

Technical Analysis

Commodity: Gur (Jaggery) - NCDEX

As evident from the chart, Gur prices moving upwards. For fortnightly point of view, prices will hover between Rs. 965 to Rs. 1020.5 as per intermediate channel and breaching the levels either side will give prices a new direction. However, taking into account the prevailing fundamentals, Gur prices are strong and if price breaches the level below Rs. 1020.5 then it may go up to the immediate resistance level of Rs.1054.8 and then go down to Rs 1082.5. Also, Oscillators like RSI moving up to overbought region. So the best strategy should be buying on decline towards support level.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	984	964	1054.5	1082.5



Technical Analysis

Commodity: Sugar - NCDEX

As Chart suggests prices are moving downwards as sluggish demand and weak fundamentals and Technicals. Prices are moving in a channel hovers between Rs. 2822 to Rs. 2736 and if breached the level either side will give prices a new direction. However, taking into account the prevailing fundamentals, sugar prices are weak and if breaches Rs. 2736 level then it may go down to the immediate support level of Rs. 2700 and then may go down to Rs. 2680. Also, Oscillators like RSI moving in a oversold region. So the best strategy would be sell on rise.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
April	2736	2680	2848	2873



ICE Sugar Future Mar'11 Contract



LIFFE Sugar Future Mar'11 Contract



Market Commentary – Domestic

- Sugar spot prices traded up due to retail buying and festive season in this fortnightly. Also, Govt allows 5,00,000 tonnes exports under OGL pulls the prices of sugar upwards. Also, Govt impose 15% import tax on sugar that also moves the prices of sugar upwards.
- Government allows 5 lakh tonnes exports of sugar under OGL (open general license) that will be allowed for shipment from April mid. Sugar prices goes up in spot as well as Future market after the news.
- Government extend stock holding limit for traders for six months to sept. Govt enhance stock holding limit for traders to 500 tonnes from 200 tonnes. This will put positive impact on sugar prices in the short term as traders now can stock more sugar bags in their godowns.
- Mills in UP has crushed 609.08 lakh tonnes and produced 5.42 Million tonnes sugar with an average recovery of 9.10% till 23rd March 2011.. UP mills have crushed 526.40 lakh tonnes and produced 4.75 million tonnes sugar with an average recovery of 9.04% same period last year. It is noticeable that according to an estimation, UP mills will close its crushing operations till April mid and will produce 6.4 million tonnes sugar but according to present scenario, UP doesnot seems to fulfill its target of producing that much sugar and that may be a cause of concern. Out of 125 mills in UP, 48 mills has closed its crushing operations. Also, recently govt has allowed 5 lakh tonnes sugar export under OGL which may drags the prices of sugar upwards.
- Govt also impose 15% import tax on sugar effective from 1st April 2011. This will also demotivate importers to import sugar which will further increase the sugar price.
- The sugar factories in Maharashtra have so far crushed 593.86 lakh tonne sugarcane to produce 66.11 lakh tonne sugar. Currently, the state's sugar recovery rate is 11.13 per cent, The state has reported sugarcane plantation over 10 lakh hectares, which have yielded 810 lakh tonne sugarcane, of which 21 lakh tonne is excess.
- Falling sugar prices in the recent weeks in international markets have made exports an unviable proposition. Sugar prices have come down to nearly \$675 per tonne in international market from over \$850 per tonne in January.
- The government has hiked the fair and remunerative price (FRP) of sugarcane by 4.2 per cent at Rs 145 per quintal for the 2011-12 season, starting October. The FRP of sugarcane for 2010-11 season was Rs 139.12 per quintal. This news has put positive impact on sugar prices. Now, farmers can get better cane price for the season 2011-12 which can boost the sugarcane production in next year.
- A sudden increase in day temperature has added to the worries of cooperative sugar mills in Maharashtra. the possibility of harvesting labour staying away from work due to high temperature my affect cane harvesting and crushing operations in the state. Maharashtra is facing the challenge of crushing a record sugar cane output of 800 lakh tonne in the 2010-11 crushing season.
- The state cabinet on Wednesday decided to allow transport subsidy for sugar cooperatives which process their produce outside their operational area. Accordingly, the cooperatives will be eligible for a subsidy of Rs 3 per ton per km for crushing the crop in areas at a distance of above 50 km from the factory site.
- In an attempt to control the number of sugar factories in the state, the sugar commissionerate has proposed to increase the radius of a factory's sugarcane area from 15 km to 25 km. The sugarcane area for every factory is allotted as per the sugarcane control order of the Union government. The sugarcane farmers within a given area are supposed to register themselves with the respective sugar factory. This data provides information about the availability of sugarcane and helps in planning.

Spot sugar prices ruled positive in the previous fortnight period as the retail demand recorded in the market and festive season also supports the prices of sugar in spot markets. Also, exports news and stock piling limits enhancement and 15% import tax imposed by govt supports the prices.

We expect that sugar prices remains steady to positive in near term due to shipment of sugar to ports in Mid april may support the prices and also buying by UP mills from Maharashtra mills to export sugar also supports the prices of sugar in Spot markets. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.

Market Commentary – International

- The International Sugar Organisation (ISO) cuts its estimate for the 2010/11 (Oct/Sep) world sugar production surplus to a paltry 196,000 tonnes, raw value, from its previous estimate of 1.286 mln made in November that has pressurize the prices down in ICE sugar futures as world sugar output increased.
- Guatemala's sugar production will likely fall to around 2 million tonnes, around 13 percent smaller then last year and lower than originally forecast, as bad weather damaged cane in one of the world's leading sugar exporters. Guatemala produced 2.3 million tonnes of sugar in the 2009/10 harvest and exported 1.6 million tonnes.
- US sugar production in 2011/12 (Oct/Sep) will likely increase to 8.22 mln short tons, raw value, up 2.6% from the 8.010 mln tonnes projected for 2010/11, the US Department of Agriculture (USDA) said.
- Indonesia may produce 2.6 mln tonnes of sugar in 2011, below a previous projection of 2.7 mln as continuing rains may affect the crop in some growing areas, the Indonesian Sugar Association said. Despite the downward revision, sugar output will still be up 15.5% from 2010 as an increase in acreage, better yields and higher sugar content.
- Brazil's 2011/12 cane crop is forecast to rise by 20 million tonnes in 2011/12 to 640 million tonnes. the world's top sugar producer, to rise by 2 million tonnes to 36.5 million tonnes in 2011/12. I think we'll see a repetition of what we saw last year when at some point we had more than 100 vessels queuing to load Brazilian sugar.
- Pakistan produced 3,333,950 tonnes of sugar, white value, between the start of the 2010/11 crushing season. The Pakistan Sugar Mills Association projected 2010/11 sugar output at 3.6 mln tonnes in early February, below a previous projection of 3.8 mln.
- Ukraine may produce 2.1 mln tonnes of beet white sugar in 2011/12, up from 1.545 mln in 2010/11.
- Thai sugar production as of March 20 reached 7.573 mln tonnes, raw value, up by almost 12% year-on-year (6.778 mln). Of the total 2.497 mln tonnes were whites (2.646 mln).
- Rains expected this week over important cane producing areas in Brazil's center-south will hinder the early 2011/12 harvest, which started in March.
- Egypt's Sugar and Integrated Industries Co. bought 150,000 metric tons of raw sugar at a tender on March 21
- Sugar output in Brazil, the world's largest producer, may be delayed by soaring ethanol prices and above-average rainfall.
- Mexico has so far produced 3.6 million tonnes of sugar in the 2010/11 harvest, up nearly 24 percent compared with the same period last year.
- Fine weather will boost Tanzania's 2010/11 (April-March) sugar output by 18 percent this year but imports will still be needed.
- The European Union approved late on Thursday the export of 650,000 tonnes of 'out-of-quota' sugar for the 2011/2012 marketing year. EU governments also approved an import quota for 400,000 tonnes of industrial sugar for non-food use for 2011/2012.

World sugar prices may go down owing to good supply situation in the global market. Also, Libya tension and Japan earthquake puts the Sugar prices down in this fortnightly. Good supply situation and good sugar output from Tanzania, Mexico, and Good crop in Thailand, Exports by India will put some pressure on prices of sugar globally in this upcoming fortnightly.

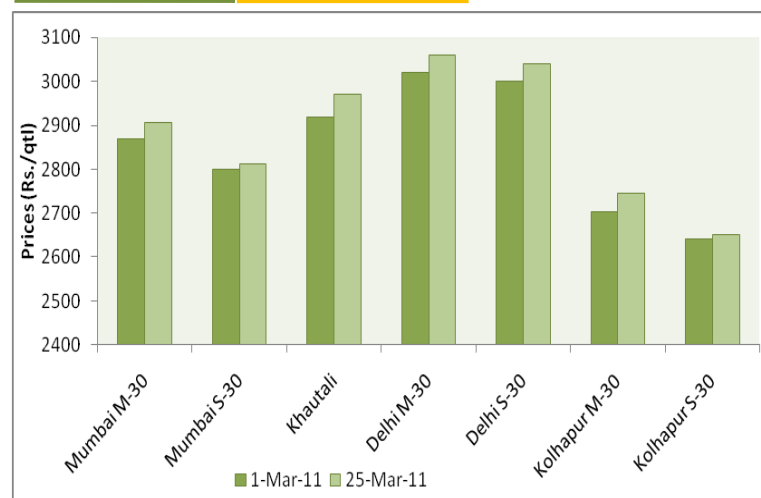
Spot Prices of Sugar

Particulars	1 March 2011	25 March 2011	Change
Mumbai M-30	2870	2906	+36
Mumbai S-30	2800	2811	+11
Khautali	2920	2970	+50
Delhi M-30	3020	3060	+40
Delhi S-30	3000	3040	+40
Kolhapur M-30	2702	2746	+44
Kolhapur S-30	2640	2651	+11

FOREX (As on March 25, 2011):

Foreign Currency	Rs. per unit
1 US \$	44.63
1 Euro	63.21
1 British £	71.82
100 Jap. Yen	55.06

Fortnightly Sugar Price Change



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