

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.
- Government will take decision on sugar exports under OGL this week urged by the appeal by various mills to review the export matter.
- In Khammam (AP) district, average actual cane yield has been increased by 8% to 666.9 quintal/hectare in 2010-11 from 617.5 quintal/hectare a year earlier due to balanced rain. As per a survey, nearly 1 mill out of 2 mills in the Meerut district has been questioned to fetch the area and yield data. In this district, we consider 5000 hectare cane reserved area which is 50% of the total sugarcane area of Khammam district. Sugarcane area for 2010-11 of Meerut district has been decreased by 50%.
- Average recovery in the mills in Meerut district is as of 7th March Feb hovers near 8.5% up in 2010-11 from 7.85% in 2009-10.
- Sugar prices in Nagpur, Delhi, and Vijayawada remains unchanged while sugar prices have been decreased in Chennai, UP and Kolkata market. Increase in prices recorded in Maharashtra 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 to positive in various markets as decreased arrivals in Muzaffar nagar market support the prices while Kolhapur prices remains same owing to strike in the market.
- Gur prices chaku variety in Muzaffar Nagar remains same on Monday while due to less arrivals, gur prices in Muzaffar Nagar market has been increased. The Gur arrival at Muzaffar Nagar is 5000 per 40kg while arrivals at Kolhapur are 15000 lumps.
- On the basis of survey in 1 mills in Khammam district, Average cane diversion to Gur has remains unchanged to 5% from a year earlier.

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.
- Market is in the consolidation phase so 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
-	-	2778	-	-



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	877	873	870	880
Support & Resistance				
S2	S1	PCP	R1	R2
870	873	876	880	886



NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	125	144
July	125	0	19
Sept	144	19	0

NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	81	150
Apr	81	0	69
May	150	69	0

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		05/03/2011	04/03/2011	
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 07-03-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2100-2250	+50
Kolhapur	Laddu	2000-3000	Unch

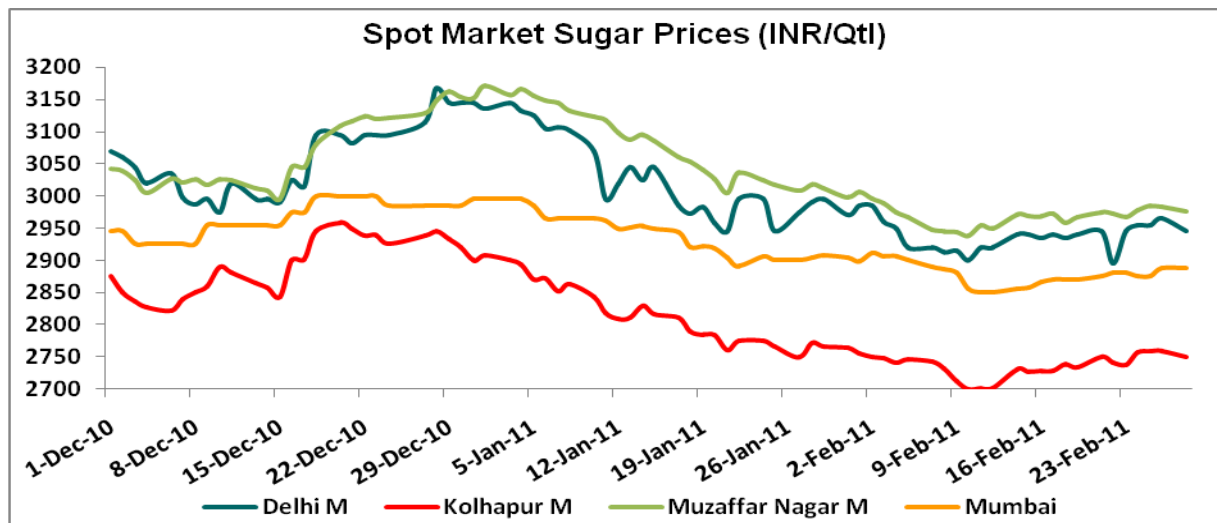
Prices at Key Markets

Centre	Grade/Variety	Prices 07-03-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	3000	Unch
	Sugar S	2980	Unch
Mumbai	Sugar M	2820-2890	+25
	Sugar S	2760-2816	+16
Kolhapur	Sugar M	2660-2730	+25
	Sugar S	2600-2656	+16
Chennai	Sugar S	2710	Unch
Vijaywada	Sugar M	2925	+5
	Sugar S	2900	Unch
Nagpur	Sugar M	2960	Unch
	Sugar S	2930	Unch
Kolkata	Sugar M	2900	-60
Ramala	Sugar Ready	2900	Unch
Khatauli	Sugar Ready	2940	-15

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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