

Price Drivers

- Govt notifies the 5 lakh tonnes sugar export under OGL. Also issued first tranche of sugar exports i.e. around 30000 metric tonnes.
- Govt. fixed May month levy sugar quota to 2.13 lakh tonnes - Media Sources.
- Zero import duty on sugar till June.

ICE Sugar Futures Market

Raw-sugar futures for July delivery declined 0.38 cent to 21.87 cents a pound.

In London, White sugar futures for August delivery declined \$11.40 to settle at \$615.10 per tonne.

Market Analysis of Sugar

- Sugar prices goes down in various markets on Tuesday as good supply and higher sugar quota for May month pressurizes the prices downwards. Sugar prices decreased in Delhi, UP, Maharashtra and Nagpur markets while prices remains steady in Chennai and Vijayawada market. Prices of sugar increased in Kolkata market in comparison to previous day.
- Government has set zero percent import duty on sugar imports till June. The decision seems to be a precautionary measure by government as summer demand yet to pick up and mills are exporting sugar urges the government to introduce zero percent import duty on sugar. Decision may give bearish impact on spot prices. According to Notification issued by CBEC on April 15.
- Exports of White sugar have been decreased from the ports of Brazil in April. Brazil has export 1,62,500 tonnes sugar white in April down 53.57% with compared to March exports and 52.60% down y-o-y.
- Sugar prices seems to decrease as higher sugar quota for May and zero percent import duty on sugar may drag the prices downwards owing to better supply expectation in the open market moving forward.

We expect that sugar prices are in negative bias in near term due to comparative high sugar quota for May month. Meanwhile prices of Sugar in International markets may go down owing to good production scenario from Thailand. Also, supply coming from Brazil may ease prices in the coming days. 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 positive in various markets as sluggish arrivals of Gur supports the prices upwards in the Ahmadabad and Muzaffarnagar market.
- The Gur arrival at Muzaffar Nagar is 2000 mund (1mund= 40kg) while no arrivals reported in Ahmadabad market on Tuesday.
- Arrivals of gur from mandi will stop in the next 10 days in Ahmadabad. Gur stored in the warehouse will be traded after 10 days.

Technical Analysis:

- As reflected in the chart sugar prices are moving upwards. Price trading above 9 EMA and 18 EMA.
- Also, 9 day EMA break 18 day EMA which further suggests bullishness.
- Prices have decreased with volume and open interest further suggests bearishness.
- Also oscillators such as RSI and Stochastic are going towards overbought region.
- Sell above from resistance level would be the best strategy.

Trade Recommendation - Sugar NCDEX (May) Contract

Call	Entry	T1	T2	SL
Sell Below	2724	2710	2702	2731
Support & Resistance				
S2	S1	PCP	R1	R2
2702	2710	2715	2731	2741



Technical Analysis:

- As reflected in the chart Gur prices are moving upwards.
- Price trading below 9 EMA and 18 EMA however Gur price touched upper Bollinger bands which suggests bearishness in the price.
- However, oscillators such as RSI and Stochastic are in an overbought region which further suggests bearishness.
- Stay Away from the market would be the best strategy.

Trade Recommendation – Gur NCDEX (July.) Contract

Call	Entry	T1	T2	SL
Stay Away	-	-	-	-
Support & Resistance				
S2	S1	PCP	R1	R2
-	-	1071	-	-



NCDEX Gur Price Spread

NCDEX Spread	July	Sept	Nov
July	0	17	-83.5
Sept		0	-100.5
Nov			0

NCDEX Sugar Price Spread

NCDEX Spread	May	June	July
May	0	65	117
June		0	52
July			0

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		02/05/2011	30/04/2011	
Kolhapur	Sugar M Total	2140	2571	+431
Kolhapur	Sugar S Total	1110	1110	Unch
Source: NCDEX				

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 02-05-2011 (Rs/Qtl)	Prices 03-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2375-2500	2500-2600	+100
Ahmedabad	Gur	2500	2550	+50

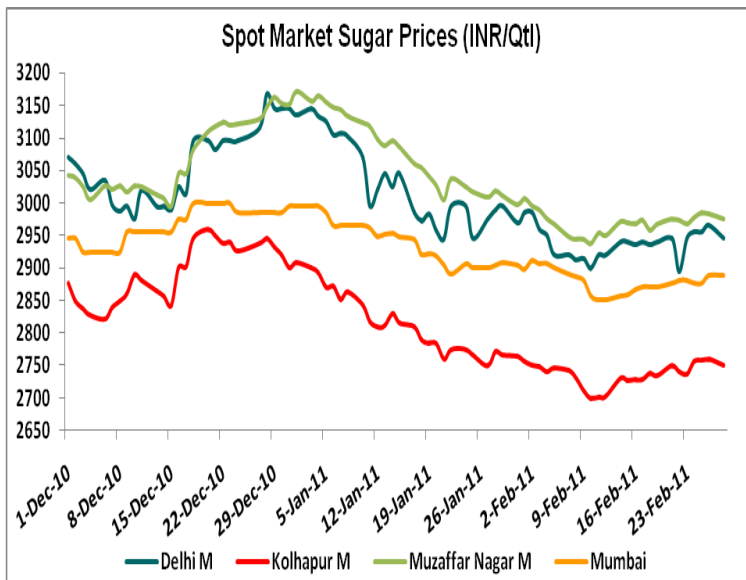
Prices at Key Markets

Centre	Grade/Variety	Prices 02-05-11 (Rs/Qtl)	Prices 03-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2950	2950	Unch
	Sugar S	2930	2920	-10
Khatauli	Sugar Ready	2935	2930	-5
Ramala	Sugar Ready	2855	2840	-15
Mumbai	Sugar M	2811-2891	2770-2860	-31
	Sugar S	2766-2776	2710-2740	-36
Kolhapur	Sugar M	2651-2731	2610-2700	-31
	Sugar S	2606-2616	2550-2580	-36
Vijaywada	Sugar M	2900	2900	Unch
	Sugar S	2830	2830	Unch
Nagpur	Sugar S	2900	2890	-10
Kolkata	Sugar S New	2800	2850	+50
Chennai	Sugar S	2655	2655	Unch

International Futures Quotes (as on 2-5-2011)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	22.19	22.24	21.45	21.87	-0.38
	Oct'11	22.65	22.65	21.90	22.32	-0.33
	Mar'12	23.22	23.24	22.47	22.89	-0.35
LIFFE Sugar (US \$/MT)	Aug'11	624.30	624.70	605.00	615.10	Closed
	Oct'11	607.10	607.60	589.50	601.50	Closed
	Dec'11	608.90	611.00	595.00	607.40	Closed
White Sugar Premium \$/MT	Aug'11	-	-	-	118.00	-
	Oct'11	-	-	-	97.50	-
	Dec'11	-	-	-	103.50	-

Spot Market prices trend

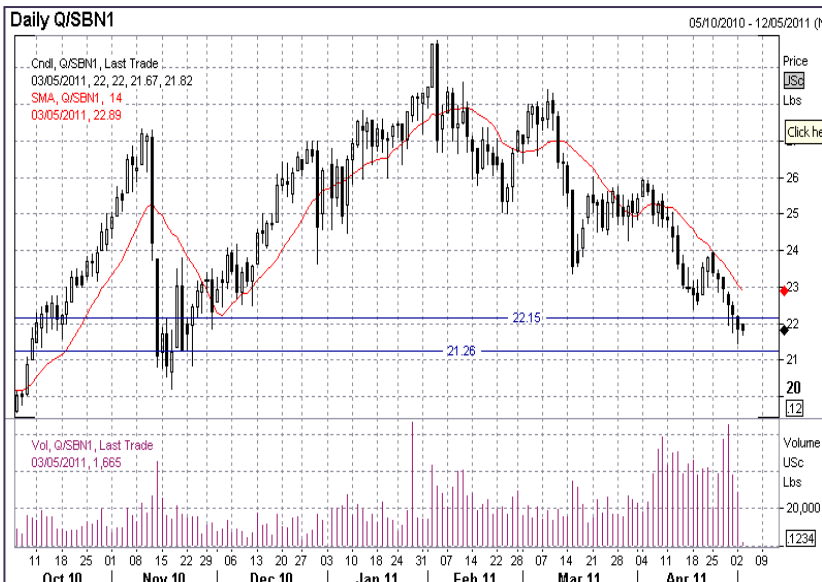


(Source: NCDEX)

Brazil Sugar Quotes (Kingsman) as on 02-05-2011

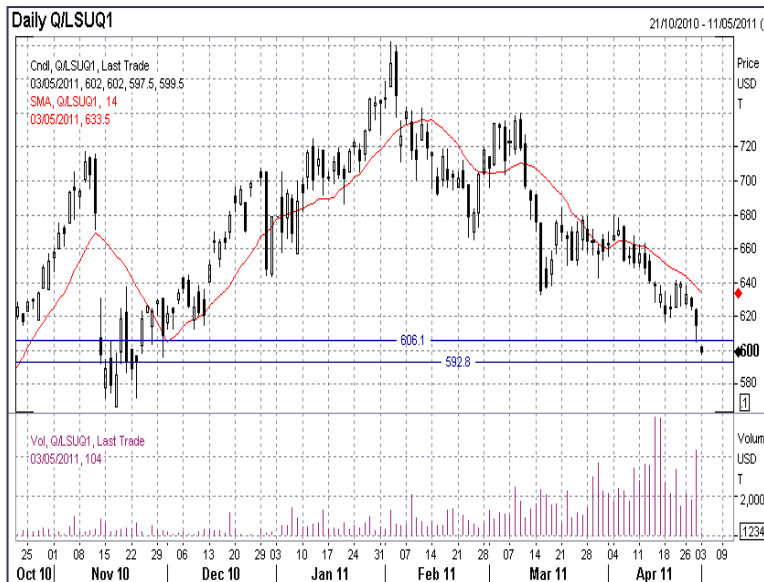
Commodity	Place	Price	% Change
Raw Sugar FOB (\$/MT)	Santos Port	512.25	-2.00
Raw Sugar C&F (\$/MT)	Black Sea	556.25	-2.00
Sugar White FOB (\$/MT)	Santos Port	647.50	-2.00

ICE Sugar Futures July'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Aug'11 Contract



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