

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 May delivery dropped 0.57 cent, or 2 percent, to settle at 28.21 cents at 2 p.m. on ICE Futures U.S. in New York on signs that supplies of cane may increase this year in Brazil, the world's biggest producer of Sugar. In London, refined-sugar futures for May delivery fell \$25.20, or 3.4 percent, to \$725.30 a ton on NYSE Liffe.

Market Analysis

- Sugar prices are mixed in different centers 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.
- Actual Yield has been increased from plant crop in the year 2010-11 to 48.4 tonnes/hectare from 36.5 tonnes/hectare a year earlier owing to roadmap scheme by launched by govt, according to which 6 quintal high quality seed has been given by govt to every farmer, good sugarcane price given by mills to farmers and balanced rainfall in low lying region in Gopalganj district (Bihar). The recovery in the district is 9.4% this year.
- Sugar prices in Delhi and Kolkata increased while almost steady demand could be seen from Vijaywada, Nagpur, Maharashtra and Chennai compared to the previous day while prices declined in UP in comparison to 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 Wednesday.

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 sideways.
- Price trading below 9 EMA and 18 EMA which further indicates bearish.
- However, oscillators such as RSI and Stochastic are hovering below overbought region.
- Stay away from the market.

Trade Recommendation – Sugar NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Stay Away	-	-	-	-
Support & Resistance				
S2	S1	PCP	R1	R2
-	-	2812	-	-



Prices at Key Markets

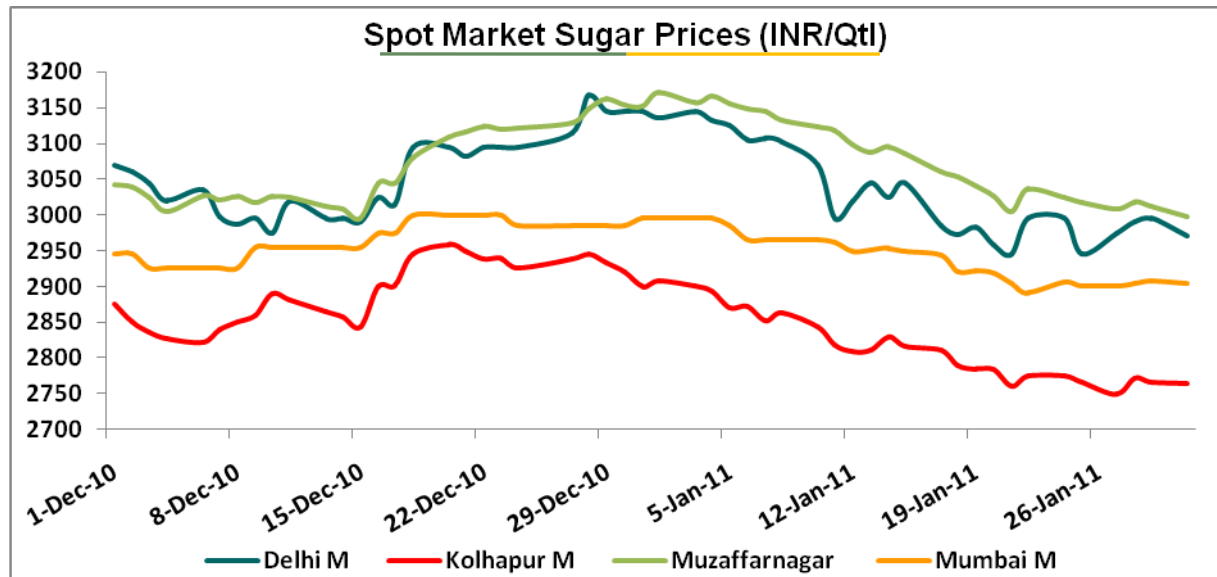
Centre	Grade/Variety	Prices 16-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3030	+10
	Sugar S	3000	Unch
Mumbai	Sugar M	2855-2875	Unch
	Sugar S	2725-2790	Unch
Kolhapur	Sugar M	2695-2715	Unch
	Sugar S	2560-2630	Unch
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2900	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2900	Unch
	Sugar S	2900	Unch
Kolkata	Sugar M	3035	+20
Ramala	Sugar Ready new	2860	-20
Khatauli	Sugar Ready	2915	-15

International Futures Quotes (as on 15-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	28.76	28.78	27.85	28.21	-0.57
	Jul'11	26.81	26.81	25.80	26.13	-0.58
	Oct'11	24.98	25.05	24.25	24.56	-0.42
LIFFE Sugar (US \$/MT)	May'11	735.50	740.60	725.00	725.30	-25.20
	Aug'11	702.20	707.30	691.60	692.60	-23.60
	Oct'11	650.10	653.10	644.10	644.10	-18.00
White Sugar Premium \$/MT	May'11	-	-	-	104.00	-0.75
	Aug'11	-	-	-	117.00	-3.50
	Oct'11	-	-	-	103.50	-2.00

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

Location	Variety	Dematted Stocks		Change
		15/02/2011	14/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3271	Unch
Source: NCDEX				



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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