

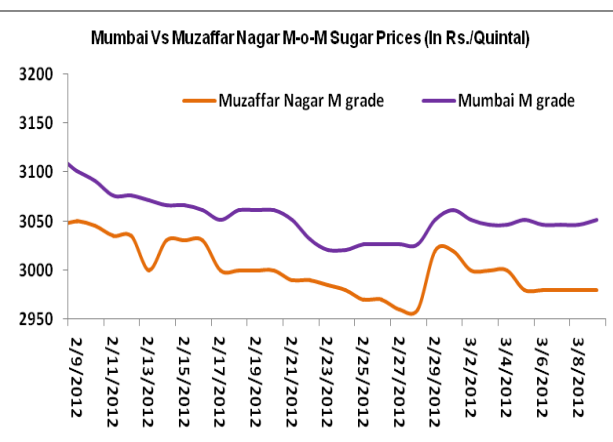
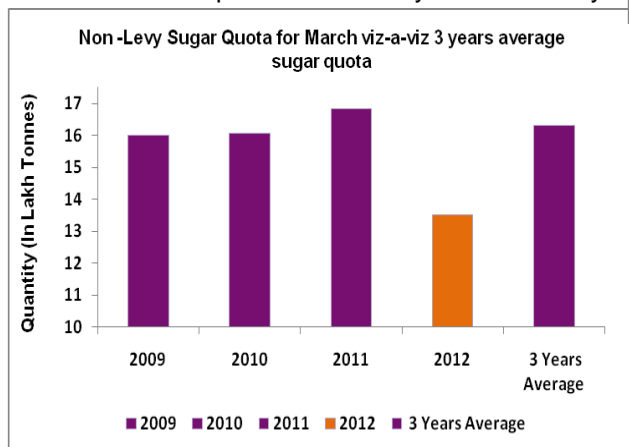
News Highlights:

- Recent increase in International sugar prices and continuous decrease in domestic sugar prices give the opportunity to millers to export. It is noticeable that miller's export premium has improved from Rs 2500/ton to Rs 3000/ton.
- India produced 186.5 lac tons sugar till 29th Feb 2012 which is 15% higher compared to last year. Last year, sugar mills produced 162.5 lac tons sugar in the same period, according to ISMA.
- India has exported around 5 lac tons of sugar in 2011-12 till 7th March 2012 mainly to Africa, Australia and Sri Lanka, according to news sources.

Domestic Market Recap:

Sugar prices have improved in various key spot markets during the last fortnight. Key drivers are lower non-levy sugar quota for March, export notification of sugar, and improved demand of sugar on holi festival. However, increasing sugar supply by millers at higher levels eventually offset the impact and reduced the bullishness.

Government has released 13.5 lac tonnes non-levy sugar quota (including 1 lac tonnes carry over stock for Feb) for March 2012 which is 0.5 lac tonnes lower compared to February 2012 non-levy



sugar quota and also 19.8% less compared to sugar quota released in March last year. Government released lower quota for March considering higher sugar production in 2011-12 which has depressed the sugar prices for the last couple of months and to curb further decline in sugar prices. Already millers are facing difficulties to meet the cane payment dues due to the decline in sugar prices.

Non-Levy Sugar Quota Forecast for March (Lac ton)					
	2009	2010	2011	2012	Agriwatch Expectation
March	16	16.08	16.84	13.5	14.5

Market has already discounted the quota issue and millers are all set to offload their monthly quota obligations in the open market. Any little surge in sugar prices might lead to fresh selling of sugar by millers. Considering no bullish news for sugar in the near term, we expect sugar prices are likely to trade range bound with weak tone in the coming week.

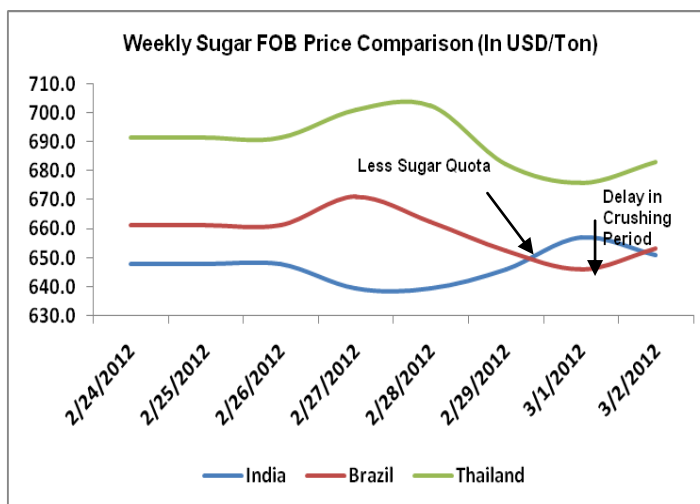
Weekly State Wise Sugar Production Scenario (2011-12) (Lakh Tonnes)

Karnataka				UP			Tamil Nadu			Maharashtra		
	2010-11	2011-12	Change	2010-11	2011-12	Change	2010-11	2011-12	Change	2010-11	2011-12	Change
Sugar production	21.15	25.54	20.8%	39.58	45.18	14%	3.11	4.49	44.4%	49.6	56.6	14.1%
Cane crushed	188.74	232.18	23%	441.65	516.1	17%	36.77	50.57	37.5%	-	-	-
Recovery (%)	10.65	11.00	3.3%	8.76	8.75	-0.1%	8.47	8.89	5.0%	10.84	11.2	3.3%
Mills started	57	58	1.8%	125	123	0%	31	39	25.8%	-	-	-

(Source: State Sugar Commissionerates) Uttar Pradesh up to 24th Feb 2012. & Maharashtra up to 15th Feb. Karnataka – 15th Feb & TN – Up to 15th January 2012.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~680-737 are not looking competitive compared to Brazil and Thailand CIF prices 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. Meanwhile, millers are getting higher premium owing to increase in sugar prices internationally. At present, millers are getting USD 60 per ton, against USD 48 per ton last month.



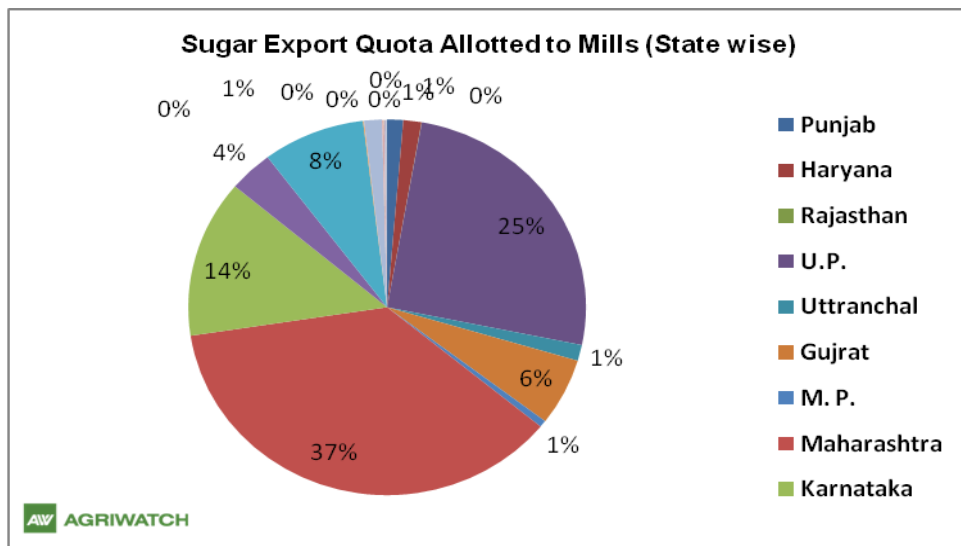
Comparative Sugar FOB & CIF Prices (USD/MT)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	647.35	665.36	695.38
CIF up to Indonesia	679.11	707.18	737.29
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	625.50	665.50	
CIF (USD/MT) (With Premium) up to Indonesia	691.38	687.50	

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

Meanwhile, government allocated sugar export quota to millers (Statewise) and gave instruction to millers to send applications for the sugar export licenses within 30 days of notification i.e. by 22ND March 2012 (mills exporting sugar from its own production). However, those who plan to export sugar from some other factory in order to minimize the transportation cost etc have to apply for sugar exports within 45 days. Here are list of Statewise allocation of sugar exports by government

States	Quota Allotted	Share (%)
Punjab	12957.0	1.3
Haryana	14750.0	1.5
Rajasthan	190.0	0.0
U.P.	254428.0	25.4
Uttanchal	13761.0	1.4

Gujrat	57907.0	5.8
M. P.	5835.0	0.6
Maharashtra	365824.0	36.6
Karnataka	135903.0	13.6
A.P.	35969.0	3.6
Tamilnadu	83130.0	8.3
Chhatisgarh	776.0	0.1
Bihar	14480.0	1.4
Orissa	1694.0	0.2
West Bengal	151.0	0.0
Pondicherry	1730.0	0.2
Goa	509.0	0.1
Total	999994.0	100.0



Spot Sugar Prices Scenario (Weekly)

	23-Feb-12	09-Mar-12	Change
Delhi M-30	2990	2990	Unch
Delhi S-30	2960	2950	-10
Muzaffar Nagar M	2985	2980	-5
Mumbai M-30	3021	3051	+30
Mumbai S-30	2911	2911	Unch
Kolhapur M-30	2875	2900	+25
Kolhapur S-30	2775	2800	+25
Kolkata M Variety	3000	3050	+50
Chennai S	2800	2800	Unch
Vijayawada M-30	3250	3270	+20

Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices moved in a range during the week ended 9th March 2012.
- 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. However, two consecutive close below the mentioned Gann fann line might drag the prices downwards further.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



Price Expectation for Muzaffar Nagar market for the coming week.

- Sugar prices are moving in a range between Rs 2950 to Rs 3050 as the chart depicts.
- Prices have used the support of 50% retracement level.
- As per our expectations in the previous week, prices have moved up, However, keeping in view the prevailing fundamentals of sugar, we expect prices are likely to trade in the mentioned trading range with firm bias for the coming week.

Gur Market Scenario and Outlook

Weak demand and continuous arrivals of gur in the Muzaffar Nagar weigh on the gur prices this week. . Increasing arrivals and increasing gur stock storage in cold storage are becoming the major influencing factors for decline of gur prices.

Meanwhile, it is reported that gur production recovered on a weekly basis changing the overall production sentiments of gur. Higher gur prices encouraged the producers of gur to increase production.

Around 923000 bags (40 kg each) were stored in Muzaffar nagar cold storage till 5th February 2012 which is 35000 bags lesser than last year same period. Out of the total gur, Chaku variety gur is around 610,000,

Meanwhile Daily 8000-10000 bags arrived 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	23-Feb-12	09-Mar-12	Change
Muzaffar Nagar	Chaku – New	2500	2450	-50
	Khurpa	2375	2250	-125
	Laddoo	2450	2400	-50
Bangalore	Achhu	2380	2540	+160
	Mudde	2500	2600	+100
Belgaum	Mudde	2500	2600	+100
Belthangadi	yellow (Average)	3000	3100	+100
Bijapur	Achhu	2330	2238	-92
Gulbarga	Other (Average)	2350	2325	-25
Mahalingapura	Penti (Average)	2440	2410	-30
Mandya	Achhu (Medium)	2300	2350	+50
	Kurikatu (Medium)	2200	2100	-100
	Other (Medium)	2225	2150	-75
	Yellow (Medium)	2250	2300	+50
Shimoga	Achhu (Average)	2410	2380	-30

Commodity: Sugar
Contract: April

Exchange: NCDEX
Expiry: April 20, 2012

SUGAR (April Weekly Chart)



Technical Commentary:

- Sugar prices have recently breached the rectangle and are moving in a downtrend.
- Two consecutive close below Rs 2900 will take the prices down to Rs 2820.
- Prices are likely to move in a range between Rs 2820 to 2980.

Strategy: Sell from resistance level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	April	2760	2820	2906	2985	3120
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	April	Sell	Below 2900	2850	2825	2925

Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20, 2012

GUR (July Weekly Chart)



Technical Commentary:

- Gur prices are moving downwards as the chart depicts.
- Prices are hovering in a range between Rs 1175 to 1205, two consecutive closes either side will give prices a new direction.
- Prices are likely to take support from trend line support level.

Strategy: Sell from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1145	1175	1193	1230	1260
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Buy 1195	1175	1165	1206

International Scenario

International sugar prices have moved in a range with a weak tone during the period between 9th March 2012. Higher global sugar surplus and increased sugar exports by China kept the Sugar prices down in ICE as well as in LIFFE. In addition to it, upcoming crop arrivals from Brazil might pressurize the sugar prices further in the coming week.

International Market News Highlights:

- Unica estimates the Brazilian cane crop at 518-540 million tons which is around 7% higher Y-o-Y but lower than 2010-11 cane production figure.
- Brazil sugar cane crushing season might be delayed by 10 days compared to last season.
- Russia could export 250,000 tons of sugar in 2011-12 owing to record sugar beet output. It is noticeable that around 40000 tons of sugar has already been exported by Russia till 27th February.
- Thailand total sugar output reached at 7.68 million tons, raw value, up from 6.45 million tons last year same period. It means that Thailand has achieved around 75% of the total sugar production target i.e. 10.5 million tons.

International Sugar Prices (Weekly)				
	Contract Month	23-Feb-12	09-Mar-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	24.86	23.66	-1.2
	Jul'12	23.99	22.78	-1.21
	Oct'12	24.15	22.96	-1.19
LIFFE Sugar (US \$/MT)	May'12	652.2	625.50	-26.7
	Aug'12	628.6	608.10	-20.5
	Oct'12	622.1	604.80	-17.3

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



Technical Commentary:

- White sugar prices are moving sideways as the chart depicts.
- Prices are moving in a range between \$600 to \$675, two consecutive closes above or below the mentioned level will give the prices a new direction.
- However, Decrease in prices has supported by OI which indicates that prices are likely to fall in the coming week.
- Last candlestick pattern also stand supportive for bearishness in the prices.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'12	625.50	600

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



Technical Commentary:

- ICE raw sugar futures are moving range bound with weak tone as the chart depicts
- However, volumes have not supported the 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	23.66	23.35



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