

#### Price Drivers

- Govt allows 18.86 lakh tonnes sugar quota for March month.
- Duty Free Sugar imports suspended till 31<sup>st</sup> 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 0.21 cents, to settle at 30.59 cents a pound at 2 p.m. on ICE Futures U.S. in New York. In London, refined-sugar futures for May delivery declined \$3.00, to \$757.50 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.
- According to 2<sup>nd</sup> advanced estimate by Government, Sugarcane acreage has been increased 18.94% to 4.96 Million per hectare from 4.17 million per hectare a year earlier due to better remuneration price given to farmers by mills last year.
- Sugar prices in Maharashtra, Delhi, Vijayawada and Kolkata remains unchanged while sugar prices have been decreased in Nagpur and Chennai market. Mixed prices recorded in UP market. Sugar arrival at Delhi remains unchanged 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 steady in various markets as markets could not find adequate cues to decide the prices either side on Friday.
- Gur prices chaku variety in Muzaffar Nagar and Kolhapur remains same on Friday. The Gur arrival at Muzaffar Nagar is 3000 per 40kg 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	2798	2778	2767	2808
Support & Resistance				
S2	S1	PCP	R1	R2
2767	2778	2788	2808	2815



#### 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
<b>Sell Above</b>	878	873	870	884
Support & Resistance				
S2	S1	PCP	R1	R2
870	873	875.5	884	888



#### NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
<b>March</b>	0	127	152.5
<b>July</b>	127	0	25.5
<b>Sept</b>	152.5	25.5	0

#### NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
<b>March</b>	0	83	159
<b>Apr</b>	83	0	76
<b>May</b>	159	76	0

#### Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		03/03/2011	01/03/2011	
Kolhapur	Sugar M Total	509	509	Unch
Kolhapur	Sugar S Total	3071	3071	Unch
Source: NCDEX				

#### Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 04-03-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2100-2250	Unch
Kolhapur	Laddu	1900-2800	Unch

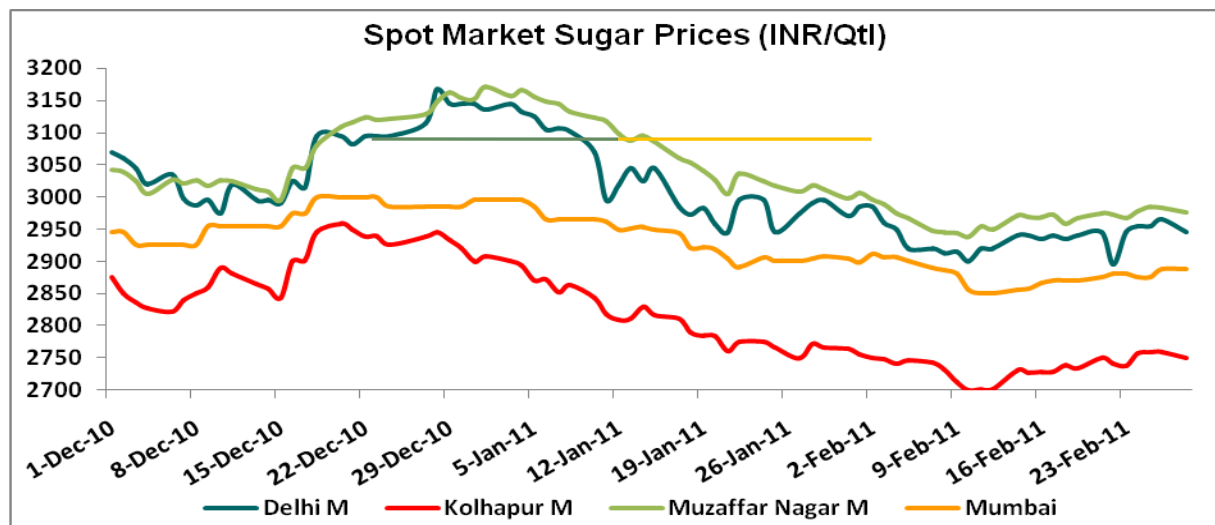
#### Prices at Key Markets

Centre	Grade/Variety	Prices 04-03-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	3000	Unch
	Sugar S	2980	Unch
Mumbai	Sugar M	2820-2865	Unch
	Sugar S	2760-2800	Unch
Kolhapur	Sugar M	2660-2705	Unch
	Sugar S	2600-2640	Unch
Chennai	Sugar S	2720	-10
Vijaywada	Sugar M	2920	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2920	-20
	Sugar S	2900	Unch
Kolkata	Sugar M	3000	Unch
Ramala	Sugar Ready	2900	Unch
Khatauli	Sugar Ready	2935	+25

#### International Futures Quotes (as on 3-3-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	30.47	30.74	29.88	30.59	+0.21
	Jul'11	27.75	27.99	27.36	27.94	+0.13
	Oct'11	26.26	26.45	25.94	26.42	+0.14
LIFFE Sugar (US \$/MT)	May'11	760.60	761.90	747.00	757.50	-3.00
	Aug'11	732.80	734.20	718.50	731.40	-2.10
	Oct'11	679.20	692.30	675.80	689.80	+1.20
White Sugar Premium \$/MT	May'11	-	-	-	84.50	-3.00
	Aug'11	-	-	-	117.50	-0.50
	Oct'11	-	-	-	109.50	+2.50

#### Spot Market prices trend



(Source: NCDEX)

#### ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

#### LIFFE Sugar Futures Mar'11 Contract



#### 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>