

Price Drivers

- Duty Free Sugar imports till 31st March 2011
- Good recovery in UP and Maharashtra reported till date.
- 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.

ICE Sugar Futures Market

Raw-sugar futures for March delivery fell 0.73 cent, or 2.2 percent, to 32.03 cents a pound.
In London, refined-sugar futures for March delivery retreated \$26.40, or 3.3 percent, to \$781 a ton.

Market Analysis

- Sugar spot prices in all Domestic market shows weak bias as high sugar quota for January month and sluggish demand over supply support the prices.
- Sugar recovers on short covering in Futures on Thursday. Sugar Futures 1.23 percent up settle at Rs. 2793 per Quintal.
- According to media sources, India sugar production rise 9% against year earlier from 7.8 million tonnes to 8.5 million tonnes since Oct 1. 2010.
- Punjab Govt fixes SAP for sugar at Rs 220-230 a quintal for the crushing season 2011-12.
- According to news sources, Govt delayed the export of 500000 tons of sugar till 30 January 2010.
- Govt revoke the duty free sugar imports till March 2011. Earlier, Govt slap 60% import tax duty on sugar from 1st January 2011. This decision comes to take preventive action against rising food inflation which is at present 18.3%.
- 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.

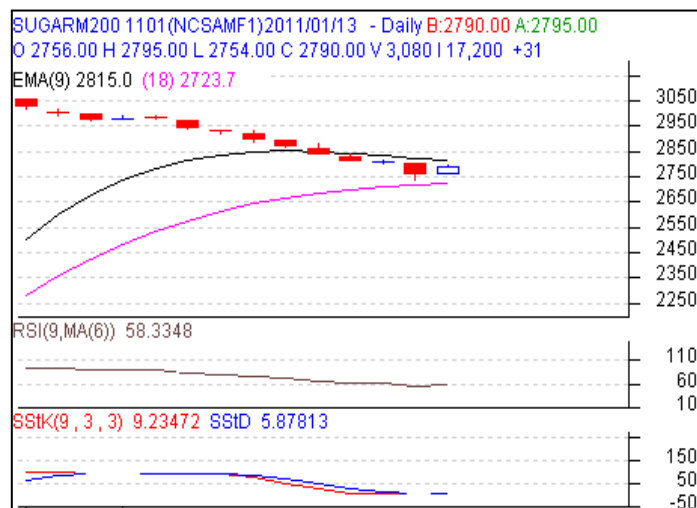
We expect sugar prices remains in Negative bias in near term due to higher sugar quota for January and lack of demand in Physical Markets. However, estimates of sugar output both domestically and internationally may provide the

Technical Analysis:

- As reflected in the chart sugar prices are in downtrend and moving in falling channel.
- Immediate channel support is at 2738 and resistance at 2798 level.
- In short term sugar prices are expected to hover between the falling channel and breaching the level either side will give the further direction to the prices.
- Selling towards resistance level will be the best strategy.

Trade Recommendation - Sugar NCDEX (Jan.) Contract

Call	Entry	T1	T2	SL
Sell	<2810	2790	2770	2820
Support & Resistance				
S2	S1	PCP	R1	R2
2754	2780	2793	2815	2839



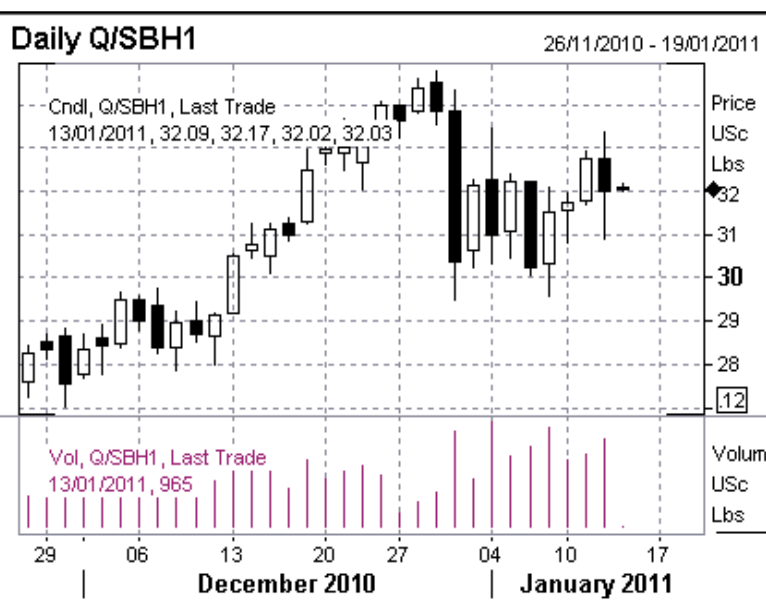
Prices at Key Markets

Centre	Grade/Variety	Prices 13-01-11 (Rs/Qt)	Chng. from Prior day
Delhi	Sugar M	3120	30
	Sugar S	3100	30
Mumbai	Sugar M	2880-2920	10
	Sugar S	2840-2860	20
Kolhapur	Sugar M	2720-2760	10
	Sugar S	2680-2700	20
Ramala	Sugar Ready new	2990	20
Khatauli	Sugar Ready	3040	10

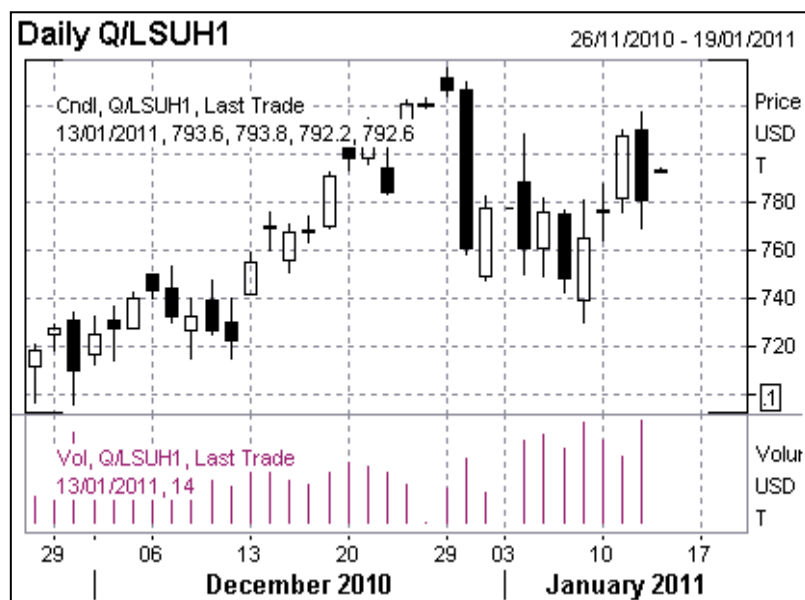
International Futures Quotes (as on 12-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.75	33.35	30.92	32.02	0.73
	May'11	30.28	30.94	28.70	29.89	0.49
	Jul'11	27.41	27.84	25.96	27.31	0.21
LIFFE Sugar (US \$/MT)	Mar'11	809.90	817.70	769.50	781.00	26.40
	May'11	775.00	784.60	741.00	752.50	21.30
	Aug'11	720.00	725.00	695.00	700.50	16.40

ICE Sugar Future Mar'11 Contract



LIFFE Sugar Future Mar'11 Contract



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