production Outlook

### Sugar Futures - Slightly Up

#### Fundamentals

##### Domestic Sugar Prices Remained Range Bound at Weekend

The domestic sugar market witnessed a range bound trade at the weekend. At the Delhi market it was quoted slightly higher as against Friday. However, at the Muzaffarnagar and Kolkata market it was traded at an unchanged price. Sugar prices remained within a narrow range, as activity was thin at the weekend. Moreover, traders are now eyeing the release of May free sale sugar quota by the Government for future course of action. Traders are expecting May free sale sugar quota at 14-14.5 lakh tonnes. The demand usually remains higher during the month of May amidst restricted supplies. According to the Chief Director of Sugar, Government is likely to take a decision regarding sugar export early next week as sugar production during the current season is revised upwards at 191 lakh tonnes. Sugar factories should take advantage of the prevailing higher global sugar prices, while the domestic sugar prices are at a reasonable level. Amidst such situations, sugar prices are likely to remain range bound in the days ahead.

#### Future Market Happenings:

##### NCDEX Sugar: Settled Slightly Up but Pared Early Advances

At the futures market the sugar futures at the NCDEX witnessed a moderately upward trade following a slightly higher opening. However, the futures pared some of the early gains in final action. The near-month May contract hovered in the range of 2045.00-2057.00, while the June contract fluctuated in the range of 2121.00-2134.00 during Saturday's trade. The volume of trade remained lower as compared to Friday's trade. The domestic sugar futures are likely to trade moderately downwards following a steady to weak opening with possibility of some late upward movement.

#### NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Friday Close	Change
May	2049	2045	+4
June	2127	2123	+4

#### Trade Recommendations

**Sell** NCDEX-May Sugar M at 2055 with **target** of 2040. **Stop loss** at 2062.

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

#### NCDEX Sugar M Grade: MAY Contract

Support-1	2026
Support-2	2015
Previous Close	2049
Resistance-1	2060
Resistance-2	2070

### International Markets

#### NYBOT Sugar Surged Up on May Futures Expiry on Friday

The world raw sugar futures at the New York Board of Trade (NYBOT) surged up on Friday ahead of May contract exodus on the close. Speculators bought July and later contracts. The NYBOT May contract finished 41 points higher at 17.13 cents per pound, while the July contract settled 30 points higher at 17.43 cents per pound on Friday. The market wiped away morning losses as July contract raced through previous day's highs to reach a 4-day high in late action. The market remained supported by the third simultaneous world raw sugar deficit season and higher demand for cane-ethanol in Brazil. Thailand is on the way to set its sugarcane-ethanol industry following Brazil.

### London Daily Spot Prices

Particulars	28.04.06	27.04.06
LDP Raw FOB \$/MT	370.80	374.10
LDP Raw CIF \$/MT	412.80	416.10
LDP Raw CIF GBP/MT	228.10	233.00
LDP White FOB \$/MT	475.20	470.00
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

#### Govt to Decide on Sugar Export Amidst Bumper Production Outlook

According to the Chief Director of Sugar, Government is likely to take a decision regarding sugar export early next week as sugar production during the current season is revised upwards at 191 lakh tonnes. Sugar factories should take advantage of the prevailing higher global sugar prices, while the domestic sugar prices are at a reasonable level. The major 10 sugar producing states of India have revised production estimates for this season. India could export sugar to countries like Pakistan, Sri Lanka, Bangladesh, Nepal and Indonesia. It is reported that 1 lakh tonnes of sugar has already exported to Pakistan, while another 50000 tonnes are yet to be shipped to Pakistan. According to the MD of Maharashtra Rajya Sahakari Sakhar Sangh, a meeting in New Delhi on 9th May would decide on the fiscal benefits and the subsidy schemes for the ethanol sector. Government has assured the sugarcane producers and ethanol manufacturers that from October 2006, it will be mandatory for all states to dope petrol with 5 percent ethanol, which would be further raised to 10 percent by October 2007.

#### Pakistan Sugar Mills of Punjab Province to Provide Subsidized Sugar to Govt

The sugar mills under Punjab chapter of Pakistan Sugar Mills Association (PSMA) have agreed to supply subsidized sugar to the Pakistan Government for providing to the low-income people after meeting with the Government officials. The mills would provide 10 percent of the their stock's subsidized sugar to the Government. However, the final decision regarding this is likely at the Central Executive Committee (CEC) meeting of PSMA, scheduled to be held in Islamabad on 12th May. It is reported that the sugar mills of the country has paid Rs 40 billion additional to sugarcane grower on purchases of sugarcane and as a result the cost of production of sugar has increased significantly.

### International Sugar Futures Settlement Prices

International Futures	Last Settlement (28.04.06)	Change
NYBOT-May (c/lb)	17.13	+0.41
LIFFE-Aug (\$/MT)	474.00	+4.60

### Domestic Prices: Delhi

(Rs/qrtl)

Quality	29.04.06	28.04.06	Change
Ready Sugar (M)	2000-2060	2000-2060	-
Ready Sugar (S)	1985-2045	1985-2045	-
Mill Delivery	1890-1950	1890-1950	-
Khandsari	1770-1870	1770-1870	-
Gur	1450-1550	1425-1525	+25
Sulphur	1880-1940	1880-1940	-

### Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	29.04.06	28.04.06
M 30	Muzaffarnagar	2015-2020	2015-2020
	Delhi	2015-2020	2010-2015
	Kolkata	2055-2060	2050-2055
S 30	Chennai	1930-1935	1930-1935
	Kolkata	2030-2035	2025-2030
	Vashi	1945-1950	1940-1945

## Weather Forecast

The very severe cyclonic storm "Mala" over eastcentral Bay of Bengal has moved northeastwards and now lies centered at 0830 hrs. IST of today near lat 17.0° N and long 94.0° E about 180 km south-southwest of Sandoway.

The system is likely to move in northeasterly direction towards Arakan coast with a possible landfall to the south of Sandoway in the next 6 hrs.

Due to duststorm/thunderstorm activity over plains of northwest India temperatures have fallen down and heat wave conditions have abated from northwest Madhya Pradesh, Punjab and Haryana. However, they continue to prevail over north Rajasthan.

Heat wave conditions also continue to prevail over south-coastal Andhra Pradesh and north coastal Tamil Nadu.

These heat wave conditions are likely to continue for next two days.

Scattered rainfall /thundershowers activity over likely over Northeastern States.

## Port Watch

'Wise King' has berthed at Mumbai Port and continues to load 20,000 MT of sugar. Interocean agents is handling the vessel. 'Yaad E Mohammed' has berthed at Mumbai Port and continues to load 15,000 MT of sugar. Razvi agents is handling the vessel. 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. Loading of 6,500 MT of sugar is expected at the port on the vessel 'Lady Kyriaki'. Interocean agents will be handling these vessels. 'Badalu Valley' is expected at the port to load 3,500 MT Of sugar. Sai Freight agents is handling the vessel.

Loading of 5,000 MT of sugar is continuing at Tuticorin Port on the vessel 'Ocean Venture'. St.John agents is handling the vessel.

'Gusto' has berthed at Kandla Port and continues to load 4,500 MT of sugar to Karachi. Act Infra agents is handling the vessel.

Chennai Port is expecting 'Dai Hong Pan' to load 5,000 MT of sugar. Chowgule agents will be handling the vessel.

## FOREX

Foreign Currency	Rs. per unit
1 US \$	44.97
1 Euro	56.81
1 British £	82.08
100 Jap. Yen	39.50

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