

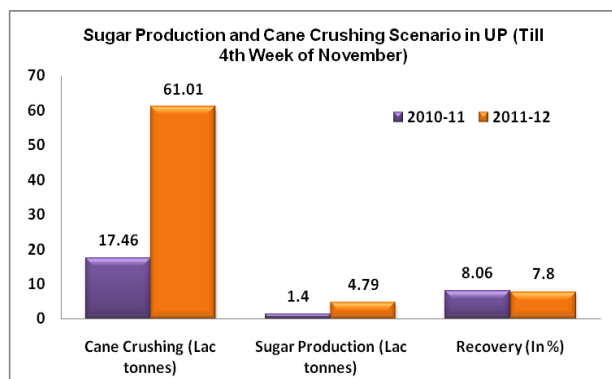
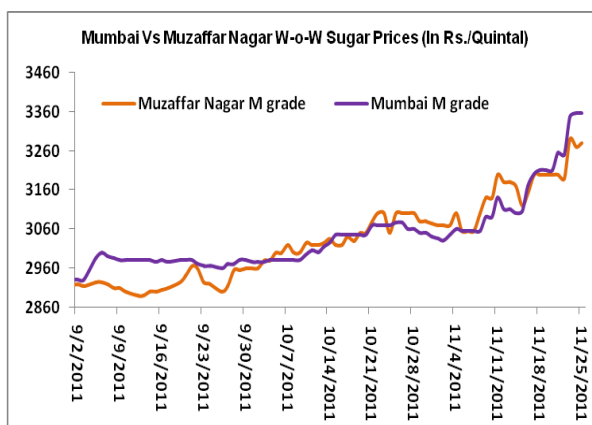
### News Highlights:

- India has allowed 1 million tonnes sugar exports under OGL.
- Government also removed the stock holding limit on sugar from December 2011.
- Government might think to allow more sugar exports under OGL soon.
- Government is likely to release 17-17.5 lac tonnes total sugar quota for December keeping in view higher sugar prices and shortage of sugar in the open markets. Government worried about increasing inflation rate and will try to ensure that sugar prices should not hike further from present level. Government might release 15-15.5 lac tonnes non-levy sugar quota which is 3.33% higher compared to previous year.

### Domestic Market Recap:

Sugar prices have moved up in various sugar spot markets during the week ended 25th November 2011. Opening of Exports by Indian Government and removal stock holding limit on sugar from December supported the prices of sugar. The government has allowed 1 million tonnes sugar exports. However, increasing domestic sugar prices squeeze the export parity advantage.

Also, government has removed restriction on sugar stock holding from December as government sees sugar production on higher side in 2011-12. Currently, stock holding limit for sugar traders and whole sellers is 500 tonnes. It is noticeable that EGOM had relaxed the limit on sugar from 200 metric tonnes to 500 metric tonnes per month in March 2011. Removal of sugar stock holding limit will give prices a boost.



Meanwhile, UP mills have produced 4.79 lac tonne sugar up to 29<sup>th</sup> November 2011 which is 3.39 lac tonnes more compared to sugar produced in 2010-11 same period. This difference is due to 2 week delayed start of crushing operations by mills in UP last year.

Moreover, mills have crushed 61 lac tonnes cane till date which is 43.55 lac tonnes higher compared to previous year. However, recovery of sugar from cane is on the lower side this year. Mills have registered average 7.8% recovery from cane.

However, government is likely to allow higher sugar quota for December which might pressurize the sugar prices.

Prices are likely to move range bound with weak sentiments in the coming week.

**Weekly Sugar Production Scenario (2011-12) (Lakh Tonnes)**

Maharashtra				UP		
	2010	2011	% Change	2010	2011	% Change
Sugar production	3.9	3.5	-10.3%	1.4	4.79	242%
Cane crushed	47	43	-8.5%	17.46	61.017	249%
Recovery (%)	8.15	8.15	0.0%	8.06	7.8	-3%
Mills started	127	127	0.0%	74	98	32%

(Source: State Sugar Commissioners)

**Sugar Export Opportunity:**

Higher domestic sugar prices and decrease in LIFFE sugar prices is keeping the Indian exporters out of the competition at present. Brazil exporters are quoting sugar at FOB 605.40. Also, Thailand is also giving Indian markets a stiff competition.

Meanwhile, recent government allowance of 1 million tonnes of sugar exports gives sugar domestic sugar prices a new high which will make the sugar export tougher at present.

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)*	645.69	648.73	688.32
	<b>Brazil</b>	<b>Thailand</b>	
FOB (USD/MT) (With Premium)	605.40	675.40	

\*Millers are not getting any premium as there is no export notification published by government for 2011-12 till yet.

**Spot Sugar Prices Scenario (Weekly)**

	18-Nov-11	25-Nov-11	change
Delhi M-30 (New)	-	3450	-
Delhi M-30 (old)	3280	3350	+70
Delhi S-30	3150	3211	+61
Muzaffar Nagar M	3200	3280	+80
Mumbai M-30	3211	3356	+145
Mumbai S-30	3081	3191	+110
Kolhapur M-30	3075	3150	+75
Kolhapur S-30	2975	3025	+50
Kolkata M Variety	3300	3300	Unch
Chennai S	2990	3050	+60
Vijayawada M-30	3400	3500	+100

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



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

- Sugar prices have surged in Kolhapur market during the week ended 25<sup>th</sup> November 2011.
- Kolhapur spot prices are hovering in a range between Rs 3100 to Rs. 3200, and any breach of the levels either side will decide the movement of the prices further.
- Expected higher sugar quota for December kept the sugar prices under control in the coming week.
- We expect prices are likely to hover within the mentioned range.

### 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 25<sup>th</sup> November 2011.
- Prices have recently test Rs 3300 level which also lying over upper Gann Fann line as chart depicts.
- Prices are likely to hover below upper Gann Fann line in the coming week..
- Prices are likely to move in a range between–Rs 3100 to Rs. 3300 in the coming week.

## Gur Market Scenario and Outlook

Gur sentiments are steady to firm in Muzaffar nagar market due to lesser arrivals and moderate demand of gur in the market. Daily 5000-6000 bags (each 40 kg) are arriving in the market. Meanwhile, recovery of gur from cane is around 11% which is considering being on lower side as reported. However, lesser gur prices in states like Maharashtra and MP divert the traditional buyers of gur like Rajasthan and Gujarat which buy gur from these markets rather than UP which will pressurize the gur prices in UP.

We expect gur prices will move range bound with weakness in the prices in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	18-Nov-11	25-Nov-11	Change
Muzaffar Nagar	Chaku – New	2550	2550	Unch
	Khurpa	2325	2350	+25
	Laddoo	2500	2450	-50
Bangalore	Achhu	2700	2700	Unch
	Mudde	2800	2900	+100
Belgaum	Mudde	2800	2600	-200
Belthangadi	yellow (Average)	3100	3200	+100
Bijapur	Achhu	2600	2400	-200
Gulbarga	Other (Average)	2596	2725	+131
Mahalingapura	Penti (Average)	2530	2350	-180
Mandya	Achhu (Medium)	2300	2250	-50
	Kurikatu (Medium)	2200	2175	-25
	Other (Medium)	2250	2050	-200
	Yellow (Medium)	2300	2100	-200
Shimoga	Achhu (Average)	2975	2600	-375

**Commodity: Sugar**  
**Contract: December**
**Exchange: NCDEX**  
**Expiry: December 20<sup>th</sup>, 2011**
**SUGAR (Continuous Weekly Chart)**

**Technical Commentary:**

- Sugar prices are moving upwards and hovering in uptrend as chart depicts.
- Prices are moving in a range between Rs 2980-3050, two consecutive closes above or below the mentioned level will decide the direction of the prices further.
- After hitting a contract high, prices have shown some downward correction.
- Prices are likely to move in the mentioned range in the coming week.
- However, RSI is moving in an overbought region.

**Strategy:** Sell from higher level would be advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	December	2950	2980	2940	3075	-
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	December	<b>Sell</b>	3040-3050	3000	2975	3074

**Commodity: Gur**  
**Contract: December**
**Exchange: NCDEX**  
**Expiry: December 20<sup>th</sup>, 2011**
**GUR (Continuous Weekly Chart)**

**Technical Commentary:**

- Gur prices are moving downwards as chart depicts.
- Prices are moving in a range between Rs 995 to Rs 1022, two consecutive doses above or below the mentioned level will decide the movement of the prices further.
- Breach of 23.6% retracement level or 995 level will take the prices down to Rs 980 and then Rs 955.
- However, RSI is hovering in neutral region.

**Strategy:** Sell from resistance level.

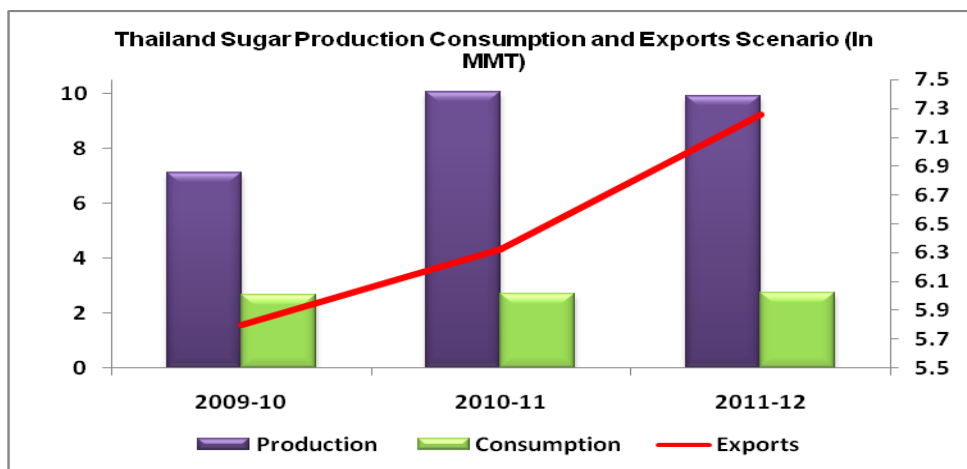
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	December	960	970	1002	1022	1040
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	December	<b>Sell</b>	1010-1012	1000	990	1016

## International Scenario

International sugar prices have plunged during the week ended 25<sup>th</sup> November 2011. Improved crushing data from Thailand and improved exports by India and Thailand kept the sugar prices under pressure. We expect prices are likely to move in a range with some weakness in the prices in the coming week in ICE and LIFFE.

## International Market News Highlights:

- Indonesia is planning to increase its sugar production for 2012 by 0.3 million tonnes. It is noticeable that Indonesia is likely to produce 2.2 million tonnes of sugar in 2011.
- Thailand sugar production is likely to reach 9.9 million tonnes in 2011-12 which is higher compared to last year sugar production which stood at 9.64 million tonnes. Previously government was projected 10-10.5 million tonnes sugar production but recent floods in Thailand done minimal damage to the cane crop.
- According to news sources, Out of 9.9 million tonnes total sugar production, Thailand will keep 2.4 million tonnes of sugar for domestic consumption and rest 7.5 million tonnes sugar production for exports in 2012. Thailand has exported 6.32 million tonne last year.



International Sugar Prices (Weekly)				
	Contract Month	18/11/2011	23/11/2011	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	23.97	23.09	-0.88
	May'12	23.49	22.7	-0.79
	Jul'12	23.10	22.46	-0.64
LIFFE Sugar (US \$/MT)	Mar'12	623.00	605.4	-17.6
	May'12	612.40	596.2	-16.2
	Aug'12	605.10	589.7	-15.4



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

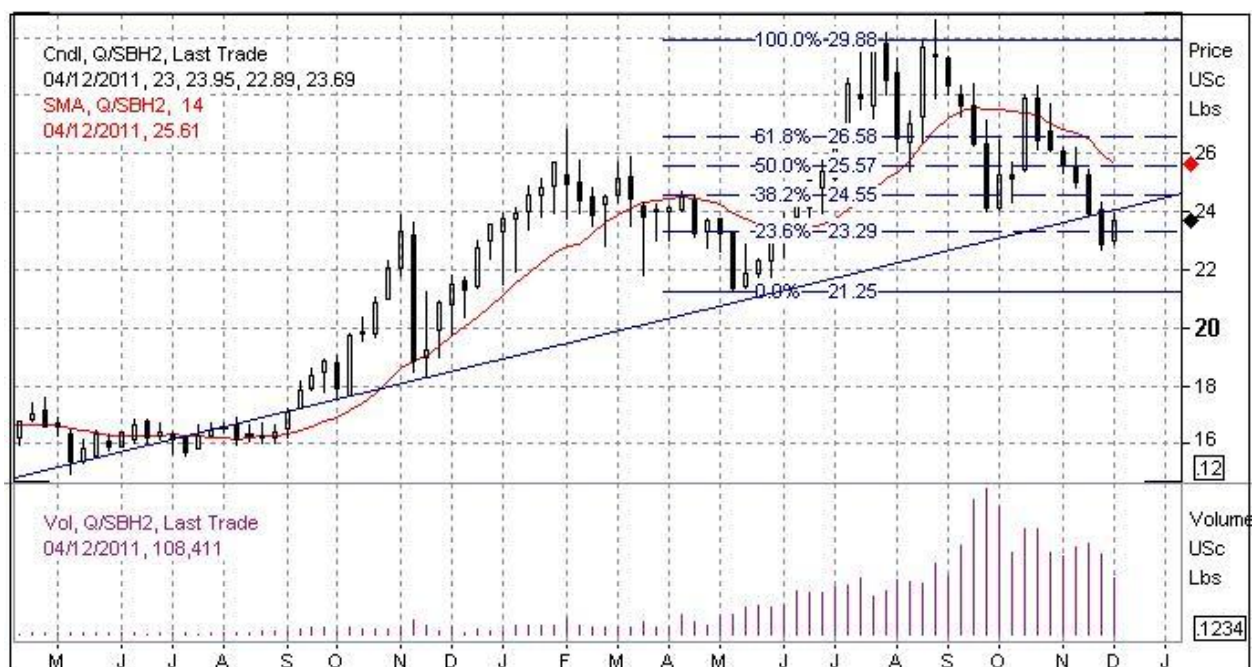


### Technical Commentary:

- Sugar prices are moving in a downtrend as the chart depicts.
- Prices are moving in a range between \$620 to \$660, two consecutive closes above or below the mentioned level will give the prices a new direction.
- Prices are trying to rebound after testing \$600 level.
- Increase in prices with open interest suggest prices are likely to move up in the coming week.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'12	605.4	620



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

**Technical Commentary:**

- ICE raw sugar futures are moving downwards as chart depicts.
- Prices have rebound after breach of 23.6% retracement level as chart depicts.
- Prices are likely to trade range bound between 23.29 to 24.55 cents per pound in the coming week.
- Prices are likely to trade range bound and prices are likely to trade above the trend line support level in the coming week.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'12	23.09	24.5

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