

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 fell 1.52 cent to settle at 31.16 cents a pound at 2 p.m. on ICE Futures U.S. in New York on high sugar output in Brazil and china has increased interest rate for the third time since Oct to curb inflation. In London, refined-sugar futures for May delivery declined \$24.10 to \$754.70 a metric ton on NYSE Liffe.

Market Analysis

- Sugar prices traded steady to negative in various spot markets on Wednesday as sluggish demand continues.
- Demand in Delhi spot market remains low. On Wednesday, No changes recorded as far as Arrivals are concerned. Arrival remains 40000 Quintal for M grade and 15000 Quintal for S Grade.
- Steady prices recorded owing to less Demand in Kolkata and Chennai spot markets
- Arrivals in Naka spot market was 30 motors on Wednesday.
- According to Media sources, Maharashtra may produce only 9.0 mln tonnes of sugar in 2010/11, less than the 9.2 mln forecast last month and 9.5 mln estimated ahead of the harvest in September. Estimate down due to heavy rain reduced the recovery rate and less yield. Sugarcane output to reach only 79 mln tonnes, less than the 80 mln tonnes estimated in January and 82.5 mln forecast in September. This estimate may resist govt 1st sugar estimate 24.5 million tonnes and would support govt. decision for not allowing sugar exports under OGL.

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	2669	2657	2640	2675
Support & Resistance				
S2	S1	PCP	R1	R2
2640	2657	2666	2682	2703



Prices at Key Markets

Centre	Grade/Variety	Prices 09-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2930	Unch
Mumbai	Sugar M	2800-2840	-30
	Sugar S	2775-2770	-10
Kolhapur	Sugar M	2640-2680	-30
	Sugar S	2540-2610	-10
Chennai	Sugar S	2800	Unch
Kolkata	Sugar M	2950	Unch
Ramala	Sugar Ready new	2840	-10
Khatauli	Sugar Ready	2880	Unch

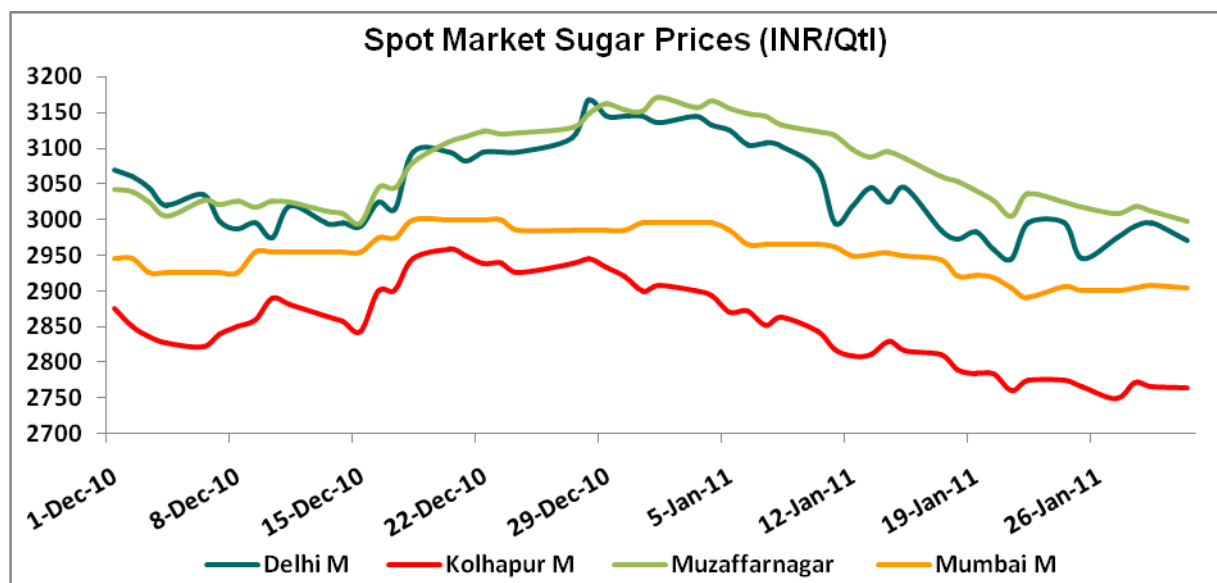
International Futures Quotes (as on 8-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.65	32.86	31.02	31.16	-1.52
	May'11	30.60	30.82	29.06	29.39	-1.24
	Jul'11	28.30	28.45	26.99	27.36	-0.98
LIFFE Sugar (US \$/MT)	May'11	772.00	777.70	747.60	754.70	-24.10
	Aug'11	734.50	741.10	712.50	717.70	-22.70
	Oct'11	677.40	685.70	658.20	665.80	-13.10

Stock Position of Sugar in NCDEX Warehouse (In Metric Tonnes)

Location	Variety	Dematted Stocks		Change
		8/02/2011	7/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3381	Unch
Source: NCDEX				

Spot Market prices trend



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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