

#### Price Drivers

- Govt. impose 60% import tax duty on sugar.
- FMC allows sugar futures trading, will start from Monday.
- Govt allows 19.18 lakh tonnes sugar quota for January.
- Govt. allows 500000 tonnes of sugar export in MY 2010-11.
- Recovery has been improved in U.P and Maharashtra.

#### ICE Sugar Futures Market

Raw-sugar futures for March delivery gained 1.2 cents, or 3.9 percent, to settle at 32.2 cents a pound at 2 p.m. on ICE Futures U.S. as output falls around 30 percent in largest producing region of Brazil.  
In London, refined-sugar futures for March delivery gained \$15.10, or 2 percent, to \$775.90 a metric ton on NYSE Liffe.

#### Market Analysis

- Negative sentiments registered in various physical markets on Thursday amid high supply over demand while Delhi prices remains steady.
- Govt notifies procedures for 5 lakh tonnes of sugar export via OGL.
- Govt has imposed 60% import tax duty on Sugar from Saturday. Free import of sugar ends on 31<sup>st</sup> December 2010
- Govt. has declared India's subsidized sugar sales quota for the month of February which may decrease the prices further. February sales quota of sugar has been declined to 2,16,000 tonnes in comparison to 2,18,000 tonnes in January due to fewer festivals in February.
- Govt. retain its decision to curb the stock piling of sugar until 31<sup>st</sup> March 2011.
- Govt. releases 19.18 lakh tonnes sugar quota for January 2011. Out of 19.18 lakh tonnes, govt allow 2.8 lakh tonnes for levy sugar and 17.00 lakh tonnes for non- levy sugar.
- Sugar Production in India reached 2.60 million tonnes as of December 13, which is 21.5% more than previous year in the same period.

*We expect sugar prices remains in Negative bias in near term due to higher sugar quota for January and lack of demand in Physical Markets. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.*

#### Technical Analysis:

- Candlestick formation in the chart suggests bearishness in the market because of the high sugar quota for January and extending stock limit date.
- Sugar futures are likely to remain range bound with negative bias.
- Trade with caution, clear trend is yet to be formed. Dependence of the fundamentals remains prime.

#### Trade Recommendation – Sugar NCDEX (Jan.) Contract

Call	Entry	T1	T2	SL
Sell	<2903	2990	2985	2910
Support & Resistance				
S2	S1	PCP	R1	R2
2980	2970	2897	2910	2920

SUGARM200 1101(NCSAMF1)22:32 01/06 - Hourly B:2893.00 A:2899.00  
O 2897.00 H 2897.00 L 2897.00 C 2897.00 V 0 0  
EMA(9) 2902.2 (18) 2914.4



#### Prices at Key Markets

Centre	Grade/Variety	Prices 06-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3225	Unch
	Sugar S	3200	Unch
Mumbai	Sugar M	2940-2980	Unch
	Sugar S	2900-2930	20
Kolhapur	Sugar M	2780-2820	20
	Sugar S	2750-2790	10
Ramala	Sugar Ready new	3060	20
Khatauli	Sugar Ready	3100	20

#### International Futures Quotes (as on 5-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	31.08	32.41	30.45	32.20	1.20
	May'11	28.44	29.46	27.88	29.29	0.99
	Jul'11	25.45	26.48	25.20	26.29	0.84
LIFFE Sugar (US \$/MT)	Mar'11	760.80	781.70	749.00	775.90	15.10
	May'11	736.20	753.80	723.20	749.40	17.20
	Aug'11	678.00	694.50	666.20	692.80	22.80

#### ICE Sugar Future Mar'11 Contract

##### Daily Q/SBH1



#### LIFFE Sugar Future Mar'11 Contract

##### Daily Q/LSUH1



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