

## 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. 2808 to Rs. 2713 and if breached the level either side will give prices a new direction. If prices breach the level 2717 upwards then prices may go up to Rs. 2764 owing to channel breakout. However, taking into account the prevailing fundamentals, sugar prices are weak and if breaches Rs. 2691 level then it may go down to the immediate support level of Rs. 2660 and then may go down to Rs. 2632. Also, Oscillators like RSI moving in an oversold region. So the best strategy would be sell from support level.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
May	2630	2660	2717	2764

## Technical Analysis

### Commodity: Gur (Jaggery) - NCDEX

Gur charts depicts a range bound and upwards trade during the period. Prices mostly hovered between 948-997 levels during the period. However, breakout above the 1000 level with good support of volume suggests firmness in prices. If prices breached the level of 1000 then it may go up to 1032 level and if prices not breached the 1000 level then it may move in a consolidation phase or may go down to 986 level and then may go down to 975 level. Oscillator RSI further supports firmness in prices.. Gur prices at NCDEX are likely to trade range bound with firm bias during the coming fortnight. Buying above immediate resistance level 1000 is advisable.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
July	986	975	1000	1032



## ICE Sugar Future Aug'11 Contract

## LIFFE Sugar Future Aug'11 Contract



### Domestic Market Scenario - Fortnightly

- In this fortnightly, Sugar prices has come down owing to sluggish demand and high sugar quota for April month. Export notification for 5 lakh tonnes sugar under OGL delayed by Govt also pressurizes the prices in this fortnightly.
- The government's delayed approval to export of 500,000 tonnes of sugar under open general licence (OGL) is not being cheered by the industry.
- The delay in issuing an official notification permitting export of five lakh tonnes (lt) of sugar - despite an Empowered Group of Ministers (EGoM) giving the go-ahead on March 22 - has upset domestic millers and sugar prices.
- The government is examining a proposal to bring down import levy on sugar after duties were restored to 60% from the beginning of current financial as a two-year old order allowing free exports lapsed on March 31. The food and consumer affair ministry has proposed a lower 15% import duty in view of the still high food inflation.
- The Government has decided to make available 19.07 lakh tonne of sugar (levy sugar - 2.07 lakh tonne and non-levy sugar - 17 lakh tonne) for the month of April, 2011.

**In the previous fortnightly, Sugar spot prices have gone down. We expect that prices of sugar may go down further in the next fortnightly owing to delayed export of sugar, sluggish demand. Also rumors of reduction in import tax on sugar to 15% from 60% may pressurize the prices further. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.**

#### UTTAR PRADESH

- As on 13th April, 2011, UP has produced 58.61 lakh tonnes sugar in 2010-11 by crushing 641.59 lakh tonnes of sugarcane with an average recovery of 9.13%. Sugar production in 2010-11 up by 14.27% from 51.29 lakh tonnes in 2009-10 by crushing 562.99 lakh tonnes of sugarcane with an average recovery of 9.11%. Right now only 6 mills running in the UP state out of the 128 mills.
- UP may miss its 65 lakh tonnes sugar production estimate in 2010-11 due to low recovery which further pressurize the overall sugar production scenario.

#### KARNATAKA

- As on 31st March, 2011 Karnataka has produced 30 lakh tonnes sugar production by crushing 274 lakh tonnes with an average recovery of 11%.
- As per the survey by Agriwatch, the average sugarcane acreage will seems to be increased for 2011-12 season as planting has been increased in karnataka state that may support the possibilities of good sugar production in crushing season 2011-12.

#### MAHARASHTRA

- As on 8th April, 2011, Maharashtra mills has produced 76 lakh tonnes sugar as on 8th April 2010-11 up 21.5% (Y-O-Y) from 62.5 lakh tonnes in the same period in 2009-10. 673.3 lakh tonnes cane has been crushed with an average recovery of 11.28%. Maharashtra state has estimated to produce 95 lakh tonnes in the crushing year 2010-11.
- Spot prices in Kolhapur have been decreased in this fortnightly owing to delaying exports, high sugar quota for April month and sluggish demand.

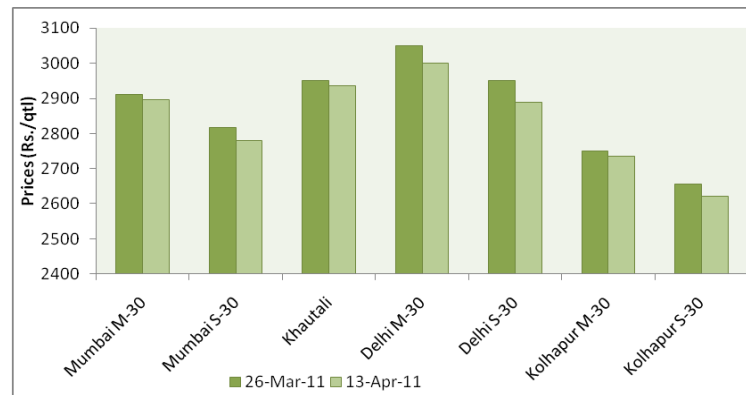
#### HARYANA

- Haryana have produced 18.66 lakh quintal of sugar by crushing 225.53 lakh quintal of sugarcane with an average recovery of 8.42% till 6th April 2011. During the crushing season 2009-10, Cooperative Sugar mills of the State had crushed 87.04 lakh quintal of sugarcane and produced 7.28 lakh quintal of sugar in the same period.
- Overall capacity utilisation of the sugar mills in the state has been 92.19 per cent till date during the current crushing season as compared to 71.86 per cent during the last crushing season.

## Spot Prices of Sugar

	26-Mar-11	13-Apr-11	change
<b>Mumbai M-30</b>	2911	2896	<b>-15</b>
<b>Mumbai S-30</b>	2816	2781	<b>-35</b>
<b>Khautali</b>	2950	2935	<b>-15</b>
<b>Delhi M-30</b>	3050	3000	<b>-50</b>
<b>Delhi S-30</b>	2950	2890	<b>-60</b>
<b>Kolhapur M-</b>	2751	2736	<b>-15</b>
<b>Kolhapur S-30</b>	2656	2621	<b>-35</b>

## Fortnightly Sugar Price Change



## International Sugar Prices (Fortnightly)

	Contract Month	27/3/2011	13/4/2011	Change
ICE Sugar #11 (US Cent/lb)	<b>May'11</b>	27.05	24.79	<b>-2.26</b>
	<b>Jul'11</b>	24.96	23.65	<b>-1.31</b>
	<b>Oct'11</b>	23.90	23.90	<b>0</b>
LIFFE Sugar (US \$/MT)	<b>May'11</b>	701.60	691.40	<b>-10.2</b>
	<b>Aug'11</b>	664.50	641.20	<b>-23.3</b>
	<b>Oct'11</b>	640.90	629.60	<b>-11.3</b>

World Sugar Balance Sheet (1000 Tonnes)	Years		Change
All Units in Million Tons	2009-10	2010-11	In %
<b>Opening stocks</b>	27946	26146	-6.44
<b>Production</b>	153459	161899	5.5
<b>Imports</b>	51409	49159	-4.38
<b>Domestic consumption</b>	154096	158202	2.66
<b>Exports</b>	51807	51824	0.03
<b>Closing stocks</b>	26146	26457	1.18
<b>Average Monthly consumption</b>	12841.3	13183.5	2.66
<b>Stocks in months to use</b>	2.04	2.01	-1.43
<b>Stock to use ratio</b>	16.97%	16.72%	-1.13

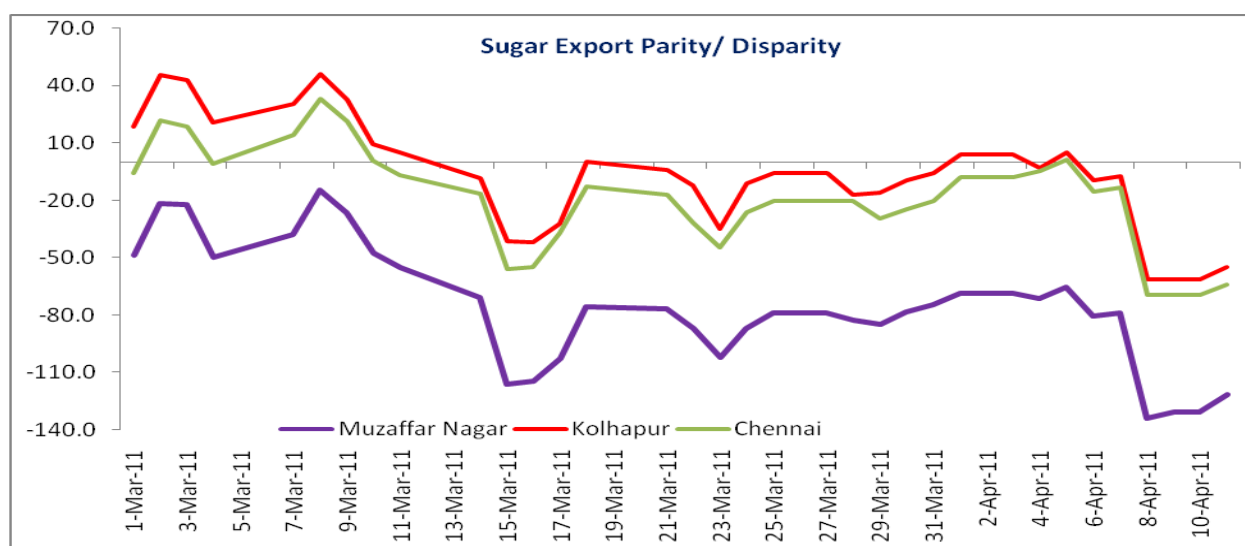
(Source: USDA)

## Monthwise Sugar Quota release (In Lakh Tonnes)

Months	Normal Quota	Carry Over Stock	Import*	Buffer	Total Non- Levy	Levy	Total Releases
Oct	14.98	1	1.52	0	17.5	2.48	19.98
Nov	13.08	0	0.92	0	14	2.15	16.15
Dec	14.13	0	0.47	0	15	2.08	17.08
Jan	16.56	0	0.44	0	17	2.18	19.18
Feb	13	3	0.23	0	16.23	2.16	18.39
Mar	13	3.5	0.34	0	16.84	2.02	18.86
April	15.8	1	0.2	0	17	2.07	19.07

\*White/refined sugar processed out of the imported raw sugar during the month

(Source: Pib)



## Sugar Production in the Crushing Season 2010-11

States	Cane Crushed	% Recovery	Total Sugar Production	Set Target of Sugar Production
UP	641.59	9.13	58.61	65
Maharashtra	683.97	11.28	77.5	95
Tamil Nadu	104.55	9.32	9.75	16
Andhara Pradesh	96	9.65	9.2	-
Karnataka	274	11	30	36

Data as on 13th April for Up and Maharashtra

Data as on 31st March 2011 for Tamil Nadu, Karnataka, and Andhara Pradesh



### International Market Scenario - Fortnightly

#### MEXICO

- Mexican government expects that the sugar production may reach to 5.3 million tonnes in 2010-11. They have previously estimated the sugar production at 5.25 million tonnes. The new forecast of sugar production in Mexico may cover the domestic demand and also can export more sugar to United States.
- As on 24<sup>th</sup> March, 2011, Mexico has produced 3.6 million tonnes of sugar nearly 24 percent up against previous year sugar production.
- Till date, total 31.44 million tonnes of sugarcane crushed and produced 3.6 million tonnes sugar in 2010-11.

#### BRAZIL

- Brazil may tax sugar exports by 5% to increase ethanol production and lower prices.
- Upcoming Brazil crop arrival delays owing to heavy rains will delayed the crushing operations in Brazil which will also restrict the sugar supply and also supports the sugar prices in the coming days.
- Brazil will allow more sugar exports to US to offset the shortage caused by a freeze which struck the sugarcane crop in Florida. Brazil already exports 72.148 tonnes of sugar to US.
- Brazil's government wants to restrict state lending to cane mills that produce more sugar than ethanol in a bid to boost production of the biofuel.
- Brazil exported 1.440 mln tonnes of sugar, raw value, in March 2011, up from 1.302 mln in the previous month and compared with 1.314 mln in March 2010.

#### THAILAND

- As on 11th April 2011, White Sugar Output reached 3.050 million tonnes. The cane crush so far reached 83.9 million tonnes compared with 68.5 mln in 2009/10.
- Molasses output is close to 3.6 million tonnes against 3 million tonnes last year.
- Sugar output estimated seems to be met as daily sugar production rates still above 40000 tonnes. The projected total sugar output is 9 million tonnes (Including raw and white)

## INDONESIA

- White sugar production is expected to increase by 16% to 2.6 mln tonnes in 2010-11 from 2.25 mln in 2009-10 on drier weather.
- 3.5% rise in planting also supports the sugar production in Indonesia.
- Indonesian sugar industry(AGI) sees white sugar demand steady at around 2.7 million tonnes in 2010-11. This may reduce the need of sugar imports in 2010-11.
- Earlier, Association revised the sugar production down by 31 percent to 2.69 million tonnes from an initial forecast of 3.88 million tonnes due to extended rains in the Java island which supplies 60% of Indonesia's sugar output.

## RUSSIA

- Russia's raw-sugar imports rose 15 percent from October through March from a year earlier owing to worst drought in the country damaged domestic crop.
- Imports increase from 703000 tonnes to 805000 tonnes in this period.
- Russian Sugar beet output dropped to 2.7 million tonnes in 2010 from 3.3 million tonnes a year earlier.
- Brazil is among the major exporter of sugar to Russia supplying more than 4,70,000 tonnes.
- As per news sources, Thailand exports sugar to Russia and will undercut the traditional supplier, Brazil. Thailand may export 2 lakh tonnes of sugar to Russia for May arrivals.

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