

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 0.24 cent, or 0.7 percent, to 33.94 cents a pound in New York owing to concern that Egypt will delay purchases. In London, refined-sugar futures for March delivery fell \$10.10, or 1.2 percent, to \$814.40 a ton on NYSE Liffe.

Market Analysis

- Sugar prices are steady to negative in all spot markets due to sluggish demand over supply and panic selling by millers to fulfill the sugar quota for January month.
- 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 are hovering in an oversold region.
- Selling towards resistance level will be the best strategy.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Sell	<2750	2734	2720	2758
Support & Resistance				
S2	S1	PCP	R1	R2
2720	2734	2744	2755	2773



Prices at Key Markets

Centre	Grade/Variety	Prices 29-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	-50
	Sugar S	2950	-30
Mumbai	Sugar M	2820-2850	Unch
	Sugar S	2790-2810	Unch
Kolhapur	Sugar M	2650-2690	Unch
	Sugar S	2620-2650	Unch
Ramala Khatauli	Sugar Ready new	2900	-10
	Sugar Ready	2950	Unch

International Futures Quotes (as on 28-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	34.18	34.51	33.54	33.94	-0.24
	May'11	31.30	31.54	30.65	31.29	-0.02
	Jul'11	28.20	28.29	27.55	28.21	0.01
LIFFE Sugar (US \$/MT)	Mar'11	820.90	827.40	808.30	814.40	-10.10
	May'11	792.20	800.00	786.20	792.40	-6.10
	Aug'11	744.30	750.00	736.30	745.60	-2.30

Location	Variety	Dematted Stocks		Change
		27/01/2011	25/01/2011	
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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