

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 0.70 cent to settle at 21.35 cents a pound.

In London, White sugar futures for August delivery declined \$16.80 to settle at \$592.70 per tonne.

Market Analysis of Sugar

- Steady to Negative sentiments recorded in various spot markets on Thursday as increased sugar output and decreasing international sugar prices weighed on summer demand. Meanwhile, sugar prices decreased in UP market while prices have been steady in Vijayawada, Maharashtra, Nagpur, Kolkata and Chennai market.
- Sugar production in Maharashtra, a top producing state, is likely to hit all time high of 9.15 million metric tonnes in 2010-11. Mills in Maharashtra has already produced 8.4 million tonnes of sugar till 3rd May 2011. Mills have crushed 745 lakh tonnes of sugarcane and produced 84 lakh tonnes sugar with an average recovery of 11.3%. Last year, mills in Maharashtra have produced 71 lakh tonnes of sugar.
- Mills in Maharashtra is expecting to crush 810 lakh tonnes of sugarcane in 2010-11 while mills have crushed 615 lakh tonnes sugarcane in 2009-10. It is noticeable that out of 164 mills in Maharashtra, 100 are still operating which increase the possibility of all sugarcane crushing by the end of the season.
- 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 Muzaffar nagar and Ahmadabad market.
- The Gur arrival at Muzaffar Nagar is 1500 mund (1mund= 40kg) while 2 trucks or 750 mund reported in Ahmadabad market on Thursday.
- Gur stocks in Muzaffar Nagar market are around 13 lakh bags. Informed by Reliable source.
- Arrivals in Muzaffarnagar market will be stop in 7-10 days. Meanwhile, Traders buys cheap gur from Cold storage and sell it in the market on higher price.

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.
- Stay Away from support level would be the best strategy.

Trade Recommendation – Sugar NCDEX (May) Contract

Call	Entry	T1	T2	SL
Stay Away	-	-	-	-
Support & Resistance				
S2	S1	PCP	R1	R2
-	-	2715	-	-



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
-	-	1086	-	-



NCDEX Gur Price Spread

NCDEX Spread	July	Sept	Nov
July	0	22	-94
Sept		0	-116
Nov			0

NCDEX Sugar Price Spread

NCDEX Spread	May	June	July
May	0	46	93
June		0	47
July			0

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		04/05/2011	03/04/2011	
Kolhapur	Sugar M Total	2140	2140	Unch
Kolhapur	Sugar S Total	860	1110	-250
Source: NCDEX				

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 04-05-2011 (Rs/Qtl)	Prices 05-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2450-2500	2500-2700	+200
Ahmedabad	Gur	2550	2600	+50

Prices at Key Markets

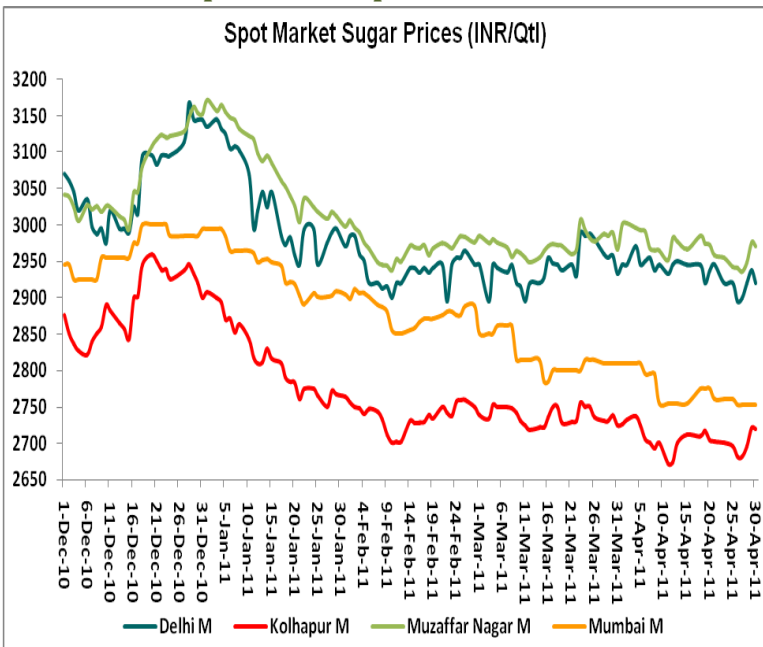
Centre	Grade/Variety	Prices 04-05-11 (Rs/Qtl)	Prices 05-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2950	2950	Unch
	Sugar S	2920	2920	Unch
Khatauli	Sugar Ready	2930	2910	-20
Ramala	Sugar Ready	2885	2880	-5
Mumbai	Sugar M	2770-2860	2770-2860	Unch
	Sugar S	2710-2740	2710-2740	Unch
Kolhapur	Sugar M	2610-2700	2610-2700	Unch
	Sugar S	2550-2580	2550-2580	Unch
Vijaywada	Sugar M	2900	2900	Unch
	Sugar S	2820	2820	Unch
Nagpur	Sugar S	2890	2900	Unch
Kolkata	Sugar S New	2850	2850	Unch
Chennai	Sugar S	2650	2650	Unch

International Futures Quotes (as on 4-5-2011)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	21.93	22.00	21.33	21.35	-0.70
	Oct'11	22.44	22.44	21.72	21.75	-0.64
	Mar'12	22.86	22.86	22.28	22.30	-0.57
LIFFE Sugar (US \$/MT)	Aug'11	604.60	604.60	589.30	592.70	-16.80
	Oct'11	588.40	589.30	577.60	580.70	-14.60
	Dec'11	595.60	597.40	586.10	589.10	-16.00
White Sugar Premium \$/MT	Aug'11	-	-	-	119.50	-1.25
	Oct'11	-	-	-	99.25	Unch
	Dec'11	-	-	-	108.00	-1.00

Spot Market prices trend

Spot Market Sugar Prices (INR/Qtl)



(Source: NCDEX)

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

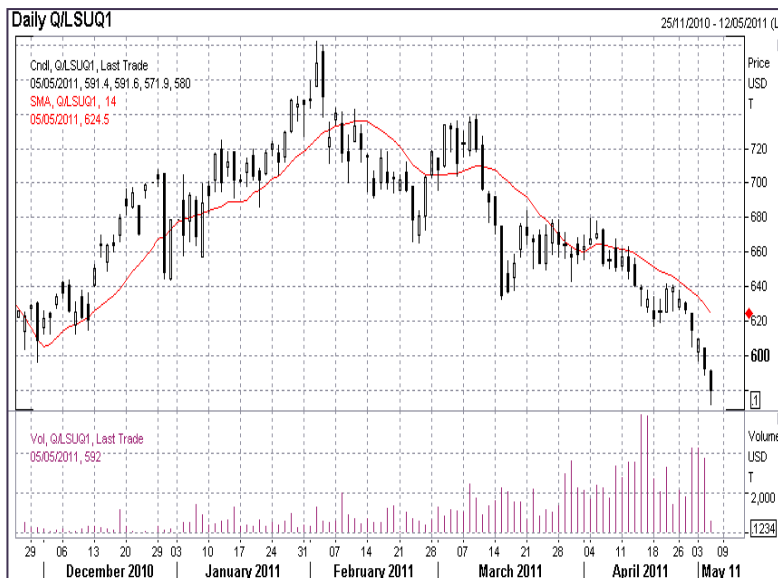
Commodity	Place	Price	% Change
Raw Sugar FOB (\$/MT)	Santos Port	519.00	+10.75
Raw Sugar C&F (\$/MT)	Black Sea	563.00	+10.75
Sugar White FOB (\$/MT)	Santos Port	623.75	-19.50

ICE Sugar Futures July'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Aug'11 Contract



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