

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 for March delivery fell 3.27 cents to settle at 32.04 cents a pound at 2 p.m. on ICE Futures U.S. in New York, the biggest drop since Dec. 30 on news on Crop damage was less than "initially feared". In London, refined-sugar futures for March delivery fell \$30.30, or 3.6 percent, to \$814.20 a ton on NYSE Liffe. Yesterday, the price reached \$857, the highest since at least January 1989.

Market Analysis

- Sugar spot prices going down on sluggish demand over supply.
- Govt. may likely to delay the sugar exports under OGL for 1 month as food inflation reached 17.05 percent.
- 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 downward..
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastics are hovering below oversold region.
- Selling towards resistance level would be the best strategy.

Trade Recommendation – Sugar NCDEX (Feb.) Contract

Call	Entry	T1	T2	SL
Sell Below	2713	2695	2780	2723
Support & Resistance				
S2	S1	PCP	R1	R2
2780	2695	2707	2740	2762



Prices at Key Markets

Centre	Grade/Variety	Prices 04-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	-30
	Sugar S	2930	-30
Mumbai	Sugar M	2820-2890	-5
	Sugar S	2700-2810	-10
Kolhapur	Sugar M	2660-2730	-5
	Sugar S	2540-2650	-10
Ramala Khatauli	Sugar Ready new	2880	-20
	Sugar Ready	2900	-50

International Futures Quotes (as on 3-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	35.40	35.62	31.80	32.04	-3.27
	May'11	33.00	33.01	29.56	29.77	-2.99
	Jul'11	29.64	29.75	26.70	27.02	-2.62
LIFFE Sugar (US \$/MT)	Mar'11	850.00	851.50	800.00	814.20	-30.30
	May'11	824.90	829.00	778.50	791.80	-28.50
	Aug'11	776.20	780.00	737.90	750.40	-18.90

Location	Variety	Dematted Stocks		Change
		3/02/2011	2/02/2011	
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)

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