

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 fell 0.02 cent, or 0.1 percent, to settle at 32.31 cents a pound in New York. In London, refined-sugar futures for March delivery rose \$5.50, or 0.7 percent, to settle at \$796.20 a metric ton on NYSE Liffe.

Market Analysis

- Sugar prices eased in various spot markets on Tuesday due to sluggish demand.
- UP Sugarcane growers wants better FRP for the current season crop.
- According to Haryana state cooperative sugar mills, sugar production in Haryana has been increased to 8.16 lakh tonnes until Jan. 23.
- 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.
- 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 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.
- Selling towards resistance level will be the best strategy.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Sell	<2750	2731	2720	2760
Support & Resistance				
S2	S1	PCP	R1	R2
2720	2731	2742	2753	2784



Prices at Key Markets

Centre	Grade/Variety	Prices 25-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2930	Unch
Mumbai	Sugar M	2820-2880	-10
	Sugar S	2790-2830	-10
Kolhapur	Sugar M	2660-2720	-10
	Sugar S	2630-2670	-10
Ramala Khatauli	Sugar Ready new	2875	-35
	Sugar Ready	2930	-25

International Futures Quotes (as on 24-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.36	32.65	32.04	32.31	-0.02
	May'11	30.00	30.23	29.72	30.00	+0.02
	Jul'11	27.45	27.52	27.10	27.44	+0.05
LIFFE Sugar (US \$/MT)	Mar'11	796.90	801.50	789.70	796.20	+5.50
	May'11	766.60	772.50	762.60	769.60	+7.10
	Aug'11	720.00	724.40	715.80	722.80	+5.50

Location	Variety	Dematted Stocks		Change
		24/01/2011	22/01/2011	
Kolhapur	Sugar M Total	819	999	-180
Kolhapur	Sugar S Total	3491	3491	Nil
Source: NCDEX				

ICE Sugar Futures Mar'11 Contract



LIFFE Sugar Futures Mar'11 Contract



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