

Price Drivers

- Govt. impose 60% import tax duty on sugar.
- FMC allows sugar futures trading, will starts 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 declined 1.96 cents to settle at 30.24 cents a pound at 2 p.m. on ICE Futures U.S. In London, refined-sugar futures for March delivery declined \$27.70 to \$748.20 a metric ton on NYSE Liffe.

Market Analysis

- Steady to Negative sentiments registered in various physical markets on Friday as amid high supply over demand and high sugar quota for January month.
- Karnataka sugar production rose 11% from 9 lakh tonnes to 9.77 lakh tonnes in the period October to December 2010.
- 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 31st 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 31st 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.

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	<2975	2955	2940	2986
Support & Resistance				
S2	S1	PCP	R1	R2
2935	2920	2867	2886	2895



Prices at Key Markets

Centre	Grade/Variety	Prices 07-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3200	Unch
	Sugar S	3180	Unch
Mumbai	Sugar M	2930-2980	Unch
	Sugar S	2890-2930	Unch
Kolhapur	Sugar M	2770-2820	Unch
	Sugar S	2730-2770	Unch
Ramala	Sugar Ready new	3050	10
Khatauli	Sugar Ready	3090	10

International Futures Quotes (as on 6-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.20	32.20	30.07	30.24	1.96
	May'11	29.15	29.25	27.50	27.68	1.61
	Jul'11	26.29	26.29	24.75	24.96	1.33
LIFFE Sugar (US \$/MT)	Mar'11	775.30	776.40	743.00	748.20	27.70
	May'11	748.50	748.90	716.40	720.80	28.60
	Aug'11	689.60	691.90	664.10	669.20	23.60

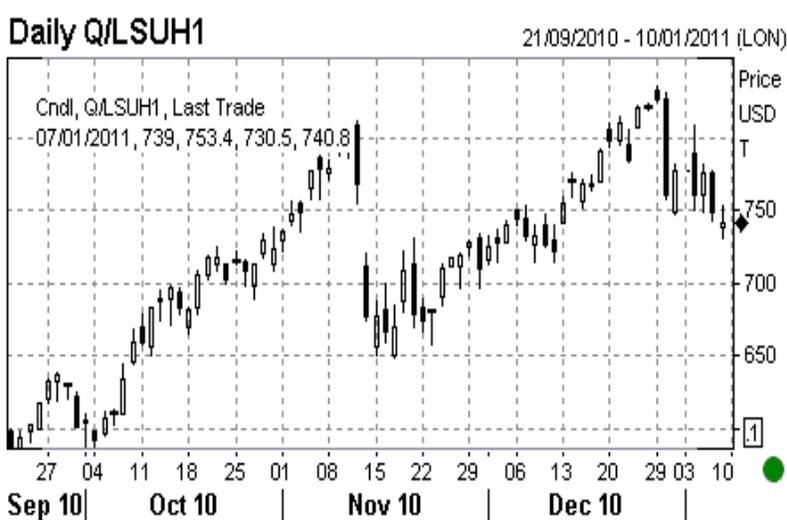
ICE Sugar Future Mar'11 Contract

Daily Q/ SBH1



LIFFE Sugar Future Mar'11 Contract

Daily Q/LSUH1



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