

### Technical Analysis

Commodity: Gur (Jaggery) - NCDEX

As evident from the chart, Gur prices eased during the period after making the peak of Rs 1002. Prices also breached the important support level at 956 and two consecutive close below the mentioned level may further drag down the prices to 942 and 930 levels. Momentum indicator MACD further suggests weak market ahead. However, Oscillator RSI and Stochastic remain in the oversold regions thus, warranting caution to the bears. Gur prices are expected to remain range bound between 942 to 956 levels. The best strategy should be sell of rallies.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
FEB	945	939	972	982



### Technical Analysis

Commodity: Sugar - NCDEX

As evident from the intraday chart, sugar prices are moving in the falling channel and prices are currently trading in the range of Rs 2829-2868 as per the intermediate channel and breaching the levels either side will give prices a new direction. However, taking into account the prevailing fundamental sugar prices are likely to remain weak and if price breaches the level below 2829 then it may go up to the immediate support level of 2803 and then up to the 2740.

### Support and Resistance Levels:

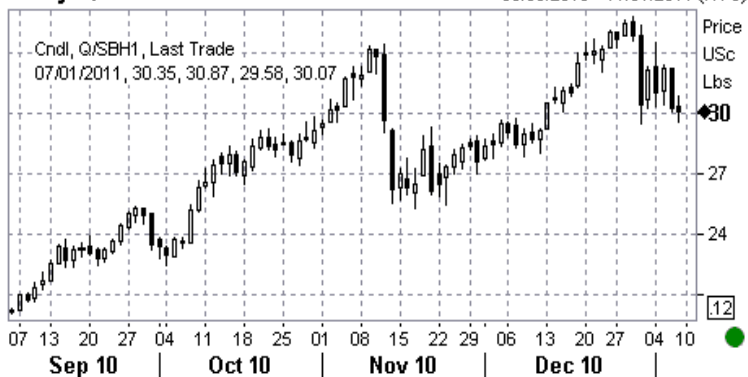
Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
JAN	2829	2803	2865	2886



### ICE Sugar Future Mar'11 Contract

Daily Q/SBH1

03/09/2010 - 11/01/2011 (NYC)



### LIFFE Sugar Future Mar'11 Contract

Daily Q/LSUH1

21/09/2010 - 10/01/2011 (LON)

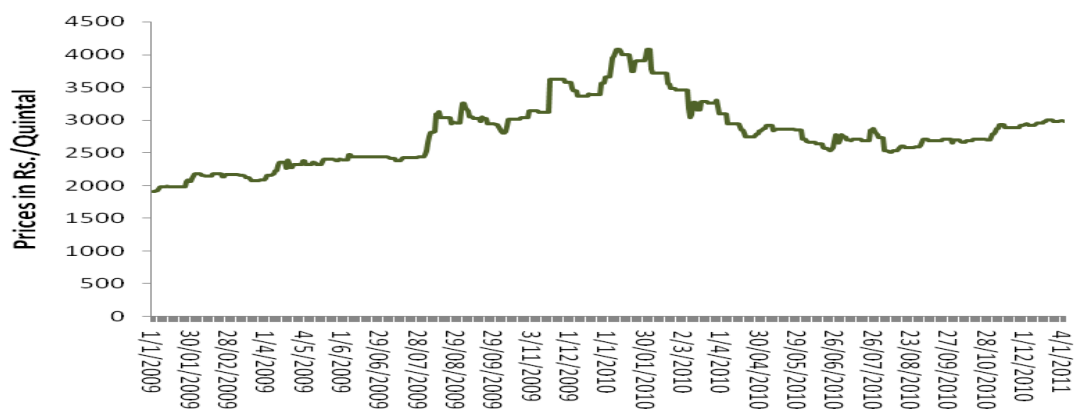


#### Market Commentary - Domestic

- Sugar prices in domestic key cash markets witnessed a steady to positive sentiments on varied factors at various centers in the fortnight due to export news, good crushing and announcement of relaunching sugar futures soon in exchanges.
- Karnataka sugar production rose 11% from 9 lakh tonnes to 9.77 lakh tonnes in the period October to December 2010.
- 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.
- Govt. retain its decision to curb the stock piling of sugar until 31<sup>st</sup> March 2011.
- 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 has imposed 60% import tax duty on Sugar from Saturday. Free import of sugar ends on 31<sup>st</sup> December 2010
- Sugar Futures trades weak as High Sugar Quota for the January Month and High Production estimates and retaining the decision by Govt. of curb on stock limit till March keep the prices down in Futures Market
- FMC allows sugar Futures on exchanges for trade. Initially Govt. allows January contract opens for trade from 27<sup>th</sup> December 2010.
- According to Sources: Sugar production would be better this season in Punjab due to increase in acreage and crushing days.
- According to Govt. Official: India allows 8,200 tons raw sugar exports to US.
- 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.
- Food Ministry have put its sugar output estimate unchanged for 2010-11.
- Govt.will retain 80 lakh tonnes of sugar as buffer for next year.
- Sugar output in India's top producing Maharashtra state rose by 10.9 percent to 2.45 million tonnes in the first three months of 2010/11 season that began on Oct.1.
- 29% sugar prices decline in Kohlapur spot market against Previous year as good production supports prices to decline.
- Govt may suspend the sugar export under OGL as Govt. worried about inflationary expectations and exports will further increase price of sugar in domestic market.

**Spot sugar prices ruled almost steady to strong in the previous fortnight period as the sugarcane crushing has picking up speed and traders felt market will see a range-bound movement. The demand was high as export news comes, Sugar Futures will open for trade.**

**We feel that domestic sugar prices are expected to trade at steady to negative price levels on the high sugar quota for January Month, low demand from the domestic market and curbing stock piling of sugar and news of ban on Sugar export may further crash the prices down in domestic markets.**



#### Market Commentary – International

- Raw Sugar Futures hits 30 year high due to 18 percent of Australia's cane crop would not be harvested due to heavy rains and tight supply.
- Australia sugar 2010/11 exports unchanged as rain falls.
- BRAZIL'S centre-south 2010/11 cane season is drawing to a close, with only around 60 mills still running at the end of December compared with 220 plants a year before
- Mexico has so far produced 559,454 tonnes of sugar in the 2010/11 harvest, 43.31 percent more than in the same period last year.
- Vietnam's sugar imports in 2011 could reach 250,000 tonnes, down 16.7 percent from the import volume expected this year
- Bulog, Indonesia's state procurement agency, failed to secure any of a sought-after 60,000 tonnes of white sugar in a tender on Monday because prices offered by suppliers were too high, said traders.
- Indonesia expects production of white sugar to increase by nearly 70 percent on the back of improving yields and expanded acreage.
- Indonesia, Southeast Asia's largest sugar consumer, could turn to Indian supplies despite quality concerns.
- Sugar cane production in Australia may remain below usual levels next season as heavy rains affect crop development in the world's third-largest exporter of the sweetener.
- Australia is maintaining forecasts for a drop of as much as 25 percent in exports in 2010/11 as wet weather again lashes the sugarcane fields of flooded Queensland state.

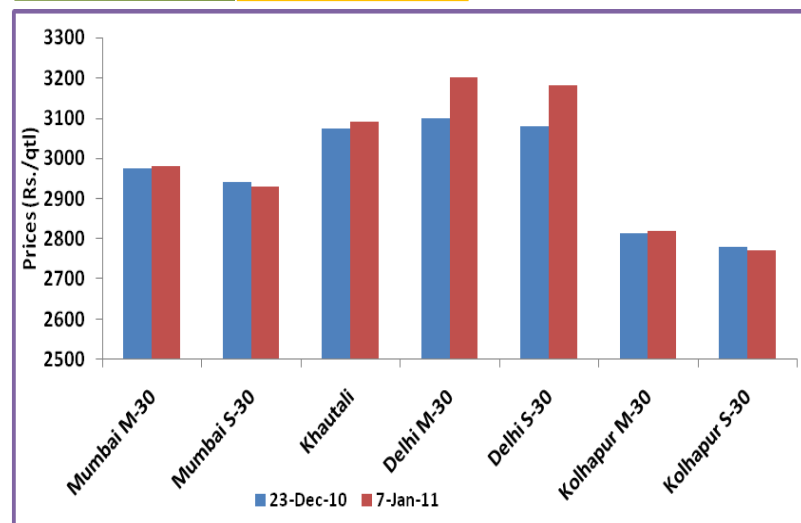
*World sugar prices comes down sharply after touching its 30 years high level as China has increase its interest rates and Increase in the dollar prices. We expect that the prices of Sugar are expected to trade at steady to higher price level as delayed Export concern from India and less exports from Australia.*

World Sugar Balance				
	2010/11	2009/10	Change	
	(mln ton, raw value)		in mln t	in %
Production	168.955	160.503	8.452	5.27
Consumption	167.669	164.339	3.33	2.03
Surplus / Deficit	1.286	-3.836		
Import demand	50.155	52.892	-2.737	-5.17
Export availability	50.687	52.868	-2.181	-4.13
End Stocks	58.081	57.327	0.754	1.32
Stocks/Consumption ratio in%	34.64	34.88		
Source: ISO Quarterly Market Outlook, November 2010				

#### Spot Prices of Sugar

Particulars	23 Dec 2010	7 Jan 2011	Change
Mumbai M-30	2975	2980	5
Mumbai S-30	2940	2930	10
Khautali	3075	3090	15
Delhi M-30	3100	3200	100
Delhi S-30	3080	3180	100
Kolhapur M-30	2815	2820	5
Kolhapur S-30	2780	2770	10

#### Fortnightly Sugar Price Change



#### FOREX (As on Jan 07, 2011):

Foreign Currency	Rs. per unit
1 US \$	45.44
1 Euro	58.97
1 British £	70.21
100 Jap. Yen	54.41

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