

#### 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

Yesterday, ICE Raw Sugar Futures U.S. was closed in New York While in London, refined-sugar futures for May delivery also rose \$3.90 to \$724.50 a ton on NYSE Liffe.

#### Market Analysis of Sugar

- Sugar prices are mixed in different centers as the market could not find the adequate cues to position the prices either side. Meanwhile, sugar exports decision will set the trend of prices in the upcoming days for short term.
- Average actual yield has been decreased marginally from last year owing to disease damage the cane crop in Muzaffar Nagar district (UP). Yield has been decreased to 650 quintal per hectare from 656.25 quintal per hectare last year. White Grub insect damage the crop in the district despite of use of pesticides.
- Sugar prices in Delhi, Kolkata and UP has decreased while almost steady prices could be seen from Vijaywada, Nagpur and Chennai compared to the previous day while Sugar M variety in Mumbai has been increased. Sugar arrival at Delhi remains 5000 Quintal for M grade and 4000 Quintal for S Grade on Tuesday.
- The crop of Brazilian sugar cane harvest in 2010/2011 should conclude with an increase of 2.6% over the previous one, reaching 617.4 million tons, according to news sources.

*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 negative in different centers as sluggish demand pressurize the prices in comparison to previous day.
- Gur prices chaku and laddu variety in Muzaffar Nagar and Kolhapur has decreased in comparison to previous day. The Gur arrival at Muzaffar Nagar are 1200 lumps while arrival at Kolhapur are 15000 lumps.
- The total gur production from Muzaffar Nagar is 7.4 lakh bags (40 kg) till date
- Total gur production from Kolhapur is 20 lakh lumps (30 kg) till date.
- In Muzaffar Nagar, 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 22-02-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2000-2000	-200
Kolhapur	Laddu	1800-2400	-400

#### 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
-	-	2806	-	-



#### 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	886	882	879	890
Support & Resistance				
S2	S1	PCP	R1	R2
879	882	885	894	902



#### NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	102	198
Apr	102	0	96
May	198	96	0

#### NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	102.5	127
July	102.5	0	24.5
Sept	127	24.5	0

#### Prices at Key Markets

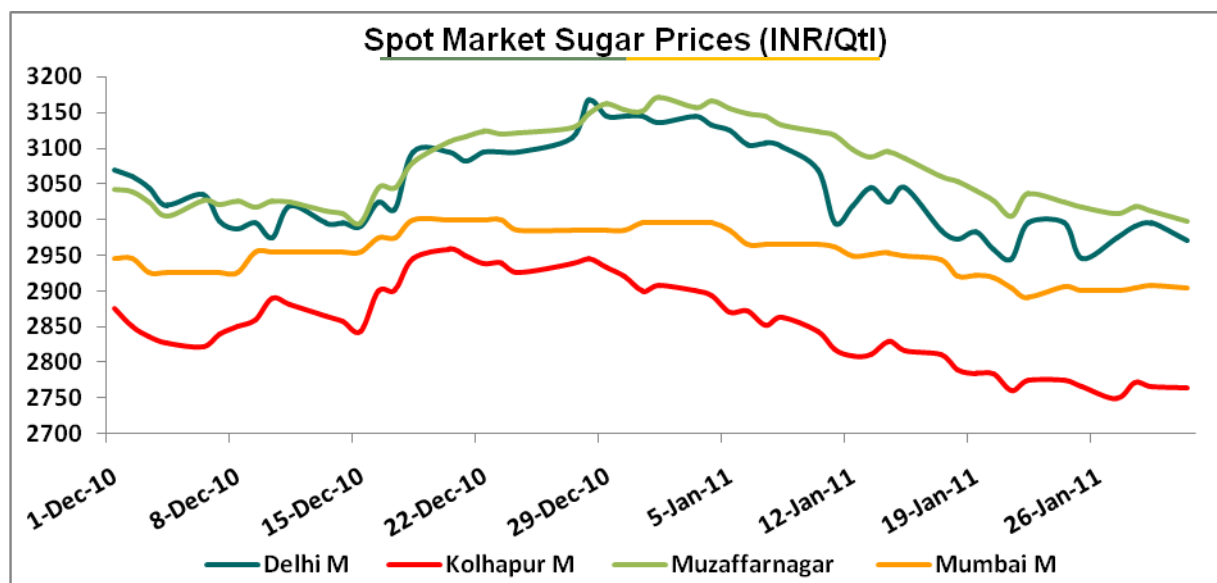
Centre	Grade/Variety	Prices 22-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3000	-20
	Sugar S	2970	-30
Mumbai	Sugar M	2810-2870	Unch
	Sugar S	2760-2800	+20
Kolhapur	Sugar M	2660-2710	Unch
	Sugar S	2600-2640	+20
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2900	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2925	Unch
	Sugar S	2900	Unch
Kolkata	Sugar M	3010	-15
Ramala	Sugar Ready new	2870	-5
Khatauli	Sugar Ready	2920	Unch

#### International Futures Quotes (as on 21-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	31.10	31.49	30.80	31.02	Closed
	Jul'11	28.89	28.94	28.08	28.42	Closed
	Oct'11	26.65	26.82	26.05	26.37	Closed
LIFFE Sugar (US \$/MT)	May'11	720.00	726.00	713.00	724.50	+3.90
	Aug'11	696.00	705.00	696.00	701.50	-1.10
	Oct'11	660.90	661.00	657.20	657.80	+0.20
White Sugar Premium \$/MT	May'11	-	-	-	92.00	Unch
	Aug'11	-	-	-	119.50	Unch
	Oct'11	-	-	-	111.25	Unch

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

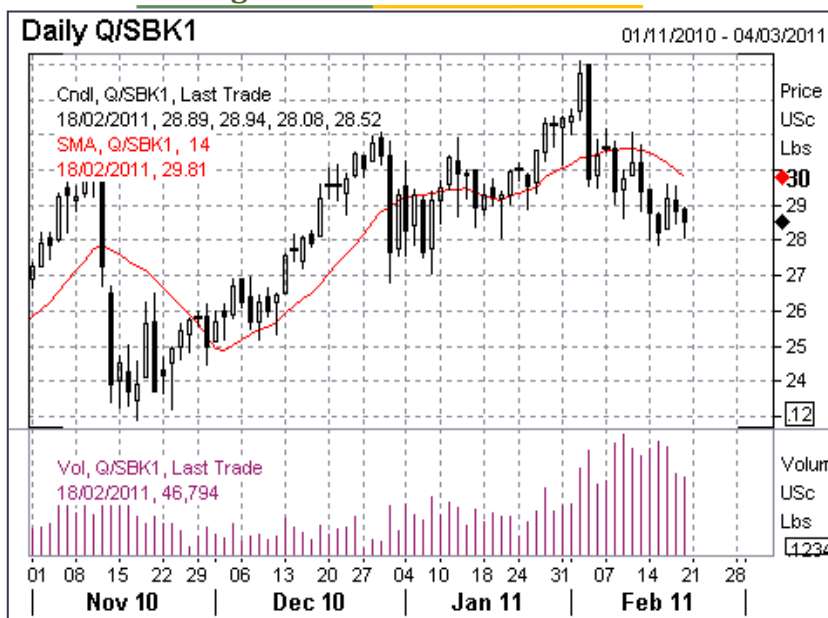
Location	Variety	Dematted Stocks		Change
		21/02/2011	19/02/2011	
Kolhapur	Sugar M Total	789	789	Unch
Kolhapur	Sugar S Total	3271	3271	Unch
Source: NCDEX				



(Source: NCDEX)

### ICE Sugar Futures Mar'11 Contract

### LIFFE Sugar Futures Mar'11 Contract



(Source: Reuters)

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