

SUGAR, JAGGERY & CANE

24th-29th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Weak following Additional Sugar Quota
- NCDEX Sugar: Slid to 1-Month Lows but Pared Losses Later
- NCDEX Gur: Retraced Back Again from 1-Month Lows

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: MAY 2006

The candlesticks formation is indicating a slightly bearish pattern and steady to weak opening. The %K-line after cutting the %D-line from below moving upwards in oversold region, hinting for possible uptrend. The MACD along with its EMA moving downwards in the negative territory, supporting the weakness in the market. The moving averages are hinting for further downward movement. The volume of trade has declined, while the open interest remained mostly steady at the higher side during this week.



Outlook:

The domestic sugar futures are likely to trade mostly range bound with a bearish undertone in the week ahead. However, the futures may move upwards during the later half of the coming week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
May	2013	1993	2077	2099

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: MAY 2006

The candlesticks formation is indicating a slightly bullish pattern and steady to firm opening. The %K-line along with the %D-line moving upward in the normal region, hinting further uptrend. The MACD along with its EMA moving upwards in the negative territory, indicating short-term strength. The moving averages are hinting further downward movement. The open interest has increased, while the volume of trade has declined during this week under review.



Outlook:

The gur futures are expected to witness a range bound trade in the coming week. However, the futures are likely to trade moderately upwards during the later half in the coming week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
May	599.20	594.60	614.40	619.00

Market Commentary

Domestic:

Domestic Sugar Prices Weak following Additional Sugar Quota

The domestic sugar market eased during the first few days of this week starting 24th April. Both the prices of 'M' grade as well as 'S' grade sugar were quoted lower as against the previous week. However, the prices recovered some of its losses at the weekend.

The M grade sugar at the Delhi market was quoted in a lower range of Rs 2000-2060 per quintal in this week as against the last week. At the Kolkata market it was available in the range of Rs 2050-2080 per quintal, while at the Muzaffarnagar market it was offered in the range of Rs 2015-2050 per quintal during this week.

The S grade sugar at the Delhi market was traded in a lower range of Rs 1985-2045 per quintal in this week as against the last week. At the Chennai market it was available in a steady range of Rs 1930-1940 per quintal, while at the Kolkata market it was offered in the range of Rs 2025-2050 per quintal. At the Vashi market it was quoted in a lower range of Rs 1940-1960 per quintal during this week.

The market remained bearish following additional 1.25 lakh tonnes sugar sales quota release for April. Out of the total 1.25 lakh tonnes additional quota, 1 lakh tonnes was meant for Uttar Pradesh sugar mills only. Notably, the Government earlier released 14.5 lakh tonnes free sale sugar quota for the month of April. However, as demand from bulk consumers of summer season was higher amidst lower supplies due to month end activity in markets like Delhi, prices went slightly upwards during the later half of this week. Traders are now eyeing the free sale sugar quota release for the month of May for further direction. The free sale sugar quota for May is likely to be a higher one, as demand usually remains much higher during this time amidst restricted supplies. Meanwhile, Pakistan has issued its seventh 50000 tonnes sugar import tender, bids of which

News Analysis:

Govt to Decide on Sugar Export Amidst Bumper Production Outlook

According to the Chief Director of Sugar, Government is likely to take a decision regarding sugar export early next week as sugar production during the current season is revised upwards at 191 lakh tonnes. Sugar factories should take advantage of the prevailing higher global sugar prices, while the domestic sugar prices are at a reasonable level. The major 10 sugar producing states of India have revised production estimates for this season. India could export sugar to countries like Pakistan, Sri Lanka, Bangladesh, Nepal and Indonesia. It is reported that 1 lakh tonnes of sugar has already exported to Pakistan, while another 50000 tonnes are yet to be shipped to Pakistan. According to the MD of Maharashtra Rajya Sahakari Sakhar Sangh, a meeting in New Delhi on 9th May would decide on the fiscal benefits and the subsidy schemes for the ethanol sector. Government has assured the sugarcane producers and ethanol manufacturers that from October 2006, it will be mandatory for all states to dope petrol with 5 percent ethanol, which would be further raised to 10 percent by October 2007.

to be submitted by 6th May. Amidst such situations, sugar prices are likely to remain stable in the days ahead.

NCDEX Sugar: Slid to 1-Month Lows but Pared Losses Later

At the futures market the sugar futures at the NCDEX traded bearishly during the first few days of this week starting 24th April. The futures extended the weakness further to test 1-month lows on Wednesday amidst heavy volume of trade. However, increased buying interest at the lower levels supported the futures thereafter and the futures retraced back again to wipe away the early losses. The near-month May contract hovered in the range of 2045.00-2057.00, while the June contract fluctuated in the range of 2121.00-2134.00 during Saturday's trade. The volume of trade has declined, while the open interest remained mostly steady at the higher side during this week. The domestic sugar futures are likely to trade mostly range bound with a bearish undertone in the week ahead. However, the futures may move upwards during the later half of the week.

NCDEX Gur: Retraced Back Again from 1-Month Lows

At the futures market the gur futures at the NCDEX traded on an average range bound with a firm sentiment during this week ending 29th April. The gur futures recovered back from 1-month lows tested during the previous week. The futures moved upwards gradually to test this week's high on Friday. However, on Saturday the gur futures curbed most of the early gains. The near-month May contract traded in the range of 601.00-607.00, while the June contract fluctuated in the range of 599.40-603.60 during Saturday's trade. The open interest has increased, while the volume of trade has declined during this week under review. The gur futures are expected to witness a range bound trade in the coming week. However, the futures are likely to trade moderately upwards during the later half in the coming week.

TCP Issued Fresh Tender to Purchase 50000 Tons Sugar

The Trading Corporation of Pakistan (TCP) has issued a fresh 50000 tons sugar import tender, bids of which to be submitted by 6th May. Another 50000 tons sugar import tender would be opened on 29th April. With the latest tender, the TCP has so far issued seven sugar import tender in this year. The TCP has contracted to purchase 275000 tons of white sugar through the first five tender from international suppliers of India, UAE and Singapore etc. Pakistan Government imported around 200000 tons of white sugar during 2005 in order to meet domestic shortages and to contain spiralling sugar prices. Pakistan's 2006-07 sugar production is estimated to increase to 3.02 million tons from 2.7 million tons in 2005-06 according to a latest USDA report. The increase in production for 2006-07 season is attributed to increased productivity and increase in sugarcane acreage owing to higher market prices during 2005-06 sugar season.

Second Shipment of Indian Sugar to Reach Pakistan by end May

The second consignment of 50000 tonnes of sugar out of the total 150000 tonnes sugar export tender secured by Indian Sugar Exim Corporation would reach Pakistan by

end May. It is also learnt that the last consignment of 50000 tonnes would be shipped around that time. That would be the last consignment of sugar from ISEC to Pakistan as of now, since ISEC has not participated in the recent tender by Pakistan owing to quality differentials. ISEC have been exporting white sugar of 100 ICUMSA, but Pakistan asked for sugar of 80 ICUMSA in its recent tender. ICUMSA is a numerical grading system of white sugar, wherein lower number indicates better quality sugar. Pakistan has so far contracted to purchase 275000 tonnes of white sugar from international destinations likely India and UAE.

Vietnam Trade Ministry to Regulate Imported Sugar Quotas

The Vietnam Ministry of Trade has recently signed a decision regulating the management of imported sugar quotas this year. It is reported that under the decision, the Ministry would allocate 30 percent of the imported sugar to retail traders for domestic markets, 30 percent to refineries, 30 percent to enterprises requiring sugar for production and the remaining 10 percent is to be stored to stabilise market prices when necessary. According to the Ministry, it would grant licenses to seven large enterprises to import various grades of sugarcane. Notably, Vietnam Government recently permitted to import 160000 tons of sugar for domestic consumption requirements and to contain excessive price hikes by stabilizing the domestic market. However, Vietnamese enterprises could only import a moderate volume of 40000 tonnes as of end March owing to rising international sugar prices. The Ministry of Agriculture and Rural Development had earlier estimated total sugar production from the 2005-2006 crop at 970000 tonnes, while demand is expected to reach 1350000 tonnes, leaving a shortage of 380000 tonnes during this season.

Pakistan Seeks 1 Lakh Tonnes Sugar from India

Pakistan is looking for 1 lakh tonnes of white sugar from India in order to reduce the increasing import cost from other foreign destinations. Notably, Pakistan has recently purchased 50000 tons sugar from a Dubai-based firm at \$504 per ton CNF Karachi. It is learnt that the Commerce Minister of Pakistan has urged the Indian Minister of State for Commerce to help so that Indian sugar exporters can bid for Pakistan's latest 50000 tons sugar import tender to be opened on 29th April. The Indian Sugar Exim Corporation (ISEC) had already exported 50000 tonnes of sugar during the past four months and it would persuade to export 1 lakh tonnes of sugar in near future. Export of sugar in sizeable quantity needs to get permission from Department of Sugar under Advance Licence Scheme so that domestic supply situation does not get hampered. However, sugar production is expected to be higher at 191 lakh tonnes during 2005-06 sugar year as compared to 129.19 lakh tonnes during last sugar season. With bumper production prospect for the coming couple of years Govt is planning to increase sugar export ceiling in order to avoid problem of plenty.

Sugar Majors Teamed Up for Rs 325 Crore Sugar Refinery

Indian sugar major EID Parry has teamed up with Cargill International to establish a port based sugar refinery near Kakinada port in Andhra Pradesh with an estimated investment of Rs 325 crore. The plant would have a capacity to produce 1 million tonnes of refined sugar per year. This joint venture is expected to be commissioned by end 2007. This would be the largest sugar refinery in the South Asian region. The plant would have an integrated co-

generation system to meet the requirements of steam and power. The refinery plant is expected to earn a net foreign exchange of Rs 150 crore per year.

Government Estimates 2005-06 Sugar Output at 191 Lakh Tonnes

The Central Government has revised the estimates of sugar production in the country during the 2005-06 sugar season (October-September). According to the revised estimates, sugar production during the current sugar season is expected to be 191 lakh tonnes as against earlier estimates of 181.67 lakh tonnes. The revised estimates of sugar production were arrived at in a meeting under the chairmanship of Union Food Secretary held recently with the Cane commissioners/Directors of Sugar of the major sugar producing states. Uttar Pradesh with estimated production of 58.59 lakh tonnes is expected to be the largest producer followed by Maharashtra with estimated production of 51.92 lakh tonnes. The production of Tamil Nadu is expected to be 19.32 lakh tonnes, while that of Karnataka, 19.00 lakh tonnes. The estimated production of sugar during 2005-06 sugar season is significantly higher than the 2004-05 sugar production of 129.19 lakh tonnes.

Pakistan Purchased 50000 Tons Sugar from Dubai Firm

The Trading Corporation of Pakistan (TCP) has awarded its 50000 tons of white sugar import tender to a Dubai based firm at \$504 per ton CNF Karachi on Saturday. The tender was awarded to Dubai based Al Khaleej Sugar Company against the import tender issued on 14th April. It is reported that the company would complete shipment within four weeks after the opening of letter of credit. The TCP can purchase another 50000 tons of white sugar if the company offers the same at \$504 per ton. The TCP is buying white sugar on a regular basis in this year from international suppliers following Government estimation of import requirement at 8 lakh tonnes in 2006 to meet domestic demand amidst production shortfalls.

Sugar at Spot Market:

Domestic:

Spot Price of Sugar at Delhi Mandi (Rs. /quintal)

Particulars	29-Apr	22-Apr	Change
M 30	2000-2060	2030-2110	-50
S 30	1985-2045	2015-2095	-50
Mill Delivery	1890-1950	1925-2000	-50

Spot Price of Sugar at Muzaffarnagar Mandi (Rs. /quintal)

Particulars	29-Apr	22-Apr	Change
Shyamli	No Sale	2018	-
Khatauli	2020	2035	-15
Morna	1965	No Sale	-
Deoband	2010	2020	-10
Nanoata	1955	1980	-25
Dhampur	No Sale	2000	-

Jaggery at Spot Market

Spot Price of Gur at Muzaffarnagar Mandi (Rs. /40 kg)

Particulars	29-Apr	22-Apr	Change
Raskat	430-455	440-455	-
Chaku	520-585	540-595	-10
Shakkar	570-590	550-585	+5
Khurpa	535-545	530-540	+5
Laddu	550-560	555-560	-

Spot Price of Gur at Hapur Mandi (Rs. /quintal)

Particulars	29-Apr	22-Apr	Change
Dahiya	N/A	1250-1300	-
Balti Special	N/A	1290-1300	-
Number One	N/A	1275-1285	-
Bariya Dara	N/A	1250-1260	-
Dara	N/A	1225-1240	-

International:

London Daily Price (LDP)

Particulars	28-Apr	27-Apr	26-Apr	25-Apr	24-Apr
LDP Raw FOB \$/MT	370.8	374.1	374.6	379.2	381.6
LDP Raw CIF \$/MT	412.8	416.1	416.6	421.2	423.6
LDP Raw CIF GBP/MT	228.1	233	233.4	236	236.5
LDP White FOB \$/MT	475.2	470	473	476.8	480.5
London Freight \$/MT	42	42	42	42	42
London Freight GBP/MT	23.5	23.5	23.5	23.5	23.5

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

Note: Exchange remained close on Saturday and Sunday.

Weather Forecast: (As on 29th April 2006)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

The severe cyclonic storm "Mala" over southeast Bay of Bengal had intensified further into a Very Severe Cyclonic Storm (VSCS) and lay this morning at 0830 hours IST near lat 14.5° N and long 91.5° E about 350 km north-northwest of Port Blair. The system has been pre-dominantly moving in a northeasterly direction during past 24 hours.

The current observations show that system appears to have come under the grip of upper air westerlies and

exhibiting rapid intensification. The latest satellite observations also show northeastwards extension of cirrus clouds (clouds at high altitudes) associated with outflow from the system indicating influence of upper air westerly winds. These observations and current predictions clearly suggest that the system is likely to intensify further and track north-northeastwards towards Arakan coast with a possible landfall on the night of 29th April.

Heat wave conditions over north Rajasthan, Punjab and Jammu division of Jammu & Kashmir has extended into more parts of these states and also Haryana and northwest Madhya Pradesh. They have become severe in some parts of Punjab and Jammu division. Heat wave conditions have also developed over south-coastal Andhra Pradesh and north coastal Tamil Nadu. The predicted wind flow pattern, maximum temperature trend, and almost clear weather conditions over most parts of north, central and peninsular India indicate that the heat wave conditions are likely to continue for next 2-3 days and may extend into some parts of northwest and central India.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Isolated to scattered rains/ snowfall is likely over J&K and Himachal Pradesh during 30 April-1 May 2006 under the influence of a fresh western disturbance over J & K.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Isolated to scattered rains are expected over Assam, Arunachal and Sub-Himalayan West Bengal. Coastal Orissa and Gangetic West Bengal may experience isolated to scattered rains during next 48 hours. Isolated thunderstorm activity is expected over Jharkhand as well. The rainfall activity over NE States and Sub-Himalayan west Bengal is expected to increase from 1st May 2006.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region except.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Bay Islands are likely to experience fairly widespread to wide spread rains with isolated heavy to very heavy falls with gusty winds. Isolated thunderstorm activity is expected over South Tamil Nadu, Kerala, Lakshadweep and coastal AP.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Mainly dry weather conditions are likely to prevail with a possible development of duststorm and hazy conditions over Rajasthan in particular.

Source: NCMRWF

FOREX (As on 29th April 2006):

Foreign Currency	Rs. per unit
1 US \$	44.97
1 Euro	56.81
1 British £	82.08
100 Jap. Yen	39.50

Port Watch (As on 29th April 2006):

‘Wise King’ has berthed at Mumbai Port and continues to load 20,000 MT of sugar. Interocean 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 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 19,800 MT of sugar on the vessel ‘Pacific Sun’. JM Baxi agents is handling the vessel. The port is expecting ‘Amar’ to load 13,200 MT of sugar. Loading of 6,500 MT of sugar is expected at the port on the vessel ‘Lady Kyriaki’. Interocean agents will be handling these

vessels. ‘Badalu Valley’ is expected at the port to load 3,500 MT Of sugar. Sai Freight agents is handling the vessel.

Loading of 5,000 MT of sugar is continuing at Tuticorin Port on the vessel ‘Ocean Venture’. St.John agents is handling the vessel.

‘Gusto’ has berthed at Kandla Port and continues to load 4,500 MT of sugar to Karachi. Act Infra agents is handling the vessel.

Chennai Port is expecting ‘Dai Hong Pan’ to load 5,000 MT of sugar. Chowgule agents will be handling the vessel.

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