

### News Highlights: .

- Sugar mills in UP have started purchasing cane from farmers and will start their crushing operations in the coming days. However, UP govt. is yet to announce SAP of sugarcane for 2011-12. Mills are paying Rs 240/quintal as cane remuneration to the farmers.
- Industry association ISMA is demanding immediate 2 million tonnes sugar exports under OGL from government as mills are in a difficult situation as far as liquidity is concerned.
- Karnataka has produced 36.70 lac tonnes sugar production in Marketing year 2011-11 which is 49.3% up compared to 2009-10 sugar production (~24.5 lac tonnes), according to news sources.

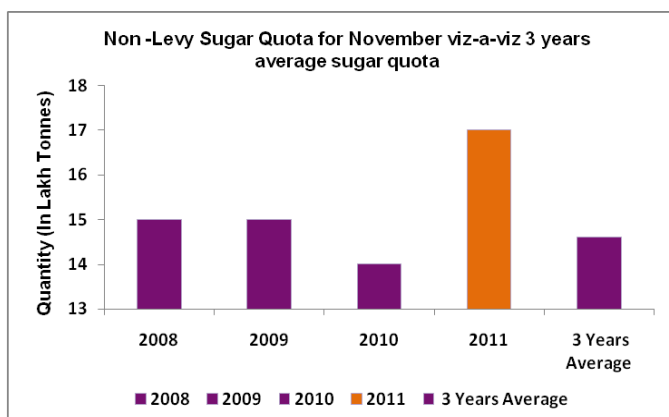
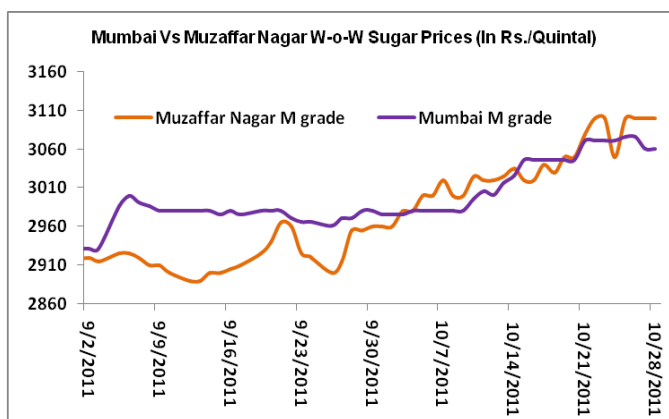
### Domestic Market Recap:

Mixed sentiments recorded in various sugar spot markets last week. Depleting demand after festival seasons, higher sugar quota for November 2011, and rumors over fresh exports for MY 2011-12 led the prices to trade range bound during the week.

Meanwhile, Government has decided to make available 19.15 lac tonnes of sugar (levy sugar – 2.14 lakh tonne and non-levy sugar – 17.01 lakh tonne) for the month of November 2011. Government has released sugar quota for November 2011 which is considered to be 15.91% higher compared to previous three years average sugar quota released in November month and also 21.5% higher compared to 2010 same period. Higher sugar quota may depress the sugar prices in the last week of November.

Meanwhile, various mills in UP are going to start their crushing operations from next week which will increase the supply of sugar in the market in the coming days.

Considering increasing supply and moderate demand, prices are likely to remain range bound in the coming week.



### Sugar Export Opportunity:

Domestic sugar prices are looking competitive compared to major sugar exporters like Brazil and Thailand. Meanwhile, Higher Thai premium (~\$70) over LIFFE kept the Thai sugar out of the market. Meanwhile, the Indian government is likely to take a decision on sugar exports in the first week of November. It is expected that government may allow 2-2.5 million tonnes sugar exports under OGL in tranches for 2011-12. All 2010-11 sugar exports deals have been completed.

Comparative Sugar FOB Prices (USD/MT)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffarnagar M 30
FOB India (USD/MT) (Without Premium)*	588.83	592.89	643.65
	<b>Brazil</b>	<b>Thailand</b>	
FOB (USD/MT) (With Premium)	702.10	772.10	

\*Millers are not getting any premium as there are no export allowances by government of sugar in 2011-12.

### Spot Sugar Prices Scenario (Weekly)

	21-Oct-11	28-Oct-11	change
Mumbai M-30	3071	3061	-10
Mumbai S-30	2851	2891	+40
Kolhapur M-30	2850	2800	-50
Kolhapur S-30	2750	2700	-50
Muzaffar Nagar M	3080	3100	+20
Delhi M-30	3050	3100	+50
Delhi S-30	2980	3000	+20
Chennai S	2770	2770	Unch
Vijayawada M-30	3240	3250	+10
Kolkata M Variety	3140	3050	-90

### Spot Market Technical Analysis (Kolhapur–Grade M)



### Price Expectation for Kolhapur market for the coming week.

- Sugar prices have decreased in Kolhapur spot market during the week ending 28<sup>th</sup> October 2011.
- Prices have recently tested 61.8% retracement level and two consecutive close above or below the mentioned level will take the prices down to 50% retracement level.
- Kolhapur spot prices are hovering in a range between Rs 2800 to Rs. 2850, if breach the level either side will decide the movement of the prices further.

- Prices are likely to move in a range in the coming week.

### Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



### Price Expectation for Muzaffar Nagar market for the coming week.

- Sugar spot prices have increased in Muzaffar nagar mandi during the week ending 28<sup>th</sup> October 2011.
- Prices have recently breached a 23.6% retracement level
- Prices are likely to move in a range between Rs 3050 to Rs. 3100 in the coming week.

### Gur Scenario

Gur prices have tumbled in Muzaffar nagar during the week ended 28<sup>th</sup> October 2011. Increasing fresh arrivals of gur in the market kept the gur prices under pressure. Everyday 8000-10000 bags of gur arrive in the market. However, demand of gur remains moderate during the week.

Meanwhile, Mills have started their crushing operations in UP and paying Rs 240/quintal as a cane remuneration to the farmers. In the meantime, Kolhus are paying Rs 180-190/quintal to the farmers as cane remuneration. Keeping a eye on to the higher cane prices by millers, farmers might ask for a hike from gur producers. Higher prices for cane might haunt gur producers as this might increase the cost of production and also will squeeze the profit margins from kolhus.

Market sources believes that prices are likely to move up in the coming week owing to expected increase in demand from Gujarat and Rajasthan market in the winter season. Buying at lower prices is likely to be witnessed in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	21-Oct-11	28-Oct-11	Change
Muzaffar Nagar	Chaku – New	2625	2300	-325
	Khurpa	2425	2250	-175
	Laddoo	2550	2375	-175
	Rascut	2250	2200	-50
Bangalore	Achhu	2700	2700	Unch
	Mudde	2800	3000	+200
Belgaum	Mudde	2600	2800	+200
Belthangadi	yellow (Average)	3085	3100	+15
Bijapur	Achhu	2860	2853	-7
Gulbarga	Other (Average)	2725	2751	+26
Mahalingapura	Penti (Average)	2810	2710	-100
Mandya	Achhu (Medium)	2400	2450	+50
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2350	2250	-100
	Yellow (Medium)	2450	2400	-50
Shimoga	Achhu (Average)	3000	2750	-250

**Commodity: Sugar**  
**Contract: November**
**Exchange: NCDEX**  
**Expiry: November 20<sup>th</sup>, 2011**
**SUGAR**

**Technical Commentary:**

- Sugar Future prices are moving range bound with weak sentiments.
- Prices are moving in a range between Rs 2695 to Rs 2770, two consecutive closes above or below the mentioned level will decide the direction of the prices further.
- Prices are continuously trying to test 50% retracement level but have come down which indicates that the mentioned level is strong resistance level. Breach of mentioned level will take the sugar prices upto Rs 2841.
- Prices are likely to test Rs 2735 level which is an immediate support level, which if breached the prices may go down to Rs 2695.
- However, RSI is moving in a neutral region.

**Strategy:** Buy from support level would be advisable

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	November	2695	2711	2741	2800	2841
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	November	Buy	>2735	2770	2788	2717

**Commodity: Gur**  
**Contract: November**
**Exchange: NCDEX**  
**Expiry: November 18<sup>th</sup>, 2011**
**GUR (Continuous Weekly Chart)**

**Technical Commentary:**

- Gur prices are moving in a range between Rs 958 to Rs. 984 levels, two consecutive closes below or above these retracement levels will give gur prices a new direction.
- Prices are continuously trying to test upper Gann Fann line. Breach of mentioned level will take the prices upto Rs 1010 which also lying over 38.2% retracement level.
- RSI is hovering near to neutral region.

**Strategy:** Buy from support level would be advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	November	955	960	980.50	1010	1042
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Buy	>980	1000	1010	970



### International Scenario

International sugar prices are moving range bound and have declined marginally during the week ended 28<sup>th</sup> October 2011. There has been an increased sugar output in October in Brazil, and improved demand of sugar from China which kept the sugar prices range bound in ICE and LIFFE markets during the week.

### International Market News Highlights:

- Datagro cut its sugar production estimate for Brazil's Center south region to 30.1 million tonnes in 2011-12. Datagro has estimate 30.6 million tonnes of sugar output in its previous forecast.
- South African sugar 2011-12 sugar output is estimated at 1.909 million tonnes which is equal to the previous year sugar production. It is noticeable that South African sugar association (SASA) has downgraded the sugar production estimate for 2011-12 from 1.932 million tonnes to 1.909 million tonnes.
- China has imported 473,883 tonnes of sugar in September 2011 which is higher compared to 427,724 tonnes sugar imported in August.

International Sugar Prices (Weekly)				
	Contract Month	21/10/2011	28/10/2011	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	26.48	26.15	-0.33
	May'12	25.67	25.49	-0.18
	Jul'12	24.78	24.81	+0.03
LIFFE Sugar (US \$/MT)	Dec'11	706.40	702.10	-4.3
	Mar'12	669.70	673.60	+3.9
	May'12	659.40	662.10	+2.7

### LIFFE Future Market Sugar Scenario (Dec'11 Contract):



### Technical Commentary:

- Range bound movement of the prices have been witnessed.
- Prices have come down after testing upper Gann Fann line as chart depicts.
- Prices are moving between 50% and 61.8% retracement level, two consecutive closes above or below these levels will give the prices a new direction.
- Prices might move in a range with weak bias.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'11	702.10	681

### ICE Raw Sugar Future Market Scenario (Mar'12 Contract):



### Technical Commentary:

- ICE raw sugar futures are trading range bound with weak sentiments.
- Prices recently breached the 61.8% retracement level and are trying to test the 50% retracement level.
- Two consecutive closes above or below 50% and 61.8% retracement levels will give the prices a new direction.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'11	26.15	25.48



#### 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>  
© 2005 Indian Agribusiness Systems Pvt Ltd.