

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 declined 0.71 cents, to settle at 29.88 cents a pound at 2 p.m. on ICE Futures U.S. in New York. In London, refined-sugar futures for May delivery declined \$21.80 to settle at \$735.70 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 2nd advanced estimate by Government, Sugarcane yield has been decreased 1.95% to 68655 Kg per hectare from 70020 million per hectare a year earlier due to delayed rains in September hits the yield.
- ICE commodity exchange slashed the sugar margin sharply by 30.77 percent to \$1680 from \$3780 per contract. This gives investors a fantabulous opportunity to invest in sugar futures which further put positive impact on sugar international prices. The increased buying of investors will increase the volume of sugar futures in ICE which may likely support the prices to go up.
- Sugar prices in Maharashtra, Delhi, and Vijayawada remains unchanged while sugar prices have been decreased in Chennai and Kolkata market. Mixed prices recorded in UP market while prices have been increased in Nagpur 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 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 to positive in various markets as decreased arrivals in Kolhapur market support the prices while Muzaffarnagar prices remains same.
- Gur prices chaku variety in Muzaffar Nagar remains same on Saturday while due to less arrivals, gur prices in Kolhapur market has been increased. The Gur arrival at Muzaffar Nagar is 8000 per 40kg while arrivals at Kolhapur are 15000 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	2784	2771	2758	2794
Support & Resistance				
S2	S1	PCP	R1	R2
2758	2771	2783	2794	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
Sell Above	874	871	868.5	879.5
Support & Resistance				
S2	S1	PCP	R1	R2
868.5	871	872.5	879.5	881



NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	124	146.5
July	124	0	22.5
Sept	146.5	22.5	0

NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	81	153
Apr	81	0	72
May	153	72	0

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		04/03/2011	03/03/2011	
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 05-03-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2000-2200	Unch
Kolhapur	Laddu	2000-3000	+200

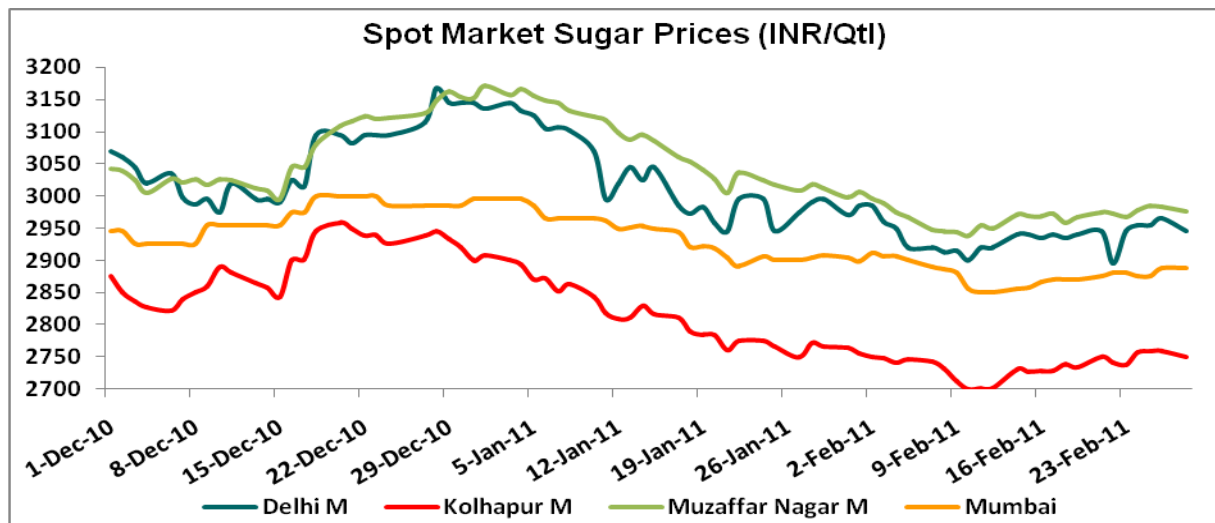
Prices at Key Markets

Centre	Grade/Variety	Prices 05-03-11 (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	2710	-10
Vijaywada	Sugar M	2920	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2960	+40
	Sugar S	2930	+30
Kolkata	Sugar M	2960	-40
Ramala	Sugar Ready	2900	Unch
Khatauli	Sugar Ready	2955	+20

International Futures Quotes (as on 4-3-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	30.60	30.76	29.90	29.88	-0.71
	Jul'11	27.92	28.07	26.60	27.45	-0.49
	Oct'11	26.45	26.56	25.11	25.91	-0.51
LIFFE Sugar (US \$/MT)	May'11	757.00	762.20	728.20	735.70	-21.80
	Aug'11	731.60	735.70	704.10	711.70	-19.70
	Oct'11	690.50	694.10	667.50	670.90	-18.90
White Sugar Premium \$/MT	May'11	-	-	-	85.25	+0.75
	Aug'11	-	-	-	115.00	-2.50
	Oct'11	-	-	-	108.75	-0.75

Spot Market prices trend



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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