

Technical Analysis

Commodity: Gur (Jaggery) - NCDEX

As evident from the chart, Gur prices moving sideways. For fortnight point of view, prices will hover between Rs. 891 to Rs 920 as per the intermediate channel and breaching the levels either side will give prices a new direction. However, taking into account the prevailing fundamentals gur prices are strong and if price breaches the level above Rs. 920 then it may go up to the immediate resistance level of Rs. 925 and then up to the 942. Also, Oscillators like RSI moving in a oversold region while MACD hovers in a negative territory. So the best strategy should be Buy on dips towards support level.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
FEB	891	879	925	942



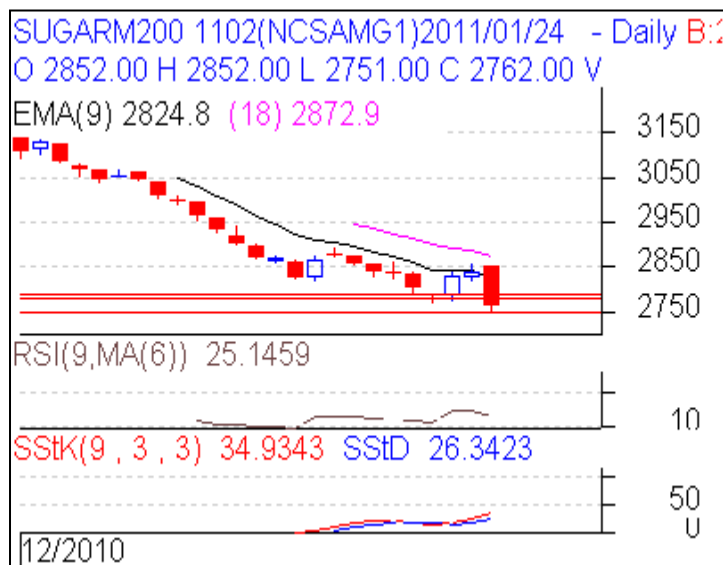
Technical Analysis

Commodity: Sugar - NCDEX

As Chart suggests prices are moving downwards. Prices are moving in a channel hovers between Rs. 2731 to Rs. 2852 and if breached the level either side will give prices a new direction. However, taking into account the prevailing fundamentals sugar prices are weak and if breaches Rs. 2731 then it may go down to the immediate support of 2630 and then down to 2640. However, Oscillators like RSI moving in a oversold region. So the best strategy would be sell on rise.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
JAN	2680	2640	2815	2860



ICE Sugar Future Mar'11 Contract



LIFFE Sugar Future Mar'11 Contract

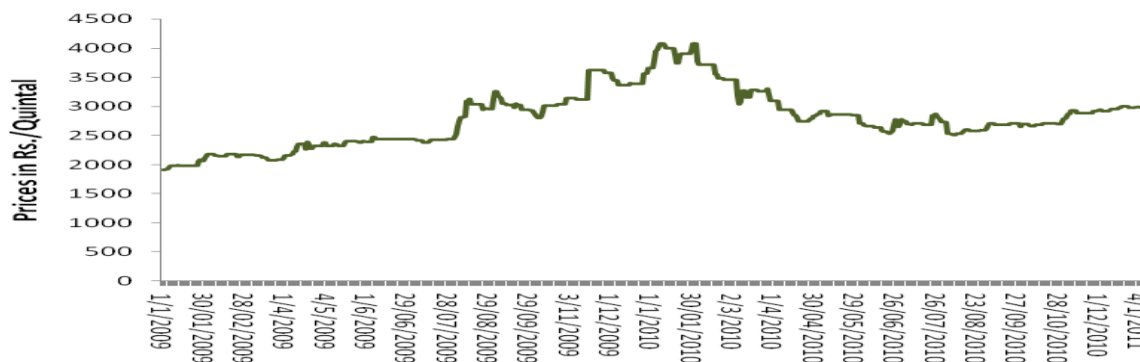


Market Commentary - Domestic

- Sugar prices in key domestic markets witnessed steady to negative owing to export of 5,00,000 tonnes of sugar delayed, extension of stock limit news, extension of zero import duty on sugar, high sugar quota for January month and sluggish demand of sugar in domestic markets pressure the prices downward.
- Govt delayed the sugar export under OGL as Govt. worried about inflationary expectations and exports will further increase price of sugar in domestic market.
- Govt. releases 19.18 lakh tonnes sugar quota for January 2011. Out of 19.18 lakh tonnes, govt allow 2.8 lakh tonnes for levy sugar and 17.00 lakh tonnes for non- levy sugar.
- Govt. retain its decision to curb the stock piling of sugar until 31st March 2011.
- Govt revoke the duty free sugar imports till March 2011.
- Balance Supply and Demand scenario on Sugar may keep the price fluctuation in between Rs 2 and Rs 3 per kg in 2010/2011. According to Fitch (Rating agency), there should not be any major ups and downs in the sugar domestic market due to balanced supply and demand factor. Price remains stable in Indian sugar market for the whole year.
- Production cost is Rs 90 more than the existing ex-mill price. Maharashtra mills have started panic selling with sugar prices falling significantly, but traders have decided not to purchase sugar until previous contracts are cleared.
- Sugar mills in India are staying away from raw sugar imports, due to negative processing margins and an abundant availability of cane for crushing from local sources.
- Sugar Production in India's second largest sugar producer Uttar Pradesh goes up by 11.6% to 2.40 million tonnes from 2.15 million tonnes a year ago,
- Due to labor shortage, less arrivals of sugarcane to mills by farmers which pressurized mills to lower its capacity to 65-70 percent.
- Pakistani mills oppose to import Indian sugar as they fears that imports will hurt the domestic sugar industry. Pakistan estimate around 3.8 million tonnes of sugar production and their consumption of sugar is 4.2 million tonnes.
- India's sugar output is seen 15% up at 8.4 million tonnes as at Jan. 15 in the current season from October
- Co-operative sugar mills in Haryana is aiming at producing 24 lakh quintals of sugar with a recovery rate of 9.6 percent in the marketing year 2010/11 due to better acreage.
- More farmers in Maharashtra are shifting to sugarcane cultivation due to better reimbursement and favourable conditions both climatic and financially.
- The government said there are no plans to ban sugar exports through Advance License Scheme, under which mills have an obligation to export about one million tonnes of sugar by March.
- The Food Ministry recently referred the matter of allowing exports through Open general License (OGL) to the empowered group of ministers (EGOM) on food. Earlier, it had allowed five lakh tonnes of sugar exports under OGL, as sugar production is estimated to rise to 24.5 million tonnes in 2010-11 as against the annual demand of 23 million tonnes.
- The Punjab Government has fixed the state advisory prices (SAP) of the advanced, medium and late varieties of sugar cane at Rs 230, Rs 225 and Rs 220 per quintal for the crushing season 2011-12, an increase of Rs 30 per quintal over last year.
- Government extended the zero-duty regime on refined and raw sugar imports by three months to March 31. Earlier govt impose 60% import duty on Sugar. We see this as a preventive step by Government to curb rising inflation in the country.
- Tamil Nadu Government said it would take up issue of removing sugar from futures trading with the Centre in order to keep its price under check.

Spot sugar prices ruled almost steady to negative in the previous fortnight period as the sugarcane crushing has picking up speed and traders felt market will see a range-bound movement. The supply was high as panic spread among mills as prices going down simultaneously due to high sugar quota for January month and sluggish demand against supply.

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.



Market Commentary – International

- Tunisia bought 18,000 metric tons of white, or refined, sugar and 14,000 tons of raw sweetener, for arrival by March which became cause of price increase in ICE futures due to supply shortage of Sugar.
- Egypt's Sugar and Integrated Industries Co. plans to import 600,000 metric tons of raw sugar from Brazil. SIIC has imported 280,000 tons of raw sugar in 2010 at a cost of \$154 million.
- Indonesia's white sugar stocks stand at 800,000 tonnes, sufficient to cover domestic consumption in the next four months, According to news sources.
- Ukraine's white sugar output from the 2010 beet crop amounted to 1.545 million tonnes compared with 1.267 million produced a year earlier.
- Kenya produced 45,596 tonnes of sugar in September 2010, up 7.1% from 42,586 tonnes produced in the same month last year.
- Indonesia has issued permits to import 2.43 million tonnes of raw sugar for 2011 which became cause of price hike in ICE and LIFFE futures.
- Farmers in Australia were expecting to harvest 32.8 million tonnes of cane but have been forced to leave 5.7 million tonnes uncut in the field of Queensland after the heavy rains.
- South African sugar producers expect to have a better April 2011-March 2012 season due to good rains, after drought weighed on output the previous season.
- Thailand, the world's second-largest sugar exporter, plans to sell a total of 101,333.34 metric tons of raw sugar at an auction on Jan. 20.
- Sugar output in China, the third- biggest producer, may decline by as much as 300,000 metric tons after snow and frost this year damaged crops. About 40 percent crop in Guangxi, the biggest sugar cane growing region , may have been affected by Snow and frost.
- In 2011 Belarusian sugar plants are going to export at least 500,000 tonnes of white sugar, up 7,000 tonnes over 2010.
- Algeria is to suspend customs duties and value added tax on imports of sugar until Aug. 31, the government announced in response to a wave of riots over rising food prices.
- Brazil avoiding the queues of ships until Feb as cooler demand in World's 2nd largest producer of sugar, India. In 2010, Brazil queued up the ships loaded with sugar but because of rainfall.

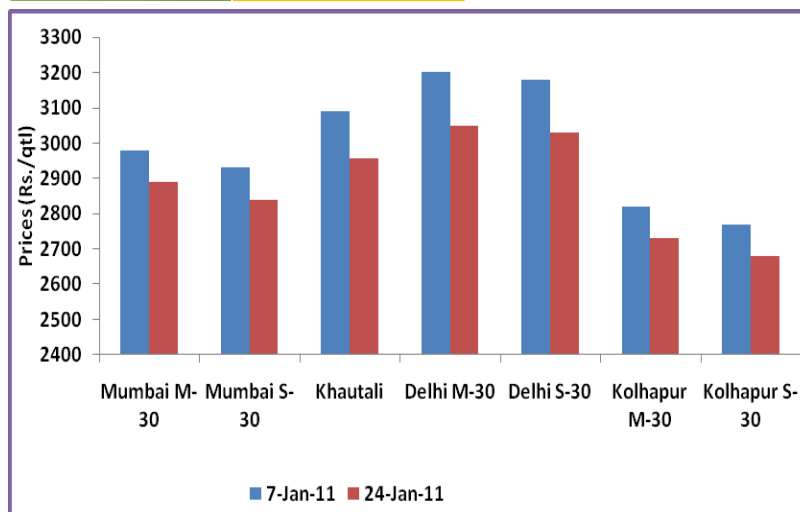
World sugar prices going up owing to wet conditions in Brazil and Australia and Raw Sugar imports by Indonesia, Egypt and Tunisia supports the prices to go up in ICE and Liffe. We expect that the prices of Sugar are expected to trade at steady to higher price level as delayed Export concern from India and less exports from Australia.

World Sugar Balance				
	2010/11	2009/10	Change	
	(mln ton, raw value)		in mln t	in %
Production	168.955	160.503	8.452	5.27
Consumption	167.669	164.339	3.33	2.03
Surplus / Deficit	1.286	-3.836		
Import demand	50.155	52.892	-2.737	-5.17
Export availability	50.687	52.868	-2.181	-4.13
End Stocks	58.081	57.327	0.754	1.32
Stocks/Consumption ratio in%	34.64	34.88		
Source: ISO Quarterly Market Outlook, November 2010				

Spot Prices of Sugar

Particulars	7 Jan 2011	24 Jan 2011	Change
Mumbai M-30	2980	2890	-90
Mumbai S-30	2930	2840	-90
Khautali	3090	2955	-135
Delhi M-30	3200	2950	-150
Delhi S-30	3180	2930	-150
Kolhapur M-30	2820	2730	-90
Kolhapur S-30	2770	2680	-90

Fortnightly Sugar Price Change



FOREX (As on Jan 24, 2011):

Foreign Currency	Rs. per unit
1 US \$	45.61
1 Euro	61.97
1 British £	72.85
100 Jap. Yen	55.09

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