

#### Price Drivers

- Govt allows 18.39 lakh tonnes sugar quota for February
- Duty Free Sugar imports suspended till 31<sup>st</sup> 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 rose 1.01 cent to settle at 29.22 cents at 2 p.m. on ICE Futures U.S. in New York. In London, refined-sugar futures for May delivery rose \$23.40 to \$748.70 a ton on NYSE Liffe.

#### Market Analysis

- Sugar prices stay 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.
- According to the media sources, Haryana sugar mills to crush 400 lakh sugarcane this year, up from 264 lakh tonnes a year earlier. Co-operative mills in Haryana would produce 36 lakh quintals sugar with a recovery rate of 9.5%. This year the production of sugarcane would go up to 600 lakh quintals out of which 400 lakh quintals will be crushed by mills in Haryana state.
- State Co-operation minister of Maharashtra told sugar factories to continue crushing until all stocks will be crushed. There are 161 sugar factories crushing the sugarcane in the state which includes 128 co-operative and 38 private sugar mills. Out of the total production of 826 lakh Mt, around 447.73 lakh Mt sugarcane has been crushed by the factories so far. This extension of crushing season in the state helps to crush all the excess sugarcane in the season that may keep the supply side higher throughout the marketing year.
- Actual yield has been decreased in Gonda district (Bihar) from 450 q/hectare last year to 400 q/hectare this year from plant crop while yield from ratoon crop has been decreased from 400 q/hectare to 350 q/hectare this year. The reason for less yield was lack of weight and flowering in the sugarcane crop due to late rainfall in September. Also the overall recovery in the district has been decreased to 9.4% this year from 10.1% a year earlier.
- Sugar prices in Mumbai, Nagpur and Kolkata increased while almost steady demand could be seen from Vijaywada, and Chennai compared to the previous day while prices declined in UP and Delhi 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 Thursday.

*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
-	-	2802	-	-



#### Prices at Key Markets

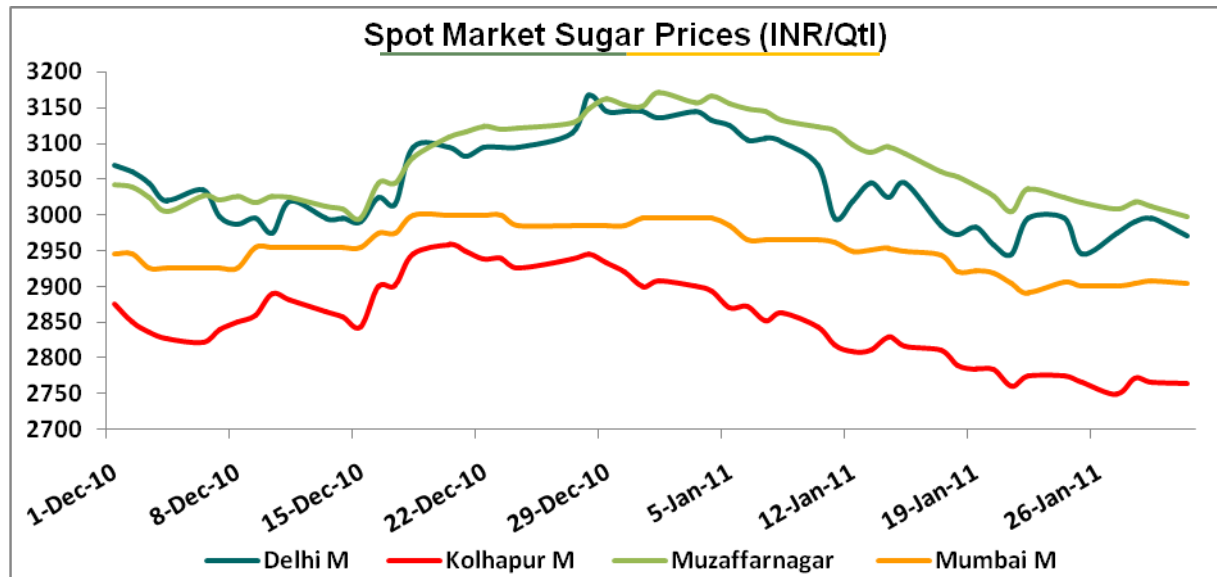
Centre	Grade/Variety	Prices 17-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3000	-30
	Sugar S	2980	-20
Mumbai	Sugar M	2855-2880	+5
	Sugar S	2725-2795	+5
Kolhapur	Sugar M	2700-2720	+5
	Sugar S	2565-2635	+5
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2900	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2920	+20
	Sugar S	2900	Unch
Kolkata	Sugar M	3075	+40
Ramala	Sugar Ready new	2855	-5
Khatauli	Sugar Ready	2910	-5

#### International Futures Quotes (as on 16-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	28.35	29.61	28.35	29.22	+1.01
	Jul'11	26.25	27.36	26.21	27.03	+0.90
	Oct'11	24.56	25.57	24.56	25.35	+0.79
LIFFE Sugar (US \$/MT)	May'11	732.70	755.00	728.20	748.70	+23.40
	Aug'11	700.70	718.80	696.90	714.60	+22.00
	Oct'11	654.00	669.30	653.10	663.90	+19.80
White Sugar Premium \$/MT	May'11	-	-	-	103.00	-1.00
	Aug'11	-	-	-	117.50	+0.50
	Oct'11	-	-	-	106.00	+2.50

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

Location	Variety	Dematted Stocks		Change
		16/02/2011	15/02/2011	
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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