

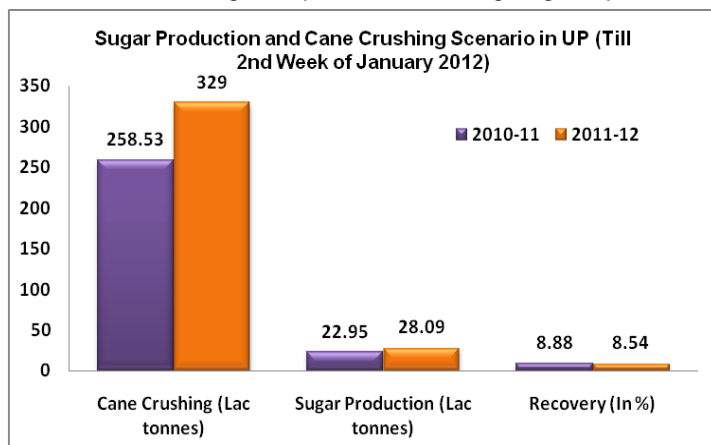
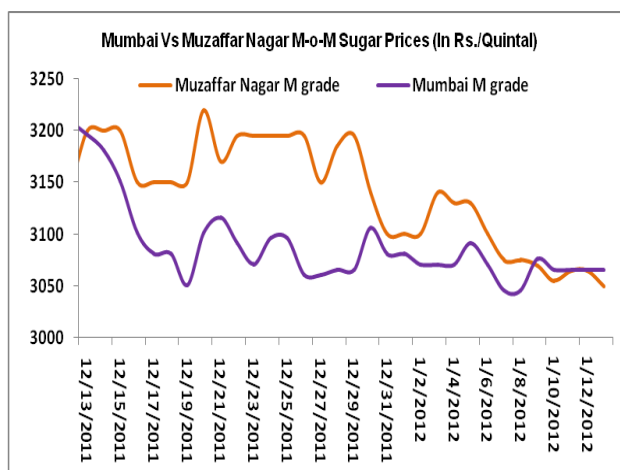
News Highlights:

- 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 31st January 2012. In addition to this, those who relying on sourcing sugar from others can do it until 15th 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.
- UP mill has crushed 329 lac tonnes sugarcane and produce 28.09 lac tonnes sugar with an average recovery of 8.54% till 13th Jan 2011. Recent sugar production data for this year till date is 27% higher compared to 2010-11 sugar production by sugar mills in UP at same period. However, less recovery is becoming a problem for sugar mills. Recovery for this year till date is 4% lesser compared to previous year. Main reason for lesser recovery of sugar from cane is mainly due to cold weather and higher implementation of urea in the crop by farmers which affect the sugar recovery this year.
- ACE Derivatives and Commodity Exchange Ltd. has launch Sugar Future contracts from January 11, 2012 and made Delhi as a basis center.
- Maharashtra sugar mill has exported 10000-15000 raw sugar to Dubai's Al Khaleej sugar refinery at USD 560 per tonne FOB, according to news sources.

Domestic Market Recap:

Mixed sentiments prevailed in various key sugar spot markets during the week ended 13th January 2011. Improved demand of sugar in domestic market, sugar stock offsetting by millers in the open market at higher prices and rumors of the additional sugar exports under by government of India are the main reasons, which increase the volatility in sugar market last week.

Meanwhile, co-operative mills in Maharashtra doing distress selling to collect funds to clear the cane arrears of farmers. It is noticeable that sugar prices are continuously declining which had squeezed profit margins. Sugar prices have declined by almost Rs 400 after government announcement of allowing 1 million tonne sugar exports. Mills are going for panic selling as they expect further sugar price decline that will be the worst situation for mills.



As far as crushing pace of cane is concerned, UP mill has crushed 329 lac tonnes sugarcane and produce 28.09 lac tonnes sugar with an average recovery of 8.54% till 13th Jan 2011. Recent sugar production data for this year till date is 27% higher compared to 2010-11 sugar production by sugar mills in UP at same period.

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
Sugar production	24.52	28.17	14.9%	22.95	28.09	22%	2.05	3.12	52.2%
Cane crushed	244	268	9.8%	258.53	329	27%	24.23	35.59	46.9%
Recovery (%)	10.05	10.51	4.6%	8.88	8.54	-4%	8.47	8.76	3.4%
Mills started	155	167	7.7%	125	122	-2%	31	39	25.8%

(Source: State Sugar Commissionerates) Uttar Pradesh upto 13 January 2012. Maharashtra & TN – Up to 31st December 2011.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~650-660 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.

Also, Food ministry is planning to put a proposal of additional sugar exports in front of EGOM which gives some hopes to millers to cover their losses.

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)	626.23	631.07	627.79
CIF upto Indonesia	652.96	662.82	661.67
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	622.10	662.10	
CIF (USD/MT) (With Premium) upto Indonesia	687.97	684.09	

*Without Premium.

Spot Sugar Prices Scenario (Weekly)

	07-Jan-11	13-Jan-12	Change
Delhi M-30 (New)	3080	3100	+20
Delhi S-30	2951	3015	+64
Muzaffar Nagar M	3075	3050	-25
Mumbai M-30	3046	3066	+20
Mumbai S-30	2921	2936	+15
Kolhapur M-30	2875	2885	+10
Kolhapur S-30	2775	2785	+10
Kolkata M Variety	3140	3110	-30
Chennai S	2900	2850	-50
Vijayawada M-30	3270	3250	-20

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.
- As per our expectation last week, prices have got 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 declined in Muzaffar nagar spot mandi during the week ended 13th January 2012. Lesser demand and cold temperature kept the buyers of gur out of the market. Daily on an average 4500 bags (40 kg each) of gur are arriving at Muzaffar nagar gur mandi. Last week daily average arrival of gur was 7200 bags (40 kg each). Stock position of gur in cold storage this week was 270,000 bags till 6th January 2012. Chaku gur variety is 140,000 bags less stored in cold storage compared to previous year.

Keeping in view lesser arrivals and demand of gur, we expect prices are likely to trade range bound with weak bias in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	07-Jan-12	13-Jan-12	Change
Muzaffar Nagar	Chaku – New	2650	2600	-50
	Khurpa	2515	2350	-165
	Laddoo	2750	2600	-150
Bangalore	Achhu	2400	2400	Unch
	Mudde	2500	2600	+100
Belgaum	Mudde	2400	2400	Unch
Belthangadi	yellow (Average)	3100	3100	Unch
Bijapur	Achhu	2258	2300	+42
Gulbarga	Other (Average)	2305	2355	+50
Mahalingapura	Penti (Average)	2240	2260	+20
Mandya	Achhu (Medium)	2300	2100	-200
	Kurikatu (Medium)	2100	2075	-25
	Other (Medium)	2100	2090	-10
	Yellow (Medium)	2250	2100	-150
Shimoga	Achhu (Average)	2300	2350	+50

Commodity: Sugar
Contract: February
Exchange: NCDEX
Expiry: February 20, 2011
SUGAR (February Weekly Chart)

Technical Commentary:

- Sugar prices are moving range bound as chart depicts.
- Prices are moving in a range between Rs 2835 to 2900 and any breach of the mentioned levels on either side will give the prices a new direction.
- RSI is moving in an neutral region.
- We expect prices are likely to move range bound in the coming week.

Strategy: Buy from entry level would be advisable.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	February	2760	2800	2857	2900	2950
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	February	Sell	2875-2880	2835	2818	2898

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

Technical Commentary:

- Gur prices are moving downwards.
- Prices are hovering in a range between Rs 1059 to 1095, two consecutive close either side will give prices a new direction.
- Gur prices breach the existing channel and going downwards.
- Decrease in prices with volume support indicates short buildup.
- However, RSI is hovering near to neutral region.
- Prices are likely to trade in the mentioned range 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	Sell	1080-1082	1070	1065	1086

International Scenario

International sugar prices are moving range bound with firm sentiments during the week ended 13th January 2012. Approach of China for 2 million tonnes sugar imports and lesser sugar production outlook from Brazil support the sugar prices. We expect prices are likely to move range bound with firm sentiments in ICE and LIFFE in the coming week.

International Market News Highlights:

- China is planning to stockpile 2 million tonnes sugar for 2011-12 season to support the decreasing domestic prices and to give some respite to the farmers.
- Brazil sugar production is down by 7% this time in 2011-12 compared to last year same period. Main reason for lesser sugar production is due to unfavorable weather and aging cane that affect the yield of sugarcane. Meanwhile, it is noticeable that sugar output from Brazil's center south region reached to 31.2 million tonnes from start of the season to Jan1. Crushing in Brazil's biggest sugar producing region, Center south is going to end and only 7 mills are operating at present. Out of 7 mills, 4 are working in Mato Grosso do Sul, 2 in Minas Gerais and 1 plant is working in Parana. As far as cane crushing is concerned, total 492.2 million tonnes of cane has been crushed in this season, which is 11.4 percent down, compared to last year same period.
- Mexico has produced 913/953 tonne sugar till 7th January, 2012 which is 19% down compared to last year sugar produced (1,130,000 tonne) same period, According to Conadescua.

International Sugar Prices (Weekly)				
	Contract Month	07/01/2012	13/01/2012	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	23.29	23.84	0.55
	May'12	22.90	23.33	0.43
	Jul'12	22.59	23.03	0.44
LIFFE Sugar (US \$/MT)	Mar'12	604	622.10	18.1
	May'12	592	603.10	11.1
	Aug'12	585.20	595.80	10.6

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	622.10	640

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. (~23.84) 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	23.84	24.43

Disclaimer

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