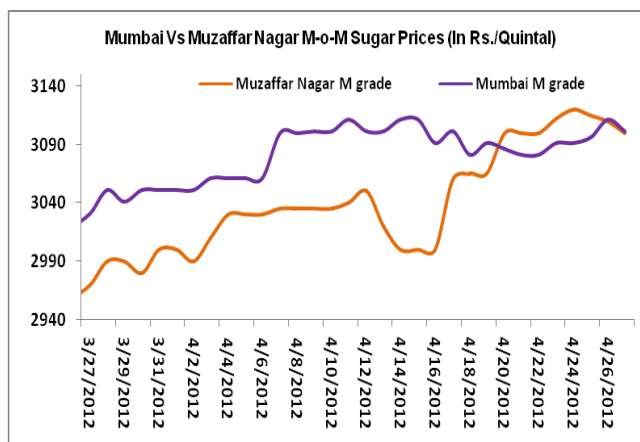


### Executive Summary:

Sugar prices increased during the week ended 27 April 2012. Meeting over sugar exports and removal of export quota mechanism led the prices upwards during the week.

However, recently EGOM kept the suspense over the sugar exports as they postponed the meeting which was scheduled on 25<sup>th</sup> April 2012. There is no further date of the meeting has announced till yet.

Meanwhile, IMD recently released its monsoon prediction for this year. IMD sees normal rainfall this year which might help the crops like Sugarcane, wheat, pulses etc.



We expect prices are likely to trade in the range for the coming week until any announcement of the meeting over sugar exports or any change in government policies.

### News Highlights:

- Mills are facing difficulties for the payment of sugarcane to farmers for this season in UP as millers have to made the payment on the basis of increasing SAP for 2011-12 which left the millers in big difficulty. It is noticeable that prices of sugar are hovering below cost of production. In addition to it, millers cannot take much benefit from recent exports allowance by government due to great distance from ports and very lesser export quota allotment. Government need to make some quick decisions to save the sugar industry and farmers.
- Indian FOB price quoting at \$570 which is quite competent compared to Brazil and Thailand as depreciating rupee value and increase in Thai white sugar premium increase the sugar export parity for Indian exporters.
- According to the preliminary reports received from the Department of Agriculture and Cooperation, sugarcane has been planted in 44.12 lakh hectare as compared to 43.23 lakh hectare last year on this date. Sugarcane plantation is 0.89 lakh hectare more than last year. Normal area for sugarcane cropping is 47.45 lakh hectare.
- Higher area coverage has been reported from Uttar Pradesh (0.82 lakh hectare), Tamil Nadu (0.66 lakh hectare), Maharashtra (0.51 lakh hectare), Karnataka (0.50 lakh hectare), Bihar (0.21 lakh hectare), Madhya Pradesh (0.14 lakh hectare), Assam (0.05 lakh hectare), Andhra Pradesh and Punjab 0.03 lakh hectare each and Uttarakhand (0.01 lakh hectare).
- Government estimates 351.19 million tons of sugarcane production in its third advance estimate released today. Recent sugarcane estimate production figure is around 8.81 million tons higher compared to 2010-11.
- ISO sees 3 million tons of sugar surplus for 2012-13 which is half of the sugar surplus estimate done by ISO in February. Projections are based on 2% rise in demand of sugar globally which not meet in next year as ISO sees sugar production might will not increase in Brazil and India.
- India might produce 25 million tons of sugar in 2012-13 season, according to MD of NFCSF.
- EGOM postponed the meeting on sugar exports which was scheduled for today. There is no further date for the meeting was given by the officials.
- Finance minister Pranab Mukherjee wants to give focus on Sugar by products for the revival of sugar industry from heavy losses.

- IMD predicts 99% rainfall of LPA that depicts normal rainfall for the year as reported. The LPA of the season rainfall over the country as a whole for the period 1951-2000 is 89 cm. It is noticeable that normal rainfall will boost the crop of sugarcane plant in 2011-12 and harvest in 2012-13. Normal rainfall might encourage the farmers to plant more sugarcane supported by increased cane price remuneration for the MY 2012-13 as expected.
- India produce 249.80 lac tons of sugar till 22<sup>nd</sup> April 2012 compared to 221.52 lac tons of sugar produced last year same period. However, only 181 mills are still running at present against 214 mills last year same period.

### 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
	<b>Brazil</b>	<b>Thailand</b>	
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	27-April-12	Change
Delhi M-30	3070	3100	+30
Delhi S-30	3025	3070	+45
Muzaffar Nagar M	3100	3100	Unch
Mumbai M-30	3086	3101	+15
Mumbai S-30	2931	2936	+5
Kolhapur M-30	2925	2925	Unch
Kolhapur S-30	2825	2825	Unch
Kolkata M Variety	3125	3140	+15
Chennai S	2900	2900	Unch
Vijayawada M-30	3220	3240	+20

### 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 27<sup>th</sup> April 2012.
- Prices hovering between 2820 to 2950, two consecutive close either side will give the prices a new direction.
- Keeping in view prevailing fundamentals and prices moving in upward channel technically for spot Kolhapur market, we expect prices will move up in the coming week. We suggest market participants to buy from present level.

### Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



### Price Expectation for Muzaffar Nagar market for the coming week.

- Prices recently breach Rs. 3050 level and moving upwards.
- Prices might test 23.6% retracement level or 3150 in the coming week.
- Prevailing fundamental factors also became bullish which also support the prices.
- We suggest market participants to buy sugar at 3100 level from spot markets.

### Gur Market Scenario and Outlook

Gur prices are moving range bound with firm tone in various sourcing markets during the week ended 27<sup>th</sup> April 2012. Decline in Chaku gur production figures in the cold storage weekly data compared to last year support the prices of gur.

Around 1414000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 23<sup>rd</sup> 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 916,000 of Chaku variety gur stored in Cold storage which are 28000 bags lesser 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 due to weak demand and moderate arrivals at higher price levels.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	20-April-12	27-April-12	Change
Muzaffar Nagar	Chaku – New	2525	2625	+100
	Khurpa	2500	2600	+100
	Laddoo	2700	2775	+75
Bangalore	Achhu	2700	2700	Unch
	Mudde	3000	3000	Unch
Belgaum	Mudde	2500	2500	Unch
Belthangadi	yellow (Average)	3100	3100	Unch
Bijapur	Achhu	2450	2450	Unch
Gulbarga	Other (Average)	2350	2400	+50
Mahalingapura	Penti (Average)	2810	2625	-185
Mandya	Achhu (Medium)	2450	2350	-100
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2350	2300	-50
Shimoga	Achhu (Average)	2400	2425	+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	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	<b>Sell</b>	Above 1230	1210	1200	1240

### International Scenario

International sugar prices declined during the week ended 27<sup>th</sup> April 2012. Higher sugar production from China and expected arrivals of sugar from Brazil spread bearish sentiments in the markets. However, recent cut of Brazilian cane production estimates and delay in sugar exports from India might support for the short term in ICE as well as in LIFFE.

### International Market News Highlights:

- Kingsman cuts Brazil cane production estimate to 510 million tons from earlier estimate i.e. 520 million tons for 2012-13 as reported.
- Thai sugar output is likely to reach to 10.3 million tons ,raw value, which is 6.2% higher compared to last year. Remunerative global prices of sugar and favorable weather improve the cane acreage as well as production of sugar in Thailand.
- Pakistan sugar production rise to 5.0 million tons in 2012-13 (Oct/Sep) from 4.7 million tons in current season which means Pakistan has around 1 million tons of exportable sugar surplus.
- China is likely to import 3 million tons of sugar in 2011-12, according to ISO.

International Sugar Prices (Weekly)				
	Contract Month	20-April-12	26-April-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	21.93	21.32	-0.61
	Jul'12	21.55	21.25	-0.3
	Oct'12	21.97	21.64	-0.33
LIFFE Sugar (US \$/MT)	Aug'12	574.9	576.8	+1.9
	Oct'12	576.6	571.5	-5.1
	Dec'12	584.9	576.3	-8.6



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



### Technical Commentary:

- Prices are moving in a mentioned rectangle.
- Prices hovering in a range between \$570 to 650, breach of mentioned levels either side will give the prices a new direction.
- However, last candlestick pattern support the bullishness as sellers are not able to sustain at lower quotes as chart depicts.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'12	576.8	590



**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
- Prices are hovering at its strong support level, if breach then prices might go down to 17 cents per bushel which is the next objective.
- ICE raw sugar future prices are likely to trade between 21.00 to 24.83 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	21.25	21.71

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