

SUGAR

18th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Surged Up on Demand, Export
- NCDEX Sugar: Settled Near Day's High on Speculative Buying
- Pakistan Bought 75000 Tons Sugar at \$491 per Ton CNF Karachi

Sugar Futures - Surged Up

Fundamentals

Domestic Sugar Prices Surged Up on Demand, Export

The domestic sugar market surged up during Monday's trade. Both the prices of 'M' grade as well as 'S' grade sugar were quoted much higher as against last weekend. Demand is reported to have outpaced supplies and consequently the millers as well as resellers quoted higher price at the start of this week. The news that Pakistan has awarded another 50000 tons sugar import tender to Indian Sugar Exim Corporation at \$491 per ton CNF Karachi, has underpinned the bullish sentiments at the domestic markets. Despite a higher sugar quota released by the Government for April-June quarter, sugar prices have not shown the desired downtrend. The market remained supported by the overseas export demand with the neighbouring countries in urgent need of large quantity of white sugar. Meanwhile, Pakistan has issued another 50000 tons white sugar import tender. This is the fifth such tender by the Trading Corporation of Pakistan in this year. Amidst, such circumstances, sugar prices are likely to maintain the firm sentiment in the days ahead.

NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Saturday Close	Change
April	1943	1930	+13
May	2105	2070	+35

Future Market Happenings:

NCDEX Sugar: Settled Near Day's High on Speculative Buying Support

At the futures market the sugar futures at the NCDEX witnessed an upward trade following a firm opening. Increased speculative buying has underpinned the upward movement in sugar futures and the sugar futures settled higher near to the day's high in final action. The near-month April contract hovered in the range of 1930.00-1949.00, while the May contract traded in the range of 2075.00-2110.00 during Monday's trade. The sugar prices at the futures market are expected to trade upwards following a firm opening with possibility of some downward movement later in the session.

Trade Recommendations

Buy NCDEX-May Sugar M near 2105 with **target** of 2125. **Stop loss** at 2095.

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

NCDEX Sugar M Grade: MAY Contract

Support-1	2088
Support-2	2071
Previous Close	2105
Resistance-1	2130
Resistance-2	2145

International Markets

NYBOT Sugar

The New York Board of Trade (NYBOT) remained closed on Saturday and Sunday.

London Daily Spot Prices

Particulars	17.04.06	14.04.06
LDP Raw FOB \$/MT	Closed	Closed
LDP Raw CIF \$/MT	Closed	Closed
LDP Raw CIF GBP/MT	Closed	Closed
LDP White FOB \$/MT	Closed	Closed
London Freight \$/MT	Closed	Closed
London Freight GBP/MT	Closed	Closed

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

Note: Exchange remains closed on Saturday and Sunday.

News Analysis

Pakistan Bought 75000 Tons Sugar at \$491 per Ton CNF Karachi

The Trading Corporation of Pakistan (TCP) has awarded 75000 tons of white sugar at \$491 per ton Cost and Freight Karachi. Out of the total 75000 tons, it has awarded 50000 tons to Indian Sugar Exim Corporation and remaining 25000 tons to a Singapore based firm, both at the same rate. Though the original tender was for 50000 tons, but the quantity was later increased keeping in view the lower bids by these two firms. With this latest purchase, the TCP has so far contracted to purchase 225000 tons white sugar in this year through 4 tenders. Out of this quantity, Indian Sugar Exim Corporation bagged 150000 tons white sugar at \$478, \$471 and \$491 per ton for a quantity of 50000 tons each. The third tender to import 50000 tons sugar was awarded to a Swiss firm at \$505 per ton early last week. Meanwhile, the TCP has floated another 50000 tons white sugar import tender late last week, bids of which to be submitted by 22nd April.

Indonesia Sugar Production in 2006-07 to Increase

According to a latest released attaché report of the USDA, the sugar industry in Indonesia continues to face a number of fundamental problems. However, the higher floor price set by the government is leading to higher sugarcane production, which is projected to grow to 2.2 million tons in 2006-07. Due to a larger crop, combined with inefficient mills, the mills were strained during the 2005-06 season, leading to a lower recovery rate of 7.2 percent compared to 7.7 percent in 2004-05. Consumption for 2005-06 is forecast to increase to 3.85 million tons, and continue growing in 2006-07 in line with population growth. With expectations for growth in domestic production, imports are also forecast to remain steady at 1.8 million tons.

International Sugar Futures Settlement Prices

International Futures	Last Settlement (13.04.06)	Change
NYBOT-May (c/lb)	16.49	-0.27
LIFFE-May (\$/MT)	464.50	+2.50

Domestic Prices: Delhi

(Rs/qtl)

Quality	17.04.06	15.04.06	Change
Ready Sugar (M)	2000-2090	1985-2065	+25
Ready Sugar (S)	1985-2075	1970-2050	+25
Mill Delivery	1890-1980	1865-1955	+25
Khandsari	1800-1900	1790-1890	+10
Gur	1375-1475	1375-1475	-
Sulphur	1900-1960	1900-1960	-

Market Wise Spot Prices:

(Rs/qtl)

Grade	Market	17.04.06	15.04.06
M 30	Muzaffarnagar	2040-2045	2010-2015
	Delhi	2030-2035	2000-2005
	Kolkata	2060-2065	2050-2055
S 30	Chennai	1930-1935	1920-1925
	Kolkata	2040-2045	2020-2025
	Vashi	1985-1990	1975-1980

Weather Forecast

Isolated hail/squall are likely over northwest India, north Rajasthan and north Andhra Pradesh during next 24 hrs. and scattered over Chhattisgarh, Orissa, Jharkhand and West Bengal & Sikkim during next 2-3 days.

Isolated hail/squall may also occur over northeastern States and Sub-Himalayan West Bengal & Sikkim during 19th to 21st.

Rain/thundershower activity over northeastern States is likely to increase.

Enhanced rainfall activity over eastern parts of India & south Peninsula will decrease.

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

Port Watch

Mumbai Port is loading 13,500 MT of sugar on the vessel 'Bunglar Urmi'. JM Baxi agents is handling the vessel. The port is expecting 'Arihant' to load 14,000 MT of sugar. Shaan Marine agents is handling the vessel. Loading of 15,000 MT of sugar is expected at the port on the vessel 'Bolan'. The vessel will be handled by Interocean agents.

FOREX

Foreign Currency	Rs. per unit
1 US \$	45.15
1 Euro	54.98
1 British £	79.39
100 Jap. Yen	38.18

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