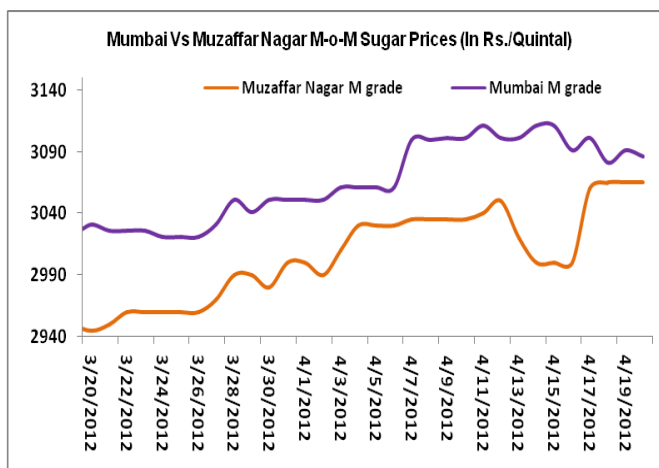


Executive Summary:

Sugar prices increased during the week ended 20th April 2012. Improved demand from retailers and increased sugar holding from stockists led the sugar prices higher.

Market is waiting for the meeting of EGOM which is going to be held on 30th April in which panel of ministers will decide on additional sugar exports and removal of existing export quota mechanism. We expect prices to move range bound with firm tone in the coming week on additional sugar export expectations.



News Highlights:

- Panel of Ministers will consider higher sugar exports under OGL for the Marketing season 2011-11. The government has already allowed 3 million tons of sugar for the shipments abroad. Meanwhile, EGOM ministers will meet on 30th April 2012 to decide on major issues like additional export allowance and removal of sugar export quota.
- Government is unlikely to decrease the levy sugar quota as government want to first review the sugar production estimate for 2012-13.
- India has produced 24.63 million tons of sugar upto 15th April 2012 which is 13% higher compared to last year. Meanwhile, mills from UP produced 6.91 million tons of sugar upto 15th April which is 18% higher compared to last year same period. Similarly, Maharashtra mills produce 8.54 million tons of sugar, which is also up 9%, compared to last year same period. It is noticeable that Indian sugar production has already breached last year's sugar production level i.e. 24.3 million tons
Source: ISMA
- Sugarcane has been planted in 38.37 lac hectares to date which is up from 36.69 lac hectares last year same period. Higher area coverage is reported in Tamil Nadu (0.66 lakh hectare), Maharashtra (0.51 lakh hectare), Uttar Pradesh (0.49 lakh hectare), Bihar (0.21 lakh hectare), Madhya Pradesh (0.14 lakh hectare), Uttarakhand (0.07 lakh hectare), Assam (0.05 lakh hectare), Andhra Pradesh and Punjab 0.03 lakh hectare each. (Source: Pib)
- International sugar prices are trading at a premium compared to Indian domestic prices bringing parity to exporters and millers at present. However, slow release of sugar exports by government might ruin the export opportunity. It is noticeable that Indian sugar surplus coincides with global sugar surplus this year which might squeeze the margins from exporters in the coming months. Also, upcoming Brazil crop might weigh on the international prices after April.
- Finance Ministry has extended duty free sugar imports till June 30, 2012
- Around 600000 tons of sugar has been exported in total till 31st March 2012 and still 1.4 million tons of sugar exports still left, according to Narendra Murkumbi.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~619-668 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 that 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 stood at \$23 to 27 per ton owing to recent Asian sugar demand from Indonesia. 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)	587.39	599.85	626.70
CIF up to Indonesia	619.10	641.61	668.53
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	582.60	609.60	
CIF (USD/MT) (With Premium) up to Indonesia	648.35	631.43	

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

Spot Sugar Prices Scenario (Weekly)

	20-April-12	13-April-12	Change
Delhi M-30	3070	3050	+20
Delhi S-30	3025	3020	+5
Muzaffar Nagar M	3100	3020	+80
Mumbai M-30	3086	3101	-15
Mumbai S-30	2931	2920	+11
Kolhapur M-30	2925	2900	+25
Kolhapur S-30	2825	2800	+25
Kolkata M Variety	3125	3070	+55
Chennai S	2900	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 20th 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 20th April 2012. Recent rains in North India has hampered gur supply to the market.

Around 1396000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 16th April 2012 which are 50000 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 931,000 of Chaku variety gur stored in Cold storage which are 25000 bags higher compared to previous same period

Meanwhile, after closing of mills of UP, farmers don't have an option but to give their cane to Kolhus. Gur makers are also take advantage of this and giving around Rs 180 per quintal as a cane payment to farmers at present instead of Rs 220 paid a month ago.

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	20-April-12	13-April-12	Change
Muzaffar Nagar	Chaku – New	2525	2450	+75
	Khurpa	2500	2360	+140
	Laddoo	2700	2435	+265
Bangalore	Achhu	2700	2700	Unch
	Mudde	3000	2800	+200
Belgaum	Mudde	2500	2600	-100
Belthangadi	yellow (Average)	3100	3100	Unch
Bijapur	Achhu	2450	2300	+50
Gulbarga	Other (Average)	2350	2410	-60
Mahalingapura	Penti (Average)	2810	2580	+230
Mandya	Achhu (Medium)	2450	2400	+50
	Kurikatu (Medium)	2300	2250	+50
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2350	2300	+50
Shimoga	Achhu (Average)	2400	2400	Unch

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	2940	2980
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 2850	2890	2910	2830

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

Technical Commentary:

- Gur prices are moving upwards as the chart depicts.
- Prices are hovering in a downward channel
- RSI is hovering near to neutral region.
- Increase in prices has not supported by volume and OI.

Strategy: Sell from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1132	1142	1203	1252	1280
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Above 1230	1210	1200	1240

International Scenario

International sugar prices declined during the week ended 20th 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:

- Mexico's sugar exports is expected to fall by 24% Y-o-Y in 2011-12 and might stood at 1.1 million tons
- Bangladesh sugar tender delay again to April 21st 2012.
- Thai white sugar premium surged \$23-27 for the August LIFFE contracts.
- The US Attache has projected Brazilian sugar exports to 25.25 million tons, raw value, which is approx. 2% up compared to last year's. The Attache also predicts that around 48.63 percent of the crop will be diverted to sugar, which is also 0.56 points up compared to last year, the rest going into ethanol manufacture.

International Sugar Prices (Weekly)				
	Contract Month	19-April-12	13-April-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	22.05	23.37	-1.32
	Jul'12	21.77	22.81	-1.04
	Oct'12	22.19	23.19	-1
LIFFE Sugar (US \$/MT)	Aug'12	582.6	610.7	-28.1
	Oct'12	583.4	608.6	-25.2
	Dec'12	589.7	614.6	-24.9

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



Technical Commentary:

- White sugar prices are moving in a falling channel as chart depicts.
- Prices are moving in a range between \$540 to \$650, 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	582.6	550

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

Technical Commentary:

- ICE raw sugar futures are moving range bound with a weak tone as the chart depicts
- However, decrease in prices along with OI suggests long liquidation.
- ICE raw sugar future prices are likely to trade between 20.40 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)	July'12	22.05	21

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