

#### Price Drivers

- Govt allows 18.39 lakh tonnes sugar quota for February
- Duty Free Sugar imports suspended till 31<sup>st</sup> March 2011
- Good recovery in UP and Maharashtra reported till date.
- 37.04 lakh tones sugar production till date in Maharashtra.

#### ICE Sugar Futures Market

Raw sugar for March delivery rose 0.6 cent, or 1.9 percent, to settle at 32.64 cents a pound at 2 p.m. on ICE Futures U.S. in New York. In London, refined-sugar futures for March delivery dropped \$19.80, or 2.4 percent, to \$794.40 a metric ton on NYSE Liffe. The price fell 2.5 percent for the week.

#### Market Analysis

- Mixed sentiments occur in various physical markets on Saturday as sluggish demand over supply.
- According to Media Sources, Maharashtra produced 4.26 million tonnes of sugar as on Feb. 4, up 13 percent as compared with 3.77 million tonnes during the same period a year ago. Govt is in a mess to allow the sugar exports under OGL as industry's desire to take the advantage of global scenario while double digit inflation is becoming a painful headache for Govt.
- Despite of court ban, U.S agricultural regulators would partially allowed commercial planting of genetically modified sugar beets under closely controlled conditions.
- Uganda's sugar output may rise to 20% in 2011. The output may climb to 350,000 metric tons from 292,052 tons a year earlier owing to expansion by three biggest plants in Uganda.
- Govt. may likely to delay the sugar exports under OGL for 1 month as food inflation reached 17.05 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
<b>Sell Below</b>	2695	2679	2660	2703
Support & Resistance				
S2	S1	PCP	R1	R2
2660	2679	2693	2740	2762



#### Prices at Key Markets

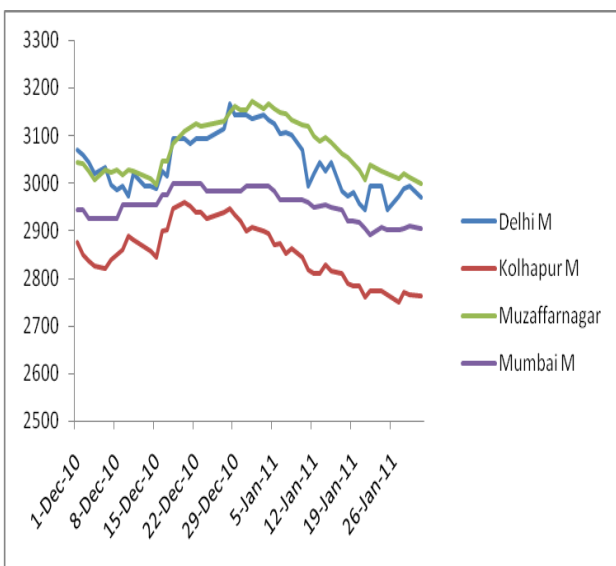
Centre	Grade/Variety	Prices 05-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2930	Unch
Mumbai	Sugar M	2820-2880	-10
	Sugar S	2700-2790	-20
Kolhapur	Sugar M	2640-2720	-10
	Sugar S	2540-2630	-20
Ramala Khatauli	Sugar Ready new	2890	+10
	Sugar Ready	2890	-10

#### International Futures Quotes (as on 4-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.08	33.24	31.85	32.64	+0.60
	May'11	29.87	30.87	29.50	30.39	+0.62
	Jul'11	27.33	27.97	26.68	27.69	+0.67
LIFFE Sugar (US \$/MT)	Mar'11	793.00	804.30	780.00	794.40	-19.80
	May'11	770.00	778.80	753.40	769.50	-22.30
	Aug'11	721.30	735.40	711.60	726.50	-23.90

Location	Variety	Dematted Stocks		Change
		4/02/2011	3/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3381	-110
Source: NCDEX				

#### Spot Market prices trend



#### ICE Sugar Futures Mar'11 Contract



#### LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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