

Price Drivers

- Govt. allows 18.86 lakh tonnes sugar quota for March month.
- Duty Free Sugar imports suspended till 31st March 2011
- 6 million tonnes sugar produced in Maharashtra till 8th March 2010-11.
- Govt. has raised minimum cane purchase price to Rs.145/quintal.

ICE Sugar Futures Market

Raw-sugar futures for May delivery climbed 0.97 cent, or 3.6 percent, to 27.71 cents a pound. This week, the price dropped 4 percent.

In London, refined-sugar futures for May delivery raised \$24.40 to \$710.60 a metric ton on NYSE Liffe.

Market Analysis of Sugar

- Sugar prices are steady to negative in various spot markets as sluggish demand and increased supply by mills pressurize the prices down.
- Sugarcane acreage may be decreased in the Aurangabad district (Maharashtra) for 2011-12 owing to better price purchase for Cotton in the region and less availability of labour, various mills in the district will get no or very less sugarcane to crush as sugarcane growers switches the crop from sugarcane to Cotton. Due to labour shortage and govt policies, mills in Aurangabad district facing huge losses. According to survey by Agriwatch,
- Sugar prices in Nagpur, Chennai, and Vijayawada remains unchanged while sugar prices have been decreased in Maharashtra, Delhi, UP and Kolkata markets. Sugar arrival at Delhi was 2500 Quintal for M grade and 2500 Quintal for S Grade on Monday.
- Owing to sluggish demand and good arrivals in the markets, the sugar prices seem to go down further in the coming days. Also, Govt delaying the decision on sugar exports under OGL pressurizes the prices further.

We expect that sugar prices are in Negative bias in near term due to good supply and sluggish demand in the market Delayed export decision on sugar also pressurizes the prices. 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 arrivals in Muzaffar Nagar is very less in comparison to previous trading day. Also, demand has picked up owing to market open after a holiday while Kolhapur gur market has remained closed on Monday.
- The Gur arrival at Muzaffar Nagar is 1500 per 40kg.

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 level would be the best strategy.

Trade Recommendation – Sugar NCDEX (Apr.) Contract

Call	Entry	T1	T2	SL
Sell Above	2768	2756	2747	2785
Support & Resistance				
S2	S1	PCP	R1	R2
2747	2756	2766	2785	2808



Technical Analysis:

- As reflected in the chart Gur prices are moving sideways.
- Price trading above 9 EMA and 18 EMA which further indicates bullish.
- However, oscillators such as RSI and Stochastic are hovering in overbought region.
- Sell above the resistance level would be the best strategy.

Trade Recommendation – Gur NCDEX (Apr.) Contract

Call	Entry	T1	T2	SL
Sell Above	1000.5	997	994	1004
Support & Resistance				
S2	S1	PCP	R1	R2
994	997	998.5	1004	1007



NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	119	147
July	119	0	28
Sept	147	28	0

NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
Apr	0	62	110
May	62	0	48
June	110	48	0

Prices at Key Markets

Centre	Grade/Variety	Prices 21-03-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	3020	Unch
	Sugar S	2950	-50
Khatauli	Sugar Ready	2925	-15
Ramala	Sugar Ready	2870	-10
Mumbai	Sugar M	2800-2860	-10
	Sugar S	2750-2780	Unch
Kolhapur	Sugar M	2640-2700	-10
	Sugar S	2590-2620	Unch
Vijaywada	Sugar M	2920	Unch
	Sugar S	2870	Unch
Nagpur	Sugar M	2950	Unch
	Sugar S	2910	Unch
Kolkata	Sugar M	2930	-40
Chennai	Sugar S	2700	Unch

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		18/03/2011	17/03/2011	
Kolhapur	Sugar M Total	2104	808	+1296
Kolhapur	Sugar S Total	3071	3071	Unch
Source: NCDEX				

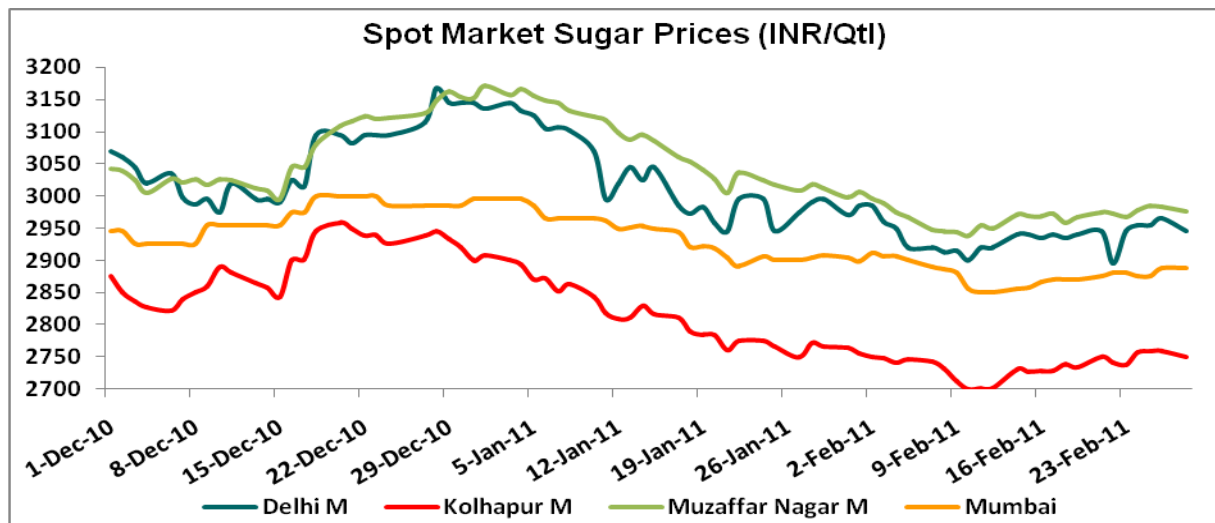
Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 21-03-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2275-2275	+75
Kolhapur	Laddu	2200-3000	Holiday

International Futures Quotes (as on 18-3-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	27.02	27.75	26.95	27.71	+0.97
	Jul'11	24.92	25.54	24.73	25.49	+0.89
	Oct'11	23.89	24.41	23.57	24.34	+0.79
LIFFE Sugar (US \$/MT)	May'11	692.00	712.30	689.10	710.60	+24.40
	Aug'11	662.00	676.50	657.40	674.90	+21.30
	Oct'11	631.00	644.00	631.00	643.40	+19.20
White Sugar Premium \$/MT	May'11	-	-	-	98.75	+5.75
	Aug'11	-	-	-	116.00	+2.75
	Oct'11	-	-	-	112.00	+3.75

Spot Market prices trend



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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