

## SUGAR

28<sup>th</sup> April 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Firmed Up with Higher Demand
- NCDEX Sugar: Finished Higher but Pared Some Advances
- TCP Issued Fresh Tender to Purchase 50000 Tons White Sugar

### Sugar Futures - Higher

#### Fundamentals

##### Domestic Sugar Prices Firmed Up with Higher Demand

The domestic sugar market witnessed a firm sentiment during Thursday's trade. Both the 'M' grade as well as 'S' grade sugar was quoted higher as against Wednesday. The market after remaining bearish for the last couple of days following additional sugar sales quota release for April, retraced back owing to higher demand. Out of the total 1.25 lakh tonnes additional quota, 1 lakh tonnes is meant for Uttar Pradesh mills only. As demand from bulk consumers of summer season was higher amidst lower supplies due to month end activity in markets like Delhi, prices went upwards. Traders are now eyeing the free sale sugar quota release for the month of May for further direction. 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. Meanwhile, Pakistan has issued its seventh 50000 tonnes sugar import tender, bids of which to be submitted by 6<sup>th</sup> May. Amidst such situations, sugar prices are likely to remain stable in the days ahead.

#### NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Wednesday Close	Change
May	2047	2034	+13
June	2117	2110	+7

#### Future Market Happenings:

##### NCDEX Sugar: Finished Higher but Pared Some Advances

At the futures market the sugar futures at the NCDEX extended the previous advances further following a firm opening. Increased speculative buying interest has supported the futures throughout the day. However, profit taking curbed some of the advances in the final hour, but the futures managed to hold some gain. The near-month May contract hovered in the range of 2032.00-2058.00, while the June contract fluctuated in the range of 2105.00-2130.00 during Thursday's trade. The domestic sugar futures are likely to trade slightly downwards initially following a steady to weak opening and upward thereafter.

#### Trade Recommendations

**Sell** NCDEX-May Sugar M at 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	2026
Support-2	2015
Previous Close	2047
Resistance-1	2060
Resistance-2	2070

### International Markets

#### NYBOT Sugar Mixed; Front Months Weak on Rollover

At the New York Board of Trade (NYBOT) world raw sugar futures settled mixed on Wednesday with front months finishing slightly lower on busy May-July rollover ahead of May expiry on Friday. However, the back months settled firm following strength in other commodities. The NYBOT May contract finished 2 points down at 16.82 cents per pound, while the July contract settled 1 point lower at 17.12 cents per pound on Wednesday. The market opened firm but quickly retreated on fund selling. The July contract breached Tuesday's low and slid to 16.92 cents per pound. However, trade buying provided support and along with local short covering the July contract retraced back to finish at the positive territory. In physical market activity, Pakistan is likely to open its sixth white sugar import tender on Saturday, 29th April.

### News Analysis

#### TCP Issued Fresh Tender to Purchase 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. Pakistan's 2006-07 sugar production is estimated to increase to 3.02 million tons from 2.7 million tons in 2005-06 according to a latest USDA report. The increase in production for 2006-07 season is attributed to increased productivity and increase in sugarcane acreage owing to higher market prices during 2005-06 sugar season.

### Domestic Prices: Delhi

(Rs/qrtl)

Quality	27.04.06	26.04.06	Change
Ready Sugar (M)	2010-2070	2005-2050	+20
Ready Sugar (S)	1995-2055	1990-2035	+20
Mill Delivery	1905-1960	1895-1940	+20
Khandsari	1780-1880	1780-1880	-
Gur	1425-1525	1425-1525	-
Sulphur	1890-1950	1890-1950	-

### London Daily Spot Prices

Particulars	27.04.06	26.04.06
LDP Raw FOB \$/MT	374.10	374.60
LDP Raw CIF \$/MT	416.10	416.60
LDP Raw CIF GBP/MT	233.00	233.40
LDP White FOB \$/MT	470.00	473.00
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.

#### Second Shipment of Indian Sugar to Reach Pakistan by end May

The second consignment of 50000 tonnes of sugar out of the total 150000 tonnes sugar export tender secured by Indian Sugar Exim Corporation would reach Pakistan by end May. It is also learnt that the last consignment of 50000 tonnes would be shipped around that time. That would be the last consignment of sugar from ISEC to Pakistan as of now, since ISEC has not participated in the recent tender by Pakistan owing to quality differentials. ISEC have been exporting white sugar of 100 ICUMSA, but Pakistan asked for sugar of 80 ICUMSA in its recent tender.

### International Sugar Futures Settlement Prices

International Futures	Last Settlement (26.04.06)	Change
NYBOT-May (c/lb)	16.82	-0.02
LIFFE-Aug (\$/MT)	468.50	+3.80

### Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	27.04.06	26.04.06
M 30	Muzaffarnagar	2020-2025	2015-2020
	Delhi	2020-2025	2005-2010
	Kolkata	2050-2055	2050-2055
S 30	Chennai	1930-1935	1925-1930
	Kolkata	2030-2035	2030-2035
	Vashi	1945-1950	1940-1945

### Weather Forecast

The cyclonic storm "Mala" over southeast Bay of Bengal has intensified into a severe cyclonic storm and lies centred today at 0830 hours IST near Lat 12.5 °N, Long 90.5°E about 250 Km west north-west of Port Blair.

The system is likely to intensify further and may ultimately move towards Arakan coast during next 72 hours. Under its influence, fairly widespread rain/thundershowers with isolated heavy to very heavy falls and squally weather are likely over and off Andaman & Nicobar Islands during next 2 days.

Heat wave conditions continue to prevail over isolated pockets of North Rajasthan, Punjab, Jammu division of Jammu & Kashmir and northwest Madhya Pradesh where day temperatures are 42-44°C. Day temperatures are around 40-42°C over remaining parts of northwest India, central India and adjoining east India and parts of Andhra Pradesh.

With the expected increase in day temperatures the heat wave conditions are likely to extend into more parts of northwest India and central India during next 2 days

Scattered heavy to very heavy rainfall likely over Andaman Islands during next 48 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 Bay Islands.

Isolated to scattered rain/thundershowers likely over Western Himalayas.

### Port Watch

'Gusto' has berthed at Kandla Port and continues to load 4,500 MT of sugar to Karachi. Act Infra 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. Interocean agents will be handling the vessels. 'Wise King' is expected at the port to load 20,000 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.

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 \$	45.06
1 Euro	56.07
1 British £	80.42
100 Jap. Yen	39.29

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