

#### 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
- 6 million tonnes sugar produced in Maharashtra till 8<sup>th</sup> March 2010-11.
- 6.46 lakh tones sugar production till date in Andhra Pradesh.

#### ICE Sugar Futures Market

Raw-sugar futures for May delivery slid 0.28 cent, or 0.9 percent, to 30.42 cents a pound on ICE. In London, refined-sugar futures for May delivery dropped \$12, or 1.6 percent, to \$751.10 a ton.

#### Market Analysis of Sugar

- Sugar prices are mixed in different centers as supply and demand increases in various centers.
- In Namakkal district (Tamil Nadu), average actual cane yield has decreased 4.88% up to 963 quintal/hectare in the marketing year 2010-11 from 1013 quintal/hectare in 2009-10 due to drought condition in the district this year. As per a survey, Out of 2 mills in the region, all 1 mills have been questioned to fetch the area and yield data. In this district, we consider 6477 hectare cane reserved area which is 50% of the total sugarcane reserved area of the district. Sugarcane reserved area attained from 1 mill for 2010-11 in Namakkal district has been decreased by 11%.
- Average recovery in the mill in Namakkal district is as of 10<sup>th</sup> March hovers near 10.1% down in 2010-11 from 10.36% in 2009-10.
- Sugar prices in Nagpur, Chennai, Kolkata, Vijayawada and Delhi remains unchanged while sugar prices have been decreased in UP, Delhi and Chennai markets. Sugar prices increased in Maharashtra in comparison to previous day. Sugar arrival at Delhi decreased to 2000 Quintal for S grade and 2000 Quintal for S Grade on Thursday. 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 Government 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 prices has increase in Kolhapur for Gur while Muzaffar Nagar Gur prices remains unchanged.
- The Gur arrival at Muzaffar Nagar is 10000 per 40kg while arrivals at Kolhapur are 2500 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.
- Market is in the consolidation phase so stay away from the market.

#### Trade Recommendation – Sugar NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Sell Below	2737	2720	2702	2750
Support & Resistance				
S2	S1	PCP	R1	R2
2702	2720	2729	2750	2776



#### 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>	873	870	868.5	875
Support & Resistance				
S2	S1	PCP	R1	R2
868.5	870	871.5	875	880



#### NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
<b>March</b>	0	117.5	140
<b>July</b>	117.5	0	22.5
<b>Sept</b>	140	22.5	0

#### NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
<b>March</b>	0	77	151
<b>Apr</b>	77	0	74
<b>May</b>	151	74	0

#### Prices at Key Markets

Centre	Grade/Variety	Prices 10-03-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	3000	Unch
	Sugar S	2975	-5
Khatauli	Sugar Ready	2890	-10
Ramala	Sugar Ready	2860	-10
Mumbai	Sugar M	2816-2911	+31
	Sugar S	2775-2816	Unch
Kolhapur	Sugar M	2656-2751	+31
	Sugar S	2615-2656	Unch
Vijaywada	Sugar M	2920	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2960	Unch
	Sugar S	2925	Unch
Kolkata	Sugar M	2960	Unch
Chennai	Sugar S	2675	-15

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

Location	Variety	Dematted Stocks		Change
		09/03/2011	08/03/2011	
Kolhapur	Sugar M Total	509	509	Unch
Kolhapur	Sugar S Total	3071	3071	Unch
Source: NCDEX				

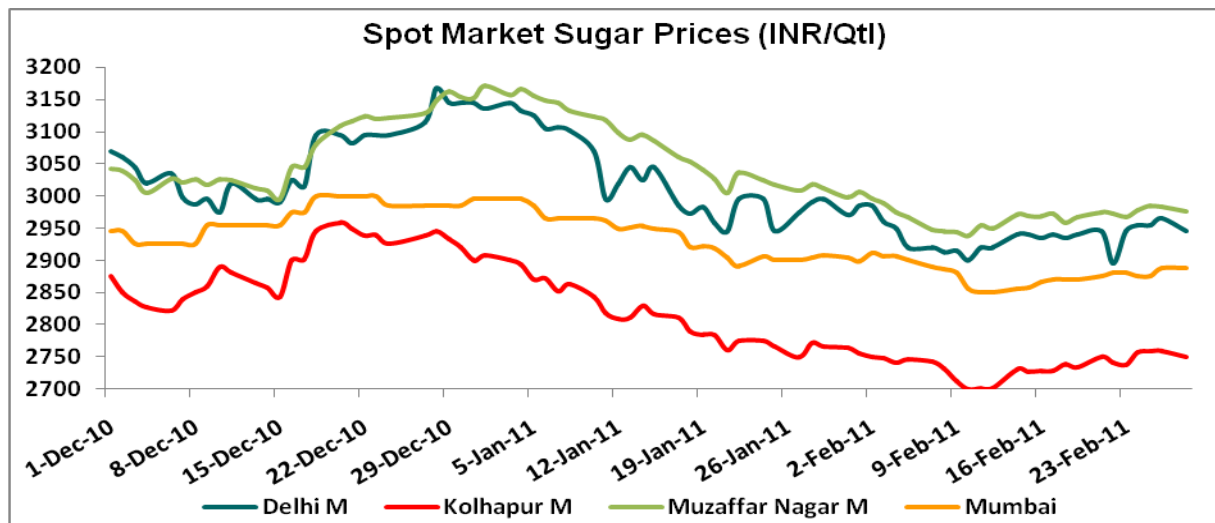
#### Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 10-03-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2025-2150	Unch
Kolhapur	Laddu	2000-3500	+500

#### International Futures Quotes (as on 9-3-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	30.83	30.97	29.83	30.42	-0.28
	Jul'11	28.11	28.30	27.30	27.77	-0.31
	Oct'11	26.50	26.69	25.71	26.22	-0.27
LIFFE Sugar (US \$/MT)	May'11	765.40	771.00	749.00	751.10	-12.00
	Aug'11	736.40	740.00	718.00	719.60	-15.40
	Oct'11	694.50	697.50	678.00	678.60	-16.10
White Sugar Premium \$/MT	May'11	-	-	-	90.00	+2.50
	Aug'11	-	-	-	114.75	+0.75
	Oct'11	-	-	-	109.25	-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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