

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.
- 6.46 lakh tones sugar production till date in Andhra Pradesh.

ICE Sugar Futures Market

Raw sugar for May delivery rose 0.71 cents, to settle at 29.45 cents a pound at 2 p.m. on ICE Futures U.S. in New York. In London, refined-sugar futures for May delivery rose \$17.40, to \$743.80 a ton on NYSE Liffe.

Market Analysis of Sugar

- Sugar prices are mixed in different centers as demand and supply increases in various centers. Meanwhile, sugar exports decision will set the trend of prices in the upcoming days for short term.
- In Krishan district (Andhra Pradesh), average actual cane yield has increased 13.01% up to 825 quintal/hectare in the marketing year 2010-11 from 730 quintal/hectare in 2009-10 due to better climatic conditions for irrigation. As per a survey, Out of 2 mills in the region, all 2 mills have been questioned to fetch the area and yield data. In this district, we consider 6700 hectare cane reserved area which is 100% of the total sugarcane reserved area of the district. Sugarcane reserved area attained from 2 mills for 2010-11 in Krishan district has been increased by 51.1% due to better cane price disbursement by mills to farmers in the district.
- Average recovery in the mill in Krishan district is as of 1st March hovers near 9.34% down in 2010-11 from 8.73% in 2009-10.
- Sugar prices in Delhi, UP, and Vijayawada remains unchanged while sugar prices have been decreased in Maharashtra and Chennai market. Price has been increased in Nagpur and Kolkata market in comparison to previous day. Sugar arrival at Delhi remains unchanged to 3000 Quintal for M grade and 4000 Quintal for S Grade on Monday. 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 steady in both markets as markets are unable to find adequate cues to move the prices either side on Tuesday.
- Gur prices chaku variety in Muzaffar Nagar and Kolhapur remains same on Tuesday. The Gur arrival at Muzaffar Nagar is 12500 quintal while arrivals at Kolhapur are 17000 lumps.

Technical Analysis:

- As reflected in the chart sugar prices are moving downwards.
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastic are going towards oversold region.
- Sell above the resistance would be the best strategy.

Trade Recommendation – Sugar NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Sell Above	2806	2795	2787	2816
Support & Resistance				
S2	S1	PCP	R1	R2
2787	2795	2800	2821	2835



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	892.5	889	887	896
Support & Resistance				
S2	S1	PCP	R1	R2
887	889	891.5	896	902



NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	125.5	144.5
July	125.5	0	19
Sept	144.5	19	0

NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	88	177
Apr	88	0	89
May	177	89	0

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		28/02/2011	27/02/2011	
Kolhapur	Sugar M Total	509	559	-50
Kolhapur	Sugar S Total	3071	3071	Unch
Source: NCDEX				

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 01-03-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2100-2150	Unch
Kolhapur	Laddu	1900-2700	Unch

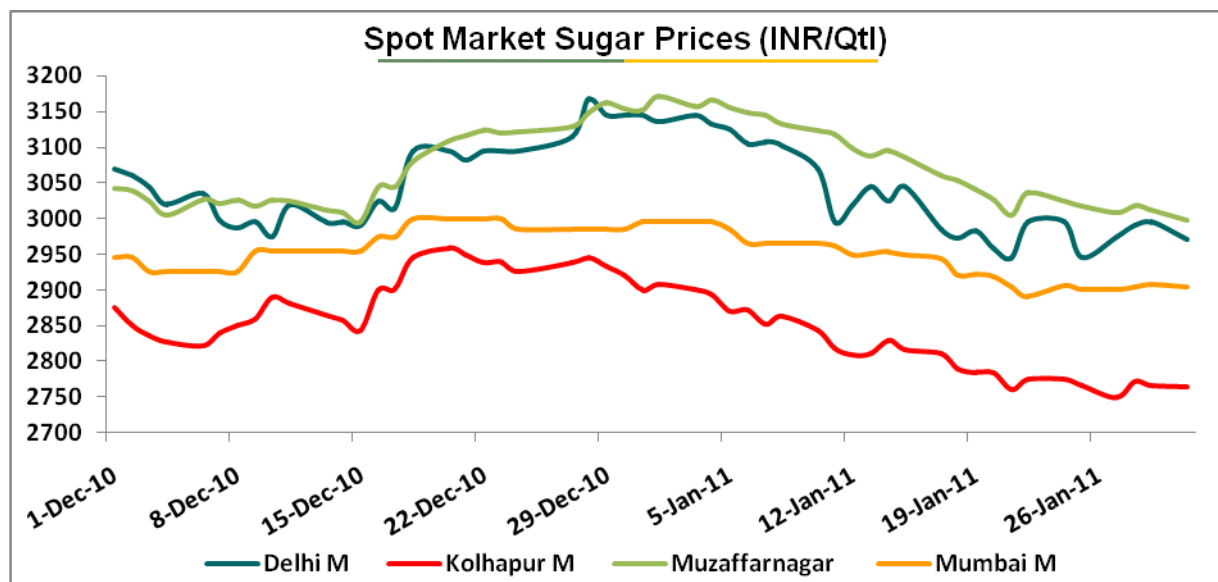
Prices at Key Markets

Centre	Grade/Variety	Prices 01-03-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	3020	Unch
	Sugar S	3000	Unch
Mumbai	Sugar M	2820-2862	-18
	Sugar S	2760-2800	Unch
Kolhapur	Sugar M	2660-2702	-18
	Sugar S	2600-2640	Unch
Chennai	Sugar S	2730	-20
Vijaywada	Sugar M	2925	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2940	+5
	Sugar S	2900	Unch
Kolkata	Sugar M	3000	+20
Ramala	Sugar Ready	2890	Unch
Khatauli	Sugar Ready	2920	Unch

International Futures Quotes (as on 28-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	28.80	29.55	28.75	29.45	+0.71
	Jul'11	26.71	27.30	26.68	27.26	+0.60
	Oct'11	25.30	25.85	25.22	25.79	+0.51
LIFFE Sugar (US \$/MT)	May'11	728.10	745.20	727.60	743.80	+17.40
	Aug'11	704.70	719.20	703.60	717.90	+14.50
	Oct'11	666.80	673.70	664.00	672.40	+9.70
White Sugar Premium \$/MT	May'11	-	-	-	93.00	-0.25
	Aug'11	-	-	-	115.75	+1.75
	Oct'11	-	-	-	107.00	-1.00

Spot Market prices trend



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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