

SUGAR

15th May 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remain Range Bound at Weekend
- NCDEX Sugar: Settled Lower on Speculative Selling Interest

Sugar Futures - Slid

Fundamentals

Domestic Sugar Prices Remain Range Bound at Weekend

At the domestic markets sugar prices remained range bound with a mixed sentiment during Saturday's trade. At the Muzaffarnagar and Kolkata market it was quoted slightly lower as against Friday. However, at the Delhi market it was offered at a moderately higher price. Demand remained lower amidst moderate supplies. The spillover weakness from the futures market has also pressurised the physical market sentiments. Notably, the monthly free sale sugar quota for May remain higher year on year and needs to be sold within the month. The Government has also revised upwards the 2005-06 sugarcane crop at 272 million tonnes as against earlier estimates of 266.8 million tonnes. Pakistan has issued its ninth 50000 tons sugar import tender, bids of which to be submitted by 20th May. The International Sugar Organisation has recently lowered its forecast for 2005-06 global sugar deficit following higher output estimates of India and Brazil.

Amidst such situations, sugar prices are likely to remain range bound in the short-term.

NCDEX Sugar M Grade: JUNE Contract



NCDEX -Sugar Futures	Last Traded	Friday Close	Change
May	1973	1991	-18
June	2072	2090	-18

Future Market Happenings:

NCDEX Sugar: Settled Lower on Speculative Selling Interest

At the futures market the sugar futures at the NCDEX witnessed a highly bearish sentiment following a slightly lower opening. Increased selling interest has pressurised the futures throughout the session and the futures slid to settle much lower in final action. The near-month May contract hovered in the range of 1961.00-1997.00, while the June contract fluctuated in the range of 2062.00-2098.00 during Saturday's trade. The open interest remained higher, while the volume of trade has declined as against Friday. The domestic sugar futures are likely to trade with a bearish sentiment following a steady opening with possibility of some upward movement later in the session.

Trade Recommendations

Sell NCDEX-June Sugar M at 2085 with **target** of 2065. **Stop loss** at 2095.

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

NCDEX Sugar M Grade: JUNE Contract

Support-1	2063
Support-2	2050
Previous Close	2072
Resistance-1	2086
Resistance-2	2098

Domestic Prices: Delhi

(Rs/qrtl)

Quality	13.05.06	12.05.06	Change
Ready Sugar (M)	2010-2080	2010-2080	-
Ready Sugar (S)	1990-2065	1990-2065	-
Mill Delivery	1900-1960	1900-1960	-
Khandsari	1740-1830	1740-1830	-
Gur	1525-1625	1525-1625	-
Sulphur	1840-1900	1840-1900	-

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	13.05.06	12.05.06
M 30	Muzaffarnagar	2035-2040	2035-2040
	Delhi	2025-2030	2015-2020
	Kolkata	2040-2045	2045-2050
S 30	Chennai	1925-1930	1925-1930
	Kolkata	2025-2030	2025-2030
	Vashi	1960-1965	1965-1970

Weather Forecast

During past 24 hrs. fairly widespread rainfall has occurred over Bay islands, West Bengal & Sikkim and northeastern States and at a few places over Bihar, Jharkhand and Orissa resulting in below normal temperatures over these areas.

The models forecast suggest that ongoing rainfall activity over these areas is likely to continue for next 2-3 days and may increase further over northeastern States and Bay Islands.

The day temperatures continue to remain above 40°C over the plains of northwest India, north Gujarat, central India, interior Maharashtra and interior Andhra Pradesh which are 2-4°C above normal.

Heat wave conditions continue to prevail over isolated pockets of north Rajasthan, west Haryana and northwest Madhya Pradesh, where day temperatures are still above 45°C. Heat wave conditions over these areas are likely to abate during next 2 days, as scattered duststorm/thunderstorm activity is likely over these areas.

Port Watch

Mumbai Port is loading 13,200 MT of sugar on the vessel 'Amar'. Interocean agents is handling the vessel. 'Badalu Valley' has berthed at Mumbai Port and continues to load 3,500 MT of sugar. Sai Freight agents is handling the vessel. Loading of 7,500 MT of sugar is continuing at Mumbai Port on the vessel 'Asha Himani'. Shaan Marine agents is handling the vessel. Mumbai Port is loading 19,800 MT of sugar on the vessel 'Pacific Sun'. JM Baxi 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 13,500 MT of sugar is expected at the port on the vessel 'Jaipur'. Shaan Marine agents will be handling the vessel. The port is expected 'Bolan' to load 15,000 MT of sugar. The vessel will be handled by Interocean agents.

Chennai Port is loading 7,000 MT of sugar on the vessel 'Al Muztuba'. Imperial agents is handling the vessel. The port is expecting 'Taurus' to load 9,000 MT of sugar. The vessel will be handled by Interocean agents.

FOREX

Foreign Currency	Rs. per unit
1 US \$	45.05
1 Euro	58.04
1 British £	85.36
100 Jap. Yen	40.94

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>