

### Technical Analysis

#### Commodity: Gur (Jaggery) - NCDEX

As evident from the chart. Gur prices moving downwards. For fortnight point of view, prices will hover between Rs. 880 to Rs 947 as per the intermediate channel and breaching the levels either side will give prices a new direction. However, taking into account the prevailing fundamentals gur prices are weak and if price breaches the level below Rs.880 then it may go down to the immediate support level of Rs. 860 and then up to the Rs. 840. Also, Oscillators like RSI moving in a oversold region while MACD hovers in a negative territory. So the best strategy should be **Sell on rally** towards resistance level.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
MARCH	860	840	909	924

### Technical Analysis

#### Commodity: Sugar - NCDEX

As Chart suggests prices are moving downwards. Prices are moving in a channel hovers between Rs. 2745 to Rs. 2877 and if breached the level either side will give prices a new direction. However, taking into account the prevailing fundamentals sugar prices are weak and if breaches Rs. 2745 then it may go down to the immediate support of Rs. 2755 and then down to 2725. However, Oscillators like RSI moving in a oversold region. So the best strategy would be **sell on rise**.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
MAR	2755	2725	2805	2838

GURCHMUZR 1103(NCCHMH1)2011/02/10 - Daily B:891.00 A:892.00  
O 886.50 H 895.50 L 884.50 C 891.50 V 2,570 I 11,720 +4



SUGARM200 1103(NCSAMH1)2011/02/10 - Daily B:2780.00 A:2787.00  
O 2768.00 H 2790.00 L 2765.00 C 2783.00 V 6,060 I 32,810 +12



### ICE Sugar Future Mar'11 Contract



### LIFFE Sugar Future Mar'11 Contract



#### Market Commentary – Domestic

- Sugar spot prices traded down due to sluggish demand over supply in the market in this fortnightly. Excess sugar quota for January month, exports delayed by govt. pressurize the prices to go down further.
- According to media sources, Sugar supply will just cover demand this year and prices will fall by the end of 2011. Govt is also over cautious regarding the export issue due to less yield and inflationary pressure that will also pressurize the prices to go down.
- 159 sugar factories in Maharashtra have crushed 352.79 lakh tonne cane so far and have produced 37.04 lakh tonne sugar with an average recovery rate of 10.50 per cent. The sugar recovery rate was 10.30 per cent three weeks ago when the overall temperature in the state was low which affected the sugar output which further affects the sugar estimate for govt. i.e. 24.5 MT.
- The government has made 18.39 lakh tonnes of sugar available for sale through open market and ration shops for the month of February 2011, which is marginally above than the current month. Of the total allocation for the month of February, 2.16 lakh tonnes of sugar will be for supply through ration shops and 16.23 lakh tonnes in the open market.
- Uttar Pradesh has cut its sugar production forecast for 2010/11 (Oct/Sep) by 3.3% to 6.0 mln tonnes from an earlier estimate of 6.2 mln. The northern Indian state produced 5.2 mln tonnes of sugar in 2009/10. Cane yields have reportedly dropped to 56 tonnes per ha in the new season that began in October, down from 58 tonnes in the previous year, while this year's recovery rate is up only marginally from a year ago at 8.91%.
- According to Industry officials, yield from sugarcane would be higher owing to new planting cane crop is ready to harvest from 20 Feb in UP while now mills crushed the ratoon cane so far in the season.
- According to media sources, Owing to severe squeeze on margins, sugar mills are looking at alternatives, largely in potable alcohol and energy. The government's decision to set the benchmark ethanol price at Rs 27 per litre has given a push to this. With rising raw material and labour costs and stagnant realisation from sugar sales, many mills are not even breaking even.
- Sugar output in India's Maharashtra state is up 13 percent from a year ago, slightly slower than in January. 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.
- The Maharashtra State Cooperative Sugar Factories Federation (MSCFF) scaled down its outlook for India's total sugar production in 2010/11 (Oct/Sep) to 24 mln tonnes.
- Indian Sugar Mills Association (ISMA) today revised downward the country's sugar production to 25 million tonnes in the 2010-11 season due to late rains in Uttar Pradesh,
- Uttar Pradesh sugar production in the current crushing season is likely to grow over 15 per cent compared to last year and touch a figure of almost 6 million tonnes. Against sugar production of 5.18 million tonnes in 2009-10, the output is touted to touch 5.98 million tonnes in 2010-11, a growth of 15.5 per cent.

*Spot sugar prices ruled negative in the previous fortnight period as the sugarcane crushing has picking up speed and traders felt market will see a range-bound movement. The supply was high as mills put ample sugar stock in the market as mills has the obligation to release 13 lakh tonnes normal quota for February month and 3 lakh tonnes carry over stock for January month.*

*We expect that sugar prices remains in Negative bias in near term due to good supply by mills in the open market and overall sluggish demand in the market would drag the prices down further. Also, expected good yield by upcoming new cane crop harvesting and sugar export delayed by at least for mid term by govt. pressurize the prices downward. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.*

#### Market Commentary – International

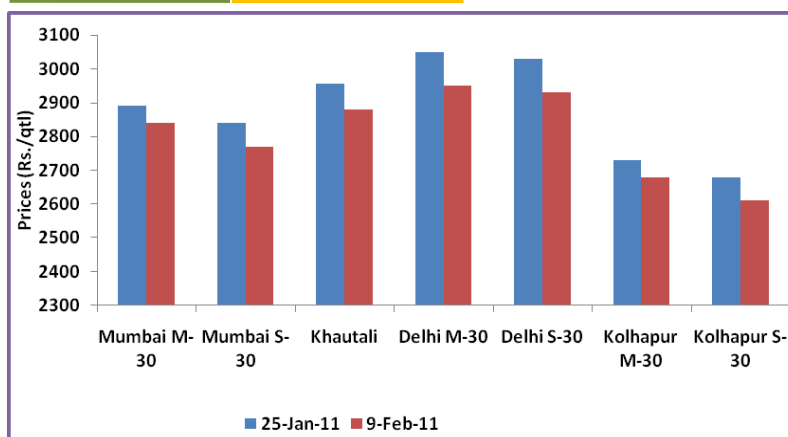
- Russia's raw sugar imports advanced to 2.1 million metric tons in 2010 from 1.44 million tons a year earlier. Russia suffered its worst drought in a half century last year. The country's sugar output fell to 4.86 million tons last year from 5.11 million tons in 2009.
- Finland produced 80,000 tonnes of beet white sugar in 2010/11, down from 88,000 a year ago and also marginally below the country's EU quota of 81,000 tonnes,
- Sweden produced 315,000 tonnes of beet white sugar in 2010/11, down sharply from 403,000 a year ago but still above the country's EU quota of 293,000 tonnes, the country's sole sugar producer Nordic Sugar said.
- Denmark produced 374,000 tonnes of sugar, white value, in 2010/11, down sharply from 445,000 in 2009/10 but in line with the country's EU quota of 372,000 tonnes.
- Brazil's sugarcane harvesting area rose 8.4% in 2010/11 to 8,033,600 ha from 7,409,600 a year ago, the national crop supply agency Conab said. This would result in good output of sugarcane in the marketing year 2011-12.
- Sugar output in Australia from the harvest later this year may be around 3.6 million metric tons, That would be around the same level as in 2010, when adverse weather also slashed output.
- Tropical cyclone Yasi has caused widespread damage and personal loss to Far North Queensland but the overall economic impact for the year is expected to be limited, experts say. Banana growers have said that about 75 per cent of their crop - valued at about \$350 million - would be wiped out – with a dramatic price hike to follow. Sugar growers, meanwhile, estimate that about 20 per cent of their crop will be lost
- Rabobank lowered its estimate for Australia's 2011/12 raw sugar output to 3.5 million tonnes from an earlier estimate for 3.8 million tonnes after floods and a cyclone damaged crops.
- Russian raw sugar imports rose to 82,500 tonnes in December 2010 from 60,700 tonnes in November, 26,600 tonnes in October and 2,000 tonnes in September, due to a lower import tariff,
- South Africa's 2010/11 sugar output is estimated at 1.912 million tonnes, down from a previous 1.931 million tonnes forecast, the latest estimate by the South African Sugar Association (SASA) showed.
- Russian sugar refining from imported raws tripled in the year to Feb. 7 compared with a year ago after a severe drought cut sugar output from domestic beets, an industry lobby group said. The country refined 136,450 tonnes of white sugar from cane raws between the start of the year and Feb. 7, compared with 45,931 tonnes by Feb. 11 last year.
- The U.S. Agriculture Department decreased its forecast on Wednesday for domestic sugar supplies in the 2010/11 marketing year. USDA's monthly supply/demand report showed the closely watched stocks-to-use ratio stood at 11.8 percent, down from 12.6 percent last month and down from 13.3 percent in the previous marketing year.
- Kenya's sugar production fell 4.5% in 2010 to 523,522 tonnes due to a weather-induced cane shortage in some zones, but should rebound by 6% in 2011.

***World sugar prices going up owing to less sugar production by south Africa, Kenya, Australia, Denmark, Sweden , Finland and increased imports by EU further supports the prices to go up in ICE and Liffe. We expect that the prices of Sugar are expected to trade at steady to higher price level as higher imports by EU and exports delayed by India, and rainfall damage crops in various countries.***

#### Spot Prices of Sugar

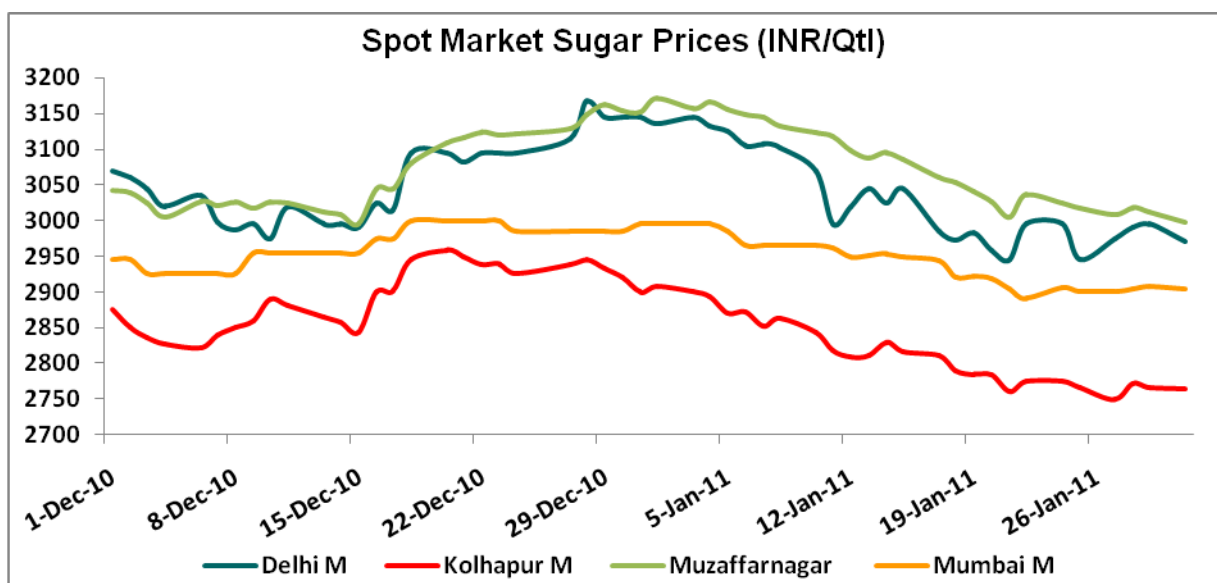
Particulars	25 Jan 2011	10 Feb 2011	Change
Mumbai M-30	2890	2840	-50
Mumbai S-30	2840	2770	-70
Khautali	2955	2880	-75
Delhi M-30	3050	2950	-100
Delhi S-30	3030	2930	-100
Kolhapur M-30	2730	2680	-50
Kolhapur S-30	2680	2610	-70

#### Fortnightly Sugar Price Change



#### FOREX (As on Feb 10, 2011):

Foreign Currency	Rs. per unit
1 US \$	45.57
1 Euro	62.37
1 British £	73.29
100 Jap. Yen	55.14



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