Sugar Fortnightly

SUGAR 14th May, 2011

Technical Analysis

Commodity: Sugar - NCDEX

As Chart suggests prices are moving upwards as export demand and lower sugar quota for May month. Prices are moving in a channel hovers between Rs. 2665 to Rs. 2732 and if breached the level either side will give prices a new direction. If prices breach the level 2665 downwards then prices may go down to Rs. 2600 owing to channel breakout. However, taking into account the prevailing fundamentals, sugar prices seems strong and if breaches Rs. 2762 level then it may go up to the immediate resistance level of Rs. 2792 and then may go up to Rs. 2822. However, Oscillators like RSI moving in a overbought region. So the best strategy would be buy from resistance level.

Support and Resistance Levels:

Call	Contract Month	Support Level		Resistance Level	
		1st	2nd	1st	2nd
Buy	May	2665	2600	2792	2822

Technical Analysis

Commodity: Gur (Jaggery) - NCDEX

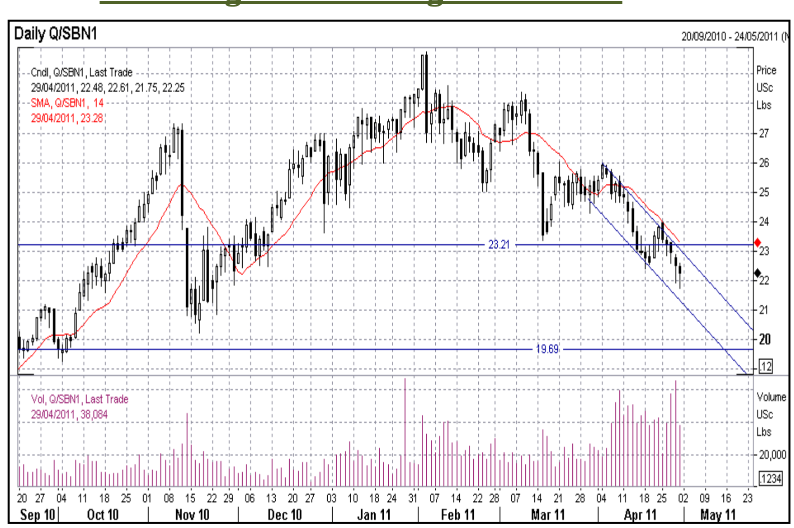
Gur charts depict a range bound and upwards trade during the period. Prices mostly hovered between 985-1059.5 levels during the period. If prices breached the level of 1047 then it may go down to 1026.5 level and then may go down to 1010. Presently, prices are in a small consolidation phase. If prices breached the level of 1079 level then it may go up to 1100 level. Oscillator RSI further supports bearishness in prices. Gur prices at NCDEX are likely to trade range bound with negative bias during the coming fortnight. Selling below immediate support level would be advisable.

Support and Resistance Levels:

Call	Contract Month	Support Level		Resistance Level	
		1st	2nd	1st	2nd
Sell	July	1026.5	1010	1079	1100

ICE Sugar Future Aug'11 Contract

LIFFE Sugar Future Aug'11 Contract



Domestic Market Scenario - Fortnightly

- In this fortnightly, mixed sentiments recorded in various spot markets as markets could not find adequate ques to decide the prices either side. Improved demand from retail as well as corporate buyers specially Cold drink giants drive the prices of sugar slightly upwards. Also, export notification issued by Govt. of India helps the market sentiments upwards. Prices in Maharashtra have been increased slightly in this fortnightly while prices declined in Delhi and UP market in comparison to previous fortnightly.

- The government notifies 5 lakh tonnes sugar exports under OGL out of which govt. permits first tranche of sugar exports i.e 30000 tonnes of shipment overseas. Only 16 mills have been allowed for about 30000 tonnes of sugar exports.

- Indian sugar mills is trying to negotiate the export contracts as soon as possible as supplies from Brazil, the world's largest producer, are expected to hit the market from June onwards. Also falling international sugar prices in ICE and LIFFE exchanges may squeeze the profit margins from Indian millers.

- It is noticeable that all mills are closed in UP and sugar production estimate by UP state i.e 65 lakh tonnes has not been met. So clearly there is shortage of 6.25 lakh tonnes of sugar from UP state alone that may reduce the government estimate to 24 million tonnes approx. from 24.5 million tonnes.

- The Government has decided to make available 19.63 lakh tonne of sugar (levy sugar - 2.13 lakh tonne and non-levy sugar – 17.5 lakh tonne) for the month of May, 2011.

In the previous fortnightly, Sugar spot prices have gone down. We expect that prices of sugar may go up in the next fortnightly owing to upcoming summer demand and lower sugar quota for May month. Also, increased export demand may support the prices further. However, estimates of sugar output both domestically and internationally may provide the actual direction to sugar prices in medium to long term.

UTTAR PRADESH

- As on 20th April, 2011, UP has produced 58.75 lakh tonnes sugar in 2010-11 by crushing 643.13 lakh tonnes of sugarcane with an average recovery of 9.14%. Sugar production in 2010-11 up by 13.44% from 51.79 lakh tonnes in 2009-10 by crushing 564.79 lakh tonnes of sugarcane with an average recovery of 9.11%. All mills have closed their crushing operations in UP.

- UP may miss its 65 lakh tonnes sugar production estimate in 2010-11 due to low recovery which further pressurize the overall sugar production scenario.

KARNATAKA

- As on 15th April,2011, Karnataka mills has produced 33 lakh tonnes sugar up 37.5% (Y-O-Y) from 24 lakh tonnes in the same period in 2009-10. 300 lakh tonnes cane has been crushed with an average recovery of 11%.

- As per the survey by Agriwatch, the average sugarcane acreage will seems to be increased for 2011-12 season as planting has been increased in karnataka state that may support the possibilities of good sugar production in crushing season 2011-12.

MAHARASHTRA

- As on 27th April,2011, Maharashtra mills has produced 83.63 lakh tonnes sugar up 24.6% (Y-O-Y) from 67.07 lakh tonnes in the same period in 2009-10. 738.96 lakh tonnes cane has been crushed with an average recovery of 11.32%. Maharashtra state has estimated to produce 95 lakh tonnes in the crushing year 2010-11.

- Spot prices in Kolhapur have been decreased in this fortnightly owing to delaying exports, high sugar quota for April month and sluggish demand.

HARYANA

- Haryana have produced 18.66 lakh quintal of sugar by crushing 225.53 lakh quintal of sugarcane with an average recovery of 8.42% till 6th April 2011. During the crushing season 2009-10, Cooperative Sugar mills of the State had crushed 87.04 lakh quintal of sugarcane and produced 7.28 lakh quintal of sugar in the same period.

- Overall capacity utilisation of the sugar mills in the state has been 92.19 per cent till date during the current crushing season as compared to 71.86 per cent during the last crushing season.

AGRIWATCH

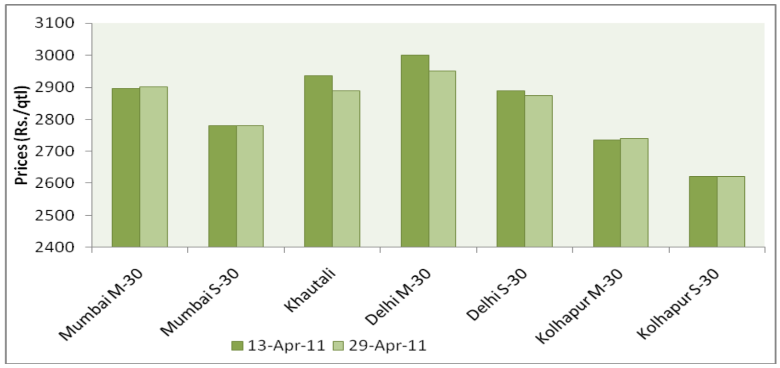
Sugar Fortnightly

SUGAR 14th May, 2011

Spot Prices of Sugar

	13-Apr-11	29-Apr-11	change
Mumbai M-30	2896	2901	**+5**
Mumbai S-30	2781	2781	**Unch**
Khautali	2935	2890	**-45**
Delhi M-30	3000	2950	**-50**
Delhi S-30	2890	2875	**-15**
Kolhapur M-30	2736	2741	**+5**
Kolhapur S-30	2621	2621	**Unch**

Fortnightly Sugar Price Change



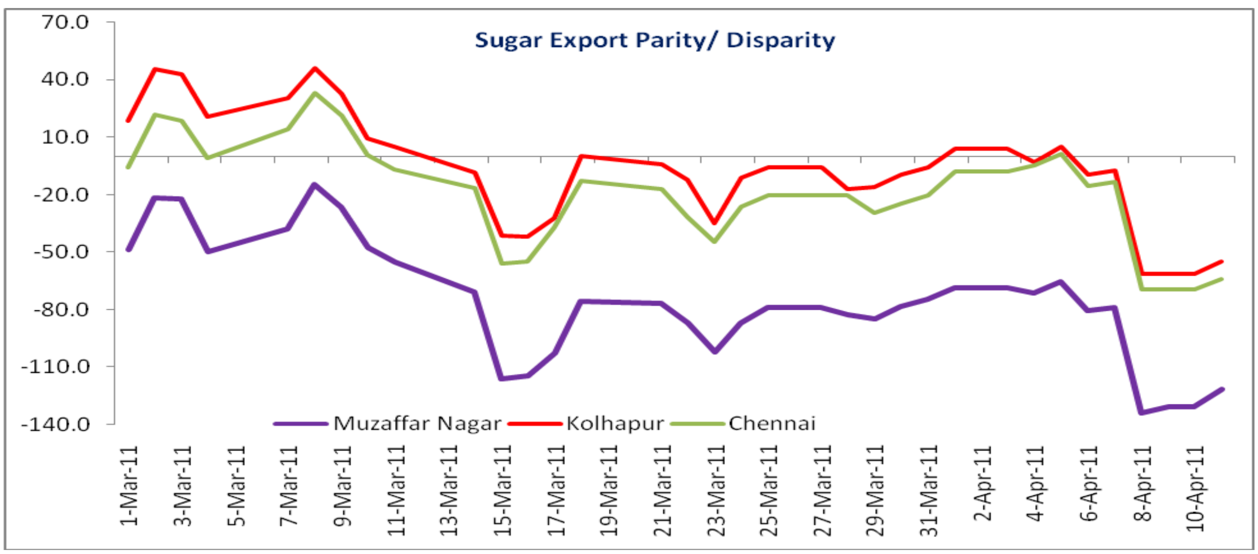
International Sugar Prices (Fortnightly)				
	Contract Month	**13/4/2011**	**28/4/2011**	**Change**
ICE Sugar #11 (US Cent/lb)	**May'11**	24.79	23.92	**-0.87**
	Jul'11	23.65	22.51	**-1.14**
	Oct'11	23.90	22.92	**-0.98**
LIFFE Sugar (US $/MT)	**Aug'11**	691.40	626.5	**-64.9**
	Oct'11	641.20	601.5	**-39.7**
	Dec'11	629.60	607.4	**-22.2**

World Sugar Balance Sheet (1000 Tonnes)	Years		Change
All Units in Million Tons	**2009-10**	**2010-11**	**In %**
Opening stocks	27946	26146	-6.44
Production	153459	161899	5.5
Imports	51409	49159	-4.38
Domestic consumption	154096	158202	2.66
Exports	51807	51824	0.03
Closing stocks	26146	26457	1.18
Average Monthly consumption	12841.3	13183.5	2.66
Stocks in months to use	2.04	2.01	-1.43
Stock to use ratio	16.97%	16.72%	-1.13

(Source: USDA)

Monthwise Sugar Quota release 2010-11 (In Lakh Tonnes)							
Months	Normal Quota	Carry Over Stock	Import*	Buffer	Total Non- Levy	Levy	Total Releases
Oct	14.98	1	1.52	0	17.5	2.48	19.98
Nov	13.08	0	0.92	0	14	2.15	16.15
Dec	14.13	0	0.47	0	15	2.08	17.08
Jan	16.56	0	0.44	0	17	2.18	19.18
Feb	13	3	0.23	0	16.23	2.16	18.39
Mar	13	3.5	0.34	0	16.84	2.02	18.86
April	15.8	1	0.2	0	17	2.07	19.07
May	15.45	2	0.05	0	17.5	2.13	19.63
*White/refined sugar processed out of the imported raw sugar during the month							

(Source: PIB)



Sugar Production in the Crushing Season 2010-11				
States	Cane Crushed	% Recovery	Total Sugar Production	Set Target of Sugar Production
UP	643.13	9.14	58.75	65
Maharashtra	738.96	11.32	83.63	95
Tamil Nadu	114.07	9.4	10.72	16
Andhara Pradesh	96	9.65	9.2	-
Karnataka	300	11	33	36
Data as on 27th April for UP and Maharashtra				
Data as on 15th April 2011 for Tamil Nadu, Karnataka, and Andhara Pradesh				

(Source: Sugar Commissionerate)

International Market Scenario - Fortnightly

MEXICO

- Mexico has so far produced 4.72 million tonnes sugar from 2010-11 harvest, 14.8 percent more than the same period last year.
- Cold weather hit the sugarcane production slightly below original forecasts.
- Mexico produced 4.8 million tonnes sugar in 2009-10.

THAILAND

- Thai sugar output could hit all time high in the year 2011 which could help country to meet increasing global demand such as countries like China and Indonesia.
- OSCB is expecting record sugar output of 9.0 million tonnes and also seen rising export availability to 6.2 million tonnes.
- Molasses output is close to 3.6 million tonnes against 3 million tonnes last year.

BRAZIL

- 60% mills have started crushing operations in Brazil's Centre South region.
- According to Unica, Brazil will crush 568.5 million metric tonnes of cane this year, up 2.1 percent up in 2011-12 harvest in comparison to previous harvest in 2010-11.
- Brazil may crush 46.2 percent sugarcane used to make sugar in 2011-12. Estimate for Sugarcane use for making sugar has been decreased from 47 percent to 46.2 percent which may effect overall sugar production in Brazil.
- Brazil Center south sugar production will likely total 35.15 million tonnes in 2011-12 in comparison to 33.54 million tonnes in 2010-11. Brazil Center south region accounts for 90 percent of Brazil's cane output.
- Sugar production estimates – Brazil.

Sugar Production Scenario Center South Region		
	2011-12 E	2010-11
Canaplan	32.1	33.5
Unica	34.6	33.5
Datagro	35.1	33.5
USDA	35.4	33.5

INDONESIA

- Govt. of Indonesia is expecting White sugar production to increase by 16% to 2.6 mln tonnes in 2010-11 from 2.25 mln in 2009-10 on drier weather.
- 3.5% rise in planting also supports the sugar production in Indonesia.
- Indonesia will import 2,26,000 tonnes of raw sugar from May 2011 in order to fill the idle milling capacity.
- Indonesian sugar industry(AGI) sees white sugar demand steady at around 2.7 million tonnes in 2010-11. This may reduce the need of sugar imports in 2010-11.
- Earlier, Association revised the sugar production down by 31 percent to 2.69 million tonnes from an initial forecast of 3.88 million tonnes due to extended rains in the Java island which supplies 60% of Indonesia's sugar output.

RUSSIA

- Late rains in Russia results in delayed sowing of sugar beet.
- According to Russian Sugar Producers Union, 194,700 hectares land have been sown with sugar beets for April 18, 184,000 hectares less than a year ago.
- Russia's raw-sugar imports rose 15 percent from October through March from a year earlier owing to worst drought in the country damaged domestic crop.
- Imports increase from 703000 tonnes to 805000 tonnes in this period.