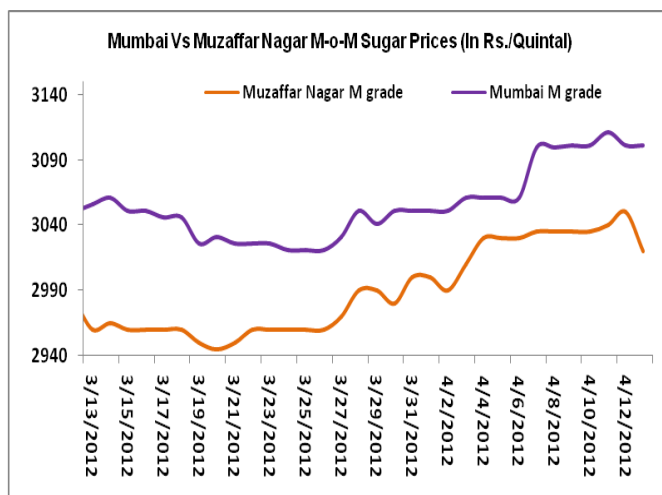


**Executive Summary:**

Sugar prices increased during the week ended 13<sup>th</sup> April 2012. Continuous buying of sugar by stockists as well as retailers kept the prices at higher side.

It is noticeable that shortage of sugar stocks in the pipeline urged traders to buy at lower levels.

Meanwhile, different trade houses are estimating different sugar production for 2012-13. Kingsman estimates around 24.5 million tons sugar production for 2012-13 season due to decline in Maharashtra region. According to Agriwatch initial survey, there was lower rainfall in the Central Maharashtra region initially which forced the farmers to plant other crops over sugarcane. There is around 30-40% decline in total sugarcane area in these regions. It is noticeable that Suru crop of sugarcane has planted in Maharashtra in Jan-Feb month.



Sugar prices are likely to move range bound with firm tone in the coming week considering moderate demand of sugar in key spot markets.

**News Highlights:**

- Thai white sugar premium hit a 2 year low and plunged to \$2 from \$10. White sugar premium is moving downwards owing to stiff competition from India and improved supply of sugar from Thailand.
- Kingsman estimates 24.5 million tons sugar production for 2012-13 season following the dry conditions in various parts of the country which might lead the farmers to plant other crops like Soybean which generally needs less irrigation.
- Ministry had revised its January IIP index data for the month of Jan 2012. The sugar production was wrongly taken as 134.08 lakh tonnes in place of actual figure of 58.09 lakh tonnes. This wrong figure was taken because of incorrect reporting by the Directorate of Sugar in the Ministry of Consumer Affairs, Food & Public Distribution. Immediately after detection of the error, the revised IIP numbers and growth rates for the month of January, 2012 have been compiled. Due to this change and also minor updation of data received from other source agencies, the IIP for January 2012 has been revised from 187.9 to 177.9 and, therefore, growth rate over the corresponding period of previous year has been revised from 6.8% to 1.1%. Further, cumulative index for the period April, 2011 to January, 2012 which was released as 169 has been revised to 168. Consequently, cumulative growth rates have been revised from 4% to 3.4%.
- Gujarat mills produced 9.75 lac tons of sugar after crushing 91.85 lac tons of cane with an average recovery of 10.61% till 7<sup>th</sup> April 2012. Recent sugar production figures from Gujarat is 6% lower compared to last year same period. It is noticeable that around 8 mills are still crushing cane and will stop its cane crushing operations in a week. Gujarat state government estimates 10.29 lac tons of sugar production in this Marketing year. (Source: Sugar Commissionerate)
- Government issued 914615 tons sugar exports release orders so far in the second tranche of 1 million tons exports.

### Sugar Export Opportunity:

Indian CIF prices to Indonesia ~663-722.50 are looking competitive compared to Brazil and Thailand CIF prices especially from Chennai and Kolhapur owing to recent appreciation in Dollar rates. However, export parity still does not exist from UP market due to higher transportation and labor charges compared to other domestic sourcing centers.

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 leading to export disparity for Indian exporters. Therefore, exporters and millers should use this window of opportunity quickly. Meanwhile, the Thai white sugar premium has decreased from \$10 to \$2, owing to the stiff competition from India 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)	632.23	645.79	680.64
CIF up to Indonesia	663.95	687.54	722.50
	<b>Brazil</b>	<b>Thailand</b>	
FOB (USD/MT) (With Premium)	610.70	612.70	
CIF (USD/MT) (With Premium) up to Indonesia	676.53	634.54	

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

### Spot Sugar Prices Scenario (Weekly)

	5-April-12	13-April-12	Change
Delhi M-30	3000	3050	+50
Delhi S-30	2960	3020	+60
Muzaffar Nagar M	3030	3020	-10
Mumbai M-30	3061	3101	+40
Mumbai S-30	2901	2920	+20
Kolhapur M-30	2875	2900	+25
Kolhapur S-30	2775	2800	+25
Kolkata M Variety	3000	-	-
Chennai S	2850	2875	+25
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 moved in a range during the week ended 13<sup>th</sup> April 2012.
- Prices are likely to continue to move in the 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 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 used 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 are moving range bound with firm tone in various sourcing markets during the week ended 13<sup>th</sup> April 2012. Recent rains in North India creates hurdles for gur makers to supply gur to the market.

Around 1370000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 9th April 2012 which are 82000 bags higher compared to last year same period.

Out of the total gur, Chaku variety gur is around 915,068 which is also 52000 bags higher compared to previous year. Meanwhile daily 10000 bags arrived in Muzaffar nagar market on an average last week, which are 2000 higher bags arrivals 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. This has led to gur prices coming down sharply from 2600 to 2250 per quintal for Chaku variety in Muzaffar nagar market.

We expect gur to trade on 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	13-April-12	Change
Muzaffar Nagar	Chaku – New	2250	2450	+200
	Khurpa	2250	2360	+110
	Laddoo	2400	2435	+35
Bangalore	Achhu	2700	2700	Unch
	Mudde	2830	2800	-30
Belgaum	Mudde	2500	-	-
Belthangadi	yellow (Average)	3100	3100	Unch
Bijapur	Achhu	2450	2300	-150
Gulbarga	Other (Average)	2375	2410	+35
Mahalingapura	Penti (Average)	2710	2580	-130
Mandya	Achhu (Medium)	2450	-	-
	Kurikatu (Medium)	2250	-	-
	Other (Medium)	2300	-	-
	Yellow (Medium)	2350	-	-
Shimoga	Achhu (Average)	2425	2400	-25

**Commodity: Sugar**  
**Contract: May**
**Exchange: NCDEX**  
**Expiry: May 18, 2012**
**SUGAR (May Weekly Chart)**

**Technical Commentary:**

- Prices are hovering in a trading range between Rs 2809 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 might test upper Fann line in the coming week, if breach the upper line than it will give the medium term bullish signal.
- RSI is hovering in oversold region.

**Strategy:** Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	-	2809	2809	2870	2890
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 2836	2850	2857	2828

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

**Technical Commentary:**

- Gur prices are moving upwards as chart depicts.
- Prices are hovering in a downward channel
- Morning doji star pattern could be seen on the charts during next week.
- RSI is hovering near to neutral region.
- Increase in prices has not supported by volume.

**Strategy:** Sell from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1132	1142	1210	1224	1252
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	<b>Sell</b>	Above 1215	1200	1195	1223

## International Scenario

International sugar prices declined during the week ended 13<sup>th</sup> April 2012. Higher sugar production from China and expected arrivals of sugar from Brazil spread bearish sentiments in the markets. In addition to it, recent UNICA sugar production estimates might weigh on the sugar prices in ICE and LIFFE in the coming week.

## International Market News Highlights:

- 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 is imported by Indonesia from Thailand every year.
- China sugar output increased by 28% Y-o-Y till March 2012. China produced 2.27 million tons sugar in March 2012 which is up from 1.77 million tons sugar produced by China last year same period.
- Sugar production fell by 11% in Mexico in this season compared to last year. Mexico produce 3.88 million tons sugar from Oct-7 Apr 2012 which is down from 4.35 million tons sugar produced same period last year as reported in Business week.
- UNICA forecast 509 million cane output from Brazil's CS crop which is higher from 493.2 million tons in 2011-12. As far as sugar production is concerned, UNICA estimate CS region will produce 33.7 million tons of sugar in 2012-13 which is higher from 31.7 million tons in 2011-12. However, UNICA sugar and cane output estimates are pretty much lesser compared to Conab, Data Agro and Job Economia as reported. Unica also spread its concern over growth of cane crop as dry weather in the month of Feb-Mar hamper the growth.
- Thai sugar premium steady to \$2 this week as reported.

International Sugar Prices (Weekly)				
	Contract Month	4-April-12	13-Mar-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	24.42	23.37	-1.05
	Jul'12	23.54	22.81	-0.73
	Oct'12	23.77	23.19	-0.58
LIFFE Sugar (US \$/MT)	Aug'12	628.7	610.70	-18
	Oct'12	619	608.60	-10.4
	Dec'12	624.70	614.60	-10.1



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

**Technical Commentary:**

- White sugar prices are moving downwards and hovering in a downtrend as the chart depicts.
- Prices are moving in a range between \$575 to \$620, two consecutive closes above or below the mentioned level will give the prices a new direction.
- Also, Decrease in prices has supported by OI and volume which further indicates bearishness.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'12	610.70	575



**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
- Recent breach of 14 day SMA gives bearish signal.
- However, decrease in prices along with OI suggests long liquidation.
- However, volume support the recent dip in prices.
- ICE raw sugar future prices are likely to trade between 22.37 to 24.11 cents/bushels 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)	May'12	23.37	22.37

**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.php>  
 © 2005 Indian Agribusiness Systems Pvt Ltd.