

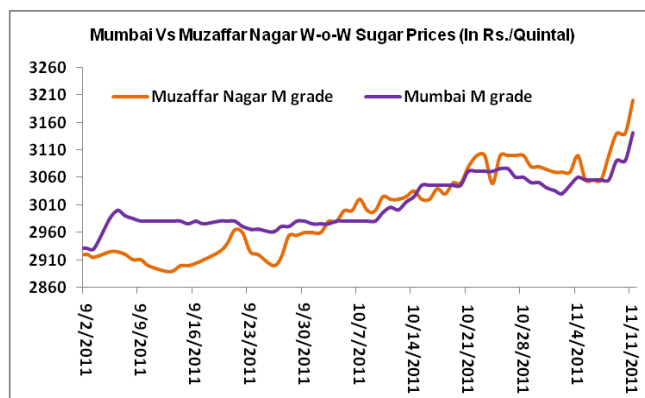
News Highlights:

- UP government fixes Rs. 235-250/quintal as cane remuneration to the farmers paid by millers in 2011-12. This SAP is 19% higher compared to the previous year's which stood at Rs 205/quintal. Meanwhile, hike given by government is as per the industry expectation and government has tried to satisfy both parties (millers as well as farmers). It is noticeable that farmers were asking for Rs 275-300/quintal which the industry was not willing to pay.
- Maharashtra government has fixed three rates for cane depending on the recovery of sugar from cane in various regions. Government has fixed Rs 205/quintal in cities like Kolhapur, Satara and Sagri, Rs. 185 per quintal in Pune, Solapur and Ahmednagar and Rs 180/quintal for cane in the rest of Maharashtra. Farmers had been asking for Rs 235/quintal as a cane remuneration this year.
- Government may delay their decision over sugar exports keeping in view the delay in crushing and the falling international sugar prices, (Source: FO Litch)
- CACP suggests that 2-3 million tonnes of sugar exports can be allowed by the government immediately to give some benefits to mills which are paying higher cane prices to the farmers. The government is likely to take a decision on sugar exports on 16th November 2011.

Domestic Market Recap:

Sugar prices have surged in various sugar spot markets during last week. Higher demand, delayed crushing by mills in UP and Maharashtra and the increase in cane prices in major cane producing regions like UP and Maharashtra helped the sugar prices to surge during the week. Also, government is likely to take its decision on sugar exports under OGL in the coming week which also supported the firm sentiments of sugar in various markets.

Around 50 mills have started their crushing operations in Maharashtra against 60 mills last year same period. Delay in crushing by mills this year is mainly due to the delay in reaching a consensus over cane prices payment to farmers in 2011-12.



With the higher demand of sugar and the expected opening up for sugar exports, sugar prices are likely to trade upwards during the coming week.

Sugar Export Opportunity (Likely to Continue):

Despite the decrease in International prices recently, Indian prices are still competitive compared to International sugar prices especially major export players like Brazil and Thailand. Higher white sugar premium offered by Thailand kept the traditional buyers of sugar uninterested. Indian government is likely to take decision over sugar exports issue in the third week of November. Given the pace of crushing and recovery of sugar from new cane, the production scenario of sugar in MY 2011-12 looks comfortable and once convinced of the same, the 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)* | 605.08 | 618.27 | 661.93 |
| | Brazil | Thailand | |
| FOB (USD/MT) (With Premium) | 656.00 | 726.00 | |

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

Spot Sugar Prices Scenario (Weekly)

| | 04-Nov-11 | 11-Nov-11 | change |
|-------------------|-----------|-----------|--------|
| Mumbai M-30 | 3061 | 3141 | +80 |
| Mumbai S-30 | 2891 | 3036 | +145 |
| Kolhapur M-30 | 2850 | 3050 | +200 |
| Kolhapur S-30 | 2750 | 2925 | +175 |
| Muzaffar Nagar M | 3100 | 3200 | +100 |
| Delhi M-30 | 3100 | 3200 | +100 |
| Delhi S-30 | 3000 | 3100 | +100 |
| Chennai S | 2825 | 2850 | +25 |
| Vijayawada M-30 | 3280 | 3380 | +100 |
| Kolkata M Variety | 3100 | 3300 | +200 |

Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar prices have moved up sharply in benchmark market Kolhapur during the week ended 11th November 2011.
- Prices have recently touched their annual high.
- Kolhapur spot prices are hovering in a range between Rs 2900 to Rs. 3100, 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 have been rising during the week ending 11th November 2011.
- Prices recently tested the Rs 3200 level which now acts as a strong resistance level.
- Prices are likely to move in a range between Rs 3100 to Rs. 3200 in the coming week.

Gur Scenario

Gur prices have increased in Muzaffar nagar market during the week ended 11th November 2011. Higher demand of gur and the increased cane prices by UP government have increased the cost of production of gur. Meanwhile daily 7000-8000 bags (40kg each) of gur arrived in the market which has been lifted by the buyers immediately. Major gur buyers from Muzaffar nagar mandi are Gujarat, Rajasthan and Kolkata.

Moreover, it is noticeable that Kolhus are buying sugarcane from farmers at Rs 230/quintal due to increase in SAP by UP government. Earlier, kolhus were paying Rs 205/quintal to farmers. Should the Government take the decision to allow sugar exports in the coming week, it will be very difficult for Kolhus to procure cane from farmers as millers will procure much more than planned.

We expect gur prices will move up further due to good demand of gur in the domestic market.

| Gur Spot Prices (Rs/Qtl) | | | | |
|--------------------------|-------------------|-----------|-----------|--------|
| Markets | Variety | 04-Nov-11 | 11-Nov-11 | Change |
| Muzaffar Nagar | Chaku – New | 2625 | 2650 | +25 |
| | Khurpa | 2450 | 2475 | +25 |
| | Laddoo | 2550 | 2600 | +50 |
| Bangalore | Achhu | 2700 | 2700 | Unch |
| | Mudde | 2900 | 2800 | -100 |
| Belgaum | Mudde | 2650 | 2800 | +150 |
| Belthangadi | yellow (Average) | 3150 | 3100 | -50 |
| Bijapur | Achhu | 2700 | 2710 | +10 |
| Gulbarga | Other (Average) | 2578 | 2525 | -50 |
| Mahalingapura | Penti (Average) | 2640 | 2650 | +10 |
| Mandya | Achhu (Medium) | 2550 | 2450 | -100 |
| | Kurikatu (Medium) | 2250 | 2250 | Unch |
| | Other (Medium) | 2350 | 2350 | Unch |
| | Yellow (Medium) | 2450 | 2350 | -100 |
| Shimoga | Achhu (Average) | 2950 | 2975 | +25 |

Commodity: Sugar
Contract: December
Exchange: NCDEX
Expiry: December 20th, 2011
SUGAR (Daily Chart)

Technical Commentary:

- Major movements in sugar future prices have been witnessed last week.
- Prices are moving in a range between Rs 2807-2865, two consecutive closes above or below the mentioned level will decide the direction of the prices further.
- After hitting a contract high, prices have recently tested 50% retracement level and then rebound from the mentioned level which indicates that prices are not going to sustain at lower levels.
- Prices are likely to move in the mentioned range in the coming week.
- 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 lower level would be advisable

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|----------|------|-----------|------|------|------|
| Sugar | NCDEX | December | 2770 | 2800 | 2851 | 2962 | 3000 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | December | Buy | Near 2850 | 2900 | 2925 | 2825 |

Commodity: Gur
Contract: December
Exchange: NCDEX
Expiry: December 20th, 2011
GUR (Weekly Chart)

Technical Commentary:

- Gur prices are moving upwards as chart depicts.
- Prices are moving in a range between Rs 995 to Rs 1026, two consecutive closes above or below the mentioned level will decide the movement of the prices further.
- Increase in price with volume and open interest support give clear indication of bullishness in Gur prices.
- However, RSI is hovering in oversold region.

Strategy: Buy from support level.

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|----------|------|-----------|------|------|------|
| Gur | NCDEX | December | 986 | 995 | 1017 | 1035 | 1040 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Gur | NCDEX | December | Buy | Near 1010 | 1026 | 1034 | 1000 |

International Scenario

International sugar prices have witnessed marginal decline in the prices during the week ended 11th November 2011. Increasing production prospects of sugar in Mexico and lower activity by major importers of sugar like China and EU pressurized the sugar prices at ICE and LIFFE. We expect sugar prices to move in a range with weak bias during the coming week at ICE and LIFFE.

International Market News Highlights:

- Brazil sugar exports are likely to continue weakening till April due to the sugar stocks held by mills being more for sales in the local market. Shipments from November through March 2012 could be 2 million tonnes lower than last year which is about 30 percent lower.
- South Africa's 2011/12 sugar production forecast was cut to 1.855 million tonnes from a forecast of 1.909 mln released in October by South African Sugar Association (SASA).
- Mexico is expected to produce around 5.3 million tonnes of sugar in 2011-12 which is 0.3 million tonnes higher compared to previous estimate. However, sugar exports by Mexico would probably be the same as last year.

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|------------|--------|
| | Contract Month | 3/11/2011 | 10/11/2011 | Change |
| ICE Sugar #11 (US Cent/lb) | Mar'12 | 25.65 | 25.39 | -0.26 |
| | May'12 | 24.92 | 24.77 | -0.15 |
| | Jul'12 | 24.30 | 24.28 | -0.02 |
| LIFFE Sugar (US \$/MT) | Mar'12 | 654.50 | 656.00 | +1.5 |
| | May'12 | 641.80 | 641.20 | -0.6 |
| | Aug'12 | 632.80 | 632.70 | -0.1 |

LIFFE Future Market Sugar Scenario (Mar'12 Contract):

Technical Commentary:

- Sugar prices are moving in a downtrend as the chart depicts.
- Prices are moving in a range between \$630 to \$690, two consecutive close above or below the mentioned level will give the prices a new direction.
- Prices are likely to test \$620 level in the coming week which will also act as a strong support.
- 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) | Mar'12 | 656 | 620 |

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 50% retracement level and are trying to test the 38.2% 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) | Mar'12 | 25.39 | 24.51 |

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.