

News Highlights:

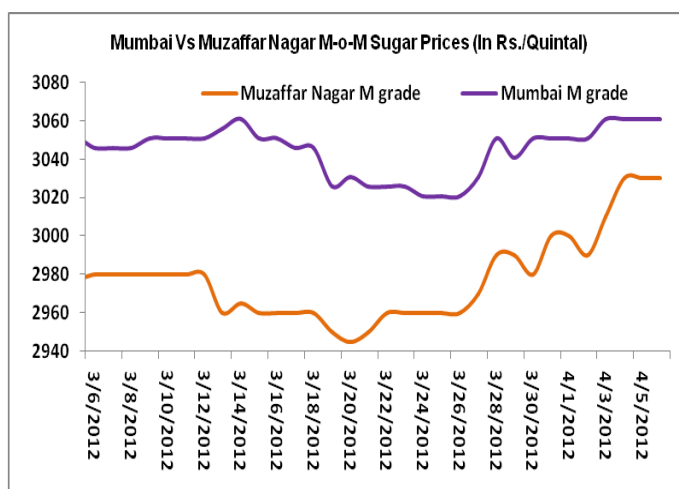
- India produce 23.2 million tons of sugar till March 2012 which is 13% higher compared to last year sugar produced at same period. India produce 20.4 million tons sugar last year same period. Out of total sugar production, Maharashtra mills produce 8.01 million tons of sugar till end of March as reported.
- Sugar prices have stabilized at present level and moving in a range. Meanwhile, millers are not looking enthusiastic at all despite the announcement of back to back bullish news like sugar exports, lower sugar quota and removal of export quota.
- Government will continue with existing sugar export policy of allocation sugar export quota to millers based on its last three years average production.
- Maharashtra mills produced 80.1 lac tons of sugar till 31st March 2012 which is around 8 lac ton higher Y-0-Y.

Domestic Market Recap:

Sugar prices increased during the week ended 6 April 2012. Increasing summer demand for sugar and lesser sugar quota for quarterly basis becomes the influencing factors for the price rise.

Meanwhile, stockiest have lower stocks in their pipeline and they want to increase their sugar holding by procuring at lower level to fulfill upcoming summer demand which might support the sugar prices in spot markets up to some extent.

It is noticeable that despite of increase in demand by 5% for sugar this year, millers are not enthusiastic owing to very tight cash flow situation and higher cane payment dues in front of them.



Sugar prices are likely to move up in the coming week as most of the mills have closed in UP and increasing summer demand will give some support to the sugar prices.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~668-723 are looking competitive compared to Brazil and Thailand CIF prices especially from Maharashtra and Chennai owing to recent appreciation in Dollar rates. However, export parity still not favorable from UP market due to higher transportation and labor charges compared to other domestic sourcing centers. Recently, government continue the sugar export quota system which might give some relief to the UP millers also. Meanwhile, millers are getting higher premium owing to increase in sugar prices internationally. At present, millers are getting USD 60 per ton at present. 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. However, despite of decrease in Thai white sugar premium from \$10 to \$2, Thai sugar are getting stiff



competition from Indian sugar owing to lower sugar Indian prices, and improved sugar supply from Thailand. FOB price comparisons are mention in the table below:

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)	636.36	645.14	681.22
CIF up to Indonesia	668.09	686.89	723.08
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	643.90	645.90	
CIF (USD/MT) (With Premium) up to Indonesia	709.83	667.84	

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

Spot Sugar Prices Scenario (Weekly)

	5-April-12	29-Mar-12	Change
Delhi M-30	3000	3010	-10
Delhi S-30	2960	2980	-20
Muzaffar Nagar M	3030	2990	+40
Mumbai M-30	3061	3041	+20
Mumbai S-30	2901	2896	+5
Kolhapur M-30	2875	2820	+55
Kolhapur S-30	2775	2720	+55
Kolkata M Variety	3000	3080	-80
Chennai S	2850	2750	+100
Vijayawada M-30	3220	3220	Unch

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 6th April 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 declined in various sourcing markets during the week ended 6th April 2012. Moderate arrivals and stock position of gur stored in cold storages based in Muzaffar nagar are also higher compared to last year.

Around 1288917 bags (40 kg each) were stored in Muzaffar nagar cold storage till 2nd April 2012 which is 75917 bags more than last year same period. Out of the total gur, Chaku variety gur is around 689,000 which is also 182,000 bags higher compared to previous year. Meanwhile Daily 8000 bags arrived in Muzaffar nagar market on an average last week which are almost same compared to prior week.

Meanwhile, Kolhus are getting cane in the regions where mills closed or are in process of closing in UP. It is noticeable that Kolhus are paying Rs 220-225 per quintal as cane payment to the farmers at present. Kolhus are still crushing cane and making gur as they still find parity in making gur from cane. It is noticeable that gur prices came down sharply from 2600 to 2250 per quintal for Chaku variety in Muzaffar nagar market.

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

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	5-April-12	29-Mar-12	Change
Muzaffar Nagar	Chaku – New	2250	2500	-250
	Khurpa	2250	2350	-100
	Laddoo	2400	2475	-75
Bangalore	Achhu	2700	2600	+100
	Mudde	2830	2700	+130
Belgaum	Mudde	2500	2600	-100
Belthangadi	yellow (Average)	3100	3150	-50
Bijapur	Achhu	2450	2300	+150
Gulbarga	Other (Average)	2375	2325	+50
Mahalingapura	Penti (Average)	2710	2690	+20
Mandya	Achhu (Medium)	2450	2400	+50
	Kurikatu (Medium)	2250	2250	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2350	2350	Unch
Shimoga	Achhu (Average)	2425	2475	-50

Commodity: Sugar
Contract: May

Exchange: NCDEX
Expiry: May 20, 2012

SUGAR (April Weekly Chart)



Technical Commentary:

- Prices are hovering in a trading range between Rs 2805 to Rs 2890, two consecutive close either side will give the prices a new direction.
- Prices are getting support from lower levels as chart depicts.
- Prices are likely to test 23.6% retracement level which also lying over 9 day EMA, breach of mentioned level gives the breakout signal.
- RSI is hovering in oversold region.

Strategy: Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	-	-	2809	2890	2940
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 2820	2860	2880	2800

Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20, 2012

GUR (July Weekly Chart)



Technical Commentary:

- Gur prices are trying to recover from 50% Fann line as chart depicts.
- Gur prices are likely to test next resistance level i.e. 1190 which also lying over 23.6% retracement level and 61.8% Fann level, breach of mentioned level gives the breakout signal.

Strategy: Buy from entry level.

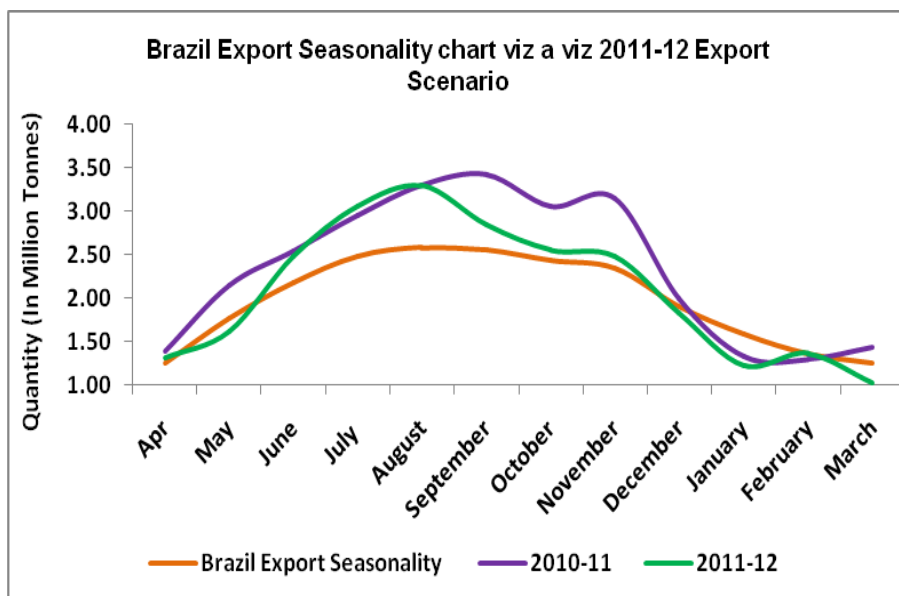
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1132	1142	1168.5	1124	1252
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1160	1190	1205	1143

International Scenario

International sugar prices have moved range bound during the week ended 6th April 2012. Market is keeping an eye over Brazilian sugar crop which is going to hit the market in couple of weeks as expected. Meanwhile, Good production figures from India and Thailand, recent sugar exports by India and fresh crop arrivals after April end from Brazil might weigh on the sugar prices in ICE and LIFFE.

International Market News Highlights:

- Sugar production in Thailand stood at 9.8 million tons till 1 April 2012 which is 17% more compared to last year same period. Last year, Thai mills produced 8.3 million tons of sugar. Out of 9.8 million tons, 3.0 million tons is white sugar and rest is raw sugar, according to news sources.
- ICE introduces circuit breakers for soft commodities to curb sharp movement in prices. The system called interval price limits will pause the trading for 30 seconds if prices breach those limits.
- Brazil Center south sugar cane estimate cut by Sao-Paulo based consultancy named Archer. Archer estimates around 512 million tons of sugarcane production in the region which is around 2% lower compared to its previous estimates.
- Brazil harvesting might start at the end of April that usually starts in the beginning of April. Brazil is going to harvest 510 to 520 million tons of sugarcane in 2012-13 MY.
- Brazil's sugarcane area might get rain in this week according to Somar Meteorologia. It is noticeable that sugarcane might get good amount of moisture and allow growing the sugarcane.
- Thai white sugar premium hits 2 years low and plunge to \$2 from \$10. White sugar premium is moving downwards owing to stiff competition came from arch rival India and improved supply of sugar from Thailand.
- Indonesia bought 155,000 tons of raw sugar from Thailand to cover its sugar shortage. It is noticeable that around 2 million tons of raw sugar has been imported by Indonesia from Thailand every year.
- Brazil exports 1.026 million tons, raw value, of sugar in March 2012 that is down from 1.368 million tons of sugar export by Brazil in February. This brought the total sugar exports of Brazil to 25.376 million tons in Apr/Mar 2011-12 which is down from 26.612 million tons exports in 2010-11.



International Sugar Prices (Weekly)				
	Contract Month	4-April-12	29-Mar-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	24.42	24.6	-0.18
	Jul'12	23.54	23.68	-0.14
	Oct'12	23.77	23.68	+0.09
LIFFE Sugar (US \$/MT)	May'12	638.5	634.1	+4.4
	Aug'12	628.7	623	+5.7
	Oct'12	619	613	+6

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.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'12	638.5	630

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 support the recent dip in prices.
- Prices are trying to test 38.2% retracement level, if breach then prices might test next support level i.e 23.69.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'12	24.42	24.00

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