

#### 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 0.39 cents to settle at 20.49 cents a pound.

In London, White sugar futures for August delivery declined by \$0.30 to settle at \$582.00 per tonne.

### Market Analysis of Sugar

- Mostly steady to firm sentiments recorded in various spot markets.
- India's sugar output during October 2010 to April 2011 has reached to 22.6 million tones and we still have one more month for cane crushing and it is expected that total sugar output during 2010-11 will exceed 24 MT.
- Production in the first seven months of 2010-11 sugar season is higher by around 4.5 million tones compared to the production of last year during the same period.
- While sugar output in Karnataka has also increased to 3.45 million tones during current year compared to the last year's output of 2.4 million tones.
- Sugar production in Uttar Pradesh during current year has reached to 5.90 million tones against last year's output of 5.17 million tones during the same period
- However, it is also expected that demand for the commodity will improve from June onwards as supply is likely to be lower after June 2011 due to the end of crushing season and this might support sugar prices in near term.
- 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).

*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 remained unchanged due to the poor demand of the commodity.
- Weakness in sugar also supported bearish sentiments for gur prices.
- 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.
- Increase in volume further supports bullish sentiments.
- While, closing of price above 9 and 18 days EMA hints for firmness 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	>2735	2750	2758	2725
Support & Resistance				
S2	S1	PCP	R1	R2
2690	2699	2743	2773	2785



### Technical Analysis:

- Candlestick pattern shows strong selling interest in the market.
- Closing of prices below 18 days EMA also supports weakness in the market.
- 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
<b>SELL</b>	<1068	1055	1048	1078
Support & Resistance				
S2	S1	PCP	R1	R2
1031	1040	1059	1089	1095

### NCDEX Gur Price Spread

NCDEX Spread	July	Sept	Nov
<b>July</b>	0	22	-94
<b>Sept</b>		0	-116
<b>Nov</b>			0

### NCDEX Sugar Price Spread

NCDEX Spread	May	June	July
<b>May</b>	0	46	93
<b>June</b>		0	47
<b>July</b>			0

### Prices at Key Markets

Centre	Grade/Variety	Prices 06-05-11 (Rs/Qtl)	Prices 07-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2930	2950	20
	Sugar S	2900	2920	20
Khatauli	Sugar Ready	2905	2905	-
Ramala	Sugar Ready	2860	2860	-
Mumbai	Sugar M	2770-2860	2770-2860	-
	Sugar S	2710-40	2710-2740	-
Kolhapur	Sugar M	2610-2700	2610-2700	-
	Sugar S	2550-80	2550-80	-
Vijaywada	Sugar M	2900	2910	10
	Sugar S	2820	2820	-
Nagpur	Sugar S	2900	2890	10
Kolkata	Sugar S New	2850	2840	10
Chennai	Sugar S	2650	2650	-



### Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		05/05/2011	04/05/2011	
Kolhapur	Sugar M Total	2010	2140	-130
Kolhapur	Sugar S Total	-	860	-860
Source: NCDEX				

### Prices at Key Markets – Gur

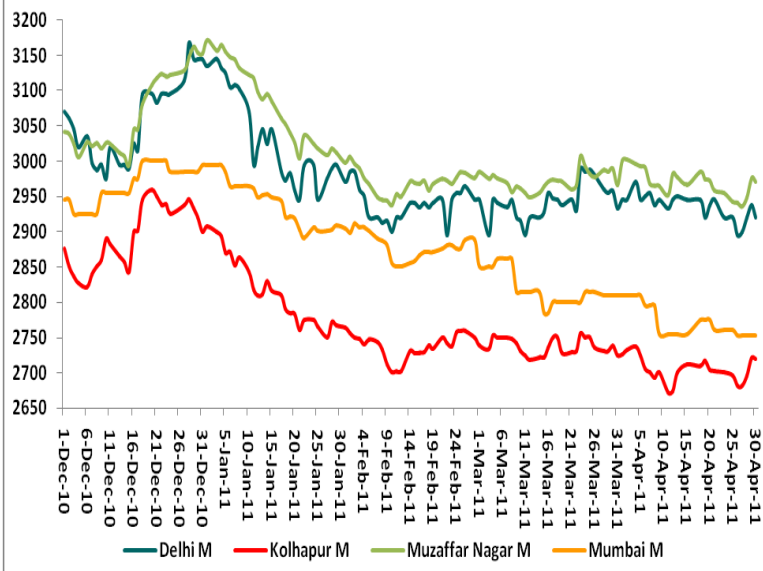
Centre	Grade/ Variety	Prices 06-05-2011 (Rs/Qtl)	Prices 07-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2150-2500	2150-2500	-
Ahmedabad	Gur	2600	2600	-

### International Futures Quotes (as on 6-5-2011)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	20.75	21.37	20.40	20.47	0.39
	Oct'11	21.00	21.55	20.69	20.81	0.29
	Mar'12	21.69	22.00	21.25	21.38	0.31
LIFFE Sugar (US \$/MT)	Aug'11	577.30	586.90	572.20	582.00	0.30
	Oct'11	560.00	571.20	554.50	563.90	3.10
	Dec'11	566.00	580.00	565.50	572.80	3.30
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)

#### LIFFE Sugar Futures Aug'11 Contract



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