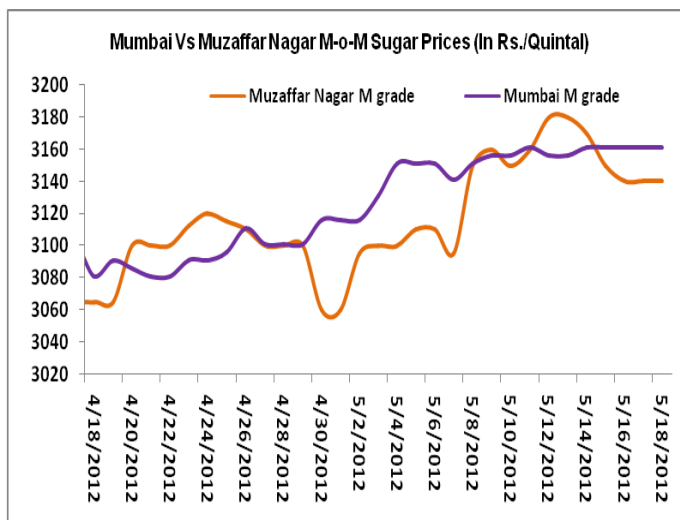


Executive Summary:

Sugar prices moved range bound during the week ended 21st May 2012. Moderate sugar demand, reselling of sugar by traders in the open markets and government impose restrictions on sugar exporters kept the prices in range.

However, Government later gives some relaxations to sugar exporters by easing some export norms after getting resistance from sugar industry. Exporters now can apply for sugar exports upto 25000 tons at a time. Also, Government has extend the sugar export period to 60 days from 30 days from the issue of permits.



It is notable that government earlier put some restrictions on sugar exporters which can apply for only 10000 tons of sugar exporters at a time and they have to complete the sugar shipment within 30 days from the issue of permits.

This decision might give some relief to the exporters as well as millers which have to pay around 10000 crore rupees to the farmers as cane dues.

Meanwhile, around 20 rake of business done from Kolhapur for sugar to various consuming centers like Kolkata, Gujarat, Siliguri, Haryana etc.

Rakes business of sugar has been witnessed from Kolhapur to Punjab, Haryana, Delhi and Kolkata. Demand of SS grade is good from Kolkata sourced by Kolhapur suppliers.

Domestic Outlook:

We expect prices of sugar would move northwards from here on considering expected demand from domestic as well as export buyers. In addition to it, decline in Brazilian sugar crop owing to long lasted drought is showing adverse impact on standing sugarcane crop resulted in decline in sugar yield as well as production that might support the sugar prices in domestic as well as International markets.

News Highlights:

- Indian sugar output is likely to hover around 25.5 million tons for 2012-13 after taking an average forecast of 10 different agencies.
- Government notify its decision for allowing free exports of sugar for 2012-13 on 14th May 2012. This means millers or exporters do not need to take permission to export sugar but exporters need to furnish details of the quantity of sugar exports. It is notable that this decision might help millers to clear Rs 10000 crore cane payment dues to farmers and might help to make some profitable trade.
- Selling Ratio of both Sugar M and S grades by millers are 25:75 in Maharashtra as reported. Increased selling of Sugar S grade in open market by Maharashtra millers is the main reason for big difference between Sugar S and M grade prices. It is notable that Sugar M grade prices are trading at Rs 2950 per quintal while Sugar S grade is trading at Rs 2850 per quintal in Kolhapur market.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~585-660 are looking competitive compared to Thailand CIF prices especially from Chennai and Kolhapur as Rupee has hit its all time low. In addition to it, millers are trying to support the exporters by quoting lower prices in domestic markets. However, export parity still does not exist from UP market due to higher transportation and labor charges compared to other domestic sourcing centers.

Recently, Brazil sugar production cut by Dataagro due to long lasting drought support the prices of sugar in LIFFE from lower levels. Meanwhile, the Thai white sugar premium moved up to \$40 from \$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)	553.74	575.62	617.55
CIF up to Indonesia	585.36	617.30	659.36
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	577.50	617.50	
CIF (USD/MT) (With Premium) up to Indonesia	643.23	639.35	

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

Sugarcane Sowing Intention:**Uttar Pradesh**

Sowing of sugarcane in UP has started in full swing and planting in UP is good compared to last year due to various factors after getting initial response from mill official:

1. No other crop is remunerative at present compared to Sugarcane in UP at present.
2. Normal Monsoon forecast by IMD also lured farmers to grow cane in their respectively fields.
3. Also, recommendation by CACP to government to increase FRP by 18% increase the sowing intention of sugarcane.

As per initial survey done by Agriwatch, sugarcane acreage is going to improve by 4-5% on an average for the next 2012-13 season despite of payment delays by farmers as higher SAP for cane lured them to plant more cane. In UP, farmers normally plant sugarcane late just after harvesting of wheat completed. Farmers normally grows sugarcane with little amount of maize in their respective fields. Major competitive crop of sugarcane in UP is rice.

Maharashtra

However, after getting initial figures of sowing in Maharashtra, sugarcane acreage declined for 2012-13 and diverted towards soyabean as lesser rainfall and irrigation facilities and higher soyabean prices urge farmers to plant soyabean in their respective fields.

Bihar

Plantation of sugarcane crop in Bihar is encouraging and around 20-25% area has increased in Bihar for sugarcane for 2012-13. Main Reasons are attributed to the rising cane acreage due to

1. Balanced rainfall in the growing regions.
2. Attractive realization by farmers after growing sugarcane.
3. Construction of Dam in Samastipur region decrease the fear of flood in the region which encourage the farmers to plant sugarcane.

Meanwhile, as per government sowing figures, Sugarcane has been planted in 48.61 lakh hectare as compared to 47.61 lakh hectare last year till 4th May 2012. It is 1.00 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 (0.90 lakh hectare), Tamil Nadu (0.66 lakh hectare), Karnataka (0.50 lakh hectare), Bihar (0.21 lakh hectare), Madhya Pradesh (0.11 lakh hectare), Uttarakhand (0.06 lakh hectare), Maharashtra (0.04 lakh hectare), Punjab (0.03 lakh hectare) and Andhra Pradesh (0.01 lakh hectare). Source: Pib.

Spot Sugar Prices Scenario (Weekly)

	11-May-12	18-May-12	Change
Delhi M-30	3170	3150	+20
Delhi S-30	3120	3100	+20
Muzaffar Nagar M	3160	3140	-20
Mumbai M-30	3161	3161	Unch
Mumbai S-30	2991	2991	Unch
Kolhapur M-30	2950	2975	+25
Kolhapur S-30	2850	2875	+25
Kolkata M Variety	3200	3220	+20
Chennai S	2920	2900	-20
Vijayawada M-30	3320	3320	Unch

Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices moved in a range with firm tone during the week ended 18th May 2012.
- Prices hovering between 2820 to 2950, two consecutive closes 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.

pot 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.
- As per our previous price forecast, prices touched Rs. 3150 level in spot market.
- Prevailing fundamental factors also became bullish which also support the prices.
- We suggest market participants to buy sugar at Rs. 3150 level from spot markets and breach of Rs 3150 level might take the prices upto Rs. 3350 in couple of weeks.

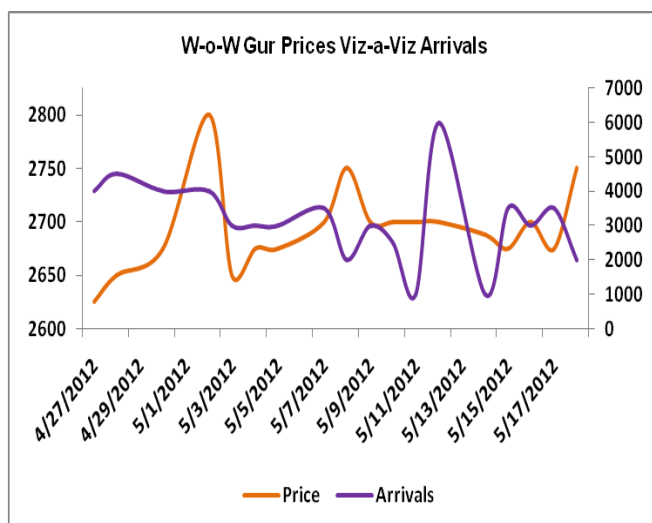
Gur Market Scenario and Outlook

Gur prices are moving range bound with firm tone in various sourcing markets during the week ended 18th May 2012. Moderate demand of Chaku gur and increasing stock position of gur in the cold storages, kept the prices range bound.

Meanwhile, Daily around 2500-2600 bags of Chaku gur is arriving in the market which are almost same last week.

Around 1415000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 14th May 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



949,000 of Chaku variety gur stored in Cold storage that are 36000 bags higher compared to previous same period

Meanwhile, after 8-10 days, arrivals of cane will be stop for making gur as reported. At present, gur manufacturers are giving Rs 180 per quintal to farmers as cane remuneration.

Arrivals of gur are expected to come till May end as reported after which gur stored in cold storages will be taken in use. However, gur stored in cold storage cant be carried out in the summer season due to its perishable nature in hotter state.

We expect gur prices to trade range bound in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	11-May-12	18-May-12	Change
Muzaffar Nagar	Chaku – New	2700	2750	+50
	Khurpa	2650	2675	+25
	Laddoo	2850	2840	-10
Bangalore	Achhu	2700	2800	+100
	Mudde	3000	3000	Unch
Belgaum	Mudde	2700	2600	-100
Belthangadi	yellow (Average)	3100	3150	+50
Bijapur	Achhu	2350	2550	+200
Gulbarga	Other (Average)	2325	2300	-25
Mahalingapura	Penti (Average)	2760	2690	-70
Mandya	Achhu (Medium)	2600	2600	Unch
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2350	2400	+50
	Yellow (Medium)	2500	2400	-100
Shimoga	Achhu (Average)	2475	2475	Unch

Commodity: Sugar
Contract: June
Exchange: NCDEX
Expiry: June 20, 2012
SUGAR (June Weekly Chart)

Technical Commentary:

- Prices are moving sideways as chart depicts.
- Prices are hovering in a trading range between Rs 2954 to Rs 2940, two consecutive close either side will give the prices a new direction.
- RSI is hovering near to oversold region.

Strategy: Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	June	2854	2870	2902	2995	3027
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	June	Buy	Above 2890	2930	2950	2870

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

Technical Commentary:

- Gur prices are moving in a downward channel as the chart depicts.
- Prices have recently breach price range of Rs. 1189 to 1224, and its next objective would be Rs 1132 which also lying over 0% retracement level.
- RSI is moving down to oversold region from neutral region which also gives sell signal.
- Last candlestick called bearish morubozu candle gives sell signal.

Strategy: Sell from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1032	1132	1159.50	1189	1224
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Below 1162	1142	1132	1173

International Scenario

International sugar prices increased during the week ended 18th May 2012. Concern over Brazilian crop, cut in sugar output estimate by Datagro, and Indian government impose restrictions on sugar exporters are the major influencing factors for surge in prices. Meanwhile, slow pace of crushing in Brazil will support the prices of sugar for short term in ICE as well as in LIFFE.

International Market News Highlights:

- Datagro sees decline in Brazilian sugar output to 32.71 million tons in 2012-13 in its second update on harvest from 33.88 million tons sugar production estimate in March. Drought situation and lower yields are the major influencing factors for decline in sugar output. Apart from this, forecaster Somar expect that continuous rainfall is slowing the progress of Brazil's cane harvest and can affect the overall output.
- Thailand is likely to export record sugar in 2011-12 (Nov/Oct) season. Thailand is likely to produce 10.2 million tons of sugar out of which Thailand kept 2.4 million tons of sugar for domestic consumption and rest 7.8 million tons of sugar for shipment.
- LIFFE sugar prices rebound from oversold region. However this bullish is for very short term as continuous arrivals of sugar from Brazil may offset the short term bullishness in LIFFE.
- Mexico sugar output declined by 6.7% so far to 4.7 million tons in 2011-12 till 7th May compared to 5.06 million tons a year earlier.

International Sugar Prices (Weekly)				
	Contract Month	11-May-12	17-May-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	20.22	20.86	0.64
	Jul'12	20.62	21.18	0.56
	Oct'12	21.54	22.03	0.49
LIFFE Sugar (US \$/MT)	Aug'12	555.8	577.5	21.7
	Oct'12	549	559.2	10.2
	Dec'12	558.9	567.1	8.2

LIFFE Future Market Sugar Scenario (Continuous Chart):



Technical Commentary:

- Prices are getting support from trendline.
- Prices hovering in a range between \$555 to 640, breach of mentioned levels either side will give the prices a new direction.
- Decrease in prices has not supported by volume.
- Prices have recently tested its support level and are likely to rebound from support level as expected.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'12	577.5	600

Note: As we have mentioned the call in our early weekly, **prices followed the same trend as we have suggested.**

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



Technical Commentary:

- ICE raw sugar futures are moving downwards 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 20.07 to 24.83 cents/bushels in the coming week.
- Decrease in prices has not supported by volume.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'12	20.22	20.93

Note: As we have mentioned the call in our early weekly, **prices followed the same trend as we have suggested.**



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