

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.
- In addition to the sugar quota released for May 2011, carryover quantity of unsold non-levy sugar of previous month kept weighing on sugar prices.
- Demand for sugar in UP has reduced as market participants of Delhi are more interested in buying sugar from Maharashtra than UP due to the higher profit margin.
- Crushing season has completed in UP but mills in Maharashtra are expected to crush sugar till mid May and this will help Maharashtra to achieve the targeted sugar production.
- Stockists are hesitating in maintaining stock at current level as they believe that if demand remains subdued during summer season then prices will fall drastically and due to this demand for the commodity is declining continuously.
- However, it is 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.
- Estimates of lower ending stocks during 2010-11 compared to the last year will also act as a bullish sentiment for sugar prices.

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.
- Trade sources in UP believe that prices will come down in coming days as buyers are not willing to pay higher prices for the commodity.
- Trade participants of UP believe that local markets will receive gur for another next one week and arrivals will decline from third week of May onwards.
- Gur arrivals have also declined for the reason that stockists have kept gur in cold storage and this has created a situation of supply crunch and hence supports gur prices.

Technical Analysis:

- Sugar prices fell down but volume and open interest does not support downward trend.
- Closing of prices above 9 & 18 days EMA supports bullish sentiments in the market.
- RSI is moving down in neutral zone 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	>2712	2730	2742	2700
Support & Resistance				
S2	S1	PCP	R1	R2
2690	2699	2723	2773	2785



Technical Analysis:

- Candlestick pattern shows strong selling interest in the market.
- Closing of prices below 9&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
SELL	<1035	1025	1020	1042
Support & Resistance				
S2	S1	PCP	R1	R2
1000	1016	1031.50	1052	1059

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 07-05-11 (Rs/Qtl)	Prices 09-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2950	2950	-
	Sugar S	2920	2925	5
Khatauli	Sugar Ready	2905	2900	5
Ramala	Sugar Ready	2860	2860	-
Mumbai	Sugar M	2770-2860	2770-2880	20
	Sugar S	2710-2740	2710-2755	15
Kolhapur	Sugar M	2610-2700	2610-2720	20
	Sugar S	2550-80	2550-2595	15
Vijaywada	Sugar M	2910	2910	-
	Sugar S	2820	2820	-
Nagpur	Sugar S	2890	2860-2890	-
Kolkata	Sugar S New	-	2960	-
Chennai	Sugar S	2650	2600-2640	10



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

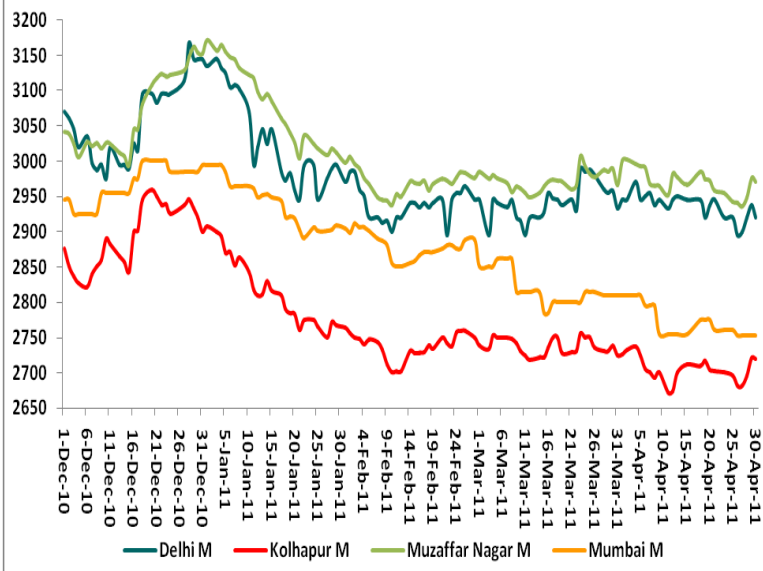
Centre	Grade/Variety	Prices 07-05-2011 (Rs/Qtl)	Prices 08-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2150-2500	2150-2500	-
Ahmedabad	Gur	2600	2600	-

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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