

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 0.49 cents to settle at 20.86 cents a pound.

In London, White sugar futures for August delivery declined by \$10.40 to settle at \$582.30 per tonne.

Market Analysis of Sugar

- Steady to Negative sentiments recorded in various spot markets on Friday.
- Government has released 17.5 lakh tones of sugar for May quota and this is less than last three year's average May quota of 17 lakh tonnes. Additional 0.5 lakh tones of sugar for May free sale quota is currently weighing on spot sugar prices.
- Demand for the commodity from bulk buyer's is weak due to the consistent fall in its prices as they are optimistic for further decline in sugar prices in near term and this is also supporting bearish sentiments for sugar.
- Since we are at the end of our crushing season (till May end) and it is expected that demand for sugar will improve from June onwards and this might support sugar prices in coming days.
- Another supporting factor improvement in domestic sugar prices is estimates of sharp decline in current year's ending stock compared to the last year (by around 10%) as we will have around 4.18 million tones of closing stock during 2010-11 and it is marginally higher than govt.'s buffer norm(two months consumption).
- According to the International Sugar Organization (ISO), better sugar production in India and Thailand will result in ample global sugar supplies and will exceed total production by around 1 million ton by world demand.

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:

- Candlestick pattern indicates buying interest in the market as prices could not sustained at lower levels.
- Both volume and open interest have increased and further supports bullish sentiments.
- While, closing of price below 9 and 18 days EMA hints for weakness in the market.
- MACD is also rising in the negative zone and warranting the bears.
- Buying for short term is advisable.

Trade Recommendation – Sugar NCDEX (May) Contract

Call	Entry	T1	T2	SL
BUY	>2705	2720	2728	2695
Support & Resistance				
S2	S1	PCP	R1	R2
2690	2699	2713	2730	2744



Technical Analysis:

- Candlestick pattern shows strong selling interest in the market.
- Increased volume is also supporting bearish sentiments.
- However, oscillators such as RSI and Stochastic are moving downwards which further suggests bearishness.
- Selling would be the best strategy.

Trade Recommendation - Gur NCDEX (July.) Contract

Call	Entry	T1	T2	SL
SELL	<1070	1055	1048	1081
Support & Resistance				
S2	S1	PCP	R1	R2
1031	1040	1059	1089	1095



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

Prices at Key Markets

Centre	Grade/Variety	Prices 05-05-11 (Rs/Qtl)	Prices 06-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2950	2930	-20
	Sugar S	2920	2900	-20
Khatauli	Sugar Ready	2910	2905	-05
Ramala	Sugar Ready	2880	2860	-20
Mumbai	Sugar M	2770-2860	2770-2860	Unch
	Sugar S	2710-2740	2710-40	Unch
Kolhapur	Sugar M	2610-2700	2610-2700	Unch
	Sugar S	2550-2580	2550-80	Unch
Vijaywada	Sugar M	2900	2900	Unch
	Sugar S	2820	2820	Unch
Nagpur	Sugar S	2900	2900	Unch
Kolkata	Sugar S New	2850	2850	Unch
Chennai	Sugar S	2650	2650	Unch

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

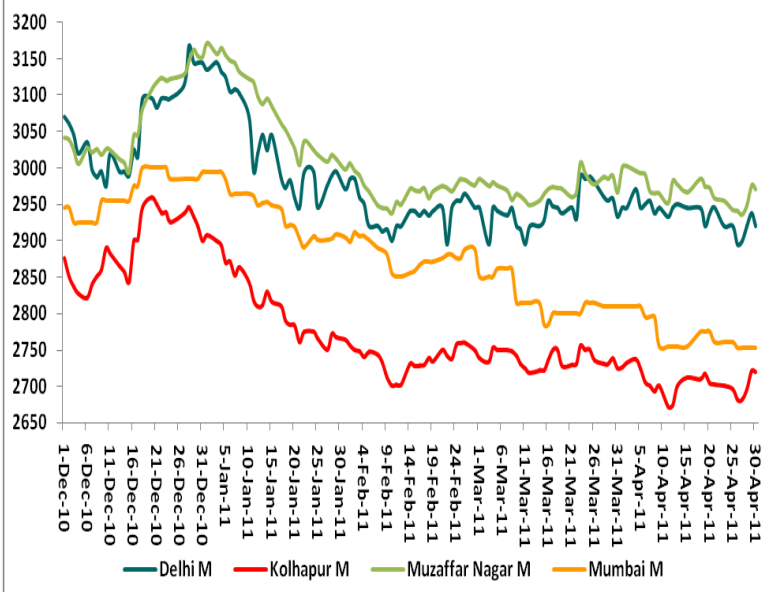
Centre	Grade/Variety	Prices 04-05-2011 (Rs/Qtl)	Prices 05-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2450-2500	2500-2700	+200
Ahmedabad	Gur	2550	2600	+50

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

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	21.35	21.38	20.50	20.86	0.49
	Oct'11	21.77	21.77	20.81	21.10	0.65
	Mar'12	22.30	22.31	21.43	21.69	0.61
LIFFE Sugar (US \$/MT)	Aug'11	591.40	591.60	571.90	582.30	10.40
	Oct'11	579.90	579.90	559.90	567.00	13.70
	Dec'11	585.00	585.00	570.00	576.10	13.00
White Sugar Premium \$/MT	Aug'11	-	-	-	-	-
	Oct'11	-	-	-	-	-
	Dec'11	-	-	-	-	-

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)

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LIFFE Sugar Futures Aug'11 Contract

