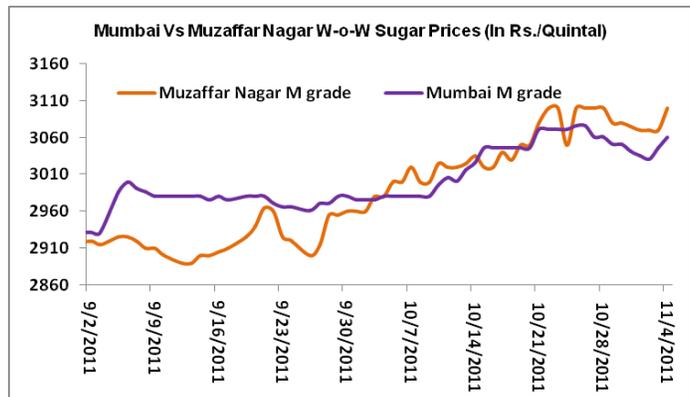


News Highlights:

- Indian government has updated its sugar production forecast to 24.7-25 million tonnes which is higher compared to previous forecast which stood at 24.3 million tonnes for 2011-12.
- Various mills from Maharashtra and UP have started their crushing operation for MY 2011-12. Mills in UP are giving Rs 230 per quintal as a cane remuneration for 2011-12. UP government has not decided SAP for 2011-12 which may delay the decision over sugar exports.

Domestic Market Recap:

Steady to firm sentiments recorded in various sugar spot markets last week. Moderate demand, lack of sugar stocks in the market and exports expectation drove the prices upwards during the last week. Meanwhile, various mills from UP, Maharashtra and Gujarat have started their crushing operations for 2011-12 and fresh sugar stocks will be reaching the markets in the coming days. However, UP government is yet to take the decision over SAP issue.

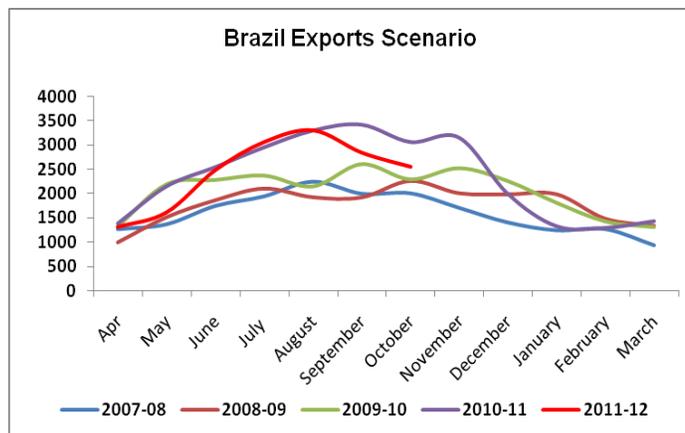


Government is likely to take decision in the third week of November 2011. Keeping in view higher international prices and positive parity for exporters, we expect government will allow 5 lac tonnes sugar exports as its first tranche of sugar shipment for MY 2011-12.

Considering higher demand of sugar and expected allowance of sugar exports, sugar prices are likely to trade upwards during the coming week.

Sugar Export Opportunity (Likely to Continue):

Higher International prices compared to domestic sugar prices brings India into the international arena. Indian FOB prices seem to be competitive compared to major export players like Brazil and Thailand. Also, recent decline in sugar exports from Brazil in the month of October 2011 is moving buyers towards India. Thailand, second biggest sugar exporters after Brazil, also was not able to export sugar due to recent floods causing higher sugar premium (~70) over LIFFE and also hurdles in transportation because of water logging keeps Thailand out of the export markets. Indian government is likely to take decision over sugar exports issue in the third week of November. Government might review the pace of crushing and recovery of sugar from new cane which will give government a fair idea about the production scenario of sugar in MY 2011-12. It is noticeable that government is likely to allow 2-2.5 million tonnes of sugar exports in multiple tranches during the coming year.



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)*	600.00	603.05	635.53
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	681.00	751.00	

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

Spot Sugar Prices Scenario (Weekly)

	28-Oct-11	04-Nov-11	change
Mumbai M-30	3061	3061	Unch
Mumbai S-30	2891	2891	Unch
Kolhapur M-30	2800	2850	+50
Kolhapur S-30	2700	2750	+50
Muzaffar Nagar M	3100	3100	Unch
Delhi M-30	3100	3100	Unch
Delhi S-30	3000	3000	Unch
Chennai S	2770	2825	+55
Vijayawada M-30	3250	3280	+30
Kolkata M Variety	3050	3100	+50

Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar prices have improved in benchmark market Kolhapur during the week ended 4th November 2011.

- After testing 61.8% retracement level, prices have rebound this week and touched its previous month high level (Rs. 2850) which is also act as a strong resistance level.
- Kolhapur spot prices are hovering in a range between Rs 2800 to Rs. 2850, and any breach of the levels 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.

- Muzaffar nagar sugar spot prices are consolidating in a range with firm sentiments as chart depicts.
- Prices are continuously trying to test Rs 3100 level which also acts as a strong resistance level.
- Prices are likely to move in a range between Rs 3050 to Rs. 3100 in the coming week.

Gur Scenario

Gur prices have surged in Muzaffar nagar mandi during the week ended 4th November 2011. Increasing demand of gur from various gur consumption centers like Kolkata, Gujarat and Rajasthan markets led the gur prices upwards. Everyday 7000-8000 bags of gur arrive in the market.

Meanwhile, most awaited decision over price fixation of SAP for 2011-12 is also becoming the influencing factor of gur prices. UP govt. is likely to fix Rs 240-245/quintal as SAP this year which will increase the purchasing cost of cane for Kolhus. Higher cane prices will definitely increase the cost of gur production as well as prices in the market.

We expect gur prices will increase in the coming week due to higher gur demand from various consumption centers.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	28-Oct-11	04-Nov-11	Change
Muzaffar Nagar	Chaku – New	2300	2625	+325
	Khurpa	2250	2450	+200
	Laddoo	2375	2550	+175
	Rascut	2200	2250	+50
Bangalore	Achhu	2700	2700	Unch
	Mudde	3000	2900	-100
Belgaum	Mudde	2800	2650	-150
Belthangadi	yellow (Average)	3100	3150	+50
Bijapur	Achhu	2853	2700	-153
Gulbarga	Other (Average)	2751	2578	-173
Mahalingapura	Penti (Average)	2710	2640	-40
Mandya	Achhu (Medium)	2450	2550	+100
	Kurikatu (Medium)	2200	2250	+50
	Other (Medium)	2250	2350	+100
	Yellow (Medium)	2400	2450	+50
Shimoga	Achhu (Average)	2750	2950	+200

Commodity: Sugar
Contract: November

Exchange: NCDEX
Expiry: November 20th, 2011

SUGAR (Continuous Weekly Chart)



Technical Commentary:

- Sugar Future prices are moving upwards as chart depicts.
- Prices are moving in a range between Rs 2750-2800, two consecutive doses above or below the mentioned level will decide the direction of the prices further.
- Prices have recently breached 50% retracement level and are likely to test 61.8% retracement level in the coming week.
- Rs 2750 level is acting as a strong support level, breach of that level will take the prices to the medium term bearish trend.
- However, RSI is moving in a neutral region.
- Prices are hovering above 9 and 18 day SMA which suggests bullishness in the prices.

Strategy: Buy from support level would be advisable

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	November	2735	2750	2793	2830	2845
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	November	Buy	2765-2770	2800	2815	2753

Commodity: Gur
Contract: November

Exchange: NCDEX
Expiry: November 18th, 2011

GUR (Continuous Weekly Chart)



Technical Commentary:

- Gur prices are moving upwards as chart depicts.
- Prices have recently breached 1026 level which is also a strong support level and also lying over 61.8% retracement level.
- Prices are likely to trade in a range between Rs 1030-1060 in the coming week.
- RSI is hovering near to neutral region.

Strategy: Buy from resistance level.

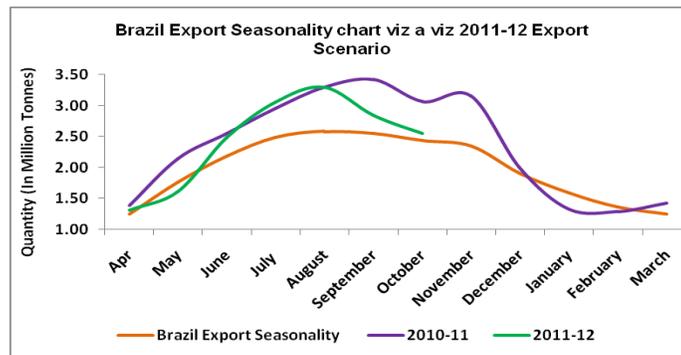
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	November	1010	1026	1026	1062	1100
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Buy	1030-1032	1050	1060	1020

International Scenario

International sugar prices have witnessed marginal decline in the prices during the week ended 4th November 2011. No major sugar deals or business from sugar importers like China and EU and the damage of sugarcane crop in Thailand from recent floods pressurized the prices in ICE and LIFFE. Keeping in view higher sugar prospects from China for 2011-12 and sugar exports expectations from India this week, we expect prices will trade in prevailing range in the coming week with weak bias.

International Market News Highlights:

- China is likely to produce 12 million tonnes of sugar for 2011-12 which is 15% higher compared to 2010-11. It is noticeable that China has produced 10.45 million tonnes of sugar in 2010-11.
- Minimum damage from floods is expected to sugarcane crop in Thailand, according to an official of Agricultural ministry.
- Brazil has exported 2.55 million tonnes of sugar in October 2011 which is 17% down compared to 2010 same period. Less cane harvest as well as less sugar output prospects from Brazil this year put severe impact on sugar exports. It is also noticeable that October 2011 shipment is 10% down compared to September 2011 sugar shipment.



International Sugar Prices (Weekly)				
	Contract Month	28/10/2011	3/11/2011	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	26.15	25.65	-0.5
	May'12	25.49	24.92	-0.57
	Jul'12	24.81	24.30	-0.51
LIFFE Sugar (US \$/MT)	Dec'11	702.10	681.00	-21.1
	Mar'12	673.60	654.50	-19.1
	May'12	662.10	641.80	-20.3

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



Technical Commentary:

- Range bound movement of the prices has been witnessed.
- As per our previous expectation, LIFFE sugar prices have touched 38.2% retracement level or \$680.
- Prices are looking weak technically on the chart and sellers are dominating the markets which have supported by the increasing volume.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'11	681	662

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.
- Prices are likely to trade range bound in the coming week with some weakness in the prices.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'11	25.65	24.45

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