

Price Drivers

- Govt allows 18.86 lakh tonnes sugar quota for March month.
- Duty Free Sugar imports suspended till 31st March 2011
- Good recovery in UP and Maharashtra reported till date.
- 64.64 lakh tones sugar production till date in Andhra Pradesh.

ICE Sugar Futures Market

Raw sugar for May delivery rose 0.47 cents, to settle at 27.83 cents a pound at 2 p.m. on ICE Futures U.S. in New York. In London, refined-sugar futures for May delivery rose \$2.40, to \$705.00 a ton on NYSE Liffe.

Market Analysis of Sugar

- Sugar prices are mixed in different centers as the market could not find adequate cues to position the prices either side. Meanwhile, sugar exports decision will set the trend of prices in the upcoming days for short term.
- Govt has released 18.86 lakh tonnes sugar quota for March month. Out of the total sugar quota, govt decide to make available 2.02 lakh tonnes sugar quota in Levy. As far as Non-levy sugar quota is concerned, it is 16.84 lakh tonnes and out of Non levy sugar quota, normal quota is 13 lakh tonnes while 0.34 lakh tonnes allocated for the White/Refined sugar processed out of imported raw sugar during the month of January, 2011 and Carryover quantity is 3.50 lakh tonnes. The validity period for sale/dispatch of the non-levy sugar quota (both indigenous and processed raw sugar) released for the month of February, 2011 has been extended upto 15.03.2011. The quota for march month is marginally down from the previous month by 0.32 lakh which may unlikely impact the ongoing sugar prices.
- In Amritsar District (Punjab), average actual cane yield has been marginally increased by 1.77% to 575 quintal/hectare in the marketing year 2010-11 from 565 quintal/hectare in 2009-10 due to better climatic conditions for irrigation and balanced rain which marginally increase the yield in the Amritsar region. As per a survey, Out of 3 mills in the region, 2 mills have been questioned to fetch the area and yield data. In this district, we consider 13685 hectare cane reserved area which is 78% of the total sugarcane area of Amritsar district. Sugarcane reserved area attained from 2 mills for 2010-11 in Amritsar district has been increased by 37% due to better cane price disbursement by mills to farmers in the district.
- Average recovery in the mill in Amritsar district is as of 25rd Feb hovers near 8.05% up from 7.8% in 2009-10.
- Sugar prices in Delhi, Maharashtra, Chennai, Vijaywada, and Nagpur remains unchanged while prices of Sugar has been increased in UP market compared to the previous day while sugar prices has been decreased in Kolkata market. Sugar arrival at Delhi decrease to 3000 Quintal for M grade and 4000 Quintal for S Grade on Friday. By considering the trend of Sugar prices in Physical markets, Prices will move steady to negative due to sluggish demand until some new stand would be taken by Govt of India on sugar exports.

We expect that sugar prices are in Negative bias in near term due to good supply in the market and lack of demand in Physical Markets. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.

Market Analysis of Gur

- Gur prices are mixed in both markets as marginally increased demand in Muzaffar nagar market while less arrival in the Kolhapur market pressurize the prices of gur down.
- Gur prices chaku variety in Muzaffar Nagar increase on Friday while in Kolhapur, Gur price laddu variety has decreased in comparison to previous day. The Gur arrival at Muzaffar Nagar are 3000 lumps while arrival at Kolhapur are 17000 lumps.
- Gur diversion from sugarcane in Amritsar district remains unchanged to 1.50% in comparison to last year.

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 24-02-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2000-2160	+10
Kolhapur	Laddu	1850-2800	-200

Technical Analysis:

- As reflected in the chart sugar prices are moving sideways.
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastic are hovering below overbought region.
- Stay away from the market.

Trade Recommendation – Sugar NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Stay Away	-	-	-	-
Support & Resistance				
S2	S1	PCP	R1	R2
-	-	2827	-	-



Technical Analysis:

- As reflected in the chart Gur prices are moving sideways.
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastic are hovering in oversold region.
- Sell from the resistance level would be the best strategy.

Trade Recommendation – Gur NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Sell above	889	886	882	894
Support & Resistance				
S2	S1	PCP	R1	R2
882	886	888	894	902



NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	91	172
Apr	91	0	81
May	172	81	0

NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	100.5	122
July	100.5	0	21.5
Sept	122	21.5	0

Prices at Key Markets

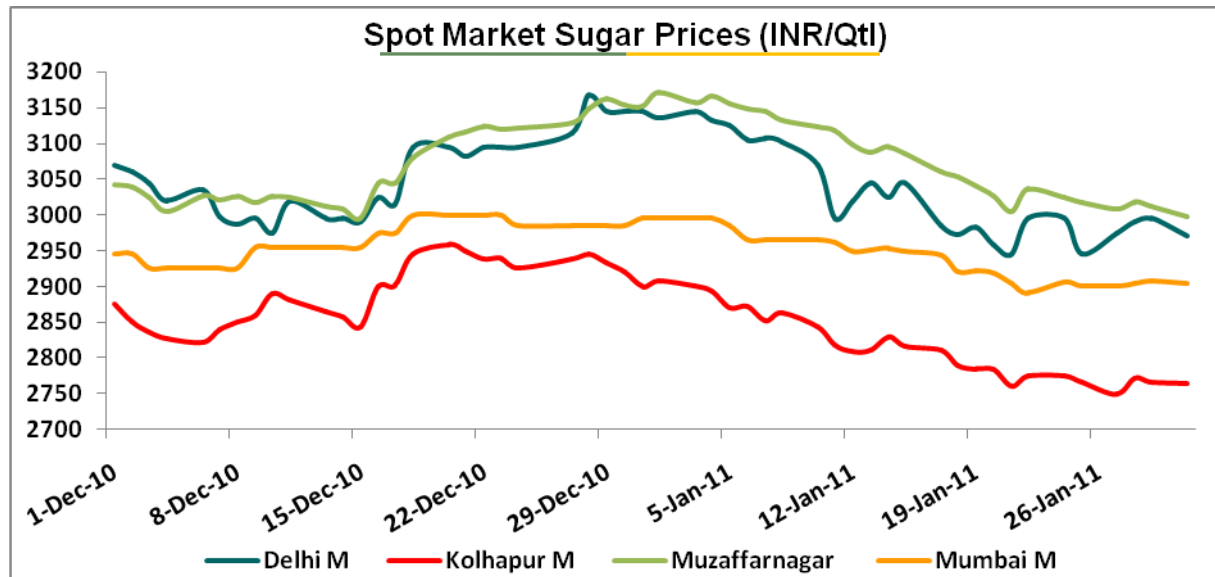
Centre	Grade/Variety	Prices 25-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3020	Unch
	Sugar S	3000	Unch
Mumbai	Sugar M	2810-2870	Unch
	Sugar S	2760-2800	Unch
Kolhapur	Sugar M	2660-2710	Unch
	Sugar S	2600-2640	Unch
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2925	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2930	Unch
	Sugar S	2900	Unch
Kolkata	Sugar M	3010	-10
Ramala	Sugar Ready new	2895	+5
Khatauli	Sugar Ready	2930	+5

International Futures Quotes (as on 24-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	27.36	27.97	26.90	27.83	+0.47
	Jul'11	25.34	25.82	25.01	25.72	+0.38
	Oct'11	24.07	24.40	23.66	24.30	+0.43
LIFFE Sugar (US \$/MT)	May'11	695.00	713.20	689.30	705.00	+2.40
	Aug'11	670.00	683.80	665.50	681.20	+2.50
	Oct'11	630.00	641.00	628.30	641.00	+2.60
White Sugar Premium \$/MT	May'11	-	-	-	93.00	-0.25
	Aug'11	-	-	-	115.75	+1.75
	Oct'11	-	-	-	107.00	-1.00

Stock Position of Sugar in NCDEX Warehouse (In Metric Tonnes)

Location	Variety	Dematted Stocks		Change
		24/02/2011	23/02/2011	
Kolhapur	Sugar M Total	559	589	-30
Kolhapur	Sugar S Total	3071	3271	-200
Source: NCDEX				



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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