

Price Drivers

- Duty Free Sugar imports suspended till 31st March 2011
- Good recovery in UP and Maharashtra reported till date.
- FMC allows sugar futures trading, will start from 27th January.
- Govt allows 19.18 lakh tonnes sugar quota for January.
- Govt. suspend 500000 tonnes of sugar export in MY 2010-11 due to unclear picture of Production.

ICE Sugar Futures Market

Raw-sugar futures for March delivery gained 1.02 cent to 32.33 cents a pound in New York.
On NYSE Liffe, refined-sugar futures for March delivery gained \$22.40 to \$790.70 a ton.

Market Analysis

- Mixed sentiments occurs in various spot markets on Monday as demand has increased in Mumbai markets while good supply over demand in Muzaffarnagar market.
- Sugar mills in India are staying away from raw sugar imports, due to negative processing margins.
- Sugar production in India's second-largest producer Uttar Pradesh up 11.6% to January 15.
- 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 that sugar prices remains in Steady to Negative bias in near term due to higher sugar quota for January and lack of demand in Physical Markets. After 10-15 days, demand may increase which may increase the sugar prices as market expecting export announcement in early Feb. 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.
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastics indicate in a oversold region which further suggests bullishness.
- Buying towards resistance level will be the best strategy.

Trade Recommendation - Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Buy	>2762	2782	2788	2752
Support & Resistance				
S2	S1	PCP	R1	R2
2730	2752	2762	2782	2788



Prices at Key Markets

Centre	Grade/Variety	Prices 24-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2930	10
Mumbai	Sugar M	2840-2890	20
	Sugar S	2800-2840	20
Kolhapur	Sugar M	2690-2730	20
	Sugar S	2650-2680	20
Ramala Khatauli	Sugar Ready new	2910	5
	Sugar Ready	2955	25

International Futures Quotes (as on 21-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	31.39	32.39	31.11	32.33	1.02
	May'11	29.28	30.02	29.04	29.98	0.70
	Jul'11	27.12	27.45	26.82	27.39	0.37
LIFFE Sugar (US \$/MT)	Mar'11	774.90	791.60	773.20	790.70	22.40
	May'11	744.60	763.20	743.10	762.50	22.90
	Aug'11	705.40	719.00	705.00	717.30	15.80

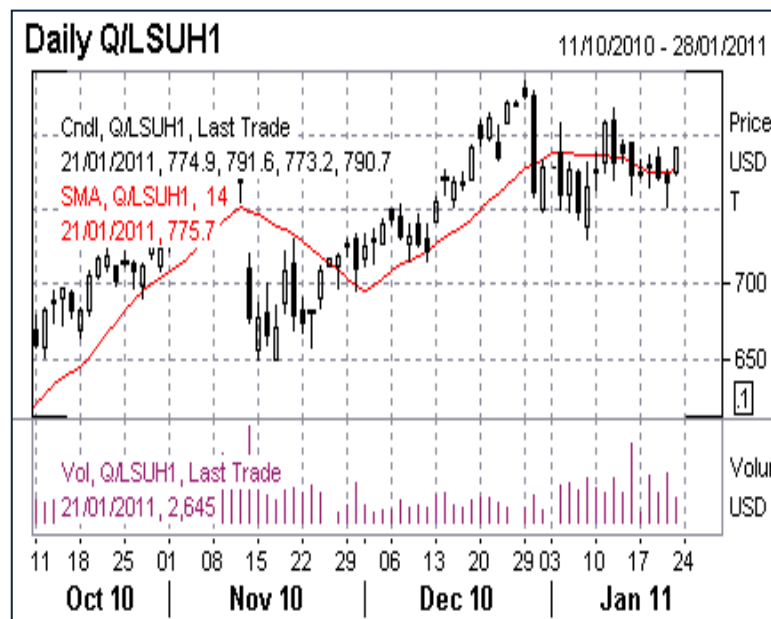
Location	Variety	Dematted Stocks		Change
		22/01/2011	21/01/2011	
Kolhapur	Sugar M Total	999	999	Nil
Kolhapur	Sugar S Total	3491	3491	Nil
Source: NCDEX				

ICE Sugar Future Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Future Mar'11 Contract



DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at

<http://www.agriwatch.com/Disclaimer.asp>