

Price Drivers

- Govt allows 18.39 lakh tonnes sugar quota for February
- Duty Free Sugar imports suspended till 31st 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

- Sluggish demand of sugar in various spot markets drags the prices down on Monday.
- According to Media Sources, Sugar production may likely 24 Million tones, less than the previous initial estimate 24.5 Million tones owing to less yield in major sugar producing states.
- Ethanol supply reached to 1.45 crore litres to various public sector oil depots for mixing it with petrol by UP Sugar factories. This year, ethanol and other by products prices goes up due to increasing demand from chemical and pharmaceutical sectors. The Total requirement of the country of Ethanol is 100 crore litres and UP alone supposed to produce 35 crore litres and consumes 10 crore litres within the state.
- Australia's raw sugar estimate lowered by Rabobank to 3.5 million tones from 3.8 million tones 8% down due to severe hit cyclone yasi.
- Sources say Iraq to buy 150,000 t sugar from Jordanian.
- 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.
- 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

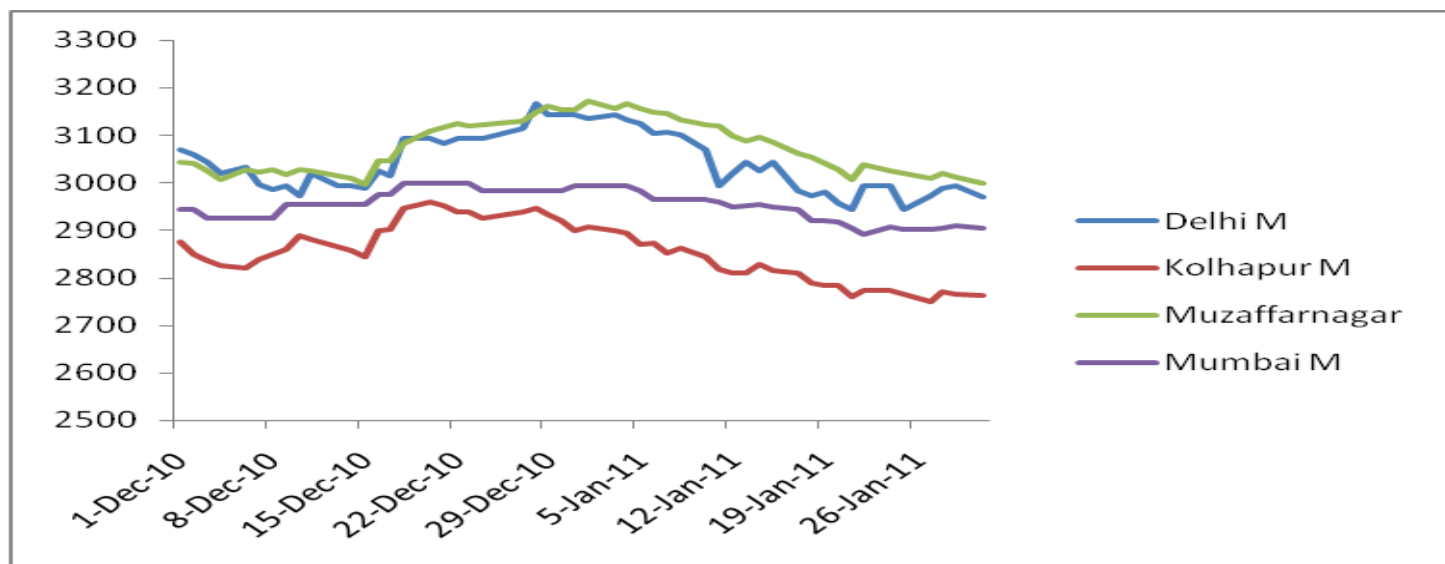
Call	Entry	T1	T2	SL
Sell Below	2696	2684	2671	2703
Support & Resistance				
S2	S1	PCP	R1	R2
2671	2684	2693	2716	2740



Prices at Key Markets

Centre	Grade/Variety	Prices 07-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2930	Unch
Mumbai	Sugar M	2800-2830	-50
	Sugar S	2760-2790	Unch
Kolhapur	Sugar M	2640-2670	-50
	Sugar S	2540-2630	Unch
Ramala	Sugar Ready new	2850	-40
Khatauli	Sugar Ready	2870	-20

Spot Market prices trend



(Source: NCDEX)

Location	Variety	Dematted Stocks		Change
		5/02/2011	4/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3381	Unch
Source: NCDEX				

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

ICE Sugar Futures Mar'11 Contract

LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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