

#### 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 0.93 cents to settle at 20.94 cents a pound.

In London, White sugar futures for August delivery raised \$28.90 to settle at \$612.60 per tonne on concerns that Brazil may fall short of production estimates.

### Market Analysis of Sugar

- Mixed sentiments recorded in various spot markets of sugar on Thursday as markets could not find adequate cues to decide the prices either side.
- Indian Sugar Mills Association (ISMA) lowers its overall sugar production estimate to 24.5 million in 2010-11, down from 25 million tonnes owing to less sugar production in UP state than its earlier projection.
- Good demand recorded from Maharashtra market as retail buyers coming in the market to fulfill their summer demand
- As per Agriwatch source, 14 Wagons are coming from Maharashtra that may fulfill the demand of sugar in Delhi, Haryana market.
- Sluggish demand recorded in UP market as upcountry buyers like Delhi and Haryana purchase sugar from Maharashtra state owing to better offer price by Maharashtra mills in comparison to UP.
- Stockists are hesitating in maintaining stock at current level as they believe that if demand remains subdued during summer season then prices will fall sharply.
- 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.

*We expect that sugar prices may improve in near term due to expecting summer demand. Also, carryover stock obligation will be completed by Maharashtra mills may support the prices in very short term. 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 in various markets on Thursday.
- Gur prices in Muzaffar Nagar remains steady while gur prices in Ahmedabad market improved marginally owing to sluggish supply.
- 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 from Cold storage may not trade in UP before mid June as severe temperature may perish the chaku gur.
- 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.
- However Oscillator like RSI is moving down to oversold region which suggests bullishness in the market.
- Buying for short term is advisable.

#### Trade Recommendation – Sugar NCDEX (June) Contract

Call	Entry	T1	T2	SL
Buy Above	2746	2755	2761	2741
Support & Resistance				
S2	S1	PCP	R1	R2
2731	2741	2752	2755	2761



#### Technical Analysis:

- Closing of prices below 9 & 18 days EMA supports weakness in the market.
- However, oscillators such as RSI 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
<b>Sell Below</b>	1043	1038	1035	1046
Support & Resistance				
S2	S1	PCP	R1	R2
1035	1038	1046.5	1046	1050



#### NCDEX Gur Price Spread

NCDEX Spread	July	Sept	Nov
<b>July</b>	0	18	-79.5
<b>Sept</b>	18	0	-97.5
<b>Nov</b>	-79.5	-97.5	0

#### NCDEX Sugar Price Spread

NCDEX Spread	May	June	July
<b>May</b>	0	20	59
<b>June</b>	20	0	39
<b>July</b>	59	39	0

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

Location	Variety	Dematted Stocks		Change
		10/05/2011	11/05/2011	
Kolhapur	Sugar M Total	2010	2010	Unch
Kolhapur	Sugar S Total	-	-	-
Source: NCDEX				

#### Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 11-05-2011 (Rs/Qtl)	Prices 12-05-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2400-2550	2400-2550	Unch
Muzaffar Nagar (Cold Storage)	Chaku	2900-2950	2900-2950	Unch
Ahmedabad	Gur	2600	2625	+25

#### Prices at Key Markets

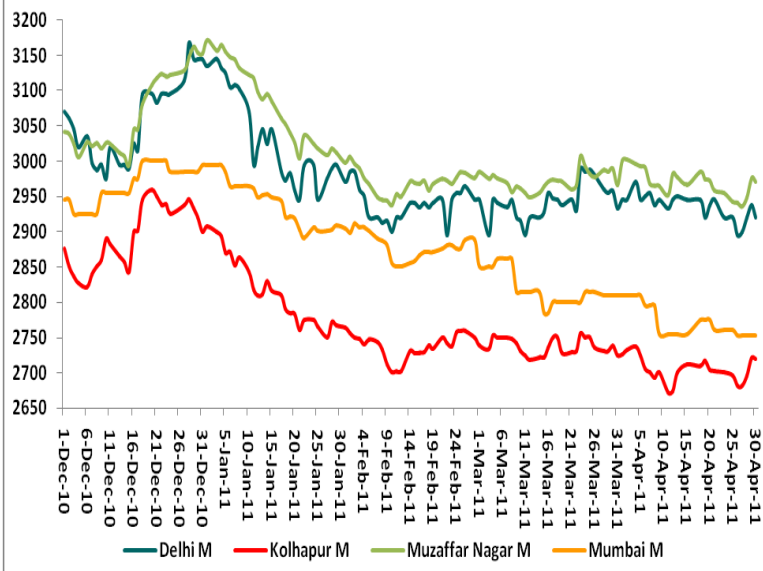
Centre	Grade/Variety	Prices 11-05-11 (Rs/Qtl)	Prices 12-05-11 (Rs/Qtl)	Chng. from Prior Day
Delhi	Sugar M	2950	2920	-30
	Sugar S	2910	2900	-10
Khatauli	Sugar Ready	2895	2895	Unch
Ramala	Sugar Ready	2850	2840	-10
Mumbai	Sugar M	2770-2880	2806-2891	+11
	Sugar S	2720-2750	2756-2781	+31
Kolhapur	Sugar M	2610-2720	2646-2731	+11
	Sugar S	2560-2590	2596-2621	+31
Vijaywada	Sugar M	2910	2910	Unch
	Sugar S	2825	2825	Unch
Nagpur	Sugar S	2900-2920	2880	-40
Kolkata	Sugar S New	2860	2860	Unch
Chennai	Sugar S	2600-2640	2600-2640	Unch

#### International Futures Quotes (as on 11-5-2011)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	22.07	22.08	20.79	20.94	-0.93
	Oct'11	22.30	22.30	21.01	21.19	-0.80
	Mar'12	22.48	22.53	21.62	21.81	-0.67
LIFFE Sugar (US \$/MT)	Aug'11	583.70	613.00	583.70	612.60	+28.90
	Oct'11	564.00	587.80	564.00	586.70	+23.10
	Dec'11	578.00	597.80	578.00	596.40	+23.50
White Sugar Premium \$/MT	Aug'11	-	-	-	129.00	+5.50
	Oct'11	-	-	-	98.00	+4.00
	Dec'11	-	-	-	107.50	+3.75

#### Spot Market prices trend

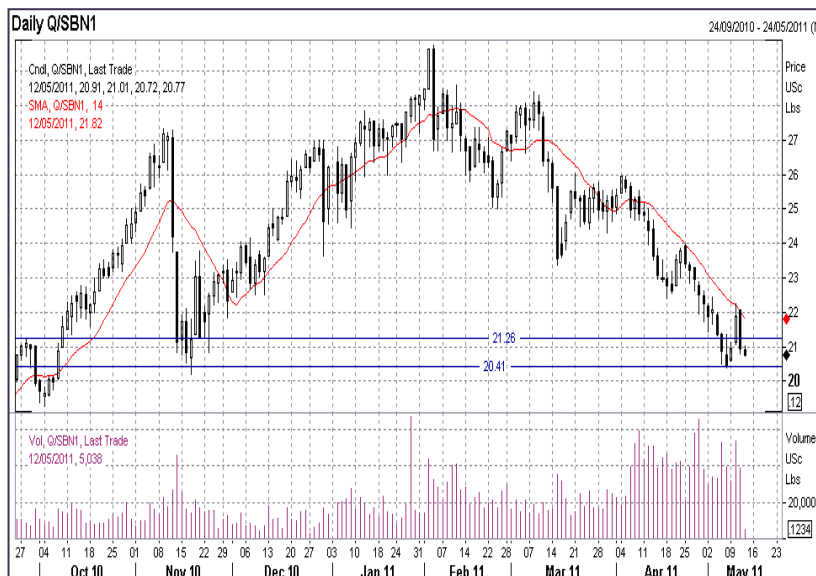
Spot Market Sugar Prices (INR/Qtl)



#### Brazil Sugar Quotes (Kingsman) as on 12-05-2011

Commodity	Place	Price	% Change
Raw Sugar FOB (\$/MT)	Santos Port	498.75	-9.75
Raw Sugar C&F (\$/MT)	Black Sea	543.75	-9.75
Sugar White FOB (\$/MT)	Santos Port	616.75	-10.00

#### ICE Sugar Futures July'11 Contract



#### LIFFE Sugar Futures Aug'11 Contract



(Source: Reuters)

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