

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 for March delivery gained 1.29 cents, or 4.3 percent, to settle at 31.53 cents a pound at 2 p.m. on ICE Futures U.S. on concern of delayed export of sugar by India.

In London, refined-sugar futures for March delivery advanced \$16.90, or 2.3 percent, to \$765.10 a ton on NYSE Liffe.

Market Analysis

- Steady to Negative sentiments registered in various physical markets on Saturday as amid high supply over demand and high sugar quota for January month.
- 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.
- 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	<2854	2820	2800	2986

Support & Resistance

S2	S1	PCP	R1	R2
2780	2800	2838	2854	2865



Prices at Key Markets

Centre	Grade/Variety	Prices 08-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3180	20
	Sugar S	3150	30
Mumbai	Sugar M	2930-2970	10
	Sugar S	2890-2920	10
Kolhapur	Sugar M	2770-2810	10
	Sugar S	2730-2760	10
Ramala	Sugar Ready new	3040	10
Khatauli	Sugar Ready	3070	20

International Futures Quotes (as on 7-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	30.35	32.10	29.58	31.53	1.29
	May'11	27.77	29.39	27.06	29.15	1.47
	Jul'11	25.25	26.60	24.46	26.50	1.54
LIFFE Sugar (US \$/MT)	Mar'11	739.00	781.00	730.50	765.10	16.90
	May'11	708.60	752.20	705.00	739.00	18.20
	Aug'11	657.40	699.70	657.40	688.20	19.00

ICE Sugar Future Mar'11 Contract

LIFFE Sugar Future Mar'11 Contract

Daily Q/SBH1

13/10/2010 - 14/01/2011



Daily Q/LSUH1

22/10/2010 - 14/01/2011



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