

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 0.34 cent to settle at 31.50 cents a pound at 2 p.m. on ICE Futures U.S. in New York In London, refined-sugar futures for May delivery declined \$5.60 to \$749.10 a metric ton on NYSE Liffe.

Market Analysis

- Sugar prices traded steady to positive in various spot markets on Thursday due to improved demand by local buyers..
- Demand in Delhi spot market remains low. On Thursday, No changes recorded as far as prices and Arrivals are concerned. Arrival remains 40000 Quintal for M grade and 15000 Quintal for S Grade.
- Prices recorded down in Chennai market owing to less Demand.
- In Kolkata market, owing to improved demand, prices gone up by 30 Rs.
- In Muzaffarnagar and Mumbai markets, prices are gone up due to slightly better demand by local buyers.
- Arrivals in Naka spot market remains same. Arrivals was 30 motors on Thursday.
- According to Industry officials, yield from sugarcane would be higher owing to new planting cane crop is ready to harvest from 20th February while now mills crushed the ratoon cane so far in the season.
- According to Reliable sources, Mills would release the extended carry over sugar stock in time. Earlier govt. has release 13 lakh tonnes normal quota for February month and 3 lakh tonnes carry over stock for January month.

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	2682	2670	2657	2688
Support & Resistance				
S2	S1	PCP	R1	R2
2657	2670	2680	2696	2703



Prices at Key Markets

Centre	Grade/Variety	Prices 10-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2930	Unch
Mumbai	Sugar M	2810-2860	+20
	Sugar S	2725-2750	-20
Kolhapur	Sugar M	2650-2600	+20
	Sugar S	2565-2590	-20
Chennai	Sugar S	2780	-20
Vijaywada	Sugar M	2775	-
	Sugar S	2750	-
Kolkata	Sugar M	2980	+30
Ramala	Sugar Ready new	2850	+10
Khatauli	Sugar Ready	2885	+5

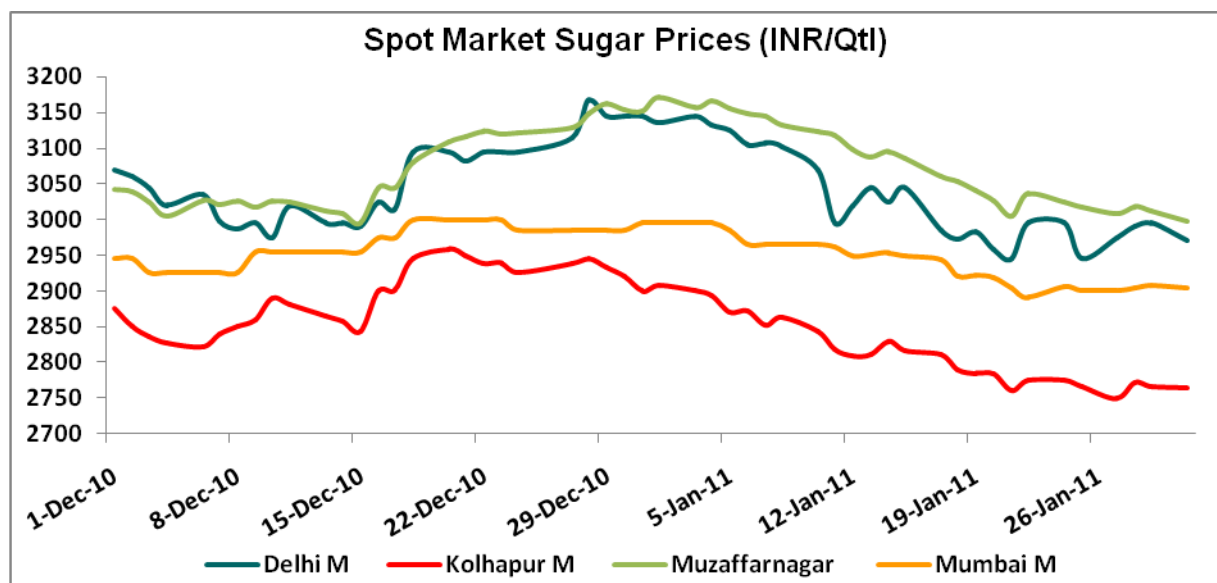
International Futures Quotes (as on 9-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	31.20	31.93	30.43	31.50	+0.34
	May'11	29.45	30.01	28.64	29.73	+0.34
	Jul'11	24.40	27.98	26.65	27.46	+0.10
LIFFE Sugar (US \$/MT)	May'11	755.50	764.40	734.60	749.10	-5.60
	Aug'11	718.20	728.00	700.60	713.00	-4.70
	Oct'11	675.00	675.30	651.10	664.30	-1.50
White Sugar Premium \$/MT	Mar'11	-	-	-	79.75	-
	May'11	-	-	-	106.00	-
	Aug'11	-	-	-	115.00	-

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

Location	Variety	Dematted Stocks		Change
		9/02/2011	8/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3381	Unch
Source: NCDEX				

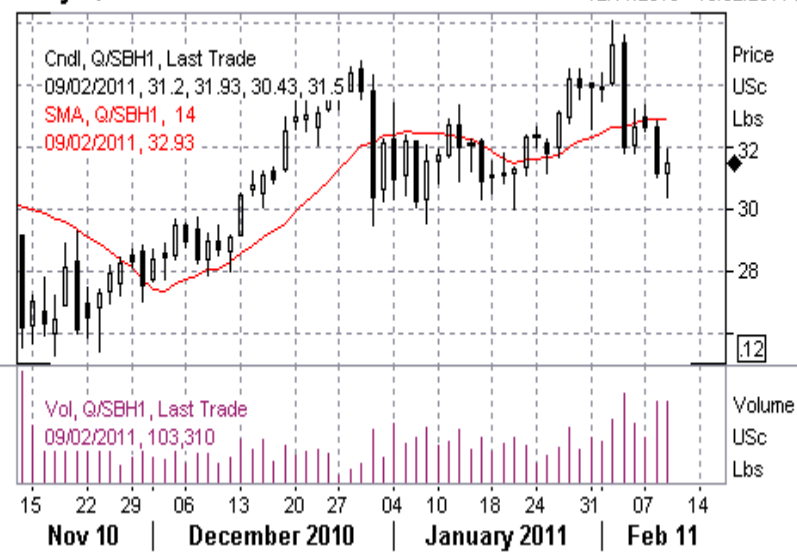
Spot Market prices trend



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract

Daily Q/SBH1



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract

Daily Q/LSUH1



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