

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 fell 0.36 cents or 1.2 percent to settle at 28.86 cents a pound on ICE Futures U.S. in New York on high sugar production in Thailand, World's second largest exporter due to yield climb. In London, refined-sugar futures for May delivery also declined \$21.90 to \$726.80 a ton on NYSE Liffe.

Market Analysis

- Sugar prices are steady 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.
- Food and public distribution minister Mr. K. V Thomas assures co-operative sugar mills that the empowered group of ministers will review the situation and will take the decision on sugar exports in the upcoming meeting on Monday. The meeting has been organized on the new appeal by mills to consider the situation of mills which are reeling under financial crisis. It is noticeable that International prices has touched its peak of \$850 a ton and now it came down to \$725 a ton.
- Average actual yield has been increased in Kushinagar district (Eastern UP) from 485 q/hectare last year to 527 q/hectare this year due to balanced rain and irrigation facility in low lying areas. While recovery rate is 9.3% increase from 9% an year earlier.
- 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 Friday.

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
-	-	2805	-	-



Prices at Key Markets

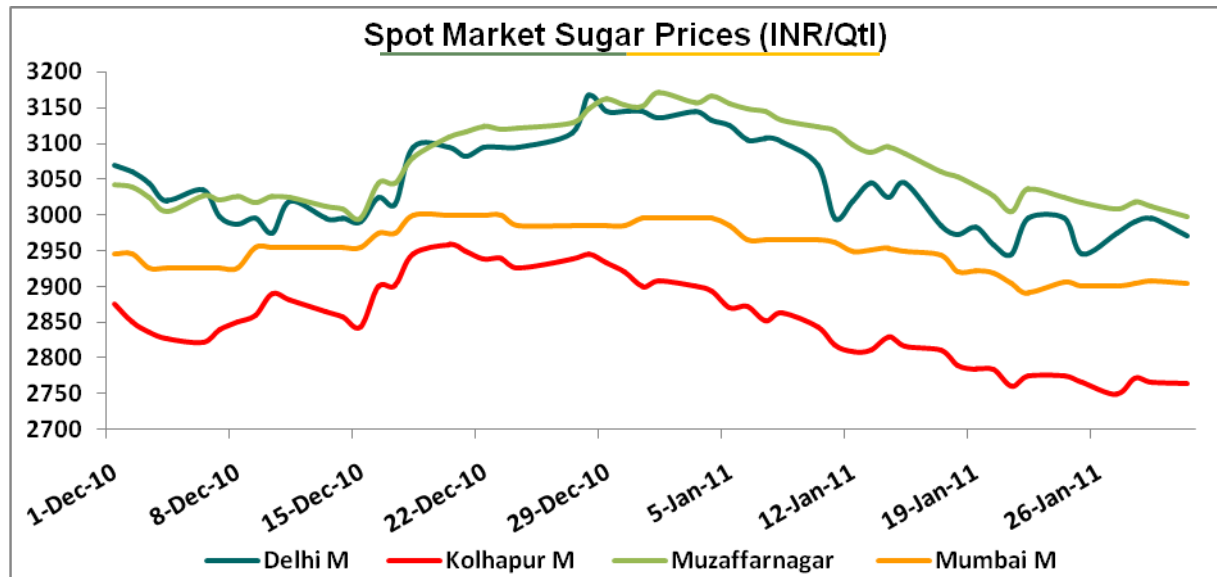
Centre	Grade/Variety	Prices 18-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3000	Unch
	Sugar S	2980	Unch
Mumbai	Sugar M	2855-2880	Unch
	Sugar S	2725-2795	Unch
Kolhapur	Sugar M	2700-2720	Unch
	Sugar S	2565-2635	Unch
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2900	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2925	+5
	Sugar S	2900	Unch
Kolkata	Sugar M	3050	-25
Ramala	Sugar Ready new	2855	Unch
Khatauli	Sugar Ready	2910	Unch

International Futures Quotes (as on 17-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	29.12	29.56	28.46	28.86	-0.36
	Jul'11	26.88	27.36	26.35	26.74	-0.29
	Oct'11	25.15	25.61	24.62	25.08	-0.27
LIFFE Sugar (US \$/MT)	May'11	740.20	751.50	724.70	726.80	-21.90
	Aug'11	706.60	718.50	696.30	700.60	-14.00
	Oct'11	670.00	670.00	647.80	651.90	-12.00
White Sugar Premium \$/MT	May'11	-	-	-	97.25	-5.75
	Aug'11	-	-	-	117.50	Unch
	Oct'11	-	-	-	105.25	-0.75

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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