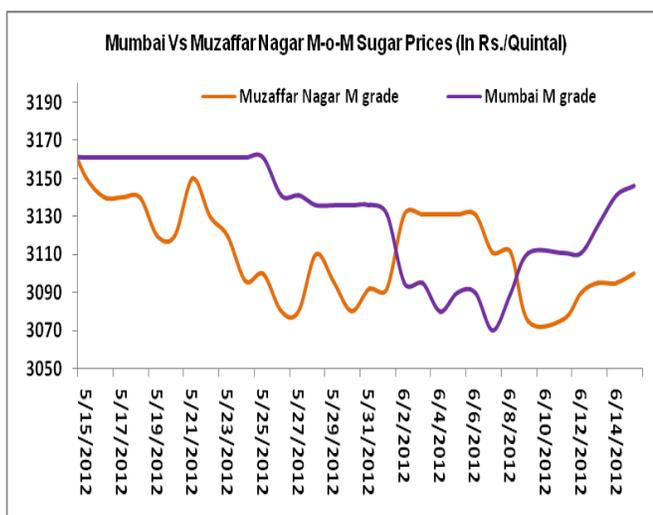


### Executive Summary:

Prices of sugar surged during the week ended 18th June 2012. Firm spot demand and increasing international sugar prices are the major influencing factors for recent increase in sugar prices.

Higher retailer demand for fine variety M-grade before onset of active monsoon is keeping prices firm. Producers and stockists are optimistic about higher demand starting next month ahead of the **Ramadan** festival.

Meanwhile, around 2 rakes loaded with sugar has moved from Kolhapur to various destinations recently as reported.



Prices of sugar likely to move up considering sugar demand increasing from sugar consuming centers.

### Domestic Outlook:

*Sugar prices are moving upwards considering firm spot demand. We expect sugar prices will continue its bull run on upcoming sugar demand for Ramazan festival.*

### News Highlights:

- NFCSF sees India will produce 25 million tons of sugar in 2012-13 due to lack of rainfall in Maharashtra which could decline the sugar production by 10% in Maharashtra compared to 2011-12.
- Sugar production is likely to fall 11% in 2012-13 compared to this year, according to Maharashtra Co-operation minister. Also, sugarcane output is likely to decline to 22% compared to this year. Drought like situation in the state is the major factor for decline in sugarcane output.
- India's monsoon rainfall was 36 percent below normal in the week ended 6<sup>th</sup> June which support the prices of sugar.
- Government is likely to curb sugar exports when sugar exports figures reach to 2 million tons. Government first wants to look at the next season sugar production only then it can review further sugar exports, according to a senior official.
- Chennai traders are buying sugar from Karnataka market at Rs 2680 per quintal as traders are finding parity from buying Karnataka sugar compared to buying sugar from Tamil Nadu.

### Sugar Export Opportunity:

Indian export prices declined marginally this week owing to depreciation in rupee. Meanwhile, Indian CIF prices to Indonesia ~590-640. 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:

<b>Comparative Sugar FOB &amp; CIF Prices (USD/MT) (\$=Rs.55.82)</b>			
	<b>South (T.N)</b>	<b>West (Maharashtra)</b>	<b>North (U.P)</b>
	<b>Chennai S 30</b>	<b>Kolhapur S 30</b>	<b>Muzaffar nagar M 30</b>
FOB India (USD/MT) (With Premium)	558.71	565.88	598.12
CIF up to Indonesia	590.34	607.53	639.87
	<b>Brazil</b>	<b>Thailand</b>	<b>Pakistan</b>
FOB (USD/MT) (With Premium)	585.60	620.60	550
CIF (USD/MT) (With Premium) up to Indonesia	651.36	642.46	

\* 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 51.76 lakh hectares as against 49.47 lakh hectares on this date last year.

### Spot Sugar Prices Scenario (Weekly)

	08-June-12	15-June-12	Change
Delhi M-30	3100	3115	+15
Delhi S-30	3000	3080	+80
Muzaffar Nagar M	3090	3100	+10
Mumbai M-30	3111	3146	+35
Mumbai S-30	2951	2966	+15
Kolhapur M-30	2875	2925	+50
Kolhapur S-30	2800	2850	+50
Kolkata M Variety	3180	3170	-10
Chennai S	2910	2920	+10
Vijayawada M-30	3260	3270	+10

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



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

- Sugar Kolhapur prices declined during the week ended 18<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.

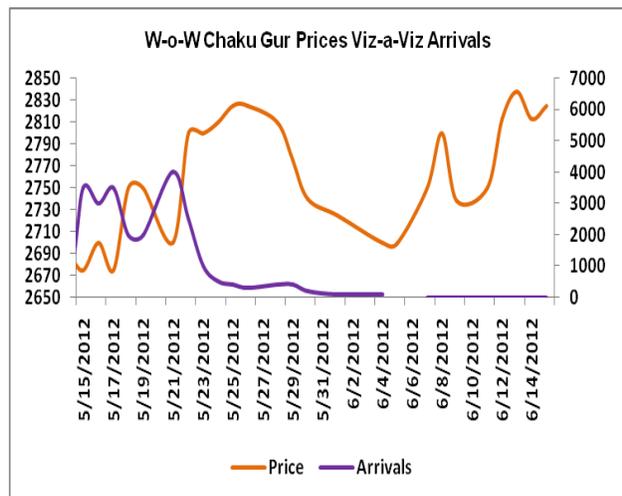
- Sugar prices in Muzaffar nagar market declined during the week.
- Prices are likely to test 38.2% retracement level or 3050 level.
- We suggest market participants to wait for some stabilization in sugar prices. We suggest market participants to buy sugar at Rs. 3050 to Rs. 3060 level.

### Gur Market Scenario and Outlook

Gur prices improved during the week ended 18<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.

Last week around 48000 bags of gur sold out from Cold storages which indicate good demand of gur which have led the prices up during last week in Muzaffar nagar spot mandi.

Around 1316000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 19<sup>th</sup> June 2012 which are 27000 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 151000 bags of Rascut variety and 160000 bags of Papdi variety gur stored in Cold storages.



	This week Off take
<b>Chaku</b>	28000
<b>Raskut</b>	6000
<b>Papdi</b>	8000
<b>Others</b>	6000
<b>Total</b>	48000

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.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	08-June-12	15-June-12	Change
Muzaffar Nagar	Chaku – New	2800	2825	+25
	Khurpa	2725	2775	+50
	Laddoo	2640	2750	+110
Bangalore	Achhu	3100	3113	+13
	Mudde	3000	3000	Unch
Belgaum	Mudde	3250	3200	-50
Belthangadi	yellow (Average)	2800	2800	Unch
Bijapur	Achhu	3150	3150	Unch
Gulbarga	Other (Average)	2655	2624	-31
Mahalingapura	Penti (Average)	2385	2320	-65
Mandya\	Achhu (Medium)	2780	2780	Unch
	Kurikatu (Medium)	2400	2450	+50
	Other (Medium)	2250	2250	Unch
	Yellow (Medium)	2300	2350	+50
Shimoga	Achhu (Average)	2350	2400	+50

Commodity: Sugar  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2012

**SUGAR (Weekly July Contract Chart)**



**Technical Commentary:**

- Sugar prices surge from support level as chart depicts.
- Prices are moving in a falling channel and are hovering in trading range between Rs 2796 to Rs 2900 levels.
- RSI is moving towards neutral region from oversold region.
- Last candlestick pattern Morubozu suggests bullishness in the prices.

**Strategy:** Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2845	2875	2887	2940	3000
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 2890	2920	2935	2875

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 up to neutral region.
- However, increase in prices has not supported by Volume and OI.

**Strategy:** Buy from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	-	1106	1146	1160	1176
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1145	1155	1160	1140

### International Scenario

International sugar prices have moved in a range with firm tone during the week ended 18<sup>th</sup> June 2012. Recent decline in sugar production in Brazil Y-o-Y and increasing sugar vessels at ports in Brazil 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:

- Brazilian sugar output declined by 26 percent since the start of the season in April till May. Brazilian mills produce 3.53 million tons of sugar in this period, according to report generated by UNICA. Unfavorable wet conditions in major cane belt slow the cane harvesting process. In addition to it, continuous rainfall reduce the sugar content from cane.
- Brazil sugar vessel line up increased by 1 to 68 compared to last week. Out of total 68 vessels, 48 vessels are waiting for loading sugar at Santos port. Wet weather conditions in the center south region slowed loading of bulk raws.
- Iranian government trading corporation tendered to buy 50,000 tons of Brazilian raw sugar this week for July 15/ August 15 shipment as reported.
- Macquarie cuts Brazilian cane production estimate for Brazil 2012-13 to 506 million tons down by 2.7 percent from estimate done by Macquarie in February 2012 owing to unfavorable weather conditions.
- Brazilian sugar exports became profitable over domestic sugar sales as reported. Millers urgent requirement of cash bound them to sell sugar in domestic markets which kept the prices at lower side. However, good demand from Middle East countries lure the exporters at present which left the sugar exports lucrative.

International Sugar Prices (Weekly)				
	Contract Month	07-June-12	15-June-12	Change
ICE Sugar #11 (US Cent/lb)	Jul'12	19.76	20.84	1.08
	Oct'12	19.75	20.01	0.26
	Mar'13	20.74	20.69	-0.05
LIFFE Sugar (US \$/MT)	Aug'12	570.9	585.60	14.7
	Oct'12	540.9	552.50	11.6
	Dec'12	542.4	544.50	2.1

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



**Technical Commentary:**

- Prices rebound from support level as chart depicts.
- Prices hovering in a range between \$526 to 640, breach of mentioned levels either side will give the prices a new direction.
- Prices are moving in a falling channel and breach of the channel towards upward direction would take the prices up to \$600
- Increase in prices has supported by volume and OI.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'12	552.50	580

**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 supported by volume and 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	20.01	21.00

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