

### News Highlights:

- Mills from Maharashtra have crushed 268 lac tonnes cane and produce 28.17-lac tonnes sugar with an average recovery of 10.51% till 31<sup>st</sup> December 2011. Sugar produced by mills from Maharashtra is 14.9% higher compared to last year same period.
- Government has extended the time for applying for sugar millers to apply for sugar exports. Mills who want to export sugar from their own production can do it so until 31<sup>st</sup> January 2012. In addition to this, those who relying on sourcing sugar from others can do it until 15<sup>th</sup> Feb 2012. Indian millers are getting export parity on prevailing prices of sugar due to increase in international sugar prices and recent decline in domestic sugar prices.
- Sugar production is likely to increase from Western UP region despite of decrease in Yield compared to previous year as increase in area and less diversion of cane in Kolhus this year give the opportunity to millers to crush higher amount of cane this year compared to previous year.

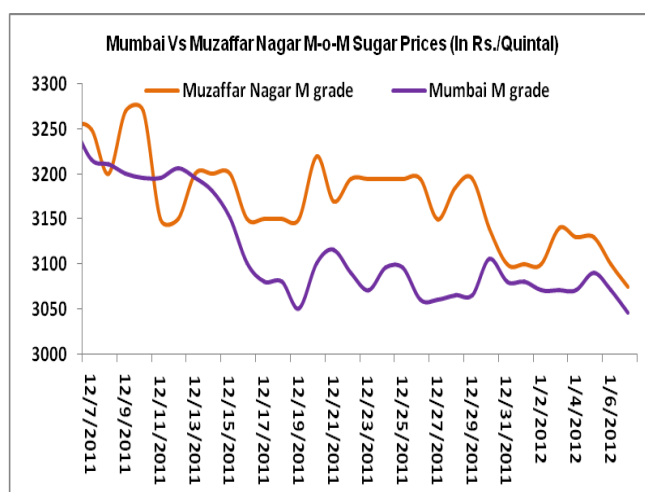
### Domestic Market Recap:

Sugar prices in key domestic markets have declined during the week ended 7<sup>th</sup> January 2012. Sluggish demand and continuous supply pressure of sugar by millers are the major reason for decline in sugar prices in domestic markets.

Meanwhile, government is likely to consider more sugar exports at the end of January keeping in view improving international prices and widening price spread between domestic and international prices.

**Sugar prices are likely to trade in a range**

**with weak tone in the coming week** considering increasing sugar supply by millers and moderate demand of sugar 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
<b>Sugar production</b>	24.52	28.17	14.9%	18.41	22.91	24%	2.05	3.12	52.2%
<b>Cane crushed</b>	244	268	9.8%	208.41	270.52	30%	24.23	35.59	46.9%
<b>Recovery (%)</b>	10.05	10.51	4.6%	8.73	8.47	-3%	8.47	8.76	3.4%
<b>Mills started</b>	155	167	7.7%	125	122	-2%	31	39	25.8%

(Source: State Sugar Commissionerates) Up to 3<sup>rd</sup> January 2012. Maharashtra – Up to 31<sup>st</sup> December 2011.

### Sugar Export Opportunity:

Indian CIF prices to Indonesia ~660-665 are looking competitive compared to Brazil and Thailand CIF prices to Indonesia. Recent decline in sugar domestic prices and increase in international prices widen the prices spread between domestic and international sugar prices and given millers as well as Indian sugar exporters an opportunity to make some benefits out of it.

Comparative Sugar FOB & CIF Prices (USD/MT) (\$1=Rs. 51.61)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	635.92	629.13	631.99*
CIF upto Indonesia	662.68	660.87	665.56*
	<b>Brazil</b>	<b>Thailand</b>	
FOB (USD/MT) (With Premium)	611.50	651.50	
CIF (USD/MT) (With Premium) upto Indonesia	677.33	673.45	

\*Without Premium.

### Spot Sugar Prices Scenario (Weekly)

	30-Dec-11	07-Jan-12	Change
Delhi M-30 (New)	3160	3080	-80
Delhi S-30	3040	2951	-95
Muzaffar Nagar M	3140	3075	-65
Mumbai M-30	3106	3046	-60
Mumbai S-30	2971	2921	-50
Kolhapur M-30	2950	2875	-75
Kolhapur S-30	2850	2775	-75
Kolkata M Variety	3170	3140	-30
Chennai S	2900	2900	Unch
Vijayawada M-30	3220	3270	+50

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



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

- Sugar Kolhapur prices are moving range bound as chart depicts.
- Prices are trying to test lower Gann Fann line and also 38.2% retracement level, if breach then prices will move down to 50% retracement level.
- Prices are likely to an upward correction from 38.2% retracement level which also act as a strong support level.
- Prices are likely to remain range bound in the coming week.

**Spot Market Technical Analysis (Muzaffar Nagar –Grade M)****Price Expectation for Muzaffar Nagar market for the coming week.**

- Sugar prices are moving downwards as chart depicts.
- Prices have recently breach 23.6% retracement level and trying to test 38.2% retracement level.
- Prices might take a upward correction from Rs 3050 level which acts as a strong support level.

**Gur Market Scenario and Outlook**

Gur prices have moved up in Muzaffar nagar spot mandi during the week ended 07 January 2012. Lesser arrivals and improved demand of gur due to Makar Sakranti occasion led the gur prices upwards. Daily on an average 7500 bags (40 kg each) of gur are arriving at Muzaffar nagar gur mandi. Last week daily average arrival of gur was 10000 bags (40 kg each). Stock position of gur in cold storage this week was 245,000 bags till 2<sup>nd</sup> January 2012. Chaku gur variety is 140,000 bags less stored in cold storage compared to previous year.

Considering moderate arrivals of gur in mandi and expected demand of gur on the upcoming occasion of Makar Sakranti, we expect prices are likely to stay range bound with firm bias in the coming week.

Gur Spot Prices (Rs/QtI)				
Markets	Variety	30-Dec-11	07-Jan-12	Change
Muzaffar Nagar	Chaku – New	2500	2650	+150
	Khurpa	2450	2515	+65
	Laddoo	2500	2750	+250
Bangalore	Achhu	2400	2400	Unch

	Mudde	2500	2500	Unch
Belgaum	Mudde	2400	2400	Unch
Belthangadi	yellow (Average)	3100	3100	Unch
Bijapur	Achhu	2320	2258	-62
Gulbarga	Other (Average)	2352	2305	-47
Mahalingapura	Penti (Average)	2350	2240	-110
Mandya	Achhu (Medium)	2200	2300	+100
	Kurikatu (Medium)	2100	2100	Unch
	Other (Medium)	2150	2100	Unch
	Yellow (Medium)	2150	2250	+100
Shimoga	Achhu (Average)	2800	2300	-500

**Commodity: Sugar**  
**Contract: February**

**Exchange: NCDEX**  
**Expiry: February 20, 2011**

### SUGAR (February Weekly Chart)



### Technical Commentary:

- Sugar prices have witnessed some upward correction in the prices as chart depicts.
- Prices are moving in a range between Rs 2835 to 2887 and any breach of the mentioned levels on either side will give the prices a new direction.
- Increase in prices along with reasonable open interest gives clear indication that prices will move up further.

**Strategy:** Buy from entry level would be advisable.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	February	2800	2826	2857	2905	2950
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	February	Buy	Above 2835	2870	2886	2818

**Commodity: Gur**  
**Contract: March**
**Exchange: NCDEX**  
**Expiry: March 20, 2011**
**GUR (March Weekly Chart)**

**Technical Commentary:**

- Gur prices are moving downwards.
- Gur prices breach the existing channel and going downwards.
- Decrease in prices with volume support indicates short buildup.
- However, RSI is hovering near to overbought region.
- Prices are likely to trade between Rs 1070 to Rs 1095 in the coming week.

**Strategy:** Buy from support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	March	1024	1044	1081	1095	1117
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	March	<b>Sell</b>	1080-1082	1070	1065	1086

**International Scenario**

International market is moving steady during the week ended 7<sup>th</sup> January 2012 keeping in view various holidays during the new year occasion. Export demand also eases because of the holidays, which kept the export market steady. We expect prices will move range bound with firm bias in the coming week in ICE and LIFFE market.

**International Market News Highlights:**

- China produced 416,80 tonnes of sugar in November 2011 which is 35% less compared to sugar produced same period last year. It is noticeable that China has produced 637,700 tonnes of sugar in November 2010, according to China Sugar Association (CSA).
- Philippines government is planning to start their sugar exports program earlier in 2011-12 (Sep/Aug) despite of recent downgrade in output by Sugar Regulatory Administration (SRA). It is noticeable that Philippines has become a net exporter in 2010-11 as well in 2011-12 season. However, Philippines had to import sugar in 2009-10 when demand was higher compared to supply.



- Thailand white sugar was quoted at \$35 to \$45 premiums over LIFFE March contract. It is noticeable that Thailand exporters are getting good competition from Indian exporters due to lesser Indian domestic prices

International Sugar Prices (Weekly)				
	Contract Month	30/12/2011	07/01/2012	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	23.30	23.29	-0.01
	May'12	22.95	22.90	-0.05
	Jul'12	22.56	22.59	0.03
LIFFE Sugar (US \$/MT)	Mar'12	602	604	2
	May'12	591.60	592	0.4
	Aug'12	584.60	585.20	0.6

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



### Technical Commentary:

- White sugar prices are moving sideways as 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.
- Buying might witness from lower level.
- Prices are likely to trade range bound in coming week.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'12	604.00	620

#### 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 22.53 to 24.43 cents per pound in the coming week.
- However, prices are likely to touch resistance trendline if breach the mentioned trading range from upper side, if breach then it has the potential to touch 26.49 cents per pound level in couple of week's time.
- Market participants should buy from present level i.e. (~23.29) and make profit booking from resistance level (~24.43).

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'12	23.29	24.43

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