

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 rose 0.23 cent, or 0.7 percent, to 31.12 cents a pound in New York, after falling as much as 1.2 percent. In London, refined-sugar futures for March delivery climbed \$7.20, or 0.8 percent, to \$780.20 a ton.

Market Analysis

- Sugar prices trading weak in all physical markets on Wednesday on Good sugar output until Jan against last year and high sugar quota for January month which pressurized sugar mills to sell its output in decreased prices which helps the supply factor to surge in the markets.
- Sugar Futures for February month contract trading weak in NCDEX due to higher sugar output. Prices trading at Rs. 2800 per quintal for February month contract which declined 1.16% on Wednesday due to high sugar output and sluggish demand.
- According to media sources, India sugar production rise 15% YoY against year earlier to 8.4 million tonnes since Oct 1, 2010 until 15 Jan.
- We are expecting that sugar production may increase up to 11.2 million tonnes until Jan 31 from Oct 1 for the current season.
- 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.

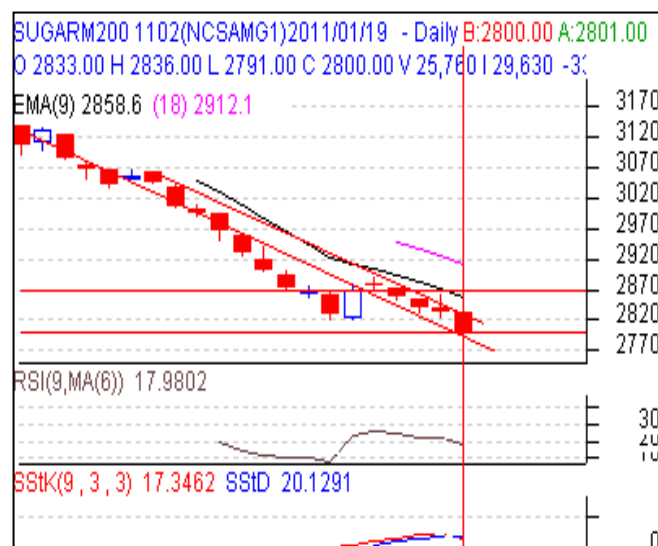
We expect sugar prices remains in Negative bias in near term due to higher sugar quota for January and lack of demand in Physical Markets. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.

Technical Analysis:

- As reflected in the chart sugar prices are in downtrend and moving in falling channel.
- RSI and Stochastics oscillators indicates oversold region..
- In short term sugar prices are expected to hover between Rs.2862 to Rs.2800 which is the immediate 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	<2815	2800	2785	2822
Support & Resistance				
S2	S1	PCP	R1	R2
2780	2791	2800	2827	2854



Prices at Key Markets

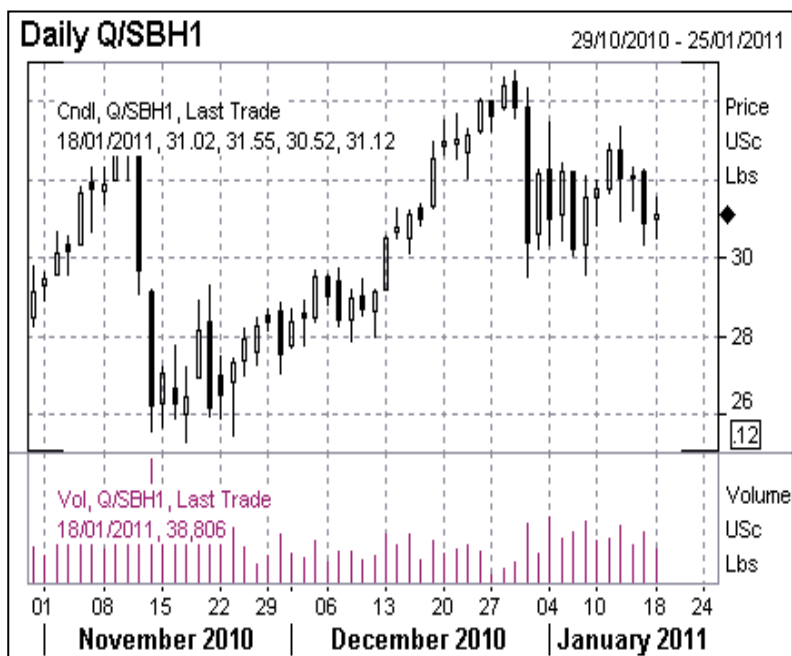
Centre	Grade/Variety	Prices 19-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3050	30
	Sugar S	3000	30
Mumbai	Sugar M	2850-2900	Unch
	Sugar S	2820-2850	Unch
Kolhapur	Sugar M	2710-2740	Unch
	Sugar S	2670-2690	Unch
Ramala Khatauli	Sugar Ready new	2930	10
	Sugar Ready	2980	10

International Futures Quotes (as on 18-1-11)

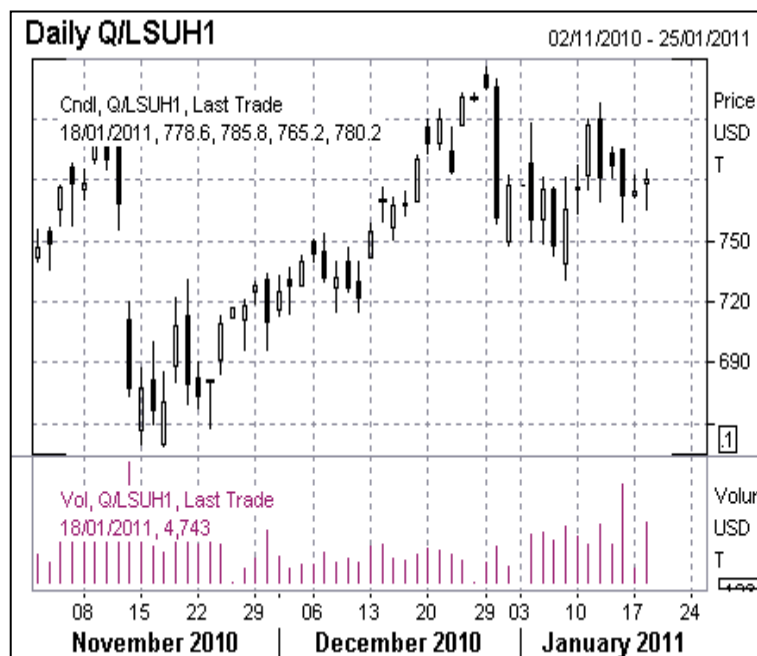
	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	31.02	31.55	30.52	31.12	0.23
	May'11	28.89	29.60	28.74	29.30	0.37
	Jul'11	26.85	27.48	26.71	27.34	0.49
LIFFE Sugar (US \$/MT)	Mar'11	778.60	785.80	765.20	780.20	7.20
	May'11	744.60	751.60	733.60	746.80	6.90
	Aug'11	706.20	714.60	698.40	711.50	9.50

Location	Variety	Dematted Stocks		Change
		18/01/2011	17/01/2011	
Kolhapur	Sugar M Total	198	198	Unch
Kolhapur	Sugar S Total	396	396	Unch
Source: NCDEX				

ICE Sugar Future Mar'11 Contract



LIFFE Sugar Future Mar'11 Contract



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