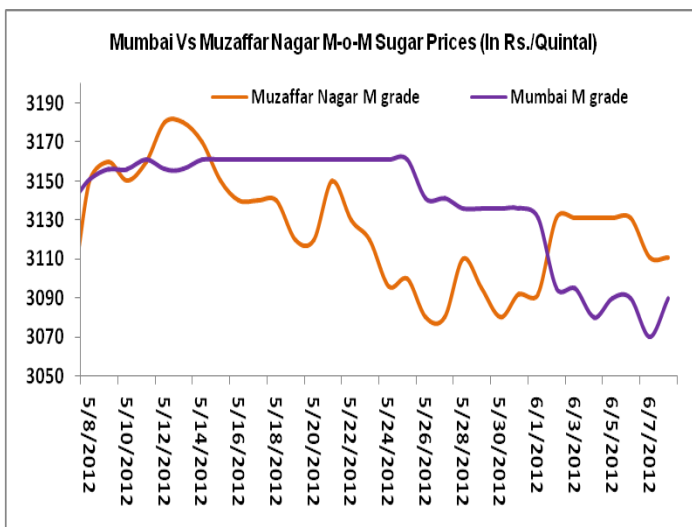


### Executive Summary:

Sugar prices are moving range bound with weak tone during the week ended 11<sup>th</sup> June 2012.

Supply pressure in the open markets depress the prices of sugar.

Presently, Indian markets are tracking international sugar prices as rebound in International sugar prices from here on in sugar prices might increase the sugar export parity for Indian exporters which will support the prices of sugar in domestic markets. It is notable that Brazilian sugarcane crop is harvesting at present and further rainfall in the Brazilian cane growing regions would definitely hamper harvesting as well as decrease the sugar content which will support the prices of sugar in LIFFE and ICE markets.



Prices of sugar likely to move range bound with firm tone considering sugar demand increasing from sugar consuming centers.

### Domestic Outlook:

*Sugar prices are moving range bound with weak tone at present. However, expected upcoming sugar demand for Ramazan festival might support the prices in the coming week.*

### News Highlights:

- Maharashtra millers have got bulk orders of three rakes of 27000 bags each from upcountry buyers. It is notable that sugar prices have made its low in recent days and traders are not anticipating further decline in sugar prices from here on in spot markets due to expected sugar demand from Ramazan season.
- DGFT has issued registration certificates for the export of 332000 tons of sugar out of which 177000 tons of sugar has already been exported, according to news sources.
- Rabobank sees 4 million tons sugar shipments from India in 2011-12 season. It is notable that around 1.6 million tons of sugar has been exported till early May.
- Farmers in Maharashtra prefer to plant sugarcane over cotton due to better remuneration from sugarcane compared to cotton this year. It is notable that cotton prices soar last year which led the cotton acreage increase in Maharashtra.

**Sugar Export Opportunity:**

Indian export prices remained steady this week. Meanwhile, Indian CIF prices to Indonesia ~\$591-640.90 are looking competitive compared to Thailand and Brazilian sugar CIF 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 remain steady this week to \$25-\$30 as Thailand feels competition from Brazil and India. FOB price comparisons are mention in the table below:

Middle east countries are more aggressive in buying sugar for the upcoming ramazan festival. Increasing demand for white sugar might strengthen Thai white sugar premium as well as International sugar prices in LIFFE.

Meanwhile Pakistan FOB prices are quoted at \$550 which is \$10 less than Indian FOB prices. Comparative sugar prices from various sugar sourcing countries to Indonesia are mentioned in the table below:

Comparative Sugar FOB & CIF Prices (USD/MT) (\$=Rs.55.38)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	559.42	561.23	599.15
CIF up to Indonesia	591.05	602.86	640.90
	Brazil	Thailand	Pakistan
FOB (USD/MT) (With Premium)	557.50	592.50	550
CIF (USD/MT) (With Premium) up to Indonesia	623.17	614.28	

\* 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.

Sugarcane has been planted in 50.57 lac hectares till 8<sup>th</sup> June 2012, according to Public Information bureau.

**Spot Sugar Prices Scenario (Weekly)**

	01-June-12	08-June-12	Change
Delhi M-30	3110	3100	-10
Delhi S-30	3020	3000	-20
Muzaffar Nagar M	3092	3090	-2
Mumbai M-30	3131	3111	-20
Mumbai S-30	2961	2951	-10
Kolhapur M-30	2900	2875	-25
Kolhapur S-30	2800	2800	Unch
Kolkata M Variety	3150	3180	+30
Chennai S	2900	2910	+10
Vijayawada M-30	3280	3260	-20

**Spot Market Technical Analysis (Kolhapur–Grade M)**

**Price Expectation for Kolhapur market for the coming week.**

- Sugar Kolhapur prices declined during the week ended 11<sup>th</sup> June 2012.
- Prices hovering between Rs.2800 to 2950, two consecutive closes either side will give the prices a new direction.
- Prices might rebound from lower trendline in the coming week keeping in view increasing sugar spot demand.
- Keeping in view prevailing fundamentals, we expect prices will move range bound with some firmness in the coming week. We suggest market participants to buy at Rs 2850 to 2875 level.

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



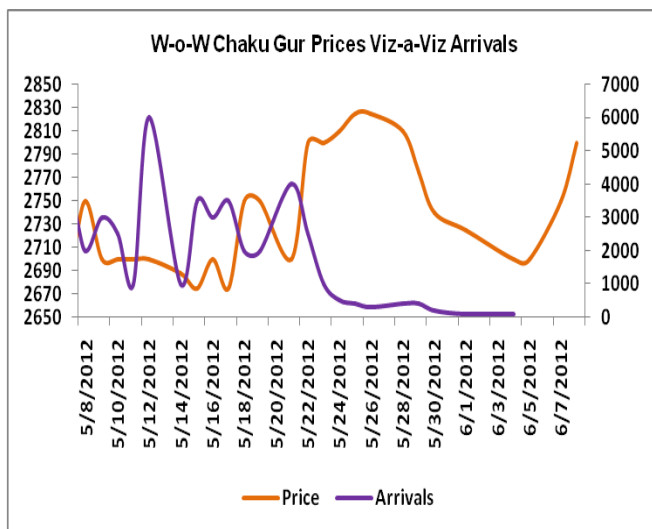
### Price Expectation for Muzaffar Nagar market for the coming week.

- Sugar prices in Muzaffar nagar market declined during the week.
- 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 Rs. 3050 to Rs. 3060 level.

### Gur Market Scenario and Outlook

Gur prices improved during the week ended 11<sup>th</sup> June 2012. Moderate demand and arrivals comes to an end now as reported by market sources which support the gur prices during the week.

Around 1364000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 11<sup>th</sup> May 2012 which are 41000 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 924000 bags of Chaku, 157000 bags of Rascut variety and 168000 bags of Papdi variety gur stored in Cold storages.



	This week Off take
<b>Chaku</b>	17000
<b>Raskut</b>	9000
<b>Papdi</b>	6000
<b>Total</b>	32000

Meanwhile, at present gur stored in cold storages is taken in use due to fresh arrivals came to an end. However, due to high temperature 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 move range bound with firm tone in the coming week.

<b>Gur Spot Prices (Rs/Qtl)</b>				
<b>Markets</b>	<b>Variety</b>	<b>01-June-12</b>	<b>08-June-12</b>	<b>Change</b>
Muzaffar Nagar	Chaku – New	2725	2800	<b>+75</b>
	Khurpa	2790	2640	<b>-150</b>
	Laddoo	2975	3100	<b>+125</b>
Bangalore	Achhu	2800	3000	<b>+200</b>
	Mudde	3000	3250	<b>+250</b>
Belgaum	Mudde	2600	2800	<b>+200</b>
Belthangadi	yellow (Average)	3100	3150	<b>+50</b>
Bijapur	Achhu	2657	2655	<b>-2</b>
Gulbarga	Other (Average)	2350	2385	<b>+35</b>
Mahalingapura	Penti (Average)	2690	2780	<b>+90</b>
Mandya	Achhu (Medium)	2400	2400	<b>Unch</b>
	Kurikatu (Medium)	2250	2250	<b>Unch</b>
	Other (Medium)	2300	2300	<b>Unch</b>
	Yellow (Medium)	2350	2350	<b>Unch</b>
Shimoga	Achhu (Average)	3300	3050	<b>-250</b>

Commodity: Sugar  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2012

### SUGAR (Weekly July Contract Chart)



#### Technical Commentary:

- Sugar prices consolidate at support level as chart depicts.
- Sugar prices are hovering in trading range between Rs 2796 to Rs 2940 levels.
- RSI is hovering at oversold region.

**Strategy:** Sell towards support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2750	2796	2829	2880	2940
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Between 2825-2830	2850	2860	2815

**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. 1106 to 1140, two consecutive close either side would give the prices a new direction.
- RSI is moving down near to oversold region.

**Strategy:** Buy from entry level.

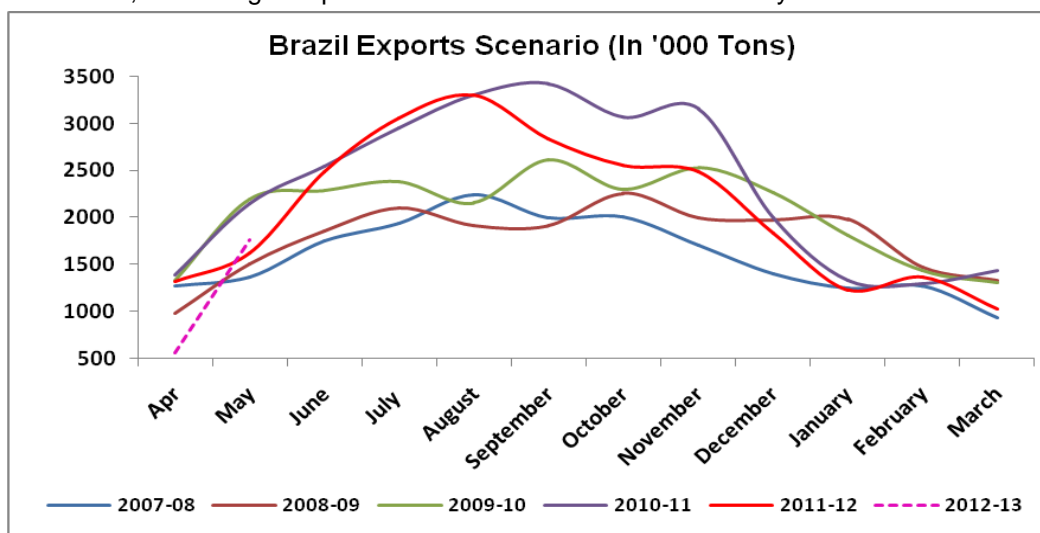
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	-	1106	1133.50	1170	1210
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1130	1145	1152	1123

## International Scenario

International sugar prices have moved in a range with firm tone during the week ended 11<sup>th</sup> June 2012. Recent rainfall in Brazil hamper the cane harvesting and increasing sugar demand from Islamic nations and China support the prices of sugar last week. We expect prices are likely to remain firm in ICE as well as in LIFFE.

## International Market News Highlights:

- For the current crop year, the US gave the Philippines an additional 72,373.65 metric tons (MT) of sugar under the tariff rate quota scheme, which is higher over and above the regular quota of 138,827 MT.
- According to Rabobank International. Global sugar production will exceed demand by 4.6 million tonne in that period, the third consecutive surplus. The lack of significant demand means sugar is coming under harvest pressure from Brazil.
- 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.
- Thai white sugar premium steady this week at \$25 to \$30 per ton over Aug contract. However, it is expected that Thai white sugar premium might surge in anticipation of sugar demand came for Ramadan festival season.
- Recent rains in Brazil might put hurdles on the cane harvesting process which will surge the prices in CBOT market. It is notable that ships are waiting at main Brazilian ports like Santos and Paranagua and more ships are coming to load sugar. In addition to it, wet conditions could hamper sugar content from sugarcane.
- Thailand is likely to produce record 10.6 million tons sugar, raw value, in 2012-13 if does so then it will surpass this year sugar production of 10.24 million tons.
- Recent rainfall in Brazil disturbs the sugar shipments and also increased the sugar ships waiting at the main ports in Brazil. Till yesterday around 2.2 million tons of sugar is waiting to be loaded at ships compared to 1.6 million tons sugar load till last week. Weather concern over Brazilian sugarcane crop lift the sugar prices up in ICE as well as in Liffe.
- Brazil exported 1.504 million tons of sugar, raw value, in May 2012 down from 1.615 million tons shipped last year same period. Decline in exports is mainly due to delay in harvesting of cane due to rains and Brazilian sugar exporters are facing tough competition from Thailand and India. Meanwhile, Brazil sugar exports reach to 2.318 million tons till May 2012.





International Sugar Prices (Weekly)				
	Contract Month	31-May-12	07-June-12	Change
ICE Sugar #11 (US Cent/lb)	Jul'12	19.42	19.76	0.34
	Oct'12	19.78	19.75	-0.03
	Mar'13	20.75	20.74	-0.01
LIFFE Sugar (US \$/MT)	Aug'12	558.6	570.9	12.3
	Oct'12	535	540.9	5.9
	Dec'12	540.5	542.4	1.9

### LIFFE Future Market Sugar Scenario (August Chart):



### Technical Commentary:

- Prices rebound from support level as chart depicts.
- Prices hovering in a range between \$552 to 640, breach of mentioned levels either side will give the prices a new direction.
- Increase in prices has not supported by volume and OI.
- Prices are testing 14 day SMA, breach of the 14 day SMA would give buy signal.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'12	558.6	590

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

**Technical Commentary:**

- ICE raw sugar futures trying to rebound from support level.
- Increase in prices has not supported by OI.
- Last candlestick suggests bullishness in the prices.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'12	19.76	21.00

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