

#### Price Drivers

- Duty Free Sugar imports till 31<sup>st</sup> 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 rose 0.04 cent to 32.06 cents a pound.  
In London, refined-sugar futures for March delivery rose \$6.40 to \$787.40 a ton.

#### Market Analysis

- Due to Sluggish Demand and high sugar quota for January month, Sugar spot prices in various physical markets remains steady to weak on Friday.
- 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 1<sup>st</sup> 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 31<sup>st</sup> March 2011.

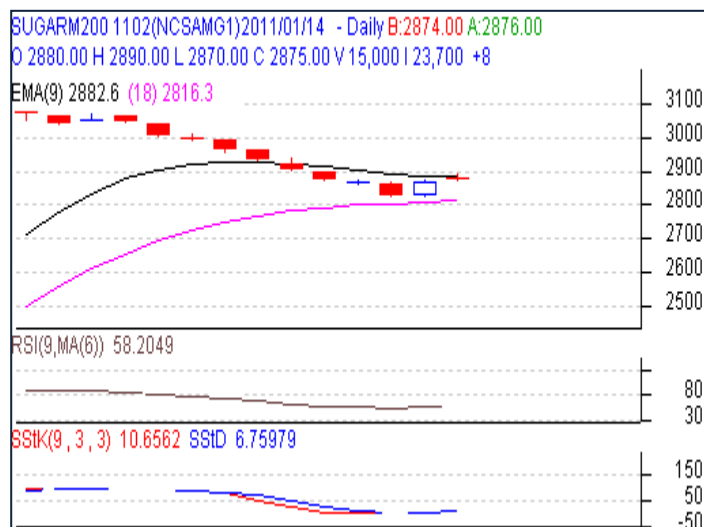
*We expect sugar prices remains in Negative bias in near term due to higher sugar quota for January and lack of demand in Physical Markets. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.*

#### 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 (Feb.) Contract

Call	Entry	T1	T2	SL
Sell	>2890	2872	2860	2900
Support & Resistance				
S2	S1	PCP	R1	R2
2855	2848	2875	2890	2912



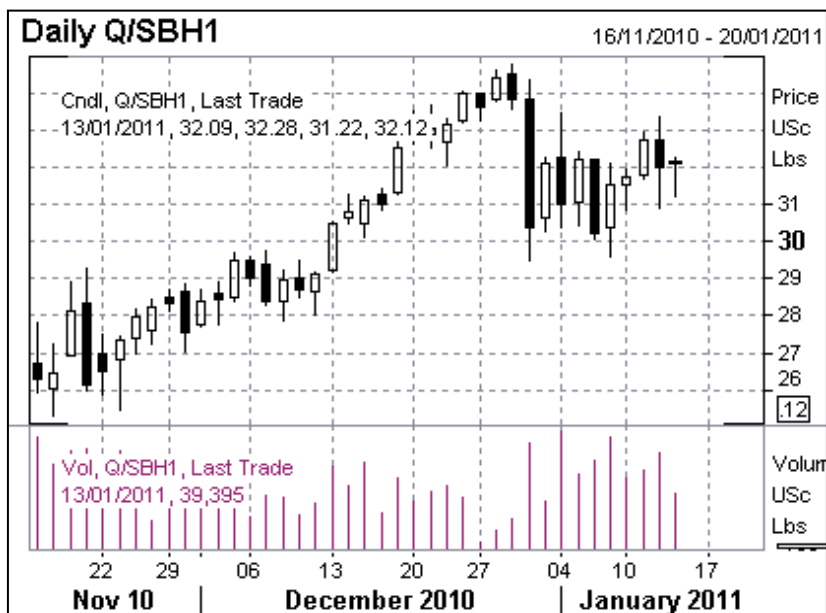
#### Prices at Key Markets

Centre	Grade/Variety	Prices 14-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3115	5
	Sugar S	3095	5
Mumbai	Sugar M	2880-2920	Unch
	Sugar S	2840-2860	Unch
Kolhapur	Sugar M	2720-2760	Unch
	Sugar S	2680-2700	Unch
Ramala	Sugar Ready new	2980	10
Khatauli	Sugar Ready	3020	20

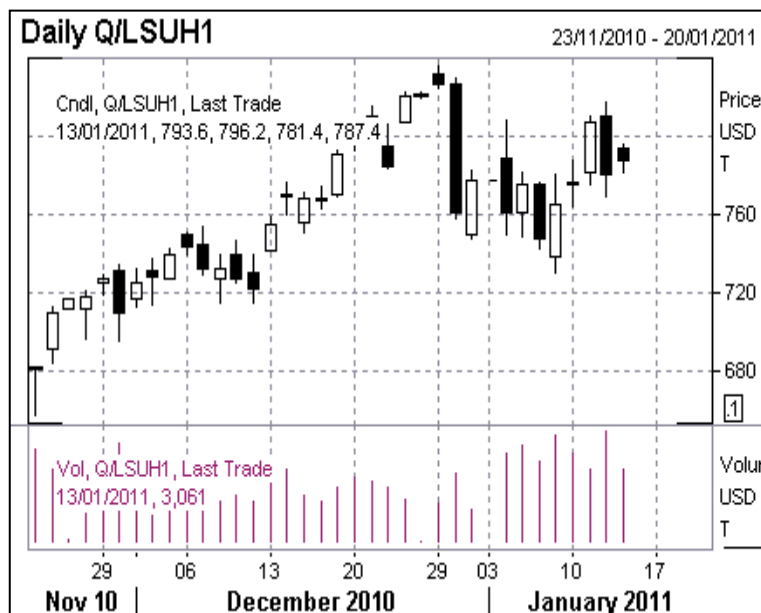
#### International Futures Quotes (as on 13-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.09	32.28	31.22	32.06	0.04
	May'11	29.90	29.99	29.18	29.85	0.04
	Jul'11	27.27	27.63	26.80	27.50	0.19
LIFFE Sugar (US \$/MT)	Mar'11	793.60	796.20	781.40	787.40	6.40
	May'11	763.90	767.70	753.50	758.90	6.40
	Aug'11	709.00	718.50	704.10	712.40	11.90

#### ICE Sugar Future Mar'11 Contract



#### LIFFE Sugar Future Mar'11 Contract



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