

SUGAR

13th May 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witnessed Bearish Sentiment
- NCDEX Sugar: Retraced Back from Early Slid to 5-Week Lows

Sugar Futures - Recovered from 5-Week Lows

Fundamentals

Domestic Sugar Prices Witnessed Bearish Sentiment

At the domestic markets sugar prices witnessed a bearish sentiment during Friday's trade. At the Delhi, Muzaffarnagar and Kolkata market it was quoted mostly lower as against Thursday. Both the prices of 'M' grade as well as 'S' grade sugar were quoted on an average lower as against Thursday. Demand was reported to be lower than past few days with moderate supplies. The market remained under pressure following the higher sugar sales quota for the month of May. The entire monthly quota is directed to be sold within the month. The Government is closely watching the price of this essential commodity at the open market. 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 another 50000 tons sugar import tender, bids of which to be submitted by 20th May. The International Sugar Organisation has lowered its forecast for 2005-06 global sugar deficit following higher output estimates of India, 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	Thursday Close	Change
May	1992	2008	-16
June	2087	2091	-4

Future Market Happenings:

NCDEX Sugar: Retraced Back from Early Slid to 5-Week Lows

At the futures market the sugar futures at the NCDEX extended the previous weakness further following a lower opening at the early hours of trade. The futures slid significantly at the opening session and traded mostly downwards thereafter to test 5-week lows. However, increased buying interest at the lower levels supported the futures later and the futures pared most of the early losses in late action. The near-month May contract hovered in the range of 1977.00-2004.00, while the June contract fluctuated in the range of 2068.00-2107.00. The domestic sugar futures are likely to trade slightly downwards initially following a steady to weak opening and upward thereafter.

Trade Recommendations

Buy NCDEX-June Sugar M at 2080 with **target** of 2100. **Stop loss** at 2070.

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

NCDEX Sugar M Grade: JUNE Contract

Support-1	2073
Support-2	2063
Previous Close	2087
Resistance-1	2102
Resistance-2	2114

Domestic Prices: Delhi

(Rs/qrtl)

Quality	12.05.06	11.05.06	Change
Ready Sugar (M)	2010-2080	2020-2090	-10
Ready Sugar (S)	1990-2065	2000-2075	-10
Mill Delivery	1900-1960	1910-1970	-10
Khandsari	1740-1830	1740-1830	-
Gur	1525-1625	1525-1625	-
Sulphur	1840-1900	1840-1900	-

Market Wise Spot Prices:

(Rs/qrtl)

Grade	Market	12.05.06	11.05.06
M 30	Muzaffarnagar	2035-2040	2045-2050
	Delhi	2015-2020	2025-2030
	Kolkata	2045-2050	2055-2060
S 30	Chennai	1925-1930	1930-1935
	Kolkata	2025-2030	2035-2040
	Vashi	1965-1970	1970-1975

Weather Forecast

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

Heat wave conditions continue to prevail over pockets of north Rajasthan, western Haryana and Vidarbha, where day temperatures are still above 45°C. Heat wave conditions over these areas are likely to continue.

The day temperatures however are likely to remain below normal over eastern parts of the country as scattered to fairly widespread rainfall is likely to continue over the area.

Scattered to fairly widespread rainfall /thundershowers activity over Northeastern States likely to continue.

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	57.98
1 British £	84.96
100 Jap. Yen	40.92

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>