

Technical Analysis

Commodity: Gur (Jaggery) - NCDEX

As evident from the chart, Gur prices moving sideways. For fortnightly point of view, prices will hover between Rs. 879 Rs. to Rs. 924 as per intermediate channel and breaching the levels either side will give prices a new direction. However, taking into account the prevailing fundamentals, Gur prices are weak and if price breaches the level below Rs. 879 then it may go down to the immediate support level of Rs. 860 and then go down to Rs. 840. Also, Oscillators like RSI moving in a oversold region. So the best strategy should be sell on rally towards resistance level.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
MARCH	860	840	909	924



Technical Analysis

Commodity: Sugar - NCDEX

As Chart suggests prices are moving sideways as market cannot find adequate cues to decide the prices either side. Prices are moving in a channel hovers between Rs. 2860 to Rs. 2772 and if breached the level either side will give prices a new direction. However, taking into account the prevailing fundamentals, sugar prices are weak and if breaches Rs. 2772 level then it may go down to the immediate support level of Rs. 2734 and then may go down to Rs. 2664. However, Oscillators like RSI moving in a oversold region. So the best strategy would be sell on rise..

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
MAR	2734	2664	2860	2899



ICE Sugar Future Mar'11 Contract



LIFFE Sugar Future Mar'11 Contract



Market Commentary – Domestic

- Sugar spot prices traded up due to retail buying and wedding season in this fortnightly. Right now market is moving sideways as markets unable to grab adequate cues to move the prices either side. Indecision on Sugar exports was the main decision. Exports decision on sugar will further decide the prices of sugar for the short term.
- Uttar Pradesh sugar production in the current crushing season is likely to grow over 15 per cent compared to last year and touch a figure of almost 6 million tonnes. Against sugar production of 5.18 million tonnes in 2009-10, the output is touted to touch 5.98 million tonnes in 2010-11, a growth of 15.5 per cent.
- Govt delaying decision on exports of sugar may reduce the parity from the international markets as prices are going down in ICE and Liffe sugar futures to 733.40 \$/mt from 857 \$/mt last month. It is noticeable that govt allows 5 lakh tonnes sugar exports in January but suspend it due to double digit inflation. At present, White sugar FOB India prices is 652.23 \$/mt.
- According to media sources, Maharashtra sugar mills expects to lose Rs. 177 crores in January and February owing to Widening gap between production cost and ex-mill realisation, non-lifting of stocks by traders and the Centre's decision to increase the levy-free quota.
- State-run trading firm MMTC Ltd. has invited bids from Indian mills to export 17,500 tonnes of white sugar under the advance licence scheme (ALS), which means under the re-export obligation against previous duty-free raw sugar imports. The sugar should be of S-30 grade from the current crop and the last date for submitting bids is February 28.
- The Central Government has decided to make available 18.86 lakh tons of sugar (levy sugar 2.02 lakh tons and non-levy sugar 16.84 lakh tons) for the month of March, 2011. The sugar factory shall sell/deliver and dispatch the entire non-levy quantity including the sugar processed out of imported raw sugar released for the month of March, 2011 as above only within the validity period of the release order i.e. upto 31.03.2011. 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
- Actual Yield has been increased from plant crop in the year 2010-11 to 48.4 tonnes/hectare from 36.5 tonnes/hectare a year earlier owing to roadmap scheme by launched by govt, according to which 6 quintal high quality seed has been given by govt to every farmer, good sugarcane price given by mills to farmers and balanced rainfall in low lying region in Gopalganj district (Bihar). The recovery in the district is 9.4% this year.
- Actual yield has been decreased in Gonda district (Bihar) from 450 q/hectare last year to 400 q/hectare this year from plant crop while yield from ratoon crop has been decreased from 400 q/hectare to 350 q/ hectare this year. The reason for less yield was lack of weight and flowering in the sugarcane crop due to late rainfall in September. Also the overall recovery in the district has been decreased to 9.4% this year from 10.1% a year earlier.
- Sugar production in UP reached to 401.88 lakh quintals up 49.27 lakh quintals or 13.97 percent up in comparison to last year with an average recovery of 8.97% from Oct to 17 February period. Last year sugar production in UP reached to 352.61 lakh quintals with an average recovery of 8.86% in the same period. There are 125 mills continues crushing operation in the UP state while 128 mills was active in the same period an year earlier.

Spot sugar prices ruled positive in the previous fortnight period as the retail demand recorded in the market and wedding season also supports the prices of sugar in spot markets.

We expect that sugar prices remains in Negative bias in near term due to good supply by mills in the open market and overall sluggish demand in the market would drag the prices down further. Also, expected good yield by upcoming new cane crop harvesting and sugar export delayed by at least for mid term by govt. pressurize the prices downward. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.

Market Commentary – International

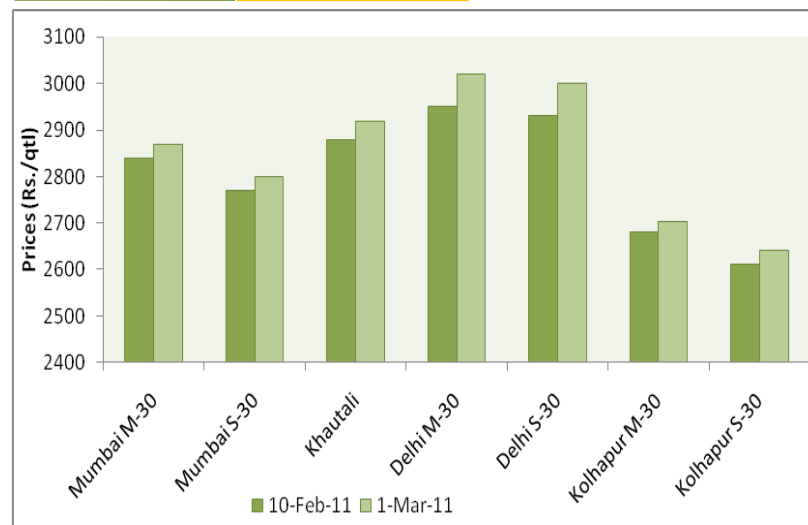
- Thailand, the world's second-biggest sugar exporter, plans to set aside 2.8 million tonnes from its sugar output for domestic consumption in 2011, the highest ever.
- South Africa's 2010/11 sugar output is estimated at 1.911 million tonnes, slightly down from a previous 1.912 million tonnes forecast, the latest estimate by the South African Sugar Association (SASA) showed.
- Mexico may produce 5.25 mln tonnes of sugar, tel quel, in 2010/11 (Nov/Oct), slightly below an initial forecast of 5.368 mln tonnes made in November but still up sharply from 4.8 mln produced in 2009/10, the National Committee for the Sustainable Development of Sugarcane (CNDSCA) said.
- Brazil's center-south will increase the share of cane it directs to sugar production next season as prices of the commodity hover near 30-year highs.
- Brazil's Center South sugar cane output may climb up to 4.1 percent in the next 2011-12 marketing season, according to the International Sugar Organization. Crushing may rise to between 570 million and 579 million metric tons in the area
- Sugar production from Thailand, the world's second-largest shipper, may jump to a record this year as wetter-than-average weather improves yields, potentially raising exports, the Office of the Cane & Sugar Board said
- THE EU's domestic sugar market could see its stocks dwindle to a historical low of about 500 000 tonnes by the end of September 2011. An overhaul of the EU sugar industry has seen a decrease in production from sugar beets, which has not been compensated by a corresponding rise in imports
- Sugar imports in December 2010 amounted to 177,602 tonnes, raw value, up from 153,260 tonnes imported in December 2009. This brought cumulative imports in 2010/11 (Oct/Dec) to 637,250 tonnes, up from 627,737 tonnes imported the same period in 2009. Total imports in 2009/10 (Oct/Sep) were 3.002 mln tonnes compared with 2.794 mln in 2008/09. Major countries of origin for raw sugar in Oct/Dec 2010 were Brazil with 114,431 tonnes compared with 47,669 tonnes and Guatemala with 56,219 tonnes against 37,125 tonnes. Major countries of origin for white sugar in Oct/Dec 2010 were Mexico with 213,464 tonnes against 73,040 tonnes and Brazil with 18,236 tonnes compared with 16,317 tonnes.
- Sugar exports in January 2011 amounted to 1.329 mln tonnes, raw value, down from 1.815 mln exported in January 2010. This brought cumulative exports in 2010 (May/Jan) to 23.930 mln tonnes, up from 20.537 mln exported the same period in 2010. Total exports in 2009/10 (May/Apr) were 24.668 mln tonnes, up from 21.644 mln in 2008/09.
- Sugar production in Brazil's Centre/South region reached only 2,200 tonnes in the second half of January, down from 47,800 in the same period last year, industry association Unica said.

World sugar prices may go up owing to less sugar production by south Africa, and increased imports by EU and Russia further supports the prices to go up in ICE and Liffe. We expect that the prices of Sugar are expected to trade at steady to negative price level as higher imports by EU.

Spot Prices of Sugar

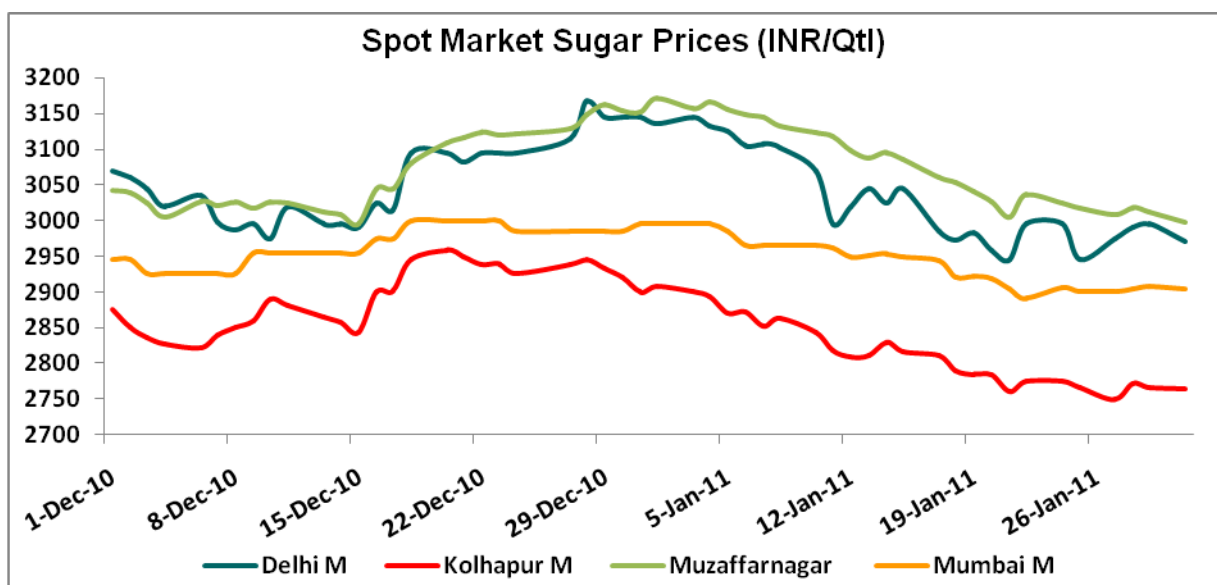
Particulars	10 Feb 2011	1 March 2011	Change
Mumbai M-30	2840	2870	+30
Mumbai S-30	2770	2800	+30
Khautali	2880	2920	+40
Delhi M-30	2950	3020	+70
Delhi S-30	2930	3000	+70
Kolhapur M-30	2680	2702	+22
Kolhapur S-30	2610	2640	+30

Fortnightly Sugar Price Change



FOREX (As on March 1, 2011):

Foreign Currency	Rs. per unit
1 US \$	45.21
1 Euro	62.37
1 British £	72.92
100 Jap. Yen	55.29



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