

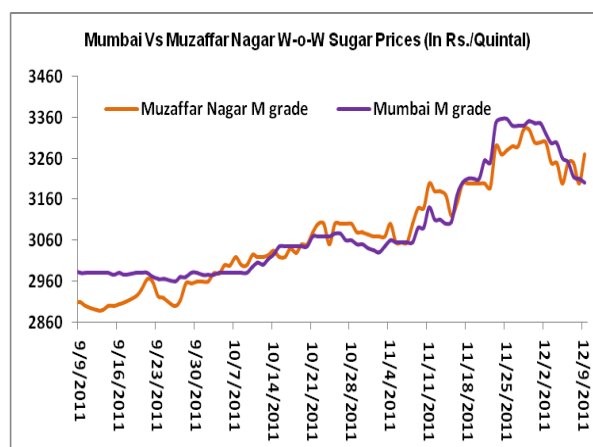
News Highlights:

- UP mills has produced 9.97 lac tonnes of sugar till 8th December 2011 which is 5.6 lac tonnes higher compared to previous year same period, however, recovery of sugar from cane stood at 8.12% at present which is lesser compared to previous year recovery of sugar (~8.38%). In total 124 mills are running their crushing operations at present in UP.
- Government has notified 1 million tonnes exports of raw, white and refined sugar under OGL for the Marketing year 2011-12 in government official website. Government will allocate sugar export quota amongst sugar factories by taking into account their 3 years average production or 2 years average production in case of factory had not operated in 1 of 3 years. However, a new sugar factory that has started in 2011-12 will not have any export entitlement. Mills should register within 45 days of the issue of the notification for the latest exports and permission would be granted within three days of application.

Domestic Market Recap:

Sugar prices have declined in various sugar spot markets during the week ended 9th December 2011. Increased cane crushing by mills and improved supply of sugar in the market urges the sugar prices to decline. In addition, sluggish demand of sugar remained in the market as buyers are not interested in buying sugar at such prices level and are expecting further decline in prices of sugar in the couple of weeks.

Meanwhile, Recent crushing data by mills from UP and Maharashtra seems satisfactory compared to previous year. Millers want to crush as much cane as they can to take advantage of higher sugar prices levels.



Sugar prices are likely to tumble in the coming week considering increasing sugar supply by millers in the open market.

Weekly State wise Sugar Production Scenario (2011-12) (Lakh Tonnes)

Maharashtra				UP			Tamil Nadu		
	2010	2011	% Change	2010	2011	% Change	2010	2011	% Change
Sugar production	12.7	14.67	15.5%	4.37	9.97	128%	0.95	0.91	-4.2%
Cane crushed	136	148.53	9.2%	52.23	122.8	135%	10.79	10.69	-0.9%
Recovery (%)	9.34	9.87	5.7%	8.38	8.12	-3%	8.77	8.53	-2.7%

(Source: State Sugar Commissionerates) Till 8th December 2011.

Sugar Export Opportunity:

Indian CIF Prices to Indonesia are looking competitive against major sugar export players like Brazil and Thailand especially from Kolhapur and Chennai. In addition, UP millers are also giving stiff competition despite of long distance to port as recent decline in domestic sugar prices takes UP millers back in competition in regards of sugar exports. Indian exporters can export sugar at prevailing prices to South East Asian countries like China, Indonesia, and Malaysia etc. It is also reported that exporters are offering \$48/MT as a premium to millers which are located at West coastal region of India to grab the sugar export quota. However, decrease in International prices further will remove the export parity advantage for Indian millers.

Comparative Sugar FOB & CIF Prices (USD/MT)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	618.46	621.26	617.19*
CIF upto Indonesia	645.17	652.98	651.04*
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	605.20	645.20	
CIF (USD/MT) (With Premium) upto Indonesia	671.02	667.14	

*Without Premium.

Spot Sugar Prices Scenario (Weekly)

	02-Dec-11	09-Dec-11	change
Delhi M-30 (New)	3300	3190	-110
Delhi S-30	3200	3100	-100
Muzaffar Nagar M	3300	3270	-30
Mumbai M-30	3321	3201	-120
Mumbai S-30	3136	3061	-75
Kolhapur M-30	3025	2950	-75
Kolhapur S-30	2925	2850	-75
Kolkata M Variety	3350	3160	-190
Chennai S	3010	2925	-85
Vijayawada M-30	3530	3400	-130

Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- As per the expectations of the previous week, prices in Kolhapur market have come down during the week ended 9th December 2011.
- Prices have recently breach Gann Fann line and likely to test 100% retracement level or Rs 2900 level in the coming week.
- Kolhapur spot prices are likely to hover in a range between Rs 2900 to 3000, and any breach of the levels either side will decide the movement of the prices further.
- We expect prices to hover within the mentioned range with weakness in the prices.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



Price Expectation for Muzaffar Nagar market for the coming week.

- Muzaffar nager sugar spot prices have been rising during the week ending 9th December 2011.
- Prices have rebound after the testing 23.6% retracement level or 3200 level.
- Prices are likely to hover below the upper Gann Fann line in the coming week.
- Prices are likely to move in a range between Rs 3200 to Rs. 3300 in the coming week with weakness in the prices.

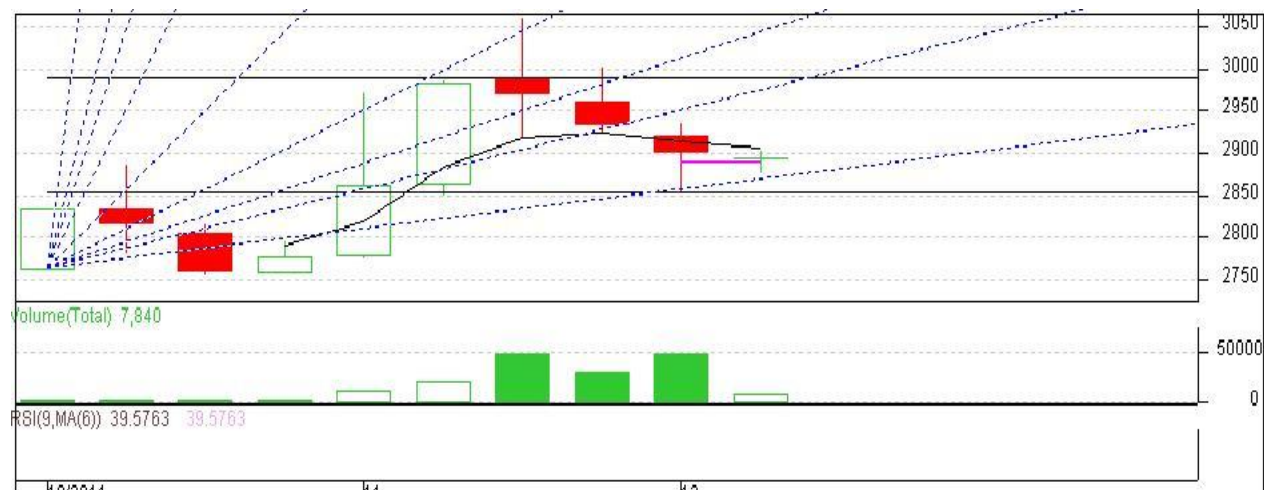
Gur Market Scenario and Outlook

Gur prices have surged in benchmark market of gur Muzaffar nagar during the week ended 9th December 2011. Moderate demand and weak supply of gur in the market led the gur prices upward. Daily 6000 bags (each 40 kg) are arriving in the market.

Meanwhile, MP Gur gives good competition to Muzaffar nagar mandi due to lesser gur prices. At present (~ Rs.1800-1900/Quintal) are quoted in MP mandis. In addition to this, various gur makers are offsetting their produce out of the mandi which is the main reason for lesser arrival of gur in the UP mandi. Gur makers are trying to save their mandi and transport tax by supplies their stock to local buyers and retailers.

Gur prices are moving in a range between Rs 2300 to Rs 2500 per Quintal in Muzaffar Nagar market. We are expecting prices will move in the mentioned range in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	01-Dec-11	09-Dec-11	Change
Muzaffar Nagar	Chaku – New	2300	2500	+200
	Khurpa	2200	2250	+50
	Laddoo	2350	2325	-25
Bangalore	Achhu	2500	2600	+100
	Mudde	2800	3000	+200
Belgaum	Mudde	2600	2600	Unch
Belthangadi	yellow (Average)	3150	3150	Unch
Bijapur	Achhu	2550	2500	-50
Gulbarga	Other (Average)	2270	2392	+122
Mahalingapura	Penti (Average)	2430	2310	-120
Mandya	Achhu (Medium)	2200	2350	+150
	Kurikatu (Medium)	2150	2100	-50
	Other (Medium)	2150	2150	Unch
	Yellow (Medium)	2150	2300	+150
Shimoga	Achhu (Average)	2975	2575	-400

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

Technical Commentary:

- Sugar prices are moving range bound with weak bias.
- Prices are moving in a range between Rs 2860 to 2900, and any breach of the mentioned levels either side will give the prices a new direction.
- Prices came down after testing Rs 3050 level that also acts as a strong resistance level that indicates prices have not sustained at higher level.
- Increase in prices along with open interest indicates fresh buying occurs in the previous week.
- However, RSI is hovering near to overbought region.

Strategy: Sell from higher level would be advisable.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	January	2850	2862	2900	2920	2957
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	January	Sell	2900-2905	2880	2870	2913

Target Set for Sugar: T1-2985, T2-2960

Achievement of Targets: 100% (Prices have touched 2956 during the week ended 9th December 2011).

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

Technical Commentary:

- Gur prices are moving upwards as chart depicts.
- Prices are moving in a range between Rs 1030 to Rs 1065, two consecutive closes above or below the mentioned level will decide the movement of the prices further.
- Prices are testing its key resistance level, two consecutive close above the mentioned level will give prices a new high.
- Increase in prices has not been supported by volume and open interest which indicates that market is weak and are likely to consolidate in the mentioned trading range.
- However, RSI is hovering in overbought region which also gives indication of weakness in the market.

Strategy: Sell from resistance level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	December	1030	1049	1065	1080	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	December	Sell	1068-1070	1057	1050	1075

Last Week Target Set for Gur: T1-2985, T2-2960

Achievement of Targets: Our first target has been achieved (Prices have touched 983 during the week ended 9th December 2011).

International Scenario

International sugar prices have declined during the week ended 9th December 2011. Higher overall production scenario of sugar and lesser demand from China and EU led the sugar international prices decline. We expect prices will continue its bear run in the coming week in ICE as well as in LIFFE.

International Market News Highlights:

- Brazil has exported 365800 tonnes of white sugar in November 2011, which is 32.8% down compared to 2010 same period. It is also noticeable that November 2011 shipment is 20.8% down compared to October 2011 sugar shipment.
- Kingsman sees 9.7 million tonnes sugar surplus for 2011-12, which is around 15% higher, compared to previous month estimate (~8.4 million tonnes). Higher sugar production estimate from countries like China, Thailand, India and EU gives boost to overall sugar production.
- China produced 813,000 tonnes of sugar in November month, which is 23.6% higher, compared to previous year same period. It is noticeable that China projects 12.57 million tonnes of sugar production in 2011-12.

International Sugar Prices (Weekly)				
	Contract Month	01/12/2011	09/12/2011	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	23.59	23.44	-0.15
	May'12	23.28	23.05	-0.23
	Jul'12	23.01	22.72	-0.29
LIFFE Sugar (US \$/MT)	Mar'12	617.20	608.60	-8.6
	May'12	609.70	601.00	-8.7
	Aug'12	603.20	594.50	-8.7

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



Technical Commentary:

- White sugar prices are moving in a downtrend and consolidates as the chart depicts.
- Prices are moving in a range between \$600 to \$630, two consecutive closes above or below the mentioned level will give the prices a new direction.
- Decrease in prices with open interest suggest prices are likely to decline 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	608.60	590

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



Technical Commentary:

- ICE raw sugar futures are moving range bound but still hovering in downtrend as chart depicts
- Prices are likely to trade range bound between 22.96 to 24.27 cents per pound in the coming week.
- Market participants should Sell from present level i.e. (~23.44) and cover their short positions from support level (~23).

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'12	23.44	23

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