

SUGAR

17th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady at Weekend
- NCDEX Sugar: Settled Lower Near Day's Low on Saturday
- USDA Pegged Lower Australian Sugar Output after Cyclone

Sugar Futures - Slightly Lower

Fundamentals

Domestic Sugar Prices Remained Steady at Weekend

The domestic sugar market witnessed a stable sentiment at the weekend. Both the prices of 'M' grade as well as 'S' grade sugar were quoted on an average steady to slightly higher as against Friday. Supplies have improved amidst higher demand and consequently millers as well as resellers quoted steady price at the weekend. Meanwhile, the Government is considering options to impose control on quantity of sugar that individual trader can stock, a practice that was withdrawn few years back. Moreover, the Government may also set the time limit for said stock. Notably, despite a higher sugar quota released by the Government for April-June quarter, sugar prices have not shown the desired downtrend. The market remained underpinned 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.

NCDEX Sugar M Grade: MAY Contract



NCDEX -Sugar Futures	Last Traded	Friday Close	Change
April	1928	1942	-14
May	2070	2072	-2

Future Market Happenings:

NCDEX Sugar: Settled Lower Near Day's Low on Saturday

At the futures market the sugar futures at the NCDEX witnessed an upward trade following a firm opening. However, profit booking at the higher levels coupled with late selling interest has pressurised the futures and the futures settled lower near to the day's low in final action. The near-month April contract hovered in the range of 1926.00-1954.00, while the May contract traded in the range of 2067.00-2087.00 during Saturday's trade. The sugar prices at the futures market are expected to witness a moderately downward trade following a weak opening initially and upwards later in the session.

Trade Recommendations

Sell NCDEX-May Sugar M near 2075 with **target** of 2055. **Stop loss** at 2085.

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

NCDEX Sugar M Grade: MAY Contract

Support-1	2050
Support-2	2038
Previous Close	2070
Resistance-1	2085
Resistance-2	2098

International Markets

NYBOT Sugar

The New York Board of Trade (NYBOT) remained closed on Friday.

London Daily Spot Prices

Particulars	14.04.06	13.04.06
LDP Raw FOB \$/MT	Closed	373.20
LDP Raw CIF \$/MT	Closed	415.20
LDP Raw CIF GBP/MT	Closed	236.80
LDP White FOB \$/MT	Closed	462.50
London Freight \$/MT	Closed	42.00
London Freight GBP/MT	Closed	24.00

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

Note: Exchange remains closed on Saturday and Sunday.

News Analysis

USDA Pegged Lower Australian Sugar Output after Cyclone

According to a latest released attaché report of the USDA, the Australian sugar cane production is forecasted slightly lower for 2006-07 season. The lower estimation is attributed to tropical cyclone Larry that recently hit the sugarcane region of north Queensland and caused damage to crop as well as infrastructure. The exports for 2006-07 are also projected at below average levels and represent a significant decline from the previous year. Earlier expectations of above average export levels are now unlikely to be achieved despite improved export prices received for sugar. The report mentioned that the effect of cyclone Larry is the reduction in raw sugar production in the order of 100000 to 200000 MT, or the equivalent of 17100 hectares of cane. Despite the ferocity of this cyclone, industry sources remain hopeful that much of the cane damaged can be recovered.

Source: FAS, USDA.

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/qrtl)

Quality	15.04.06	14.04.06	Change
Ready Sugar (M)	1985-1965	1985-1965	-
Ready Sugar (S)	1970-2050	1970-2050	-
Mill Delivery	1865-1955	1865-1955	-
Khandsari	1790-1890	1790-1890	-
Gur	1375-1475	1375-1475	-
Sulphur	1900-1960	1900-1960	-

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	15.04.06	14.04.06
M 30	Muzaffarnagar	2010-2015	2005-2010
	Delhi	2000-2005	2000-2005
	Kolkata	2050-2055	2050-2055
S 30	Chennai	1920-1925	Closed
	Kolkata	2020-2025	2020-2025
	Vashi	1975-1980	1965-1970

Weather Forecast

Isolated hail/squall over northwestern region from 15th to 17th and over central India from 16th to 18th.

Scattered rainfall activity over northeastern States is likely to continue.

Rainfall activity over western Himalayas likely to decrease.

Scattered thundershower activity likely to decrease over Peninsular India.

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 \$	45.29
1 Euro	54.85
1 British £	79.38
100 Jap. Yen	38.17

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