

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.

ICE Sugar Futures Market

Raw-sugar futures for March delivery rose 0.03 cent to 33.97 cents a pound in New York.
In London, refined-sugar futures for March delivery fell \$2.80 to \$811.60 a ton on NYSE Liffe.

Market Analysis

- Sugar prices traded firm in all physical markets on Tuesday on increased demand over supply. Low sugar quota for February month also supports the prices.
- India's biggest cane producing state of Uttar Pradesh has cut its sugar production forecast for 2010/11 (Oct/Sep) by 3.3% to 6.0 mln tonnes, white value, from an earlier estimate of 6.2 mln, government sources said.
- 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.
- 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 are in Positive bias in near term due to low sugar quota for February and increasing 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 which further indicates bullishness.
- Buying towards support level will be the best strategy.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Buy	<2767	2785	2801	2757
Support & Resistance				
S2	S1	PCP	R1	R2
2731	2751	2767	2785	2801



Prices at Key Markets

Centre	Grade/Variety	Prices 01-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2990	+40
	Sugar S	2970	+20
Mumbai	Sugar M	2830-2890	+10
	Sugar S	2780-2830	+10
Kolhapur	Sugar M	2670-2730	+10
	Sugar S	2620-2670	+10
Ramala Khatauli	Sugar Ready new	2895	+5
	Sugar Ready	2940	+10

International Futures Quotes (as on 31-1-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	34.10	34.10	32.59	33.97	+0.03
	May'11	31.25	31.52	30.15	31.49	+0.20
	Jul'11	28.03	28.31	27.20	28.31	+0.10
LIFFE Sugar (US \$/MT)	Mar'11	816.00	816.50	791.50	811.60	-2.80
	May'11	793.90	793.90	769.80	791.40	-1.00
	Aug'11	747.70	747.70	727.30	745.60	Unch

Location	Variety	Dematted Stocks		Change
		31/01/2011	29/01/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3381	3481	-100
Source: NCDEX				

ICE Sugar Futures Mar'11 Contract



LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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