

SUGAR

29th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Sugar Prices Range Bound with Bearish Undertone
- NCDEX Sugar: Settled Mixed Amidst Range Bound Trade
- Pakistan Sugar Mills to Provide Subsidized Sugar to Govt

Sugar Futures - Range Bound

Fundamentals

Domestic Sugar Prices Range Bound with Bearish Undertone

The domestic sugar market witnessed a mixed sentiment during Friday's trade. At the Delhi and Muzaffarnagar market it was quoted lower as against Thursday. However, at the Kolkata market it was offered at a marginally lower price. Market activity was limited as the traders are now eyeing the release of May free sale sugar quota announcement by the Government for future course of action. The free sale sugar quota for May is likely to be a higher one, as demand usually remains much higher during this time amidst restricted supplies, which can eventually pressurise the sugar prices at the short-term. However, market remained supported by overseas demand from Pakistan, Bangladesh and Sri Lanka. Meanwhile, Pakistan has issued its seventh 50000 tonnes sugar import tender, bids of which to be submitted by 6th May. Amidst such situations, sugar prices are likely to remain range bound in the days ahead.

NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Thursday Close	Change
May	2046	2048	-2
June	2123	2119	+4

Future Market Happenings:

NCDEX Sugar: Settled Mixed Amidst Range Bound Trade

At the futures market the sugar futures at the NCDEX witnessed a range bound trade following a firm opening. The sugar futures remained within Thursday's range amidst thin volume of trade. The futures settled mixed with the near-month May contract finishing slightly lower, while the June contract marginally higher in final action. The near-month May contract hovered in the range of 2038.00-2052.00, while the June contract fluctuated in the range of 2112.00-2026.00 during Friday'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 2035. **Stop loss** at 2058.

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

NCDEX Sugar M Grade: MAY Contract

Support-1	2026
Support-2	2015
Previous Close	2046
Resistance-1	2060
Resistance-2	2070

International Markets

NYBOT Sugar Settled Mixed on Thursday Eyeing May Exodus

The world raw sugar futures at the New York Board of Trade (NYBOT) settled mixed with July contract finishing higher and other months lower on Thursday. The market witnessed trading in wide range on May rolling ahead of May expiry on Friday. The NYBOT May contract finished 10 points lower at 16.72 cents per pound, while the July contract finished 1 point higher at 17.13 cents per pound on Thursday. The market opened weak and the July contract slid by 37 points following weakness in energy and other commodities prices. The July contract reached previous day's high as trade houses bought and locals covered shorts. However, the July contract pared some advances in final action.

News Analysis

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. This step if materialized is like to result in a loss of Rs 92 crore for the millers. 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. Notably, the sugar prices had jumped up to record higher levels and in order to contain the surging sugar prices Pakistan Government is continuously importing sugar from international destinations.

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.

TCP Issued Fresh Tender to Buy 50000 Tons Sugar

The Trading Corporation of Pakistan (TCP) has issued a fresh 50000 tons sugar import tender, bids of which to be submitted by 6th May. Another 50000 tons sugar import tender would be opened on 29th April. With the latest tender, the TCP has so far issued seven sugar import tender in this year. The TCP has contracted to purchase 275000 tons of white sugar through the first five tender from international suppliers of India, UAE and Singapore etc. Pakistan Government imported around 200000 tons of white sugar during 2005 in order to meet domestic shortages and to contain spiralling sugar prices.

International Sugar Futures Settlement Prices

International Futures	Last Settlement (27.04.06)	Change
NYBOT-May (c/lb)	16.72	-1.10
LIFFE-Aug (\$/MT)	469.40	+0.90

Domestic Prices: Delhi

(Rs/qtl)

Quality	28.04.06	27.04.06	Change
Ready Sugar (M)	2000-2060	2010-2070	-10
Ready Sugar (S)	1985-2045	1995-2055	-10
Mill Delivery	1890-1950	1905-1960	-10
Khandsari	1770-1870	1780-1880	-10
Gur	1425-1525	1425-1525	-
Sulphur	1880-1940	1890-1950	-10

Market Wise Spot Prices:

(Rs/qtl)

Grade	Market	28.04.06	27.04.06
M 30	Muzaffarnagar	2015-2020	2020-2025
	Delhi	2010-2015	2020-2025
	Kolkata	2050-2055	2050-2055
S 30	Chennai	1930-1935	1930-1935
	Kolkata	2025-2030	2030-2035
	Vashi	1940-1945	1945-1950

Weather Forecast

The severe cyclonic storm "Mala" over southeast Bay of Bengal has intensified further into a very severe cyclonic storm and moved northeastwards. It now lies over east central Bay of Bengal with its center today morning at 0830 hours IST near lat 14.5° N and long 91.5° E about 350 km north-northwest of Port Blair. The system is likely to intensify further and track in a north-northeasterly direction towards Arakan coast with a possible landfall on the night of 29th April.

Heat wave conditions over north Rajasthan, Punjab and Jammu division of Jammu & Kashmir has extended into more parts of these states and also Haryana and northwest Madhya Pradesh. They have become severe in some parts of Punjab and Jammu division.

Heat wave conditions have also developed over south-coastal Andhra Pradesh and north coastal Tamil Nadu.

These heat wave conditions are likely to continue for next two days and may extend into some parts of northwest and central India.

Scattered heavy to very heavy rainfall likely over Andaman Islands during next 24 hrs. Gale force winds with speed reaching 70-80 kmph is also likely over and off these islands during the same period. The fishermen are advised not to venture out into the sea off Andaman Islands, as state of sea will be high to very high.

Under the influence of an approaching western disturbance, isolated to scattered rain/thundershowers likely over Western Himalayas.

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	56.41
1 British £	81.04
100 Jap. Yen	39.39

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