

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 for March delivery rose 1.29 cents, or 4.1 percent, to settle at 33.13 cents a pound on ICE Futures U.S. in New York owing to rising demand in Russia and weak dollar support the prices.

In London, refined-sugar futures for March delivery rose \$17.60 to settle at \$799.10 a metric ton on NYSE Liffe.

Market Analysis

- Sugar prices eased in various spot markets on Thursday due to sluggish demand.
- According to News sources, India has no immediate plans to ban futures trading in any commodity.
- 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 is moving upward from oversold region.
- Selling towards resistance level will be the best strategy.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Sell	<2770	2752	2739	2779
Support & Resistance				
S2	S1	PCP	R1	R2
2739	2752	2765	2772	2785



Prices at Key Markets

Centre	Grade/Variety	Prices 27-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3000	Unch
	Sugar S	2980	Unch
Mumbai	Sugar M	2820-2860	-20
	Sugar S	2790-2820	-10
Kolhapur	Sugar M	2660-2700	-20
	Sugar S	2630-2660	-10
Ramala Khatauli	Sugar Ready new	2880	5
	Sugar Ready	2920	-10

International Futures Quotes (as on 26-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	31.99	33.19	31.71	33.13	1.29
	May'11	29.66	30.59	29.37	30.58	1.04
	Jul'11	27.02	27.80	26.80	27.80	0.77
LIFFE Sugar (US \$/MT)	Mar'11	784.90	803.20	774.80	799.10	17.60
	May'11	760.60	779.00	755.80	776.40	17.40
	Aug'11	715.50	730.00	712.10	729.40	17.20

Location	Variety	Dematted Stocks		Change
		25/01/2011	24/01/2011	
Kolhapur	Sugar M Total	819	819	Nil
Kolhapur	Sugar S Total	3491	3491	Nil
Source: NCDEX				

ICE Sugar Futures Mar'11 Contract



LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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