

News Highlights:

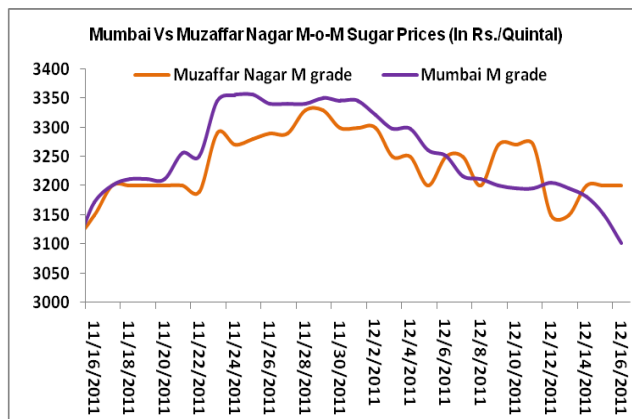
- Sugar stocks in India rose by 23.7% to 470 lac tonnes till 1st November 2011 compared to same period year ago. This stock is sufficient to cover the domestic demand for two months.
- Sugar millers in India have produced 2.2 million tonnes of sugar in October and November 2011 which is 22.2% higher compared to previous year same period. Millers have produced 1.8 million tonnes of sugar production last year in October and November period.
- Maharashtra is not likely to achieve its target of producing 9.3 million tonnes of sugar production in MY 2011-12 as lower cane yield is affecting the sugar content and hence the sugar production.

Domestic Market Recap:

Sugar prices are falling continuously taking cues of ample supply of sugar by millers in the markets. Prices have plunged by Rs 100 in this week in Mumbai market. On the demand front, buyers are not keen to buy sugar as prices are expected to decline further.

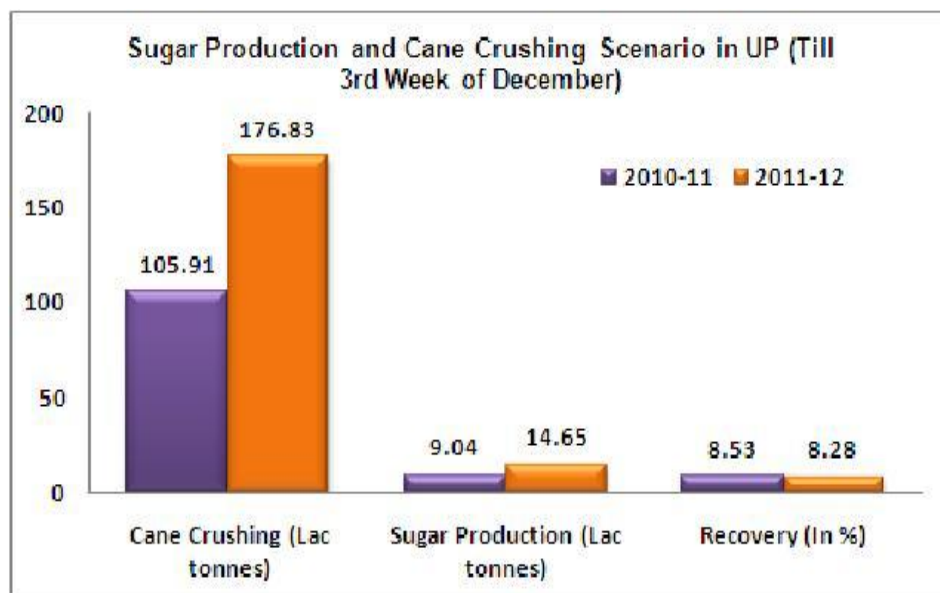
The crushing data from UP is also satisfactory and has added to the bearish sentiments in the markets.

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


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

	UP		
	2010	2011	% Change
Sugar production	9.04	14.65	62%
Cane crushed	105.91	176.83	67%
Recovery (%)	8.53	8.28	-3%
Mills started	123	121	

(Source: State Sugar Commissionerates) Till 19th 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 the distance to the port as the recent decline in domestic sugar prices makes UP millers competitive in the export markets. Indian exporters can export sugar at prevailing prices to South East Asian countries like China, Indonesia, and Malaysia etc. It is reported that exporters are offering \$48/MT as a premium to millers that 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) *1\$=Rs. 53.02			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	606.16	618.42	624.29
CIF upto Indonesia	632.83	650.13	658.17
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	599.70	639.70	
CIF (USD/MT) (With Premium) upto Indonesia	665.50	661.62	

*Without Premium.

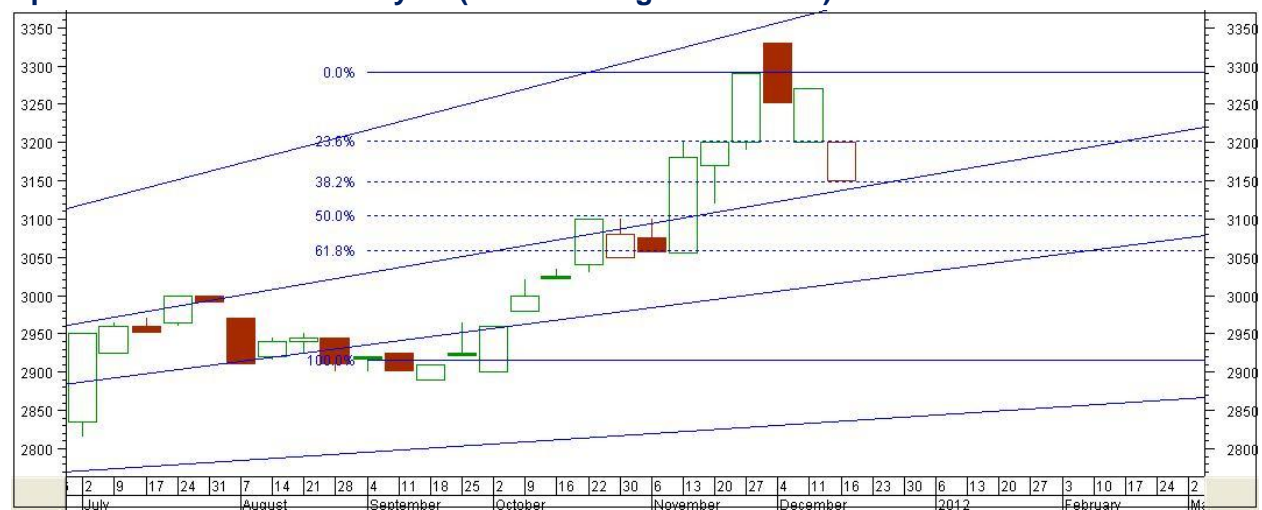
Spot Sugar Prices Scenario (Weekly)

	09-Dec-11	16-Dec-11	change
Delhi M-30 (New)	3190	3200	+10
Delhi S-30	3100	3100	Unch
Muzaffar Nagar M	3270	3200	-70
Mumbai M-30	3201	3101	-100
Mumbai S-30	3061	2981	-80
Kolhapur M-30	2950	2875	-75
Kolhapur S-30	2850	2800	-50
Kolkata M Variety	3160	3220	+60
Chennai S	2925	2825	-100
Vijayawada M-30	3400	3280	-120

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 16th December 2011.
- Prices have recently breached the Gann Fann line and also 100% retracement level or Rs 2900 level and is likely to test 61.8% retracement level.
- Kolhapur spot prices are likely to hover in a range between Rs 2800 to 2900, 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 shown some downward correction during the week ending 16th December 2011.
- Prices have recently breach 23.6% retracement level and test 38.2% retracement level, if breach then prices will go down to 50% retracement level or Rs 3100.
- Prices are might take a support at 3150 which is also lying over lower Gann Fann line.

- Prices are likely to move in a range between Rs 3150 to Rs. 3200 in the coming week with weakness in the prices.

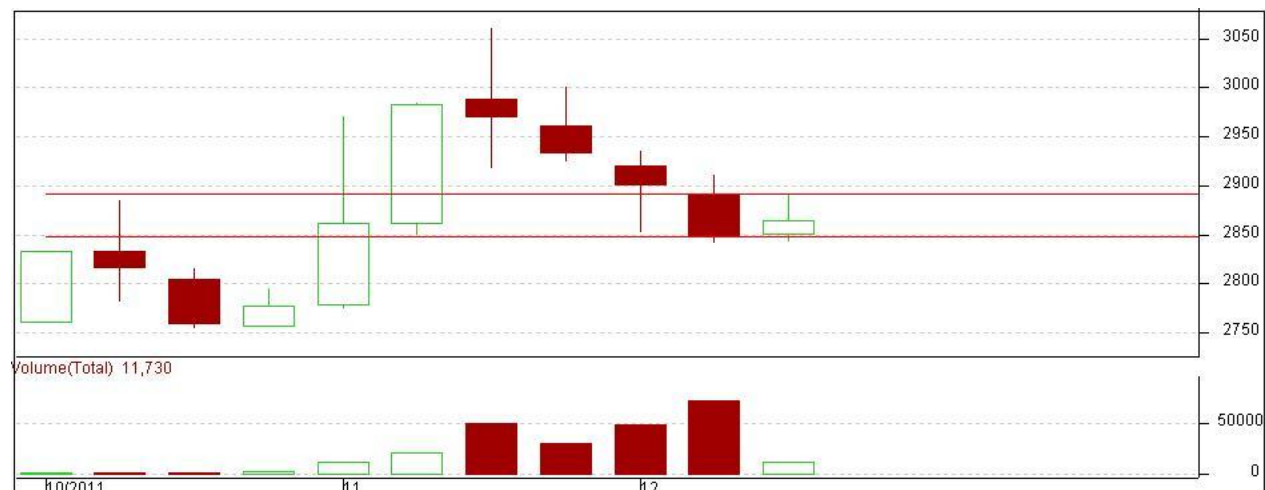
Gur Market Scenario and Outlook

Gur prices have surged in the benchmark market Muzaffar nagar during the week ended 16th December 2011. Moderate demand and weak supply of gur in the market led the gur prices upward. Daily on an average 7000 bags (each 40 kg) are arriving in the market. In addition to this, according to cold storage data around 168000 bags (40 kg each) of gur have been stored in the cold storages till this week which is 14000 bags less compared to previous year same period which also supports the gur prices..

In addition to this, various gur makers are offsetting their produce out of the mandi that 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 likely to stay in bullish trend in the coming week keeping in view lesser gur supply by Kolhus in the market which is creating supply and demand gap.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	09-Dec-11	16-Dec-11	Change
Muzaffar Nagar	Chaku – New	2500	2625	+125
	Khurpa	2250	2400	+150
	Laddoo	2325	2600	+275
Bangalore	Achhu	2600	2800	+200
	Mudde	3000	3000	Unch
Belgaum	Mudde	2600	2400	-200
Belthangadi	yellow (Average)	3150	3100	-50
Bijapur	Achhu	2500	2250	-250
Gulbarga	Other (Average)	2392	2411	+19
Mahalingapura	Penti (Average)	2310	2280	-30
Mandya	Achhu (Medium)	2350	2300	-50
	Kurikatu (Medium)	2100	2150	+50
	Other (Medium)	2150	2150	Unch
	Yellow (Medium)	2300	2175	-125
Shimoga	Achhu (Average)	2575	2875	+300

Commodity: Sugar
Contract: January
Exchange: NCDEX
Expiry: January 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 2850 to 2887 and any breach of the mentioned levels either side will give the prices a new direction.
- Short covering occurs in sugar market from strong support level i.e. Rs 2850.
- Increase in prices has not been supported by volume.
- However, RSI is hovering near to neutral region.
- Prices are likely to trade in the mentioned trading range.

Strategy: Sell from higher level would be advisable.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	January	2775	2800	2865	2920	2957
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	January	Sell	2890	2850	2830	2910

Target Set for Sugar: T1-2980, T2-2970

Achievement of Targets: 100% (Prices have touched 2968 during the week ended 16th December 2011.

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

Technical Commentary:

- Gur prices are moving upwards as chart depicts.
- Increase in prices has supported by volume and open interest which indicates that market is bullish and are likely to move up in the coming week.
- However, RSI is hovering in overbought region that also gives indication of weakness in the market.]
- Last candlestick pattern Morubozu also indicates bullishness in the prices.

Strategy: Buy from resistance level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	January	1030	1049	1065.5	1090	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	January	Buy	1068-1070	1080	1086	1063

Last Week Target Set for Gur: T1-1057, T2-1050

Achievement of Targets: Our both target has almost been achieved (Prices have made 1052 as its week low during the week ended 16th December 2011. Prices has resist from upper level from where profit occurs.

International Scenario

International sugar prices have declined during the week ended 16th 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:

- Czarnikow sees 6.1 million tonnes sugar surplus globally for 2011-12 that is higher compared to its previous estimate of 5.3 million tonnes. According to Czarnikow, global sugar output was to reach 177.1 million tonnes for 2011-12.
- Mexico sugar production is expected to reach 5.34 million tonnes in 2011-12(Nov/Oct) season which is 3% higher compared to 5.2 million tonnes sugar produced by Mexico in 2010-11.
- Australian commodities forecaster ABARES cuts its estimate of raw sugar production to 3.89 million tonnes for 2011-12 from an earlier estimate of 4.20 million tonnes released in September. However, recent forecast of raw sugar production by ABARES is still 8% higher compared to last year raw sugar production which was stood at 3.61 million tonnes.

International Sugar Prices (Weekly)				
	Contract Month	09/12/2011	16/12/2011	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	23.44	23.08	-0.36
	May'12	23.05	22.69	-0.36
	Jul'12	22.72	22.41	-0.31
LIFFE Sugar (US \$/MT)	Mar'12	608.60	599.70	-8.9
	May'12	601.00	591.00	-10
	Aug'12	594.50	584.90	-9.6

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



Technical Commentary:

- White sugar prices are moving in a downtrend and consolidating as the chart depicts.
- Prices are moving in a range between \$580 to \$600, 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	599.70	580

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. (~23.20) 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	23.08	22.90

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.