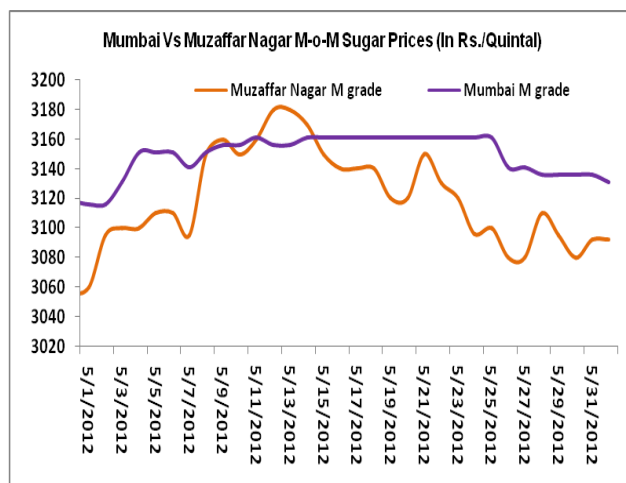


Executive Summary:

Sugar prices declined during the week ended 01st June 2012. Supply pressure of sugar in the markets at the end of the month and sluggish demand weighed on the sugar prices in various sugar spot markets.

Demand in Chennai and Kolhapur market remained good as domestic buyers fulfill their sugar requirement at lower price levels as reported.

We are expecting Ramazan sugar demand might hit the market soon as sugar prices in spot markets are moving at lower levels.



Meanwhile, India produce 25.5 million tons of sugar till May end up by 8% last year same period. It is noticeable that sugar production seems to touch 25.9 million tons sugar production estimate for 2011-12 estimated by Agriwatch.

Domestic Outlook:

Sugar prices are moving downwards at present due to subdued demand. However, sugar supply by mills might ease in the initial month and millers might trying to quote higher sugar tender prices which would surge the sugar prices in the coming week.

News Highlights:

- Around 37400 tons of raw sugar is loading at vessel named OCEAN LORD at Jaigarh port and is expected to complete loading till 4th June.
- India produced 25.5 million tons of sugar in the period starting from October 1 to May 31st 2012; up by 8% compared to last year same period. ISMA
- Out of total sugar produced in India, Maharashtra mills contributed 8.96 million tons of sugar with an average recovery of 11.63%. Sugar produced by Maharashtra this season is 0.5% higher Y-o-Y.
- Dubai Al Khaleej Refinery bought at least 30000 tons of Indian sugar so far by displacing its traditional raw sugar supplier Brazil due to lower freight from India compared to Brazil. It is notable that Freight from Brazil to Dubai stood at \$50 per ton compared to \$30 Freight from India to Dubai.

Sugar Export Opportunity:

Indian export prices improved this week despite of decline in sugar spot prices as rupee appreciation during the week affect the export parity. However, still Indian CIF prices to Indonesia ~590-647 are looking competitive compared to Thailand and Brazilian sugar prices especially from Chennai and Kolhapur. However, export parity still does not exist from UP market due to higher transportation and labor charges compared to other domestic sourcing centers.

Meanwhile, the Thai white sugar premium declined to \$20-\$30 from \$35 per ton as Thailand feels competition from Brazil and India. FOB price comparisons are mention in the table below:

Comparative Sugar FOB & CIF Prices (USD/MT) (\$=Rs.55.30)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	559.30	562.02	605.42
CIF up to Indonesia	590.94	603.66	647.19
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	558.60	583.60	
CIF (USD/MT) (With Premium) up to Indonesia	624.28	605.35	

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

Sugarcane Sowing Intention:

Maharashtra

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

As far as Adsali sowing (18 months sugarcane crop) is concerned, acreage of sugarcane might decline as still there is no rainfall in major sugarcane growing belt which might urge the farmers to plant soybean crop instead of sugarcane as soybean needs around 200% less irrigation compared to sugarcane.

Spot Sugar Prices Scenario (Weekly)

	25-May-12	01-June-12	Change
Delhi M-30	3110	3110	Unch
Delhi S-30	3050	3020	-30
Muzaffar Nagar M	3100	3092	-8
Mumbai M-30	3161	3131	-30
Mumbai S-30	2981	2961	-20
Kolhapur M-30	2925	2900	-25
Kolhapur S-30	2825	2800	-25
Kolkata M Variety	3170	3150	-20
Chennai S	2900	2900	Unch
Vijayawada M-30	3320	3280	-40

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 1st June 2012.
- Prices hovering between Rs.2900 to 3050, two consecutive closes either side will give the prices a new direction.
- Prices might test support trendline in the coming week.
- Keeping in view prevailing fundamentals, we expect prices will move range bound with some weakness in the coming week. We suggest market participants to buy at Rs 2900 to 2910 level.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



Price Expectation for Muzaffar Nagar market for the coming week.

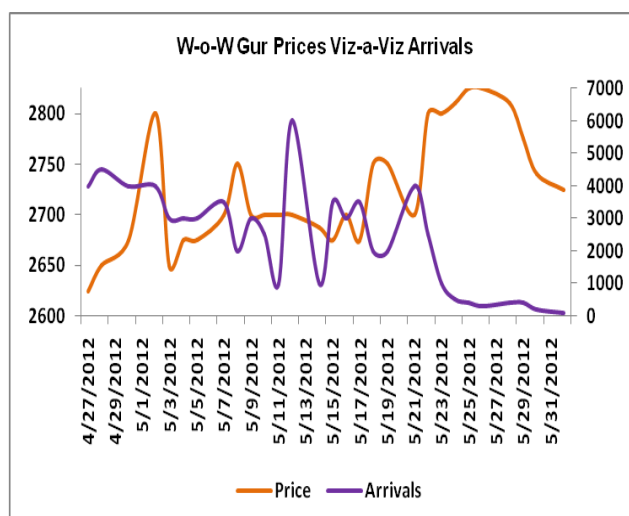
- Sugar prices in Muzaffar nagar market declined after testing 23.6% retracement level.
- Prices are likely to test 38.2% retracement level or 3050 level.
- We suggest market participants to wait for some stabilization in sugar prices. We suggest market participants to buy sugar at 3060 level.

Gur Market Scenario and Outlook

Gur prices declined during the week ended 1st June 2012. Profit booking at higher levels, subdued demand and higher stock position of gur in cold storages pressurize the prices.

Meanwhile, Daily around 300 bags of Chaku gur is arriving in the market which was 1700 bags last week.

Around 1482000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 28th May 2012 which are 154000 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 171000 bags of Rascut variety and 188000 bags of Papdi variety gur stored in Cold storages.



Meanwhile, arrivals of fresh gur is very marginal at present due to shortage of cane and after 7-8 days, 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 would decline further due to lackluster trade and mounting gur stock stored in cold storages.

Gur Spot Prices (Rs/Qt)				
Markets	Variety	25-May-12	01-June-12	Change
Muzaffar Nagar	Chaku – New	2850	2725	-125
	Khurpa	2675	2790	+115
	Laddoo	2850	2975	+125
Bangalore	Achhu	2800	2800	Unch
	Mudde	3000	3000	Unch
Belgaum	Mudde	2600	2600	Unch
Belthangadi	yellow (Average)	3150	3100	-50
Bijapur	Achhu	2650	2657	+7
Gulbarga	Other (Average)	2355	2350	-5
Mahalingapura	Penti (Average)	2740	2690	-50
Mandya	Achhu (Medium)	2350	2400	+50
	Kurikatu (Medium)	2250	2250	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2400	2350	-50
Shimoga	Achhu (Average)	2625	3300	+675

Commodity: Sugar
Contract: July

Exchange: NCDEX
Expiry: July 20, 2012

SUGAR (June Weekly Chart)



Technical Commentary:

- Prices are moving sideways as chart depicts.
- Sugar prices are hovering in trading range between Rs 2760 to Rs 2940 levels.
- RSI is hovering near to oversold region.

Strategy: Sell towards support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	June	2700	2760	2938	2940	2995
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	June	Sell	Between 2830-2840	2800	2785	2850

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 are hovering in a trading range of Rs. 1132 to 1189, breach of this range at downward side would take the prices to Rs 1100.
- RSI is moving down to neutral

Strategy: Sell from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1100	1132	1133	1189	1224
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1133	1143	1147	1128

International Scenario

International sugar prices have moved in a range during the week ended 1st June 2012. Increasing Brazilian sugar output and increasing sugar demand from Islamic nations and China offset the impact of bearishness. We expect prices are likely to remain range bound in ICE as well as in LIFFE.

International Market News Highlights:

- China imported 810,345 tonnes of sugar in January-April period, up 242.16 percent from a year ago.
- Indonesian sugar Association (AGI) sees 2.43 million tons of white sugar output in 2012-13 season compared to 2.3 million tons in 2011-12. Crop year for sugar in Indonesia starts from May onwards.
- Thai white sugar premium declined to between \$20 - \$30 over LIFFE prices this week from \$35 a week earlier owing to tight competition from Indian sugar exporters.
- Bangladesh postponed its tender of 25000 tons of white sugar for a third time as officials sees Bangladesh has around 185000 tons of sugar stocks at present which is sufficient to meet Ramadan demand. It is notable that Bangladesh consumes 1.4 million tons of sugar annually. However, its annual production of sugar is 100000 tons which it normally imports from India, Brazil and Thailand.
- Asian sugar demand drive the Thai sugar export to 2.34 million tons in the first quarter of 2012 up 70% compared to last year same period. China imports significant amount (~265,814 tons) of sugar from Thailand in the first quarter as reported.
- Brazilian sugar vessel line up increases to 39 this week from 37 a week ago. Increasing cane harvesting in Brazil and increasing raw sugar exports increased the vessel line ups on main ports of Brazil like Santos and Paranagua. Waiting of ships at ports are expecting to increase in the coming months due to continuous increase in harvesting of cane in Brazil. In addition to it, profit from sugar exports beats domestic sales due to weak Brazilian currency which encourage exporters. However, demand of Brazilian white sugar is weak due to tough competition from India and Thailand.

International Sugar Prices (Weekly)				
	Contract Month	24-May-12	31-May-12	Change
ICE Sugar #11 (US Cent/lb)	May'12	19.58	19.42	-0.16
	Jul'12	20.03	19.78	-0.25
	Oct'12	20.94	20.75	-0.19
LIFFE Sugar (US \$/MT)	Aug'12	556.5	558.6	2.1
	Oct'12	538.6	535	-3.6
	Dec'12	545.2	540.5	-4.7

LIFFE Future Market Sugar Scenario (Continuous Chart):

Technical Commentary:

- Prices are continuously trying to test its strong support level i.e. \$552, breach of mentioned level will drag the prices down to \$470.
- 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 along with OI suggests that market is strengthening at support levels.
- 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	556.5	575

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	20.03	21

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