

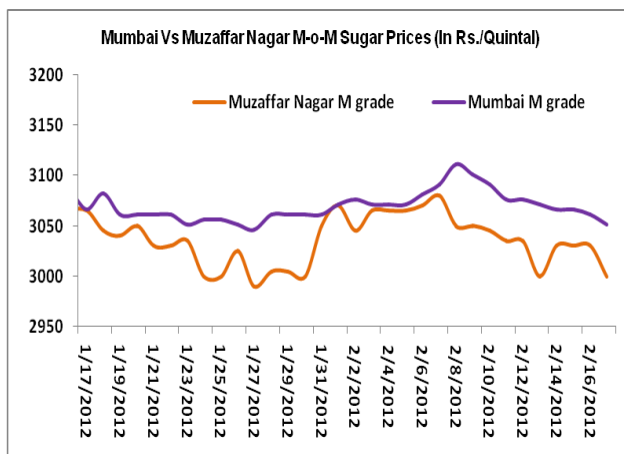
News Highlights:

- India produced 13.27 million tonnes sugar produced till January 2012 which is 17.7% higher compared to last year. Last year, India produced 11.34 million tonnes till January 2011.
- As per trade sources, 4.2 million tonnes of sugar had been produced in UP with the recovery rate standing at 8.70 per cent, which is likely to improve further. The state is targeting production of almost 6.5 million tonnes of the sweetener.
- At present around 75% plant cane is arriving in the mills in UP and rest 25% belongs to ratoon cane crop which will be finished in coming 5-6 days.
- Plant cane harvesting is going on at present and improved average recovery of sugar from cane has been witnessed from UP compared to last year giving some relief to the UP millers. It is noticeable that around 3% decline in recovery had been witnessed till last week from Ratoon crop in UP compared to last year due to various diseases and high usage of Urea from farmers as mentioned in our previous monthly report.

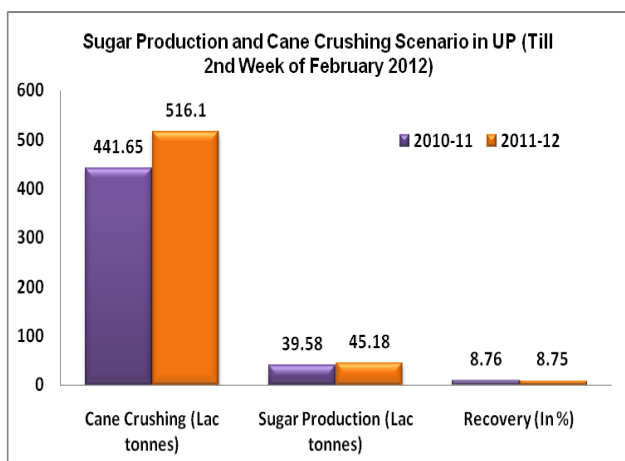
Domestic Market Recap:

Sugar prices have declined in various key sugar spot markets during the week ended 17th February 2012. Higher sugar prices helped the millers to release its sugar output at higher levels, however still sugar prices are hovering below sugar cost of acquisition of millers which is a major concern at present.

Meanwhile, government allowed 1 million ton additional sugar exports under OGL. However, mills might not be able to take the benefit of additional sugar exports at present due to the recent rupee appreciation which led to export



disparity at prevailing sugar prices.



UP mills have crushed 516.1 lac tonnes sugarcane and produced 45.18 lac tonnes sugar with an average recovery of 8.75% till 15th Feb 2012. Recent sugar production data for this year is 14% higher compared to 2010-11 sugar produced by sugar mills in the same period. Recovery has also improved compared to past month owing to the increasing fresh plant cane arrivals with better recovery though still marginally lower than last year.

Prices might stabilize a bit from the present level as millers try to sell its sugar stock at current levels increasing supply pressure in the market. We expect sugar prices to move range bound with some weakness in the coming days.



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

Karnataka				UP			Tamil Nadu			Andhra Pradesh		
	2010-11	2011-12	Change	2010-11	2011-12	Change	2010-11	2011-12	Change	2010-11	2011-12	Change
Sugar production	17.43	21.6	23.9%	39.58	45.18	14%	3.11	4.49	44.4%	3.11	4.49	44.4%
Cane cru shed	168.65	188.48	11.8%	441.65	516.1	17%	36.77	50.57	37.5%	38.8	52.77	36.0%
Recovery(%)	10.33	10.88	5.3%	8.76	8.75	-0.1%	8.47	8.89	5.0%	8.76	9.04	3.2%
Mills st arted	57	58	1.8%	125	123	0%	31	39	25.8%	35	37	5.7%

(Source: State Sugar Commissionerates) Uttar Pradesh up to 16th Feb 2012. & AP up to 23rd Jan. Karnataka – 31st Jan & TN – Up to 15th January 2012.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~650-738 are not looking competitive compared to Brazil and Thailand CIF prices to Indonesia especially from Maharashtra and UP. However, Export parity can be seen from Chennai market due to lower transportation and labor charges compared to other domestic sourcing centers. In addition to this, rupee appreciation also remained a major influencing factor for disparity. Recent increase in sugar domestic prices and decrease in international prices kept the Indian sugar exporters out of the market. Recent additional sugar export allowance supported the domestic prices. It is noticeable that millers are fetching USD 48 per ton as a premium from exporters in lieu of export licenses.

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)	620.80	667.48	696.91
CIF up to Indonesia	652.51	709.34	738.85
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	627.00	652.00	
CIF (USD/MT) (With Premium) up to Indonesia	692.88	673.96	

* Note: Sugar prices have been taken on the basis of average of high and low.

Spot Sugar Prices Scenario (Weekly)

	10-Feb-12	16-Feb-12	Change
Delhi M-30	3060	3025	-35
Delhi S-30	3000	2980	-20
Muzaffar Nagar M	3045	3030	-15
Mumbai M-30	3091	3061	-30
Mumbai S-30	2961	2946	-15
Kolhapur M-30	2925	2925	Unch
Kolhapur S-30	2825	2775	-50
Kolkata M Variety	3100	3000	-100
Chennai S	2825	2750	-75
Vijayawada M-30	3300	3300	Unch

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 likely to use the support from lower Gann fann angle and we expect the prices to trade above the mentioned angle 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 range bound as chart depicts.
- Prices have recently breached the 38.2% retracement level but were not able to sustain at mentioned level.
- However, prices are getting support from the lower Gann Fann angle, from where prices might rebound.
- Prices might take an upward correction from Rs 3050 level, which acts as a strong support level.

Gur Market Scenario and Outlook

Gur prices showed range bound movement last week with weaker sentiments. Improved arrivals and moderate demand kept the prices of gur under control. Meanwhile, kolhus are getting new plant cane crop from farmers leading them to take some advantage of the higher gur prices in the Muzaffar nagar mandi at present.

Around 567,714 bags (40 kg each) were stored in Muzaffar nagar cold storage till 17th February 2012 which are 154,286 bags lesser compared to last year same period stock position of gur. Out of the total gur, Chaku variety gur are around 336,000, which are also 154,000 bags less compared to previous year. Meanwhile Daily 11000 bags are arriving in Muzaffar nagar market on an average last week.

We expect prices are likely to stay in a range with weak tone.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	10-Feb-12	16-Feb-12	Change
Muzaffar Nagar	Chaku – New	2625	2600	-25
	Khurpa	2375	2375	Unch
	Laddoo	2500	2500	Unch
Bangalore	Achhu	2600	2600	Unch
	Mudde	2800	2800	Unch
Belgaum	Mudde	2300	2500	+200
Belthangadi	yellow (Average)	2900	2900	Unch
Bijapur	Achhu	2400	2300	-100
Gulbarga	Other (Average)	2325	2335	+10
Mahalingapura	Penti (Average)	2410	2410	Unch
Mandya	Achhu (Medium)	2300	2300	Unch
	Kurikatu (Medium)	2100	2150	+50
	Other (Medium)	2150	2150	Unch
	Yellow (Medium)	2250	2250	Unch
Shimoga	Achhu (Average)	2400	2400	Unch

Commodity: Sugar
Contract: March
Exchange: NCDEX
Expiry: March 20, 2012
SUGAR (March Weekly Chart)

Technical Commentary:

- Sugar prices are moving range bound and moving in a channel with a weak bias as the chart depicts.
- Prices are moving in a range between Rs 2850 to 2970 and any breach of the mentioned levels on either side will give the prices a new direction.
- RSI is moving in a neutral region.
- Decrease in prices has supported by open interest, which indicates that short buildup occurs in the market. However we expect prices are likely to move up from support level and prices will hover above the trend line support level in the next trading week.

Strategy: Buy from Support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	March	2760	2800	2868	2915	2970
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	March	Buy	Above 2850	2890	2910	2830

Commodity: Gur
Contract: March
Exchange: NCDEX
Expiry: March 20, 2012
GUR (March Weekly Continuous Chart)

Technical Commentary:

- Gur prices are moving downwards after testing its trend line resistance level.
- Prices are hovering in a range between Rs 1085 to 1130, two consecutive closes either side will give prices a new direction.
- In addition, RSI is hovering near to overbought region.
- Prices are likely to trade in the mentioned range with firm tone in the coming week.

Strategy: Buy from support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	March	1003	1045	1095.5	1221	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	March	Buy	Above 1086-1090	1107	1117	1075

International Scenario

International sugar prices have moved in a range with weak tone during the week ended 17 February 2012. With the higher demand from China expected at these price levels, we expect prices will move in a range with firm tone in ICE and LIFFE in the coming week.

International Market News Highlights:

- Sugar production in Thailand has reached to 5.4 million tonnes, raw value, till 9th Feb 2012 which is up from 4.4 million tonnes same period last year.
- Thailand white sugar premium stood at \$25 as reported. Recently, China buys around 500 00 tonnes Thai sugar which will be shipped in coming week.

International Sugar Prices (Weekly)				
	Contract Month	10/02/2012	16/02/2012	Change
ICE Sugar #11 (US Cent/lb)	Mar'12	24.53	24.49	-0.04
	May'12	23.71	23.57	-0.14
	Jul'12	23.23	22.97	-0.26
LIFFE Sugar (US \$/MT)	Mar'12	633.3	616.7	-16.6
	May'12	614.6	600.7	-13.9
	Aug'12	612.6	598.8	-13.8

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



Technical Commentary:

- White sugar prices are moving in a range as the chart depicts.
- Prices are moving in a range between \$585 to \$645, two consecutive closes above or below the mentioned level will give the prices a new direction.
- However, Decrease in prices has not supported by volume.
- 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)	May'12	616.7	640-645

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

Technical Commentary:

- ICE raw sugar futures are moving range bound with weak tone as the chart depicts
- However, volume have not supported recent dip in prices.
- Prices are likely to trade range bound 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	23.57	24

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