

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 0.44 to settle at 28.42 cents a pound on ICE Futures U.S. in New York In London, refined-sugar futures for May delivery also declined \$6.20 to \$720.60 a ton on NYSE Liffe.

Market Analysis of Sugar

- Sugar prices are steady to negative in different centers as the supply exceeds demand.
- Sugar production in UP reached to 401.88 lakh quintals up 49.27 lakh quintals or 13.97 percent up in comparison to last year with an average recovery of 8.97% from Oct to 17 February period. Last year sugar production in UP reached to 352.61 lakh quintals with an average recovery of 8.86% in the same period.
- There are 125 mills continues crushing operation in the UP state while 128 mills was active in the same period an year earlier.
- Sugar prices in Mumbai, Kolkata and UP has decreased while almost steady prices could be seen from Vijaywada, Nagpur and Chennai compared to the previous day. Sugar arrival at Delhi remains 5000 Quintal for M grade and 4000 Quintal for S Grade on Monday.

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.

Market Analysis of Gur

- Gur prices are steady to positive in different centers as supply is less in comparison to previous day.
- Gur prices chaku variety in Muzaffar Nagar has increased while steady prices recorded from Kolhapur for Laddu variety in comparison to previous day. The Gur arrival at Muzaffar Nagar are 5000 Quintals while arrival at Kolhapur are 18000 Quintals.
- The total gur production from Muzaffar Nagar is 7.4 lakh bags (40 kg) till date while sugar production in previous year was 13.50 lakh bags(40 kg).
- Average recovery from early sugarcane variety for gur is 13% while 12% recovery from general variety.

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 21-02-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2000-2200	-
Kolhapur	Laddu	2000-2800	-

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
-	-	2818	-	-



Technical Analysis:

- As reflected in the chart Gur 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 in oversold region.
- Sell from the resistance level would be the best strategy.

Trade Recommendation – Gur NCDEX (Mar.) Contract

Call	Entry	T1	T2	SL
Sell Above	888	881	877	894
Support & Resistance				
S2	S1	PCP	R1	R2
877	881	887.50	897	902



NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	105	195
Apr	105	0	90
May	195	90	0

NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	100.5	122.5
July	100.5	0	22
Sept	122.5	22	0

Prices at Key Markets

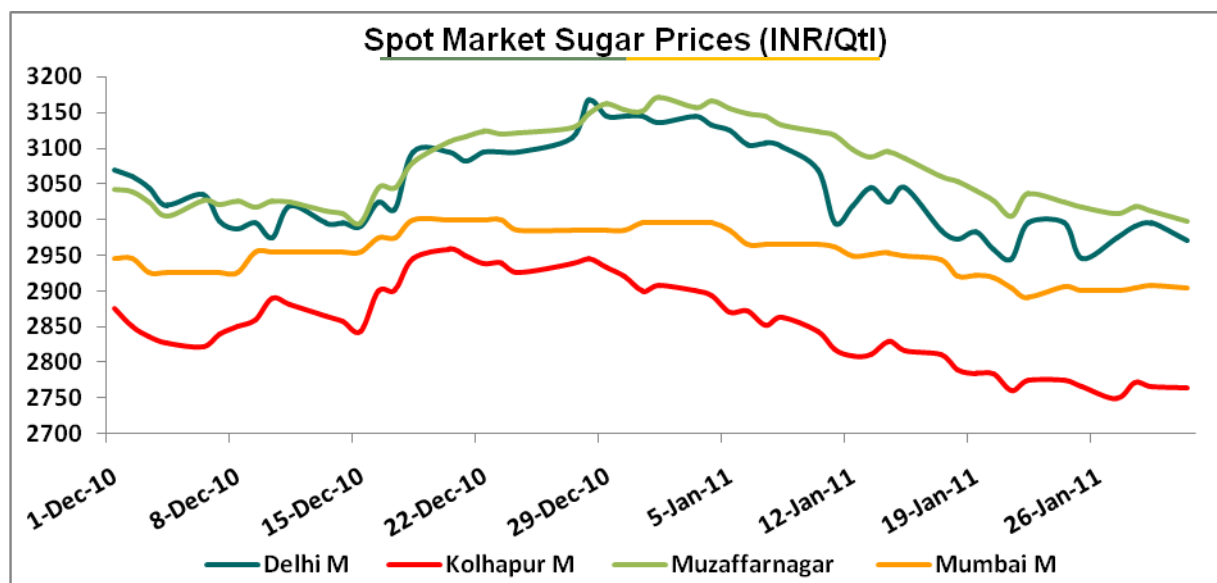
Centre	Grade/Variety	Prices 21-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3020	Unch
	Sugar S	3000	Unch
Mumbai	Sugar M	2855-2870	-10
	Sugar S	2725-2780	-15
Kolhapur	Sugar M	2660-2710	-10
	Sugar S	2600-2620	-15
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2900	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2925	Unch
	Sugar S	2900	Unch
Kolkata	Sugar M	3025	-25
Ramala	Sugar Ready new	2875	Unch
Khatauli	Sugar Ready	2920	-5

International Futures Quotes (as on 18-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	28.89	28.94	28.08	28.42	-0.44
	Jul'11	26.65	26.82	26.05	26.37	-0.37
	Oct'11	25.00	25.08	24.44	24.66	-0.42
LIFFE Sugar (US \$/MT)	May'11	732.30	733.00	715.20	720.60	-6.20
	Aug'11	703.40	706.30	694.40	702.60	+2.00
	Oct'11	653.80	657.80	645.40	657.60	+5.70
White Sugar Premium \$/MT	May'11	-	-	-	92.00	-5.25
	Aug'11	-	-	-	119.50	+2.00
	Oct'11	-	-	-	111.25	+6.00

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

Location	Variety	Dematted Stocks		Change
		21/02/2011	19/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3271	Unch
Source: NCDEX				



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract

LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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