

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 1.02 cents, or 3.6 percent, to settle at 27.36 cents a pound at 2 p.m. on ICE Futures U.S. in New York on India and Brazil output and govt. considering the sugar export in India pressurize the prices. In London, refined-sugar futures for May delivery fell \$16.40, or 2.3 percent, to \$702.60 a ton on NYSE Liffe.

Market Analysis of Sugar

- Sugar prices are steady to positive in different centers as the market could not find 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 Roop Nagar District (Punjab), average actual cane yield has been marginally decreased by 4.66% to 225 quintal/hectare in the marketing year 2010-11 from 236 quintal/hectare in 2009-10 due to water lodging and delayed rains which decrease the yield in the Roop Nagar region. As per a survey, mills have been questioned to fetch the area and yield data. In this district, we consider 5350 hectare cane reserved area which is 100% of the total sugarcane area of Roop Nagar district. Sugarcane area for 2010-11 in Roop Nagar district has been increased by 68.24% due to use of trench planting technology in the district.
- Average recovery in the mill in Roop Nagar district is as of 24th Feb hovers near 8.6% down from 9.6% a year earlier.
- According to media sources, Indian government will further delay sugar exports under OGL by at least early March as govt. moves the matter for inter-ministerial consultation before allowing the shipments. Earlier the decision on exports taken in the meeting on last Monday but the meeting was not taken place. If govt allows exports then that will put positive impact on ongoing prices of sugar.
- Sugar prices in Delhi, Maharashtra, Chennai and Kolkata remain unchanged while prices of sugar have been increased in UP, Vijaywada and Nagpur market compared to the previous day. Sugar arrival at Delhi decrease to 3000 Quintal for M grade and 4000 Quintal for S Grade on Thursday. 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 4000 lumps while arrival at Kolhapur are 25000 lumps.

Prices at Key Markets – Gur

Centre	Grade/Variety	Prices 24-02-2011 (Rs/Qtl)	Change in Rs./Qtl.
Muzaffar Nagar	Chaku	2000-2150	+50
Kolhapur	Laddu	1800-3000	+200

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
Buy Below	887	893.50	895.50	880
Support & Resistance				
S2	S1	PCP	R1	R2
877	880	890.50	893.50	895.50



NCDEX Sugar Price Spread

NCDEX Spread	March	Apr	May
March	0	97	187
Apr	97	0	90
May	187	90	0

NCDEX Gur Price Spread

NCDEX Spread	March	July	Sept
March	0	99.5	119.5
July	99.5	0	20
Sept	119.5	20	0

Prices at Key Markets

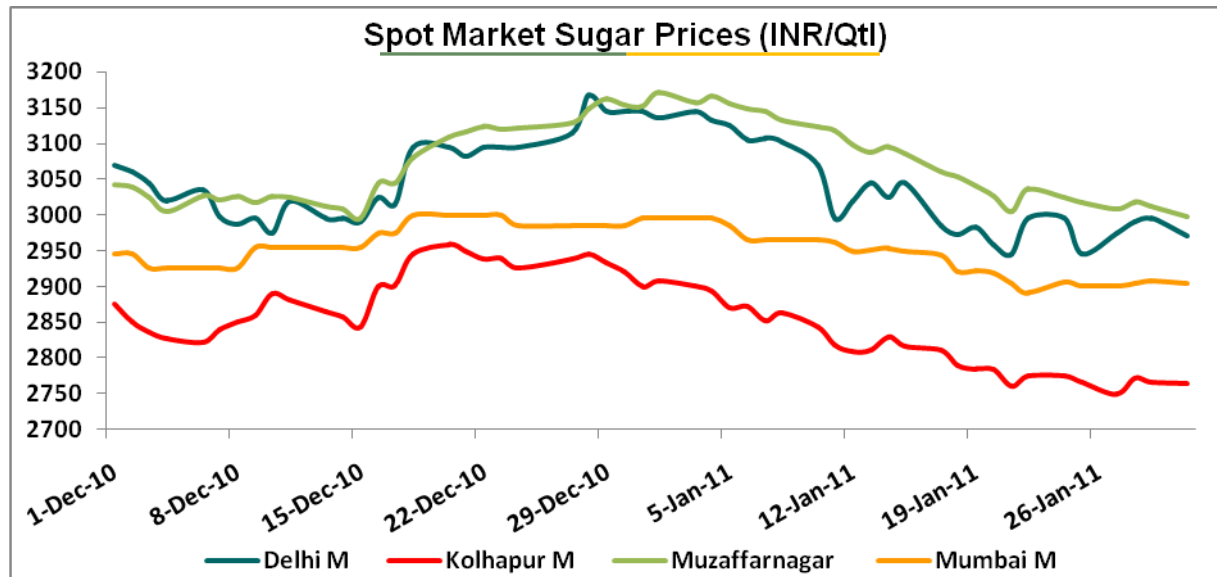
Centre	Grade/Variety	Prices 24-02-11 (Rs/Qtl)	Chng. from Prior day
Delhi	Sugar M	3020	Unch
	Sugar S	3000	Unch
Mumbai	Sugar M	2810-2870	Unch
	Sugar S	2760-2800	Unch
Kolhapur	Sugar M	2660-2710	Unch
	Sugar S	2600-2640	Unch
Chennai	Sugar S	2750	Unch
Vijaywada	Sugar M	2925	+5
	Sugar S	2900	Unch
Nagpur	Sugar M	2930	+5
	Sugar S	2900	Unch
Kolkata	Sugar M	3020	Unch
Ramala	Sugar Ready new	2890	+20
Khatauli	Sugar Ready	2925	+5

International Futures Quotes (as on 23-2-11)

	Contract Month	Open	High	Low	Close	Change
ICE Sugar #11 (US Cent/lb)	May'11	28.50	28.53	27.00	27.36	-1.02
	Jul'11	26.40	26.49	25.04	25.34	-1.03
	Oct'11	24.70	24.80	23.48	23.87	-0.82
LIFFE Sugar (US \$/MT)	May'11	722.00	722.90	691.00	702.60	-16.40
	Aug'11	697.90	697.90	666.50	678.70	-17.30
	Oct'11	650.00	650.40	624.80	638.40	-12.50
White Sugar Premium \$/MT	May'11	-	-	-	93.25	-0.50
	Aug'11	-	-	-	114.00	-5.50
	Oct'11	-	-	-	108	+3.00

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

Location	Variety	Dematted Stocks		Change
		23/02/2011	22/02/2011	
Kolhapur	Sugar M Total	589	789	Unch
Kolhapur	Sugar S Total	3071	3271	Unch
Source: NCDEX				



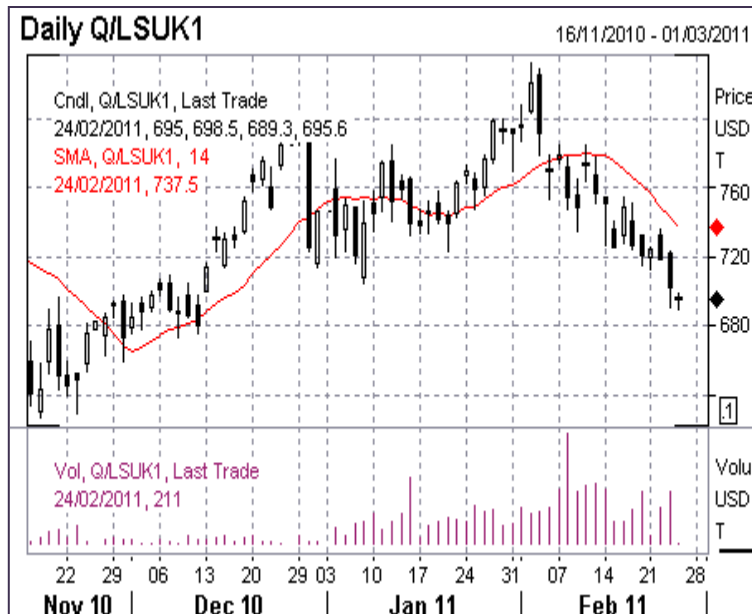
(Source: NCDEX)

ICE Sugar Futures Mar'11 Contract



(Source: Reuters)

LIFFE Sugar Futures Mar'11 Contract



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