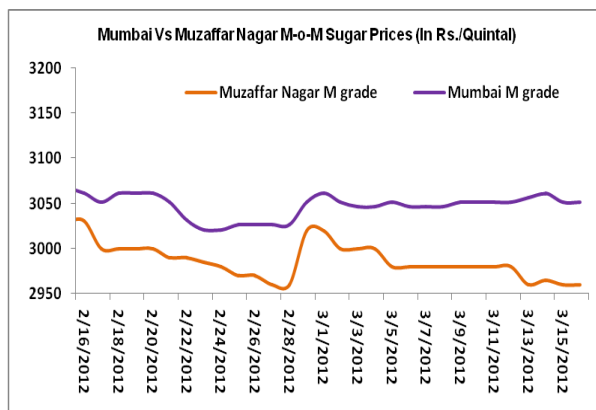


### News Highlights:

- Government of India might allow additional 1 million tons of sugar exports in the month of April. Government tried to give some respite to the sugar industry from continuous decline in the prices. The meeting might held in the first week of April as expected.
- Maharashtra mills have produced 71.3 lac tons of sugar till date with an average recovery of 11.39% in 2011-12. Recent sugar produced by millers is 872,000 tons higher compared to previous year same period.
- Demand remained weak in Chennai market today as reported and millers are just quoting their prices and there are only need based buying from buyers of sugar has been reported.
- Government's new terms for millers, which are applying, for sugar export licenses creates new problems for sugar millers. According to new terms, mills have to clear all cane payment dues and also have to fulfill the term of timely distribution of allocated levy sugar before applying for the sugar exports.
- Recent increase in International sugar prices and continuous decrease in domestic sugar prices give the opportunity to millers to get some advantage. It is noticeable that miller's export premium has been improved from Rs 2500/ton to Rs 3000/ton.
- India has exported around 5 lac tons of sugar so far in 2011-12 till 7<sup>th</sup> March 2012 mainly to Africa, Australia and Sri Lanka, according to news sources.

### Domestic Market Recap:

Sugar prices are continuously moving downward owing to higher arrivals of sugar stocks from millers. Buyers are worried about the continuous decline in prices and not want to involve themselves in any buying activities. Only need based buying have been recorded in the markets for sugar at present. However, we are expecting that sugar prices will move upwards keeping in view expected higher sugar quota for April which might support the sugar prices. However, increasing sugar supply by millers offset the impact of short-term bullishness 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 24<sup>th</sup> Feb 2012. & Maharashtra up to 15<sup>th</sup> Feb. Karnataka – 15<sup>th</sup> Feb & TN – Up to 15<sup>th</sup> January 2012.

### Sugar Export Opportunity:

Indian CIF prices to Indonesia ~650-730 are looking competitive compared to Brazil and Thailand CIF prices to Indonesia especially from Maharashtra and Chennai. 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 decrease in sugar domestic prices and increase 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 60 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)	621.20	673.04	686.99
CIF up to Indonesia	652.89	714.88	728.87
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	666.60	706.60	
CIF (USD/MT) (With Premium) up to Indonesia	732.60	728.72	

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

### Spot Sugar Prices Scenario (Weekly)

	09-Mar-12	16-Mar-12	Change
Delhi M-30	2990	2975	-15
Delhi S-30	2950	2930	-20
Muzaffar Nagar M	2980	2960	-20
Mumbai M-30	3051	3051	Unch
Mumbai S-30	2911	2901	-10
Kolhapur M-30	2900	2850	-50
Kolhapur S-30	2800	2750	-50
Kolkata M Variety	3050	2950	-100
Chennai S	2800	2730	-70
Vijayawada M-30	3270	3230	-40

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



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

- Sugar Kolhapur prices are moving in a range during the week ended 16<sup>th</sup> 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 chart depicts.
- Prices have use 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 for the coming week.

**Gur Market Scenario and Outlook**

Gur prices have improved in various sourcing markets during the week ended 16<sup>th</sup> March 2012. Demand has been witnessed at lower levels. It is noticeable that gur prices has gone down to Rs 2450 per quintal for Chaku variety gur last week.

Around 1000000 bags (40 kg each) were stored in Muzaffar nagar cold storage till 12th March 2012 which is 30000 bags more than last year same period. Out of the total gur, Chaku variety gur is around 670,000 which is also 30000 bags higher compared to previous year. As far as Rascut variety gur is concerned, around 130000 bags have been stored in the cold storage which are 30000 bags lesser compared to last year.

Meanwhile Daily 11000 bags arrived in Muzaffar nagar market on an average last month.

It is noticeable that production of gur was behind last year gur production same period but higher prices of gur urge the gur makers to produce gur and sell it at higher prices which helps gur production to surge and beat last year gur production stock position figures.

We expect prices are likely to stay in a range in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	09-Mar-12	16-Mar-12	Change
Muzaffar Nagar	Chaku – New	2450	2525	+75
	Khurpa	2250	2325	+75
	Laddoo	2400	2475	+75
Bangalore	Achhu	2540	2580	+40
	Mudde	2600	2800	+200
Belgaum	Mudde	2600	2600	Unch
Belthangadi	yellow (Average)	3100	3100	Unch
Bijapur	Achhu	2238	2350	+162
Gulbarga	Other (Average)	2325	2325	Unch
Mahalingapura	Penti (Average)	2410	2610	+200
Mandya	Achhu (Medium)	2350	2550	+200
	Kurikatu (Medium)	2100	2150	+50
	Other (Medium)	2150	2300	+150
	Yellow (Medium)	2300	2450	+150
Shimoga	Achhu (Average)	2380	2390	+10

Commodity: Sugar  
Contract: April

Exchange: NCDEX  
Expiry: April 20, 2012

### SUGAR (April Weekly Chart)



#### Technical Commentary:

- Sugar prices have recently breach the rectangle and are hovering 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	<b>Sell</b>	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 chart depicts.
- 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.

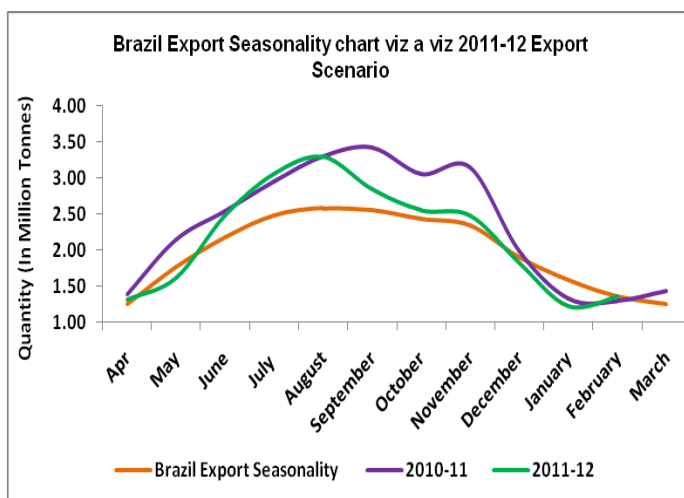
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1155	1185	1220	1230	1314
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1200	1220	1230	1190

## International Scenario

International sugar prices have moved in a range with firm tone during the week ended 16<sup>th</sup> March 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:

- Brazil exports 1.36 million tons of sugar in February 2012 up from 1.29 million tons of sugar exports done last year same period. Recent February export figures takes the total sugar exports figures to 24.35 million tons that is down from 26.2 million tons sugar exported in the same period last year.
- Port congestion problems will no longer be a problem in 2012 as additional bulk loading terminal in Brazil No. 1 Port Santos and deepening of Canals at Paranagua might curb the delay in shipments this year that helps in smooth movement of sugar abroad.



International Sugar Prices (Weekly)				
	Contract Month	10-Mar-12	16-Mar-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	24.67	25.41	-0.01
	Jul'12	23.80	24.27	+0.21
	Oct'12	23.25	24.14	+0.21
LIFFE Sugar (US \$/MT)	May'12	630.5	666.6	-6.2
	Aug'12	610.3	641.6	+1.3
	Oct'12	608.3	630.3	+4.7

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



**Technical Commentary:**

- White sugar prices are moving upwards as the chart depicts.
- Prices are moving in a range between \$585 to \$655, two consecutive closes above or below the mentioned level will give the prices a new direction.
- However, Increase in prices has supported by OI.
- Prices are likely to trade range bound with firm tone in coming week.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'12	666.6	680

**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, 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	25.41	26

### 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.