

Domestic Market Recap:

Sugar prices declined during early to mid June owing to lack of aggressive demand and no indication from the government to allow additional quota for export. However, it regains its early losses and improved significantly from its lows in Kolhapur spot market. Also, overall relatively higher sugar quota including carry forward and levy for the month of June when compared to 3 years average is expected to improve the supply during coming month which might cap aggressive gains. Meanwhile, allowance of additional 5 lakh tonnes of quota for export under OGL helped to limit the downfall in prices during the month end. Additional 5 lakh tonnes of sugar quota resulted into total release of 10 lakh tonnes under OGL and keeping in view the 15 lakh tonnes of sugar quota under ALS might bring the export figure to touch 25 lakh tonnes during 2010-11. This resulted into tightening of the sugar balance sheet with expectation of sharp decline in the ending stock.

Demand has improved for sugar in various spot markets prior to start of the major festivals. In Maharashtra, demand came from various upcountry buyers like Rajasthan, Karnataka, Andhra Pradesh and UP. However, sluggish demand could be seen from UP owing to spread disadvantage when compared with Kolhapur during Mid June.

Trade Channel		
Sourcing market	Muzaffar Nagar	Kolhapur
Consumption center	Delhi	Delhi
Loose prices (Rs/Qtl.)	2760	2600
Excise duty (In Rs/Qtl.)	99.85	99.85
Cleaning/Loading Charges (Rs/Qtl.)	3	4
Market expenses borne by purchaser/miller/crushers	102.85	103.85
Transportation Cost (Rs/Qtl.)	36	170*
Insurance 2%	2	2
Unloading at destinations (Rs/Qtl.)	3	3
Total transport cost + loading/unloading	41	175
Total cost at factory gate (Rs/Qtl.)	2903.85	2878.85
Local Prices at Consumption Center (Rs/Qtl.)	2950	2950
Parity/Disparity (Rs/Qtl.)	46.15	71.15

*Transport rates are for FOR(Freight on Rail)

Upcountry buyers from Delhi would prefer to buy sugar from Kolhapur market rather than UP due to higher parity wherein buying sugar from Kolhapur market giving a parity of 71.15 per quintals which is 54% higher than the purchases from UP.

However, high non-levy sugar quota for July month might kept the sugar prices under pressure. Earlier, Government has decided to make available 17.72 lakh tonne of sugar (levy sugar –2.12lakh tonne and non-levy sugar – 15.60 lakh tonne) for the month of July 2011.

Prices may gain momentum during coming months as sugar demand is likely to pick up before the upcoming festivals and likely to cover their Aug- Sep requirement from mid-July. Meanwhile, buying greater interest of export house having license of OGL along with additional sugar quota allotment for export might bring back the competition for fetching millers quota and offering them premium. Such scenario during the coming month might lend additional support to the sugar prices going ahead with the monsoon demand.

News Highlights:

- India has made available 15.60 lakh tonnes of non-levy sugar for July, lower than the 16.5 lakh tonnes it had released for June but higher than last three years average for July month. The government has released 2.12 lakh tonnes of levy sugar for July.
- Govt. allows additional 5 lakh tonnes of Sugar Exports under OGL which totaled the sugar quota for export to 10 lakh tonnes which is much below the industry expectation of 15 lakh tonnes.
- EGOM panel did not take any decision on removing stock holding limits for sugar. India had put the stock holding restrictions in 2009 when production fell due to bad monsoon rains. Earlier, government was planning to remove the stock holding limit for sugar. At present, traders can stock 500 tonnes sugar per month.
- India's Maharashtra state, the biggest sugar producer in the country, has revised downward its 2010/11 sugar output forecast to 9 million tonnes from the previous 9.1 million tonnes.
- The Food Ministry has proposed 15% import duty on sugar from July 1 as the country's production is higher than the domestic demand. The government had abolished import duty to boost domestic supply in February 2009.
- Maharashtra state is likely to have five lakh tonnes excess sugarcane, which sugar factories may not be able to crush. The wet-field conditions due to rainfall, acute shortage of labour and cultivation at distant locations are the major hurdles in transporting the excess sugarcane to the factories for crushing.
- Maharashtra sugar mills have crushed 800 lakh tonne sugar cane till 25th June 2011, surpassing the state's earlier record of 798.49 lakh tonne sugar cane in 2006-07.
- Government is planning to establish 92 private sugar mills in the next four and half years. The establishment of these sugar mills would cost around Rs. 9000 crore. Maharashtra state alone contributes one third of the total sugar production in India. At present, there are 165 cooperative mills and 43 private sugar mills in the state.
- The Director General of Foreign Trade hereby allocates a total quantity of 10,000 MTs (Ten thousand metric tonnes) of raw/white Sugar for export of CXL Concessions Sugar to European Union (EU) for the period October, 2010 to September, 2011. Meanwhile, Directorate General of Foreign Trade, India has allowed upto 10000 tonnes of organic sugar exports per annum. The step came to encourage the farmers to adopt organic farming. The government tries to give some relaxation on exports of sugar produced without using chemical fertilizers and pesticides.

Sugar Production Scenario (2010-11)

Sugar Production for 2010-11 revised to 24.7 million tonnes up 0.3 million tonnes when compared to our previous projections of 24.4 million tonnes and stands above the government projection of 24.5 million tonnes. Extended crushing operations by mills in Maharashtra and Tamil Nadu and better sugar production figures from Gujarat increase the overall sugar production scenario for 2010-11.

Sugar Production estimate for 2010-11 (In Million Tonnes)	
Indian Government	24.5
ISMA	24.2
Agriwatch	24.7
Sucden	24.0-24.5
ED&F Man	24.5
Maharashtra State Cooperative Sugar Factories Federation (MSCSFF)	24.5

Sugar production figures after revision exceeds the government and industry associations for 2010-11 by 0.2 and 0.5 million tonnes respectively.

Sugar Production Scenario by Major Sugar Producing States (In lack tonnes)

States	Sugar Production as on 26th June	Expected Time for mills to close operations	Cane crushing continues with additional sugar production (expected)	Total Sugar Production
UP	58.75	Closed	Nil	58.75
Maharashtra	90.2	End of June	0.8	91
Andhra Pradesh	10	Closed	Nil	10
Karnataka	37	Closed	Nil	37
Tamil Nadu	14.48	-	1.91	16.39
Haryana	19.29	Closed	Nil	19.29
Gujarat	12.3	Closed	Nil	12.3
Punjab	3.02	Closed	Nil	3.02
Total	245.04	-	2.71	247.75
Total Govt. estimate	245			

*Figures as on 26th June 2011. Source: State Sugar Commissionerate

Planting Situation for 2011-12

Encouraged by higher cane prices growers moved towards sugarcane planting as revealed from the sowing figure week on week. As of 24th June 2011, farmers so far covered in 50.94 lakh hectares. Higher acreage has been reported from Uttar Pradesh (1.1 lakh hectare), Maharashtra (0.18 lakh hectare) and Karnataka (0.19 lakh hectare).

1. Area Estimation:

Meanwhile, we revised up our previous estimates of cane planting for 2011-12 season which is up by 9.79% to 5439000 hectares as compared to previous estimates of 4955000 hectares backed by

Area has been revised in UP state (India's biggest sugarcane producing state) by 7.96% in 2011-12 from our previous estimates. Sugar Mills and farmers reveal higher realization to the growers from cane when compared with its competing crops, This prompted farmers to go for cane planting during current year despite lower cane prices (avg. 205/Qtl) paid to farmers during 2010-11 compared to 2009-10 when farmers fetch Rs 245/Qtl.

We expect area to go up in Maharashtra by nearly 11.90% for 2011-12. It is noticeable that average cane price paid by millers in 2010-11 is Rs.175/Quintal much lower than last year what farmers realize was Rs.264/Quintal. Despite of low cane remuneration y-o-y, they still found sugarcane crop more profitable than other crops.

Significant increase in cane area is expected from Tamil Nadu to the tune of 25% and is also found up when compared with our first survey which stood at 15%. Better price realization by the farmers from cane when compared with rice. At the same time y-o-y increase in cane prices also stand encouraging for the growers to go aggressive for cane planting. During 2010-11, mills paid Rs.194/Quintal in comparison to Rs.166/Quintal in 2009-10.

Meanwhile, sharp improvement in cane acreage in Andhra Pradesh is also projected which is expected to increase by 10.93% during 2011-12 and is also up from our previous estimate of 3.07% increase during 2011-12. The main reasons are prompt cane payment and good remuneration to farmers by mills. Also, a healthy competition within mills to fetch cane from farmers also encourages the farmers to increase the sugarcane area. In 2010-11, mills have paid Rs.193/Quintal which is much higher than previous year price of Rs.188/Quintal.

To a surprise cane acreage also reported to improve from Karnataka to the tune of 2.92% as against our last projection which indicated decline of 5.78% based on the recent data. Growers changed their mood at last time just prior to planting stats. Change in farmers prior sowing intentions is primarily due to better remuneration from ratoon couple with recent sharp decline in cotton prices and negligible gain from paddy cultivation as reported by the growers.

At the same time area is revised up from Gujarat however overall cane area is to decline. We revised up our area estimates which projects that total cane area from Gujarat is projected to decline by 7.49% in 2011-12 when compared to our previous estimates of decline of 16.05%. Revision of cane acreage is primarily more sowing resulted then the previous sowing intention. Lower remuneration by millers to farmers during 2010-11 is the reason for decline in acreage. In 2010-11, millers paid Rs.150-170/Quintal till second installment to farmer's less than last year cane price payment i.e. Rs.245/Quintal.

Area has been revised up for Haryana for 2011-12 and witnessed an increase of 26.31% which is higher than previous estimate i.e. 12.41%. Due to better price expectation for 2011-12 helped to increase the cane area in Haryana.

States	Area (000 hec)		%Change
	2010-11	2011-12	
UP	2125	2294	7.96%
Maharashtra	964	1079	11.90%
Tamil Nadu	336.2	421	25.26%
Andhra Pradesh	192	213	10.93%
Karnataka	421	433	2.92%
Gujarat	188	174	-7.49%
Haryana	85	107	26.31%
Punjab	69	89	28.87%
Others	574	629	9.50%
India	4955	5439	9.79%

2. Yield Assumption:

Though yield of sugarcane is dependent on amount of July – Aug rainfall it is too early to comment on the actual yield. However, we assumed yield to hover near its 2 year's average yield. If materialize would results into marked improvement in the cane production y-o-y. However, we can comment on the actual yield after watching the amount of rainfall received during July 2011. Average yield is tabulated in the following table:

States	Yield (Kg/hect)		%Change
	2010-11	2011-12(E)	
UP	57411	58331	1.60%
Maharashtra	82318	83592	1.55%
Tamil Nadu	101962	101707	-0.25%
Andhra Pradesh	78000	76051	-2.50%
Karnataka	86449	88392	2.25%
Gujarat	75745	78132	3.15%
Haryana	73506	72800	-0.96%
Punjab	59855	60761	1.51%
Others	39936	40335	1.00%
India	68733	73345	6.71%

3. Cane Production Estimation (2011-12)

Considering upward revision of area and optimistic initial yield outlook we revised up our 2011-12 cane production figure which is projected to improve by 17% than last year. Also normal monsoon prediction by IMD may likely to support the overall sugarcane production for 2011-12 despite initial sluggish growth.

States	Cane Production (MMT)		
	2010-11	2011-12	%Change
UP	122.0	134	9.7%
Maharashtra	85.0	90	6%
Tamil Nadu	34.3	43	24.9%
Andhra Pradesh	15.0	16	8.2%
Karnataka	36.4	38	5.2%
Gujarat	14.2	14	-4.6%
Haryana	6.2	8	25.1%
Punjab	4.1	5	30.8%
Others	22.9	25	10.6%
India	340.5	399	17.2%

Sugar Production Estimation (2011-12)

Expecting a normal crushing year and congenial weather forecast we project sugar production to increase by 7% during 2011-12. We assumed 3 years of average recovery which is 9.85% for 2011-12 if weather remains favourable. Sugarcane diversion for crushing may likely to be 68.1% while diversion for Gur/Khandsari stood is pegged at 20% out of total cane production. 11.9% divert to seed/feed purpose. Considering the above factors we estimate sugar production for 2011-12 pegged at 26.4 million tonnes which is marginally higher than our previous estimate i.e. 26.0 million tonnes.

States	Sugar Production 2011-12 (MMT)(E)
UP	7.7
Maharashtra	8.4
Tamil Nadu	2.2
Andhra Pradesh	1.1
Karnataka	3.3
Gujarat	1.1
Haryana	0.4
Punjab	0.3
Others	0.0
India	26.4
Total India 2010-11	24.7

Exports Scenario

White sugar prices in International market moved up by \$108.4/MT in a month from \$658.3 /MT on 29th May 2011 to \$766.7 quoted on 29th June, 2011 in its bench mark market of Liffe. Port congestion in Brazil and Thailand and Y-o-Y relatively lower sugar production in Brazil are the reason to support white sugar prices in recent past.

Low domestic and surging international prices increase the spread significantly thereby creating export opportunity. Moreover, export parity is likely to extend further for coming couple of weeks on the expectation of increase in sugar prices for LIFFE.. Indian FOB prices are still competent when compared with its competitors like Thailand and Brazil.

Comparative Sugar FOB Prices (USD/MT)			
Sugar Parity Calculations	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffarnagar M 30
FOB India (USD/MT)	724.15	708.23	757.60
	Brazil	Thailand	
FOB (USD/MT)	764.80	794.80	-

* Figures as on 29/6/2011.

Given the additional sugar export quota available there might be high competition amongst exporters for the attainment of new licenses. They may offer premiums over the mill gate prices to get the export quota

from the mills. However, after considering Indian premiums sugar export remains viable from Chennai and Kolhapur region taking the freight advantage when compared to the land locked UP.

Meanwhile, millers get benefitted from existing additional sugar exports as export parity widens which urges exporters to give more premiums over existing domestic sugar prices which helps sugar mills to cover their losses. However, the quantity allotted is not significant when compared to their crushing capacity and might not be able to keep sugar prices at higher levels.

Domestic Sugar Balance Sheet:

Sugar production for 2010-11 up 30.69% compared to 2009-10 which improved the overall availability by 7.27%. Considering 2.2% a yearly growth of consumption and additional 5 lakh tons export permission under OGL along with previous 5 lakh tons sugar export permit and 1.5 million tonnes exported so far against ALS (Advance License Scheme, the total usage for 2010-11 is likely to go up by 12.29% compared to 2009-10. Increased export and consumption of sugar would result into overall decline in the ending stocks by 17.09% for 2010-11 compared to previous year.

Meanwhile, at the other side of the coin, despite expected sharp decline in the opening stocks for 2011-12 marketing year sugar production is expected to increase by nearly 6.88% considering normal monsoon and equitable distribution in the major cane growing region of India. Keeping in view surge in sugar production y-o-y total availability is expected to increase by ~3.06% which results in to marked improvement in the sugar ending stocks.

The detail of the supply and demand component is enlisted in the following table:

All Units in Million Tons	2009-10	2010-11	2011-12
Opening stocks	3.7	4.7	3.88
Production	18.9	24.7	26.4
Imports	4.8	0.0	0.0
Total Availability	27.4	29.38	30.28
Domestic consumption	22.5	23.0	23.6
Exports	0.2	2.5	2.0
Total Usage	22.7	25.5	25.6
Closing stocks	4.7	3.88	4.68
Average Monthly consumption	1.9	1.92	1.97
Stocks in months to use	2.5	2.02	2.38
Stock/Consumption Ratio	0.20	0.17	0.20

*Export break up – OGL – 1.0 million tons, ALS – 1.5 million tons

Molasses and Ethanol Production Scenario (2010-11)

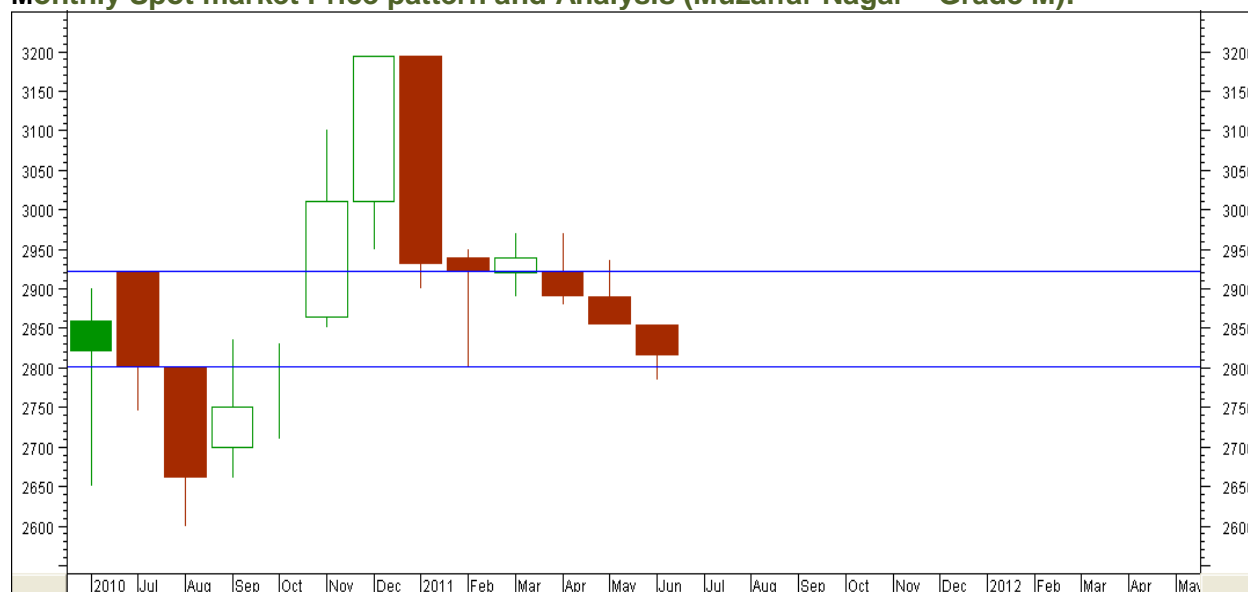
Overall Mills in India have crushed 2217.57 lakh tonnes of sugarcane and produce 100.46 lakh tonnes molasses with an average recovery of 4.53% in 2010-11. Out of total molasses production, all mills in India have produced 2219.07 lakh liters ethanol in 2010-11.

Molasses and Ethanol Production (2010-11)		
States	Molasses Production (In Lakh Tonnes)	Ethanol Production (In Lakh liters)
UP	29.13	643.57
Maharashtra	36.24	800.54
Tamil Nadu	7.10	156.75
Andhra Pradesh	4.71	104.07
Karnataka	15.08	333.23
Gujarat	5.60	123.67
Haryana	1.04	22.90
Punjab	1.56	34.35
India	100.46	2219.07

Spot Sugar Prices Scenario (Monthly):

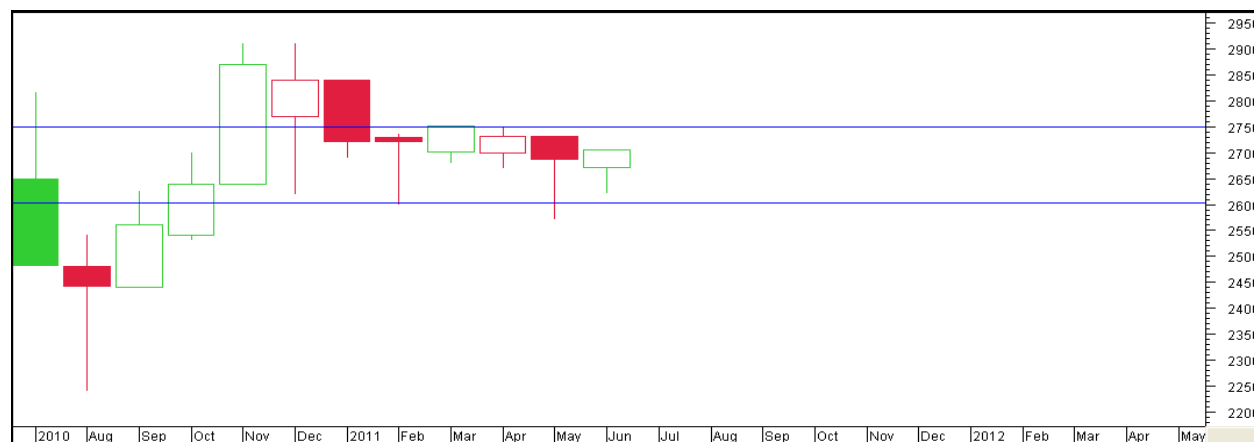
	28-May-11	28-June-11	change
Mumbai M-30	2851	2866	15
Mumbai S-30	2716	2665	-51
Muzaffar Nagar M	2860	2815	-45
Delhi M-30	2900	2880	-20
Delhi S-30	2860	2820	-40
Vijayawada M	2860	2870	10
Vijayawada S	2820	2750	-70
Nagpur M	2900	2840	-60
Nagpur S	2870	2780	-90
Chennai S	2620	2610	-10
Kolhapur M-30	2691	2706	15
Kolhapur S-30	2556	2505	-51

Monthly Spot market Price pattern and Analysis (Muzaffar Nagar – Grade M):



Spot prices continue to decline in Muzaffarnagar. Technicals of Muzaffar Nagar spot market reveal that prices to stay steady to negative in the upcoming month. Prices of Sugar M in Muzaffar Nagar spot market might go down by Rs. 20-30 per quintal and expect to fall down to Rs. 2790/qtl. due to higher sugar quota for July. At present, spot prices are hovering at Rs. 2815/qtl.

Monthly Spot market Price pattern and Analysis (Kolhapur – Grade M):



Spot prices rebound in Kolhapur spot market as technical chart revealed above. Improved demand in the Kolhapur spot market supports the prices upwards by Rs.30 last month. Improved buying came from various upcountry buyers increase the spot prices of Kolhapur.

We expect sugar prices in Kolhapur to trade positive in the upcoming month. Prices of Sugar-S in Kolhapur spot market is likely to go up to Rs 2750/qtl. in the upcoming month. At present, sugar is trading at Rs. 2706/Qtl in Kolhapur spot market.

Gur Scenario

Gur prices featured weak trend in Muzaffarnagar spot. Weak demand and lackluster trade of Gur kept the under pressure. On an average, 6000 bags are lifting per day from Muzaffarnagar market.

Talking about the stock position, 800,000 bags are stored in Cold storage for Chaku variety Gur which are 150,000 bags more compared to previous year stock position. Increased stocks continue to weigh on the prices. However, Raskut and Papdi variety is in tight position which is nearly 100000 bags less compared to previous year. Major threat for Muzaffarnagar traders is the fresh arrivals of Gur from Maharashtra and Karnataka which can snatch the buyers (Gujarat and Rajasthan) of Gur from UP. Gur prices during the month of July is expected to stay weak as liquidation of stock from UP might continue to weigh on the market sentiments.

Gur/Khandsari Production 2010-11 (In lakh tonnes)	
States	Gur/Khandsari Production
UP	56.10
Maharashtra	5.51
Tamil Nadu	18.04
Andhra Pradesh	4.44
Karnataka	3.28
Gujarat	1.99
Haryana	3.84
Punjab	0.68
India	96.45

India has produced 96.45 lakh tonnes of Gur in 2010-11. 26.44% has been diverted for Gur and Khandsari production. Kohlus has got 843.3 lakh tonnes of sugarcane and produce 96.45 lakh tonnes of gur with an average recovery of 11.43%.

Commodity: Sugar
Contract: August

Exchange: NCDEX
Expiry: August 20th, 2011

SUGAR

Technical Commentary:

- Prices of sugar are moving in a range between Rs. 2421 to Rs. 2789. Prices are moving upwards and may take downside correction. If prices breached its support level of Rs 2673 then it may go down further.
- However, Oscillators like RSI is hovering in overbought region.



Strategy: It is advisable to sell from support level.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	August	2602	2673	2730	2766	2789
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	August	Sell	<2730	2673	-	2766

Commodity: Gur
Contract: September

Exchange: NCDEX
Expiry: September 20th, 2011

GUR

Technical Commentary:

- Gur future prices consolidate and moving in a range from Rs.975 to Rs.1010 if breached either side will decide the movement of prices. However, prevailing fundamentals indicates bearishness in the market.
- However, RSI is in oversold region which suggests bullishness in the prices.



Strategy: Sell from resistance level is advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	September	964	975	975.5	1030	1060
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	September	Sell	<1010	975	964	1030

International Scenario

International sugar witnessed steep correction in LIFFE during June. Port congestion in Brazil and Thailand, concern on overall Brazil sugar production scenario for 2011-12, and Ramadan festive demand push the sugar international prices upwards. Also, imports from EU and Russia supports the sugar prices at LIFFE.

We expect sugar prices to go up during coming month owing to crushing of sugarcane has been declined by 23% from the last year to 134.6 million tonnes which might lower the prospect of white sugar production in Brazil.

International Market News Highlights:

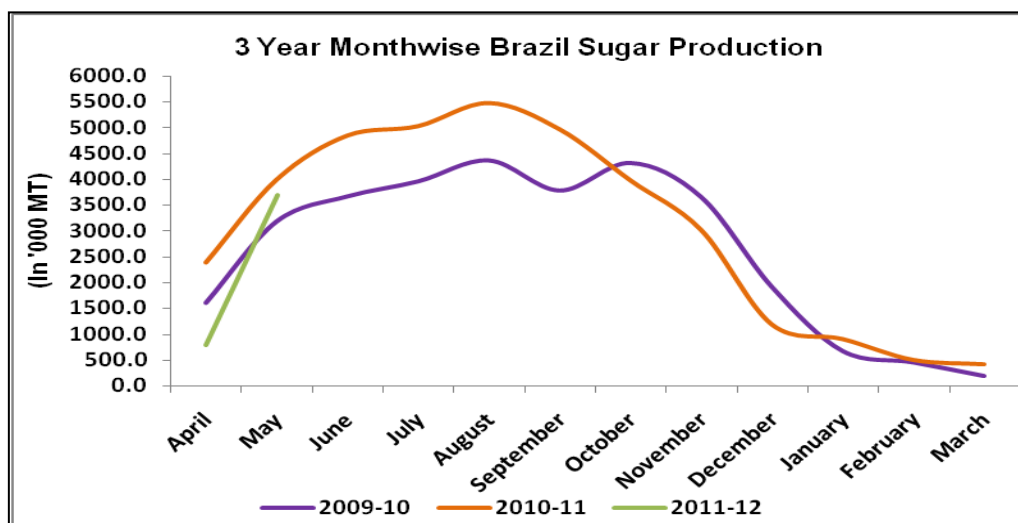
- The Russian sugar refining from imported raws rose 27 percent in the year upto June 20 to 1.68 million tonnes, compared to 1.32 million tonnes a year ago. Russian raw sugar imports rose to 960,000 tonnes in the first four months of this year from 763,100 a year ago with 0.85 million tonnes shipped in March and April.
- Global sugar production will rise by 10.5 million metric tons in the season starting in October to about 176 million tons, according to German researcher F.O. Licht.
- Australia, the world's third largest raw sugar exporter, is likely to lift output this year after heavy rains lowered last year's yield. Raw sugar production is estimated at 3.852 million tonnes in 2011/12 up from 3.620 million tonnes the previous year Australia's raw sugar exports would rise 1.9 percent year-on-year in fiscal 2011/12 to 2.476 million tonnes,
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- Main cane producing areas in Brazil's center-south will see no rain through the beginning of July, a condition that should favor harvesting but could hamper the development of the crop.
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- The 2011 sugarcane crush in Australia has commenced in earnest with eight of the 21 mills now in full swing, the Australian Sugar Milling Council said.
- Port Congestion in Brazil and Thailand ports is driving up the sugar prices of sugar. Ships waited to take on cargoes of sugar at ports in Brazil and Thailand, the world's two biggest exporters. As many as 68 vessels were lining up at Santos and Paranagua in Brazil to load about 2.22 million metric tons of sugar
- Total sugar consumption in Indonesia will rise more than 3 percent to an estimated 5.17 million tonnes this year, Southeast Asia's largest sugar consumer consumes 5.01 million tonnes in 2010 According to media sources. It is noticeable that Indonesia is expected to produce 2.7 million tonnes of white sugar in 2011.
- The Thai 2010/11 sugar harvest followed by subsequent cane crushing is extended in June which is the longest extension in the Thai history. On 6th June 2011, 192 days of crushing completed by mills in Thailand. Sugar production in 2010/11 (Nov/Oct) in the period ended June 6 amounted to 9.98 million tonnes, raw value, up from 7.2 million tonnes produced in the same period a year ago. Out of 9.98 million tonnes, 3.96 million tonnes was whites.

World Sugar Market Scenario

Brazil

Mills Brazil's Centre/South region improves crushing operations and produces more sugar in comparison to 2010-11 owing to dry weather. Brazil produce 2.379 million tonnes sugar in the two-week period in 2011-12 up 6.8% from 2.227 million tonnes in the same period in 2010-11. Brazilian mills crushing rise by 5.5% to 42.724 million tonnes from 40.507 million tonnes. It is noticeable that Brazilian sugar industry association UNICA said that the sugarcane yield was down 20.7% down on the Y-o-Y basis by the end of May. Unica expects that the mills will crush 568.5 million tonnes of cane and produce 34.6 million tonnes

of sugar for 2011-12 season. Sugarcane available for crushing to produce sugar in May 2011-12 increased at 45.98% compared to 44.74% in May 2010-11.



Sugar production in Brazil pick up in May month and may likely to remain higher side as the chart suggests. Sugar production normally makes a peak in August and start declining afterwards. Increased production of sugar in July month might put some pressure on sugar prices in LIFFE exchange.

Thailand

Thailand is moving forward to produce 9.25 million tonnes of sugar, white value from 2010-11 sugarcane harvest. Thailand sugar production in 2010-11 (Nov-Oct) as on 19th June stood at 9.25 million tonnes up from 6.6 million tonnes produced in the same period a year ago. Out of 9.25 million tonnes of sugar production, 3 million tonnes were whites. The total sugarcane crushed by mills are 95.35 million tonnes compared to 68.5 million tonnes in 2009-10. Molasses production was 3.92 million tonnes compared to 2.77 million tonnes in 2009-10. Production capacity is now below 2000 tonnes of sugar and therefore expected to finish the sugar production in the next few days. Thailand sugarcane production in 2011-12 (Nov-Oct) is expected to reach at 105.1 million tonnes up from 95.35 million tonnes in 2010-11. Thailand Sugar production could reach to 9.78 million tonnes, white value, up from 9.25 million tonnes in 2010-11. This would make available at least 7.5 million tonnes of sugar to export.

Export houses found difficult to export sugar from Thailand owing to congestion in Thai ports and problems with river transportation which urges export houses to find alternative routes to ship sugar. Export houses switching to Laem Chabung port due to congestion in Bangkok port. Exports have risen so far this year which takes the export figures to 3.2 million tonnes in the first five month of 2010-11 up 20% from 2.7 million tonnes a year earlier.

Australia

Australia sugar production in 2011-12 is expected to hover around 3.852 million tonnes up from 3.620 million tonnes in 2010-11. Queensland Sugar Ltd. has started sugar export for 2011/12 (Jul/Jun). This season's first consignment of 27,000 tonnes of raw sugar destined for New Zealand left Townsville last week, with the second shipment of an unspecified quantity for South Korea having been shipped over the weekend. The ABARE forecast Australia's raw sugar exports would rise 1.9 percent year-on-year in fiscal 2011/12 to 2.476 million tonnes.

International Sugar Production Scenario:

World Sugar Production Scenario (In Million Tonnes)				
Countries	Harvest	2010-11	2009-10	2008-09
Brazil	Apr-Mar	36.68	31.74	30.95
Thailand	Nov-June	9.25	6.55	6.91
Australia	June-Jan	3.29	4.16	4.23
India	Oct-Sept	24.5	18.9	14.81
Russia	Sept-Jan	2.72	3.21	3.55
China	Oct-May	10.45	10.73	12.43
Mexico	Nov-Sept	4.98	4.63	4.76
World		152.35	141.34	137.07

* Production figures are in White value.

Source: FO Litch

International Sugar Prices (Monthly)				
	Contract Month	29/5/2011	29/6/2011	Change
ICE Sugar #11 (US Cent/lb)	Jul'11	22.99	29.28	6.29
	Oct'11	22.86	26.92	4.06
	Mar'12	23.02	26.17	3.15
LIFFE Sugar (US \$/MT)	Aug'11	658.30	766.70	108.4
	Oct'11	613.40	693.80	80.4
	Dec'11	606.40	670.10	63.7

LIFFE Future Market Sugar Monthly Scenario (Aug'11 Contract):


International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for Coming Month
ICE Sugar #11 (US Cent/lb)	Oct'11	26.92	29.15

International LIFFE exchange sugar prices are hovering to its peak level \$783.2/mt if breached then it will move up further in the coming month.

ICE Raw Sugar Future Market Monthly Scenario (July'11 Contract):



International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Aug'11	766.70	857.00

International ICE Raw sugar futures contract is hovering near to its peak level 27.56 cents/lb if breached then it may move up further.

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