

Price Drivers

- Duty Free Sugar imports suspended till 31st March 2011
- Good recovery in UP and Maharashtra reported till date.
- Govt allows 18.39 lakh tonnes sugar quota for February.
- Govt. suspend 500000 tonnes of sugar export in MY 2010-11 due to unclear picture of Production.
- 37.04 lakh tones sugar production till date in Maharashtra.

Market Analysis

- Mixed Sentiments recorded in Sugar spot market prices on Monday owing to increasing demand, less sugar quota for February month also supports the prices.
- Govt. releases 18.39 lakh tones of sugar quota for February month out of which 2.16 lakh tones for Levy, 13 lakh tones for Non- Levy, 3 lakh tones for carryover quantity of unsold/undispatched non- levy sugar released for the January month and 0.23 lakh tones for white/refined sugar processed out of imported raw sugar during the months of December, 2010.
- According to Media sources, 352.79 lakh tones of sugarcane have crushed so far and from that 37.04 lakh tones sugar produced in Maharashtra with an average recovery rate of 10.50 percent.
- 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.

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 a oversold region.
- Selling towards resistance level will be the best strategy.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Sell	<2755	2740	2731	2762
Support & Resistance				
S2	S1	PCP	R1	R2
2731	2740	2747	2762	2770



Prices at Key Markets

Centre	Grade/Variety	Prices 31-01-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2950	Unch
Mumbai	Sugar M	2820-2880	+30
	Sugar S	2790-2820	+10
Kolhapur	Sugar M	2650-2690	+30
	Sugar S	2620-2650	+10
Ramala Khatauli	Sugar Ready new	2890	-10
	Sugar Ready	2930	-20

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
		29/01/2011	27/01/2011	
Kolhapur	Sugar M Total	789	819	-30
Kolhapur	Sugar S Total	3481	3491	-10
Source: NCDEX				

ICE Sugar Futures Mar'11 Contract

LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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