

SUGAR

20th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Mostly Steady on Wednesday
- NCDEX Sugar: Range Bound; Pared Early Advances on Wednesday
- Brazilian Cane Output Pegged at 420 MMT in Marketing Year 2006-07

Sugar Futures - Range Bound

Fundamentals

Domestic Sugar Prices Remained Mostly Steady on Wednesday

The domestic sugar market witnessed a stable sentiment during Wednesday's trade. Both the prices of 'M' grade as well as 'S' grade sugar were quoted steady to lower as against Tuesday. Demand remained higher from the bulk consumers of summer season and with tight supplies, the millers as well as resellers quoted steady prices as against Tuesday. Market remained supported by overseas demand and recent purchase of 50000 tons white sugar by Trading Corporation of Pakistan from Indian Sugar Exim Corporation at \$491 per ton CNF Karachi. 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. 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	Tuesday Close	Change
April	1932	1933	-1
May	2080	2072	+8

Future Market Happenings:

NCDEX Sugar: Range Bound; Pared Early Advances on Wednesday

At the futures market the sugar futures at the NCDEX witnessed a moderately upward trade following a firm opening. However, profit taking capped further advances and the futures pared some of the gains in final action. The April contract settled slightly lower ahead of its expiry on Thursday, 20th April. The near-month April contract hovered in the range of 1922.00-1944.00, while the May contract traded in the range of 2070.00-2092.00 during Wednesday's trade. The sugar prices at the futures market are expected to trade moderately upwards following a steady to firm opening.

Trade Recommendations

Buy NCDEX-May Sugar M near 2070 with target of 2095. Stop loss at 2058.

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

NCDEX Sugar M Grade: MAY Contract

Support-1	2052
Support-2	2038
Previous Close	2080
Resistance-1	2092
Resistance-2	2106

International Markets

NYBOT Sugar Settled Up Eyeing Higher Energy Prices

The world raw sugar futures at the New York Board of Trade (NYBOT) surged up on Tuesday on increased buying support amidst strength in crude oil prices. The May contract reached 1-1/2 week highs, while the back month contracts reached contract highs. The market remained underpinned by strong fundamentals and rally in crude oil prices. The NYBOT May contract finished 64 points higher at 17.52 cents per pound, while the July contract settled 67 points higher at 17.94 cents per pound on Tuesday. The market opened gapped up and set back initially. However, the market rallied thereafter with strong buying interest. The May-July rollover was brisk amidst good volume of trade. Meanwhile, Chinese Govt sold first lot of 92000 tons of reserve refined sugar on Tuesday out of the scheduled four auctions.

News Analysis

Brazilian Cane Output Pegged at 420 MMT in 2006-07

According to a latest released attaché report by USDA, the Agricultural Trade Office (ATO)/Sao Paulo pegged total Brazilian sugarcane production for (MY) 2006-07 (May-April) at 420 million metric tons (MMT). The 35 MMT increase over MY 2005-06 is attributed to better yields and area expansion. It is reported that most of the increase should come from the Center South region where a total of 370 MMT of sugarcane are likely to be crushed. Sugar export prices should remain highly attractive sustained by the steady increase in world demand (3.4 MMT per year). In addition, the commitment of the European Union to comply with the World Trade Organization (WTO) decision regarding its sugar regime should create at least an extra 5 MMT market, in coming years. The sugar consumption for MY 2006-07 is forecasted at 10.95 MMT, raw value, up 1.5 percent from 2005-06, reflecting Brazilian population growth and a continued expansion in food processing. Sugar exports for MY 2006-07 are estimated at 19.15 MMT, raw value, up 2.2 MMT from 2005-06.

Domestic Prices: Delhi

(Rs/qrtl)

Quality	19.04.06	18.04.06	Change
Ready Sugar (M)	2030-2110	2030-2115	-5
Ready Sugar (S)	2015-2095	2015-2100	-5
Mill Delivery	1920-2000	1920-2005	-5
Khandsari	1800-1900	1800-1900	-
Gur	1400-1500	1400-1500	-
Sulphur	1910-1970	1910-1970	-

London Daily Spot Prices

Particulars	19.04.06	18.04.06
LDP Raw FOB \$/MT	389.60	381.00
LDP Raw CIF \$/MT	431.60	423.00
LDP Raw CIF GBP/MT	241.70	238.80
LDP White FOB \$/MT	487.00	475.00
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.

Thailand Sugar Production to Recover in MY 2007

The United States Department of Agriculture in a latest attaché report for Thailand, has forecasted the country's marketing year (MY) 2007 sugar production to recover in anticipation of bumper sugarcane crops. The increase is attributed to acreage expansion and yield improvement assuming normal weather conditions. Most sugarcane is still used for sugar production as cane/molasses-based ethanol plants are still working out trial runs of sugarcane-based ethanol production. Prices of sugarcane will likely remain at high levels in anticipation of increased domestic and export demand for sugar and molasses. The sugar exports will likely rebound in MY 2007 following more exportable supplies from the anticipated bumper sugarcane crops.

International Sugar Futures Settlement Prices

International Futures	Last Settlement (18.04.06)	Change
NYBOT-May (c/lb)	17.52	+0.64
LIFFE-Aug (\$/MT)	480.80	+21.80

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	19.04.06	18.04.06
M 30	Muzaffarnagar	2035-2040	2050-2055
	Delhi	2035-2040	2040-2045
	Kolkata	2080-2085	2075-2080
S 30	Chennai	1935-1940	1935-1940
	Kolkata	2060-2065	2050-2055
	Vashi	1990-1995	1990-1995

Weather Forecast

Bihar, East Uttar Pradesh, Orissa, Jharkhand, West Bengal & Sikkim and northeastern States have experienced rain/thundershowers at many places during past 24 hours. This activity is likely to decrease from today onwards except over northeastern States and Sub-Himalayan West Bengal & Sikkim where it is likely to continue for next 24 hrs. and decrease thereafter.

Day temperatures continue to be 6-8 deg. C below normal over Gangetic plains, central & east India and over northeastern States.

A general increase in the day temperatures is likely over the country during next 3-4 days.

Isolated hail/squall are likely over Bihar, West Bengal & Sikkim and northeastern States.

Scattered rain/thundershower activity over northeastern States is likely to continue.

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

Port Watch

Mumbai Port is loading 14,000 MT of sugar on the vessel 'Arihant'. 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. 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.

'Amanath Shah' is expected at Chennai Port to load 15,000 MT of sugar. Imperial agents will be handling the vessel.

FOREX

Foreign Currency	Rs. per unit
1 US \$	45.14
1 Euro	55.78
1 British £	80.46
100 Jap. Yen	38.60

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