

Price Drivers

- Govt notifies the 5 lakh tonnes sugar export under OGL.
- Govt allowed 92000 tonnes of sugar exports till last week.
- 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 rose 0.49 cents to settle at 20.96 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.
- Government issued around 92,000 tonnes of exports under OGL till last week out of the total 5 lakh tonnes of sugar exports allowed by government for overseas shipments. According to Media sources, only 83 mills have allowed to exports sugar overseas.
- 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.
- 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 are steady to negative 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 below 9 & 18 days EMA supports bearish sentiments in the market.
- RSI is moving down to oversold region which suggests bullishness in the market.
- MACD is also rising in the negative zone and warranting the bears.
- Buying for support level for short term is advisable.

Trade Recommendation – Sugar NCDEX (June) Contract

Call	Entry	T1	T2	SL
Buy Below	2734	2741	2744	2731
Support & Resistance				
S2	S1	PCP	R1	R2
2703	2731	2748	2734	2741



Technical Analysis:

- Closing of prices below 9&18 days EMA supports weakness in the market.
- However, oscillators such as RSI and Stochastic are moving in a neutral zone.
- Buying above the resistance level would be the best strategy.

Trade Recommendation – Gur NCDEX (July.) Contract

Call	Entry	T1	T2	SL
Buy Above	1038	1043	1046	1035
Support & Resistance				
S2	S1	PCP	R1	R2
1028	1035	1037	1043	1046



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 09-05-11 (Rs/Qtl)	Prices 10-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2950	2950	Unch
	Sugar S	2925	2920	-5
Khatauli	Sugar Ready	2900	2900	Unch
Ramala	Sugar Ready	2860	2850	-10
Mumbai	Sugar M	2770-2880	2770-2880	Unch
	Sugar S	2710-2755	2710-2755	Unch
Kolhapur	Sugar M	2610-2720	2610-2720	Unch
	Sugar S	2550-2595	2550-2595	Unch
Vijaywada	Sugar M	2910	2910	Unch
	Sugar S	2820	2820	Unch
Nagpur	Sugar S	2860-2890	2860-2890	Unch
Kolkata	Sugar S New	2900	2900	Unch
Chennai	Sugar S	2600-2640	2600-2640	Unch

Stock Position of Sugar in NCDEX Warehouse (In MT)

Location	Variety	Dematted Stocks		Change
		09/05/2011	08/05/2011	
Kolhapur	Sugar M Total	2010	2010	Unch
Kolhapur	Sugar S Total	-	-	-
Source: NCDEX				

Prices at Key Markets – Gur

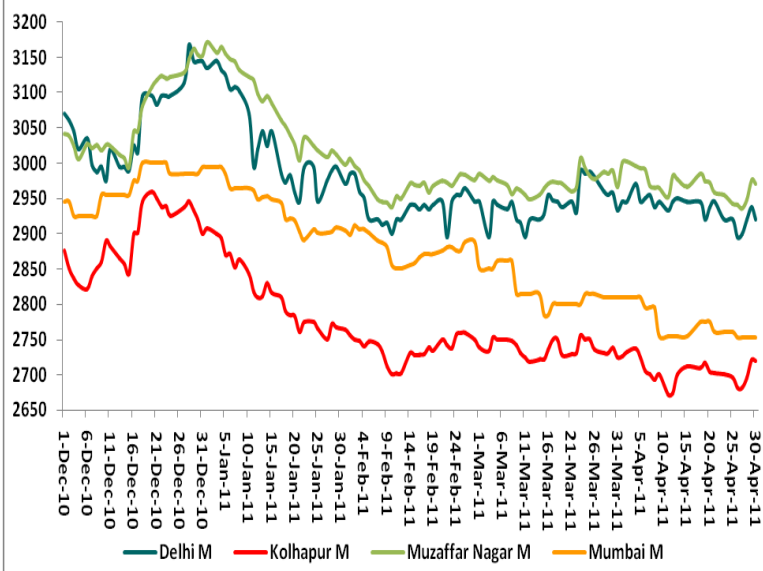
Centre	Grade/Variety	Prices 09-05-2011 (Rs/Qtl)	Prices 10-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2600-2700	2650-2700	Unch
Ahmedabad	Gur	2600	2550	-50

International Futures Quotes (as on 9-5-2011)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	20.60	21.14	20.57	20.96	+0.49
	Oct'11	21.19	21.25	20.85	21.12	+0.31
	Mar'12	21.45	21.72	21.36	21.67	+0.29
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	-	-	-	120.00	-
	Oct'11	-	-	-	96.75	-
	Dec'11	-	-	-	106.25	-

Spot Market prices trend

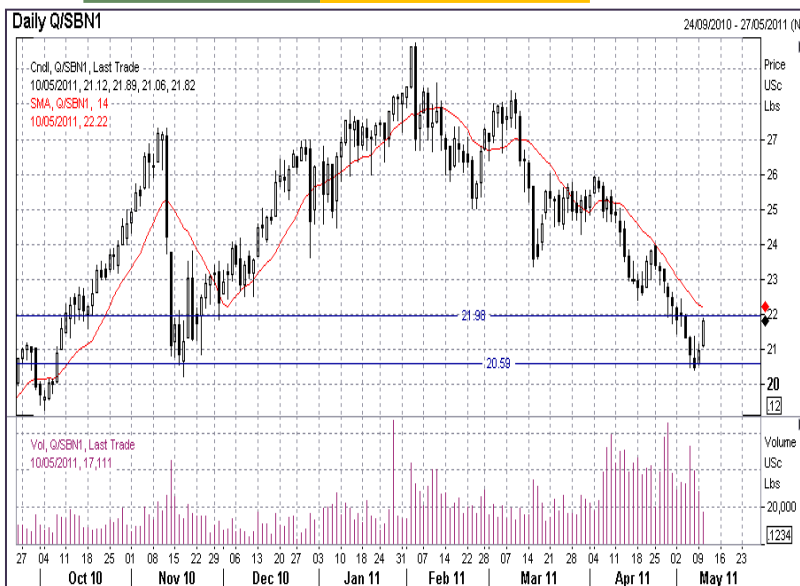
Spot Market Sugar Prices (INR/Qtl)



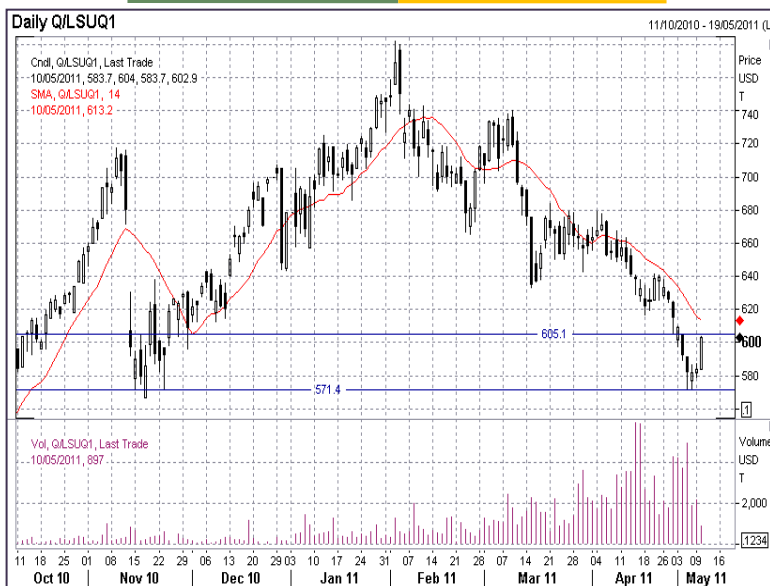
Brazil Sugar Quotes (Kingsman) as on 10-05-2011

Commodity	Place	Price	% Change
Raw Sugar FOB (\$/MT)	Santos Port	522.00	+4.50
Raw Sugar C&F (\$/MT)	Black Sea	566.00	+4.50
Sugar White FOB (\$/MT)	Santos Port	638.00	+15.75

ICE Sugar Futures July'11 Contract



LIFFE Sugar Futures Aug'11 Contract



(Source: Reuters)

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