

News Highlights:

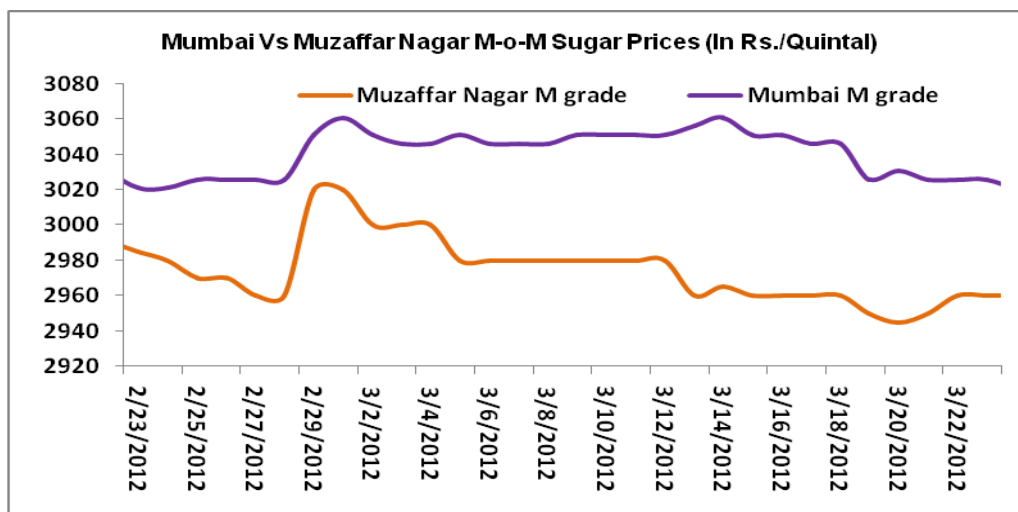
- Indian mills have produced 21.2 million tons of sugar till 15th March 2012 which is 14% higher Y-o-Y, according to ISMA. It is noticeable that last year mills have produced 18.57 million tons of sugar same period. Around 476 mills are operating at present against of 419 mills operated last year same period. Also, improved recovery and early opening of mills Y-o-Y also became the influencing factors for higher sugar production till date compared to last year.
- Finance Minister reduces basic custom duty from 7.5% to 2.5% on various farm equipments to reduce the labor shortage problem. Government reduces duty on wide varieties of farm equipments like sugarcane planter, root or tuber crop harvesting machine and rotary tiller and weeder.
- India to export 60000 tons of raw sugar to Iran as reported.
- Maharashtra mills have crushed 62.59 million tons of cane and produce 7.13 million tons of sugar at an average recovery of 11.39% in this season as reported.

Domestic Market Recap:

Prices of sugar declined during the week ended 23rd March 2012 in various key spot markets. Surplus demand over supply this year weigh on to the sugar prices. Buying are not interested in buying sugar in falling price trend.

Meanwhile, EGOM will take decision on further sugar export in a meeting held on 26th March 2012. It is noticeable that government already allow 2 million tons of sugar exports under OGL this MY. It is noticeable that government might allow 1 million tons sugar exports before the new sugar arrival from Brazil which will pressurize the sugar prices at International front.

However, we are expecting that sugar prices will move upwards keeping in view expected lesser sugar quota for April which might support the sugar prices.



Sugar Export Opportunity:

Indian CIF prices to Indonesia ~650-726 are looking competitive compared to Brazil and Thailand CIF prices especially from Maharashtra and Chennai owing to recent appreciation in Dollar rates and decline in domestic prices. However, export parity still not be favorable from UP market due to higher transportation and labor charges compared to other domestic sourcing centers. It is noticeable that TN mills have got around 83130 tons of sugar exports licenses out of 10 lac tons sugar export orders released by government. 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. Millers should make hurry for fetching sugar export licenses and take advantage of increasing sugar international prices. It is noticeable that Brazilian new sugar arrivals will hit the market in May which might depress the prices of sugar in ICE as well as in LIFFE that might results in no export parity for Indian exporters.

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)	619.38	644.94	684.26
CIF up to Indonesia	651.06	686.69	726.14
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	648.80	673.80	
CIF (USD/MT) (With Premium) up to Indonesia	714.75	695.82	

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

Spot Sugar Prices Scenario (Weekly)

	23-Mar-12	16-Mar-12	Change
Delhi M-30	2945	2975	-30
Delhi S-30	2920	2930	-10
Muzaffar Nagar M	2960	2960	Unch
Mumbai M-30	3026	3051	-25
Mumbai S-30	2901	2901	Unch
Kolhapur M-30	2840	2850	-10
Kolhapur S-30	2740	2750	-10
Kolkata M Variety	2950	2950	Unch
Chennai S	2710	2730	-20
Vijayawada M-30	3200	3230	-30

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 23rd March 2012.
- Prices are likely to move in a mentioned trading range and we expect the prices to trade above the mentioned support level in the coming week. We suggest spot market sugar participants to buy sugar at present level.

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.
- Sugar prices are moving downwards but might get support at present level as upcoming two big fundamental events might drive the prices upwards.
- However, two consecutive close below 50% retracement level will drag the prices down to Rs 2900 in Khautali spot market.

Gur Market Scenario and Outlook

Gur prices surged in various sourcing markets during the week ended 23rd March 2012. Demand has been witnessed at lower levels.

Around 1085000 bags (40 kg each) were stored in Muzaffar nagar cold storage till 19th March 2012 which is 43000 bags more than last year same period. Out of the total gur, Chaku variety gur is around 720,000 which is also 31000 bags higher compared to previous year. Meanwhile Daily 8000 bags arrived in Muzaffar nagar market on an average last week which are 3000 bags lesser compared to prior week.

We expect prices are likely to stay in a range in the coming week as higher gur stock position might weigh on to the gur prices.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	23-Mar-12	16-Mar-12	Change
Muzaffar Nagar	Chaku – New	2650	2525	+125
	Khurpa	2375	2325	+50
	Laddoo	2600	2475	+125
Bangalore	Achhu	2800	2580	+220
	Mudde	2900	2800	+100
Belgaum	Mudde	2400	2600	-200
Belthangadi	yellow (Average)	3125	3100	+25
Bijapur	Achhu	2400	2350	+50
Gulbarga	Other (Average)	2350	2325	+25
Mahalingapura	Penti (Average)	2640	2610	+30
Mandya	Achhu (Medium)	2400	2550	-150
	Kurikatu (Medium)	2250	2150	+100
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2350	2450	-100
Shimoga	Achhu (Average)	2400	2370	+30

Commodity: Sugar
Contract: April

Exchange: NCDEX
Expiry: April 20, 2012

SUGAR (April Weekly Chart)



Technical Commentary:

- Prices are hovering in a trading range between Rs 2760 to Rs 2855, two consecutive close either side will give the prices a new direction.
- Prices are trying to make morning star pattern as chart depicts. Breach of 2855 level will take the prices upto Rs. 2900.
- However, widening of 9 and 18 day EMA suggests bearishness.
- RSI is hovering in oversold region.
- Prices are likely to trade range bound in the coming week.

Strategy: Buy from support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	April	2760	2820	2782	2900	2950
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	April	Buy	Above 2790	2820	2835	2775

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

Technical Commentary:

- Gur prices are moving in a range with weak tone as chart depicts.
- In addition, RSI is hovering near to neutral region.
- Prices are getting support from lower trendline level.
- Evening star pattern has witnessed on the charts.
- 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	July	1155	1185	1215	1282	1370
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1200	1230	1245	1185

International Scenario

International sugar prices have moved in a range during the week ended 23rd March 2012. Chinese sugar demand has offset the impact of bullishness by good production stats from India and Thailand, and fresh crop arrivals after April end from Brazil. Market is keeping an eye on decision over sugar exports by Indian government that will decide the movement of prices. Considering above facts, we expect prices will move in a range with weak tone in ICE and LIFFE.

International Market News Highlights:

- Thailand sugar production reached at 8.99 million tons, raw value, till 21st March 2012 compared to 7.64 million tons sugar produced in the same period last year. Total cane crush reached at 84.4 million tons this year which is 12.3 million tons higher compared to last year cane crushed at the same period last year
- China import 94164 tons sugar in Feb month which is almost five times higher compared to last year same period sugar imported by China, according to news sources.
- Asia's Thai white sugar premium decline to \$25 from \$40 owing to supply pressure from Thailand and expectation over sugar export allowance by India.

International Sugar Prices (Weekly)				
	Contract Month	22-Mar-12	16-Mar-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	25.91	25.41	+0.5
	Jul'12	24.72	24.27	+0.45
	Oct'12	24.43	24.14	+0.29
LIFFE Sugar (US \$/MT)	May'12	663	666.60	-3.6
	Aug'12	646.2	641.60	+4.6
	Oct'12	633.8	630.30	+3.5

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 \$620 to \$680, two consecutive closes above or below the mentioned level will give the prices a new direction.
- However, Decrease in prices has supported by OI.

- Prices are likely to trade range bound with weak 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	663	620

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.
- Evening star pattern could be seen on the charts if happen then prices are likely to move down to 24 cents per bushels.
- 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	25.91	24

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