

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

ICE Raw Sugar Futures for May contract declined by 0.04 cents to 28.38 cents in New York While in London, refined-sugar futures for May delivery also declined \$5.5 to \$719.00 a ton on NYSE Liffe.

Market Analysis of Sugar

- Sugar prices are steady to positive 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.
- In Meerut district, average actual yield has been decreased 24% to 504 quintal/hectare this year from 628 quintal/hectare a year earlier due to water lodging and delayed rains which put severe impact on yield. According to our survey, we had cover 3 mills out of 7 mills in the Meerut district. In this district, we consider 71514 hectare area which is 65% of the total sugarcane area of Meerut district which is 109123 hectare. This year, total sugarcane area of Meerut district has been increased 9.89% up due to good cane prices attain by farmers from mills last year. Average recovery in the mills in Meerut district is 9% this year marginally down from 9.13% a year earlier.
- Sugar prices in Delhi, Maharashtra, Nagpur, Vijaywada, Chennai and UP remains same while firm prices could be seen from Kolkata market compared to the previous day. Sugar arrival at Delhi decrease to 3000 Quintal for M grade and 4000 Quintal for S Grade on Wednesday. By considering the trend of Sugar prices in Physical markets, Prices will move steady to negative due to sluggish demand until some new stand would be taken by Govt of India on sugar exports.

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 in both markets settle up as increased demand supports the prices.
- Gur prices chaku and laddu variety in Muzaffar Nagar and Kolhapur has increased in comparison to previous day. The Gur arrival at Muzaffar Nagar are 3000 lumps while arrival at Kolhapur are 17000 lumps.
- On the basis of survey in 3 mills in Meerut district, Average cane diversion to Gur has been decreased to 10% this year from 13% a year earlier. Good sugarcane realization from mills to farmers encourage farmers to give large amount of sugarcane to sugar mills rather than giving cane to Kolhu.

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 23-02-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2000-2100	+100
Kolhapur	Laddu	1700-2800	+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
-	-	2827	-	-



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	890	885	880	894
Support & Resistance				
S2	S1	PCP	R1	R2
880	885	889	894	902



NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	106	196
Apr	106	0	90
May	196	90	0

NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	100	123
July	100	0	23
Sept	123	23	0

Prices at Key Markets

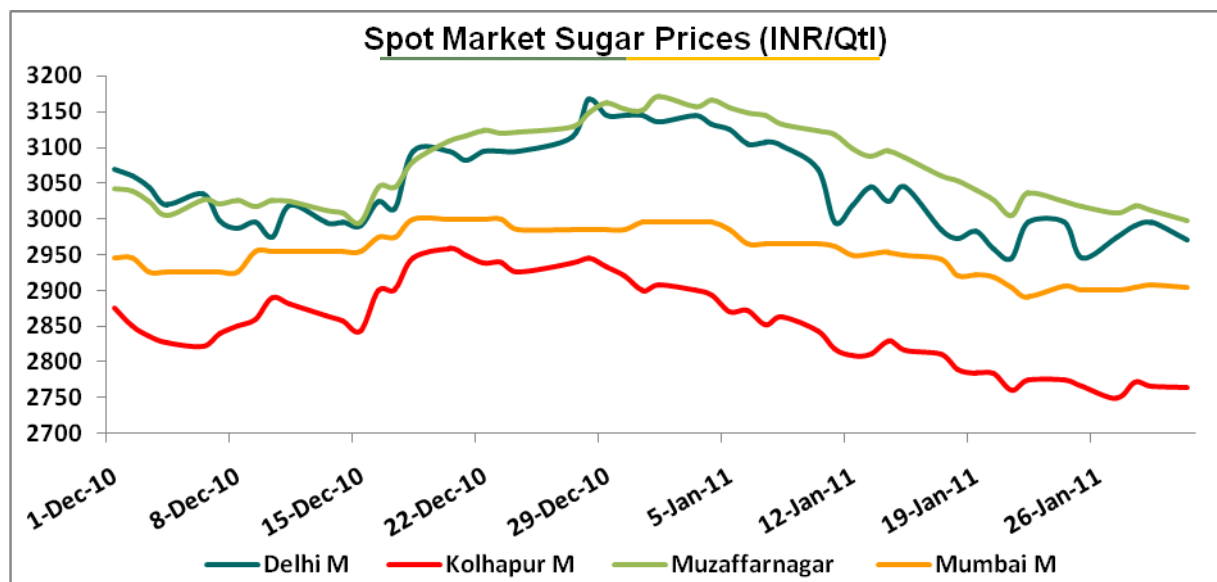
Centre	Grade/Variety	Prices 23-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3020	Unch
	Sugar S	3000	Unch
Mumbai	Sugar M	2810-2870	Unch
	Sugar S	2760-2800	Unch
Kolhapur	Sugar M	2660-2710	Unch
	Sugar S	2600-2640	Unch
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2920	Unch
	Sugar S	2900	Unch
Nagpur	Sugar M	2925	Unch
	Sugar S	2900	Unch
Kolkata	Sugar M	3020	+10
Ramala	Sugar Ready new	2870	Unch
Khatauli	Sugar Ready	2920	Unch

International Futures Quotes (as on 22-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	28.81	29.23	28.24	28.38	-0.04
	Jul'11	26.5	27.06	26.22	26.37	Unch
	Oct'11	24.75	25.35	24.58	24.69	-0.03
LIFFE Sugar (US \$/MT)	May'11	731.9	736	718.5	719	-5.5
	Aug'11	706.1	712	695.1	696	-5.5
	Oct'11	661	662	650.4	650.9	-6.9
White Sugar Premium \$/MT	May'11	-	-	-	93.75	+1.75
	Aug'11	-	-	-	119.5	-6.00
	Oct'11	-	-	-	105	-6.25

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

Location	Variety	Dematted Stocks		Change
		22/02/2011	21/02/2011	
Kolhapur	Sugar M Total	589	789	-200
Kolhapur	Sugar S Total	3071	3271	-200
Source: NCDEX				



(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



DISCLAIMER

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at

<http://www.agriwatch.com/Disclaimer.asp>