

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.
- 37.04 lakh tones sugar production till date in Maharashtra.

ICE Sugar Futures Market

Raw-sugar futures for March delivery rose 1.35 cents to 35.31 cents a pound in New York.
In London, refined-sugar futures for March delivery rose \$25.30 to \$844.50 a ton on NYSE Liffe.

Market Analysis

- Mixed sentiments occur in various spot sugar markets on Thursday owing to increasing demand and supply.
- According to News Sources, Sugar output in Australia from the harvest later this year may be around 3.6 million metric tons
- 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 expect that sugar prices are in Negative bias in near term due to good supply in the market and lack of demand in Physical Markets. 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 moving sideways.
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastics are moving up from oversold region.
- Sideways movement occurs in the chart so stay away from the market.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Stay Away	-	-	-	-
Support & Resistance				
S2	S1	PCP	R1	R2
-	-	2772	-	-



Prices at Key Markets

Centre	Grade/Variety	Prices 03-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2980	-10
	Sugar S	2960	-10
Mumbai	Sugar M	2830-2895	+5
	Sugar S	2780-2820	-10
Kolhapur	Sugar M	2670-2730	+5
	Sugar S	2620-2660	-10
Ramala Khatauli	Sugar Ready new	2900	+20
	Sugar Ready	2940	+20

International Futures Quotes (as on 2-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	34.10	36.08	34.01	35.31	+1.35
	May'11	31.70	33.11	31.43	32.76	+1.25
	Jul'11	28.48	29.65	28.47	29.64	+1.16
LIFFE Sugar (US \$/MT)	Mar'11	827.00	857.00	826.30	844.50	+25.30
	May'11	804.50	832.30	803.60	820.30	+24.90
	Aug'11	755.90	782.00	755.90	769.30	+20.50

Location	Variety	Dematted Stocks		Change
		2/02/2011	1/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3381	3381	Unch
Source: NCDEX				

ICE Sugar Futures Mar'11 Contract

LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at

<http://www.agriwatch.com/Disclaimer.asp>