

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 declined 0.75 cent to settle at 31.30 cents a pound at 2 p.m. on ICE Futures U.S. in New York In London, refined-sugar futures for May delivery declined \$16.80 to \$756.20 a metric ton on NYSE Liffe.

Market Analysis

- Sugar prices are steady in different centers, except UP, as the market lacks adequate cues in either side to define sugar prices for short term. However, any government intervention for re-opening sugar export might stand supportive for the prices though it is not likely before the summer.
- According to Media Sources, Mr. Prithvi Raj Chavan, backed by Mr. Sharad Pawar, demands to completely lift the ban on exports of sugar. Meanwhile the final decision would be taken by Empowered group of minister after reviewing the final report on the current season's production comes in on February 15. The Government had earlier decided to hold back exports of 5,00,000 tonnes of sugar as prices of the item started rising.
- Sugar production in Brazil's Centre/South region reached only 2,200 tonnes in the second half of January, down from 47,800 in the same period last year, industry association Unica said. The low figure confirms that the crushing of 2010-11 crop has been virtually over with total sugar output reaching 33.475 Million tonnes up 17.8% from 28.426 Million tonnes a year earlier. This may likely to support the prices to go up in in short term in ICE and Liffe sugar Futures.
- Sugar prices from UP improved marginally while almost steady demand could be seen from Delhi, Maharashtra and Chennai, Vijaywada, Kolkata and Nagpur compared to the previous day.. Sugar arrival at Delhi remains 5000 Quintal for M grade and 4000 Quintal for S Grade. Meanwhile, arrivals at Naka remain unchanged at 30 motors on Saturday.

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 Stochastic are hovering below overbought region.
- Selling towards resistance level would be the best strategy.

Trade Recommendation – Sugar NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Sell Above	2825	2797	2785	2840
Support & Resistance				
S2	S1	PCP	R1	R2
2785	2797	2813	2857	2868



Prices at Key Markets

Centre	Grade/Variety	Prices 11-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	2950	Unch
	Sugar S	2920	Unch
Mumbai	Sugar M	2815-2860	Unch
	Sugar S	2725-2750	Unch
Kolhapur	Sugar M	2655-2700	Unch
	Sugar S	2550-2565	Unch
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2900	Unch
	Sugar S	2871	Unch
Nagpur	Sugar M	2900	Unch
	Sugar S	2870	Unch
Kolkata	Sugar M	2980	Unch
Ramala	Sugar Ready new	2850	-10
Khatauli	Sugar Ready	2900	+10

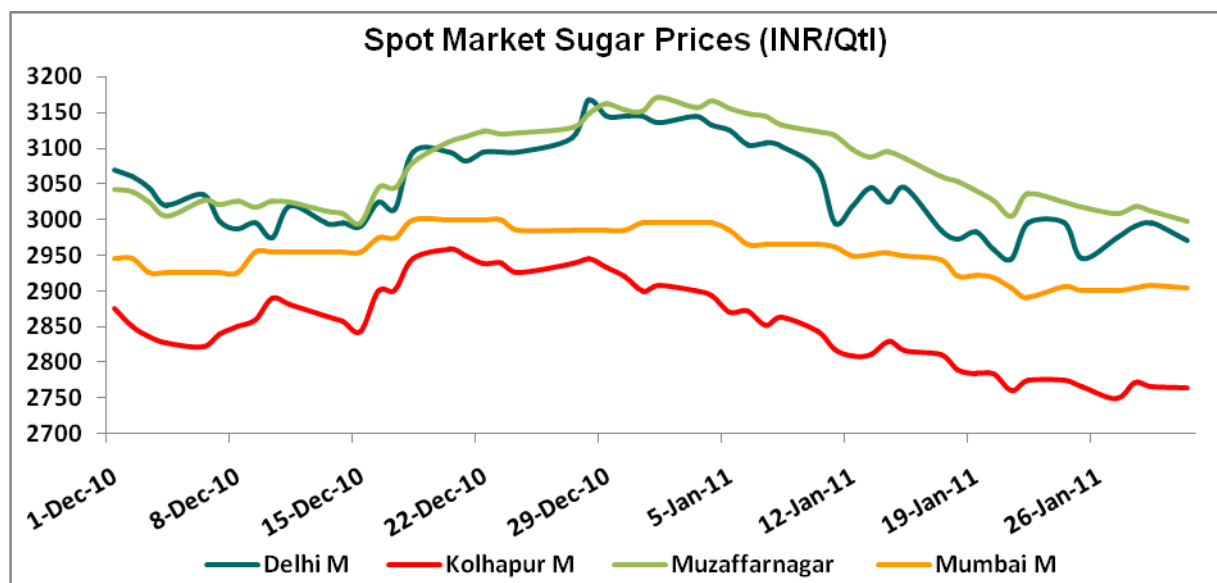
International Futures Quotes (as on 11-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	Mar'11	32.15	32.65	30.83	31.30	-0.75
	May'11	30.19	30.71	28.86	29.39	-0.80
	Jul'11	27.90	28.08	26.68	27.13	-0.68
LIFFE Sugar (US \$/MT)	May'11	766.90	778.00	750.40	756.20	-16.80
	Aug'11	728.50	734.10	712.40	719.30	-14.00
	Oct'11	679.00	679.30	660.30	665.10	-15.20
White Sugar Premium \$/MT	Mar'11	-	-	-	79.00	+8.75
	May'11	-	-	-	104.75	+3.75
	Aug'11	-	-	-	117.25	+1.50

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

Location	Variety	Dematted Stocks		Change
		11/02/2011	10/02/2011	
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



LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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