

SUGAR

24th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady at the Weekend
- NCDEX Sugar: Slightly Down; Remained in Friday's Range
- Agril Minister: Sugar Production to Touch 190 Lakh Tonnes

Sugar Futures - Remained Range Bound

Fundamentals

Domestic Sugar Prices Remained Steady at the Weekend

The domestic sugar market remained mostly steady at the weekend as compared to Friday's losses. Both the 'M' grade as well as 'S' grade sugar was quoted steady to firm as against Friday. Tight supplies amidst higher demand from bulk consumers supported the domestic prices. The market turned bearish during the last couple of days with rumour of additional sugar sales quota for the month of April. Despite a higher quota for the April-June quarter and bumper production outlook of 19 million tonnes in this sugar year, prices have remained at the higher territory. The market remained supported by overseas demand and recent purchase of white sugar by Trading Corporation of Pakistan from Indian Sugar Exim Corporation. The overseas export demand with the neighbouring countries, which are in urgent need of large quantity of white sugar, is likely to keep supporting the prices in near future. Amidst such circumstances, sugar prices are likely to maintain the stable sentiment in the coming days.

NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Friday Close	Change
May	2062	2065	-3
June	2125	2130	-5

Future Market Happenings:

NCDEX Sugar: Slightly Down; Remained in Friday's Range

At the futures market the sugar futures at the NCDEX remained within Friday's range following a slightly lower opening. The futures traded downwards initially, but moderate buying interest at the lower levels supported the futures thereafter. However, the futures settled with some losses in final action. The May contract hovered in the range of 2055.00-2069.00, while the June contract fluctuated in the range of 2120.00-2137.00 during Saturday's trade. The sugar futures are likely to trade moderate upwards following a steady to firm opening.

Trade Recommendations

Buy NCDEX-May Sugar M at 2060 with **target** of 2080. **Stop loss** at 2050.

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

NCDEX Sugar M Grade: MAY Contract

Support-1	2048
Support-2	2039
Previous Close	2062
Resistance-1	2087
Resistance-2	2095

International Markets

NYBOT Sugar Higher on Strength in Energy Prices on Friday

The New York Board of Trade (NYBOT) world raw sugar futures settled up after curbing early losses on speculative buying on Friday. The market remained supported by higher energy prices. The NYBOT May contract finished 6 points higher at 17.21 cents per pound, while the July settled 4 points higher at 17.54 cents per pound on Friday. The May-July rollover was brisk ahead of May expiry in a week. The market opened weaker, but trade buying curbed the losses. With speculative buying and short covering by locals, the market returned to higher territory. In physical arena, Indian mills are reported to have sold 25000 tons of white sugar to Bangladesh at \$470-475 per ton, CNF. Pakistan would shop for 50000 tons of white sugar on 22nd April.

News Analysis

Agril Minister: Sugar Production to Touch 190 Lakh Tonnes

According to the Agriculture and Food Minister of Government of India, the production of sugar is expected to touch 190 lakh tonnes as against the earlier estimates of 180 lakh tonnes and much higher than the last year output of 120 lakh tonnes. The Agriculture Minister has admitted that the price of sugar in domestic retail market has gone abnormally up at Rs 24-25 per kilo, but was largely confined to Northern region. According to the Minister, the country is expected to export about 3 lakh tonnes of sugar during this year, however, the quantum of that would be reviewed from time to time. The Agriculture Minister had made it clear that no duty free imports will be allowed during the year. Last year, Government allowed import of raw sugar duty free with an obligation to export refined sugar in same quantity by next 24 months of importing in order to meet the domestic shortfalls.

Domestic Prices: Delhi

(Rs/qty)

Quality	22.04.06	21.04.06	Change
Ready Sugar (M)	2030-2110	2020-2100	+10
Ready Sugar (S)	2015-2095	2005-2085	+10
Mill Delivery	1925-2000	1910-1990	+10
Khandsari	1790-1900	1800-1900	-
Gur	1425-1525	1400-1500	+25
Sulphur	1910-1970	1910-1970	-

London Daily Spot Prices

Particulars	21.04.06	20.04.06
LDP Raw FOB \$/MT	377.00	384.50
LDP Raw CIF \$/MT	419.00	426.30
LDP Raw CIF GBP/MT	235.10	239.00
LDP White FOB \$/MT	473.00	482.00
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.

TCP Tenders for Importing 50000 Tons Sugar

The Trading Corporation of Pakistan (TCP) has invited tenders for importing 50000 tons of white sugar. The tender would be opened on Saturday, 29th April at Karachi. Meanwhile, another import tender would be opened on Saturday, 22nd April at Karachi. Last week, the TCP awarded 75000 tons sugar import tender to Indian Sugar Exim Corporation and a Singapore based firm at \$491 per ton CNF. The TCP had so far contracted to buy 225000 tons of white sugar in this year with most of the imported sugar coming from India at price ranging \$473-491 per ton, CNF Karachi.

International Sugar Futures Settlement Prices

International Futures	Last Settlement (21.04.06)	Change
NYBOT-May (c/lb)	17.21	+0.06
LIFFE-Aug (\$/MT)	473.50	+1.10

Market Wise Spot Prices:

(Rs/qty)

Grade	Market	22.04.06	21.04.06
M 30	Muzaffarnagar	2035-2040	2030-2035
	Delhi	2035-2040	2025-2030
	Kolkata	2075-2080	2080-2085
S 30	Chennai	1935-1940	1935-1940
	Kolkata	2050-2055	2060-2065
	Vashi	1950-1955	1955-1960

Weather Forecast

Mainly Dry weather prevailed over the country except scattered rain/thundershowers over the Bay islands.

This scenario is likely to continue for next 2-3 days except scattered rain/thundershowers activity over Bay islands and slight increase in rainfall activity over northeastern states from 24th.

Day temperatures above 40 C were reported from some parts of south Rajasthan, southwest Madhya Pradesh and parts of Madhya Maharashtra.

However, there are still no chances of development of heat wave over any parts of the country during next 1-2 days.

Isolated heavy rainfall over Andaman & Nicobar Islands.

Day temperatures likely to increase over most parts of the country.

Scattered rainfall activity over Bay islands likely to continue.

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

Port Watch

'Amanath Shah' has berthed at Chennai Port and continues to load 15,000 MT of sugar. Imperial 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 14,000 MT of sugar on the vessel 'Arihant'. Shaan Marine agents is handling the vessel. The port is expecting 'Pacific Sun' and 'Amar' to load 19,800 MT and 13,200 MT of sugar respectively. JM Baxi and Interocean agents will be handling these vessels.

FOREX

Foreign Currency	Rs. per unit
1 US \$	45.07
1 Euro	55.61
1 British £	80.33
100 Jap. Yen	38.65

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