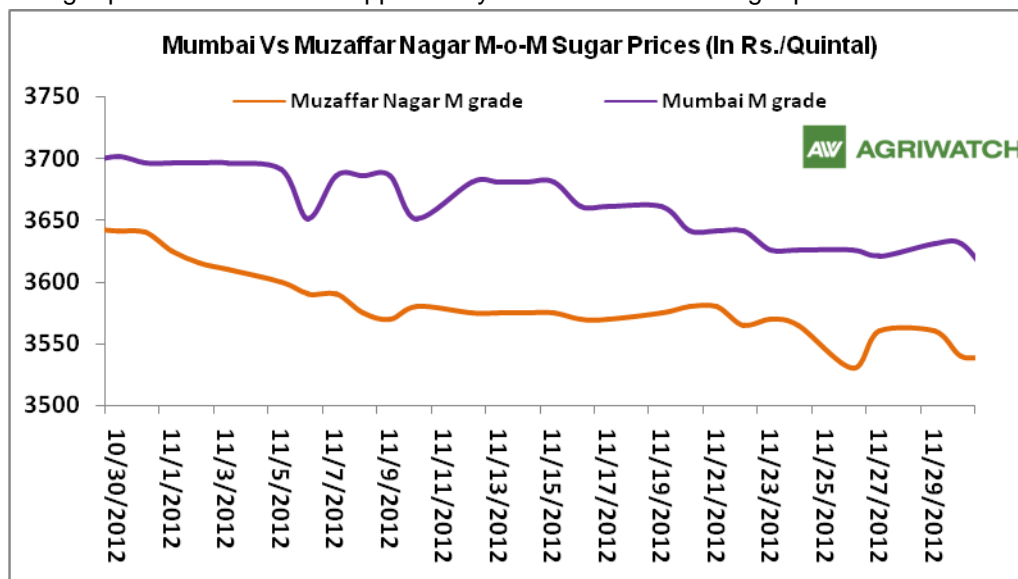


### Sugar Price Trend and Outlook:

Sugar prices falling like anything during the month ended November 2012. Dull demand and weak international prices sentiments weighed on to the sugar prices in domestic arena. In addition to it, increasing import from overseas led the sugar prices decline.

Meanwhile, increasing raw sugar imports by India in this season weakens the prospects of further increase in sugar prices in near term supported by weak international sugar prices.

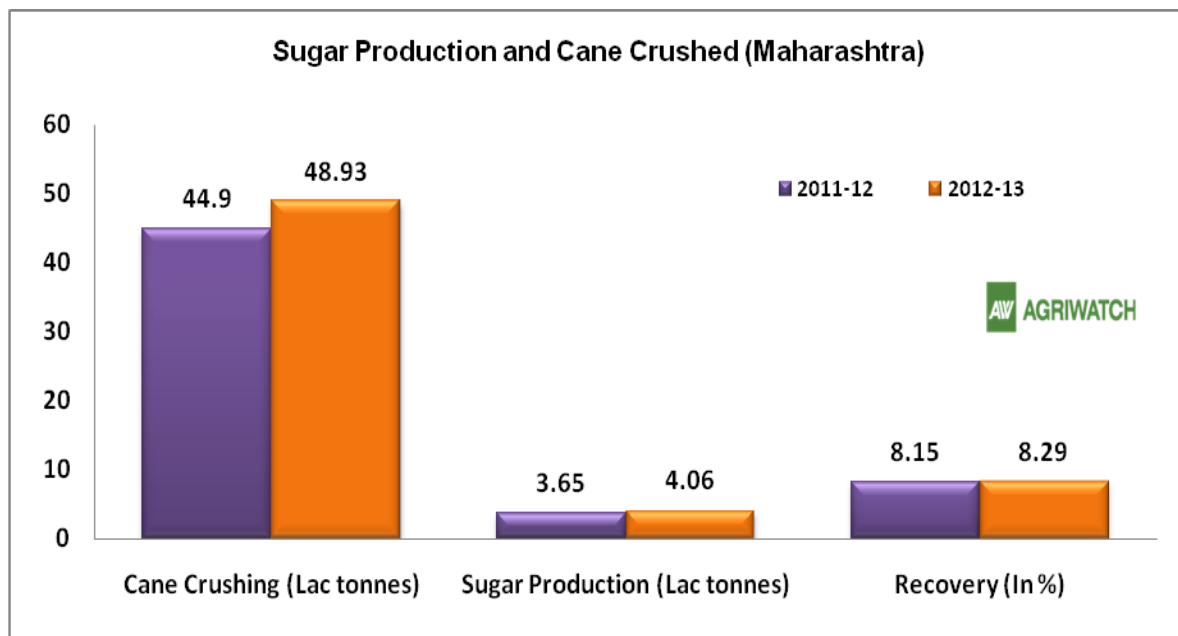


### Domestic Sugar Price Outlook:

Sugar prices are hovering in a trading range and likely to trade sideways until any change in government policy or hike in sugarcane price.

### Monthly News Highlights:

- Government has removed unrestricted sugar exports under OGL scheme from October 2012-13 keeping in view lower sugar production this year. Government earlier allowed unrestricted sugar exports for almost five months last marketing year. Millers who are seeking to export sugar will have to get a release order from DGFT.
- MP millers are willing to pay Rs. 250 per quintal as a cane remuneration price to farmers as reported. However, farmers don't want to supply cane to millers and divert their cane towards kolhus in lieu of fast payment.
- India's sugar production reached at 2.33 million tons in the first two months starting from October 1st 2012 marginally down from 2.39 million tons sugar produced by mills last year same period. Delay in sugarcane crushing by UP millers owing to non declaration of cane price by UP government for 2012-13.
- Maharashtra sugar millers had crushed around 48.93 lac tons of cane till 18th Nov 2012 and produced around 4.06 lac tons of sugar with an average recovery of around 8.29 percent. However, in total around 103 mills had started their crushing operations till 18th Nov which was 10 mills less compared to same period last year.



- UP millers had made around 15.70 lac quintals till date which is around 10 lac quintals less sugar production by UP millers than last year. Out of total 124 sugar mills, only 78 sugar mills started crushing cane which is around 84 sugar mills running last year same period.
- Government defers its decision to raise the prices of sugar distributed in PDS to avoid any hue and cry from opposition party.
- UP government is likely increase 10% over last year SAP. Meanwhile, UP chief minister waives loans of around Rs 1650 crores by which around 7.2 lac farmers get benefitted. Only those farmers who took loans of Rs 50000 or more and have returned 10% of the amount get benefitted with this waiver scheme.

### Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$521.51 per ton (including 10% import duty) and Indian domestic refined sugar prices are quoted at \$633 per ton Kolhapur. It is notable that millers are now find import more profitable. Sugar prices in spot markets increased like anything during couple of months due to speculation. Prices of sugar which was traded at Rs 3100 per quintal in June is now trading at Rs. 3700-3800 per quintal in Muzaffar nagar markets.

Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.54.37) till 8th December 2012			
	From Brazil	From Thailand	
CIF India (USD/MT)	521.51	529.68	

Meanwhile, India imported 2.76 lac tons of raw sugar from Brazil in November 2012 as reported

### UP Government Fixed Sugarcane SAP for 2012-13:

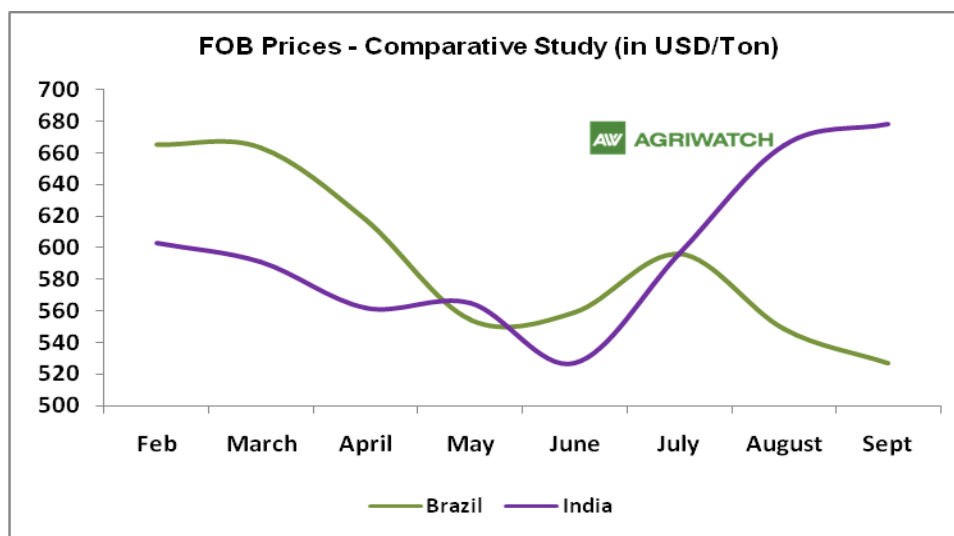
UP government hike SAP for sugarcane to Rs 290 for early variety, Rs. 280 for normal variety and Rs 275 for Rejected variety. Last year UP sugarcane SAP was Rs. 250, Rs.240 and Rs. 235 respectively.

However, Sugar output might get affected in UP after delay in sugarcane crushing by millers. Also, there is a worry about the increasing global sugar surplus and Indian raw sugar import figures which might increase tension in the minds of mill owners. After getting a hike in cane prices in UP, cost of producing sugar from cane eventually increased and if this import picking up the pace with peak arrival time then UP millers no longer get the parity for sure that might discourage some small sugar producing units to withdraw cane crushing operations for this season as expected.

Cane Price Fixed by State Government are as follows:

	2011-12			2012-13		
	Early	General	Rejected	Early	General	Rejected
<b>UP</b>	235	240	250	290	280	275
<b>Maharashtra</b>	225	220	215		250 E	
<b>Punjab</b>	230	225	220	250	240	235
<b>AP</b>	250		220		300	
<b>TN</b>		210			235	

### Sugar Indicative FOB Price trend:



### Domestic Sugar Balance Sheet:

All Units in Million Tons	2009-10	2010-11	2011-12	2012-13E
Opening stocks	3.73	4.68	3.56	2.86
Production	18.9	24.38	26.00	23.5
Imports	4.76	0.00	0.00	1.00
Total Availability	27.39	29.06	29.56	27.36
Domestic consumption	22.50	23.00	23.50	24.01
Exports	0.21	2.50	3.20	0.00
Total Usage	22.71	25.50	26.70	24.01
Closing stocks	4.68	3.56	2.86	3.35
Average Monthly consumption	1.88	1.92	1.96	2.00
Stocks in months to use	2.50	1.86	1.46	1.67
Stock/Consumption Ratio	0.21	0.15	0.12	0.14

### Spot Sugar Prices Scenario (Monthly):

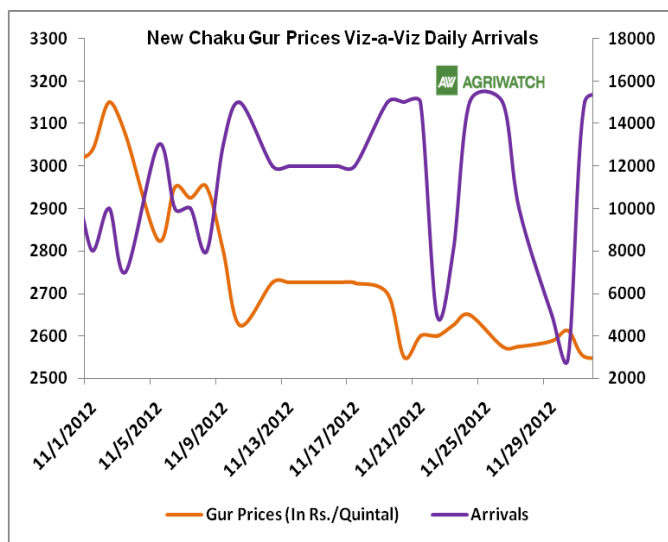
	31 Oct 2012	30 Nov 2012	change
<b>Mumbai M-30</b>	3526	3631	<b>+105</b>
<b>Mumbai S-30</b>	3475	3472	<b>-3</b>
<b>Muzaffar Nagar M</b>	3625	3540	<b>-85</b>
<b>Delhi M-30</b>	3650	3580	<b>-70</b>
<b>Delhi S-30</b>	3600	3540	<b>-60</b>
<b>Nagpur S</b>	3780	3600	<b>-180</b>
<b>Chennai S</b>	3475	3375	<b>-100</b>
<b>Kolhapur M-30</b>	3475	3450	<b>-25</b>
<b>Kolhapur S-30</b>	3375	3350	<b>-25</b>

### Gur Market Scenario and Outlook

Gur prices moved in a range keeping in view increasing gur arrivals and good offtake during the month ended November 2012.

This month around 272000 bags of gur (all varieties) has been arrived in the market as reported.

Around 18000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 19th Nov 2012, which are 6400 bags higher



compared to same period in last year, stock position. Out of total gur stock position, there are around 435 bags of Chaku variety gur left in Cold storages for last season.

Gur prices are likely to move in a range keeping in view higher offtake and new gur arrived in the markets.

<b>Gur Spot Monthly Prices (Rs/Qtl)</b>				
<b>Markets</b>	<b>Variety</b>	<b>31 Oct 2012</b>	<b>30 Nov 2012</b>	<b>Change</b>
Muzaffar Nagar	Chaku-Sukha-gur(Cold)	3013	2613	<b>-400</b>
	Chaku-(Gila-gur)	2650	2400	<b>-250</b>
	Khurpa	2763	2600	<b>-163</b>
	Rascut	2450	-	-
Bangalore	Achhu	3200	3200	<b>Unch</b>
	Mudde	3400	3400	<b>Unch</b>
Belgaum	Mudde	2700	3000	<b>+300</b>
Belthangadi	yellow (Average)	-	3400	-
Bijapur	Achhu	-	3200	-
Gulbarga	Other (Average)	3000	3100	<b>+100</b>
Mahalingapura	Penti (Average)	3210	3050	<b>-160</b>
Mandya	Achhu (Medium)	2800	-	-
	Kurikatu (Medium)	2400	-	-
	Other (Medium)	2500	-	-
	Yellow (Medium)	2700	-	-
Shimoga	Achhu (Average)	-	3425	-

Commodity: Sugar  
Contract: January

Exchange: NCDEX  
Expiry: Jan 20<sup>th</sup>, 2012

## SUGAR



### Technical Commentary:

- Sugar prices are moving downwards as chart depicts.
- However, RSI has moved from neutral towards oversold region
- Decrease in prices with volume and OI support suggests further bearishness in the prices.
- Also, breach of lower keltner channel gives a bearish hint in the prices.
- Prices are likely to test Rs 3250 level which also lying over 50% retracement level from where market participants should make profit booking.
- Prices are also likely to test trendline support level in the coming month as expected.

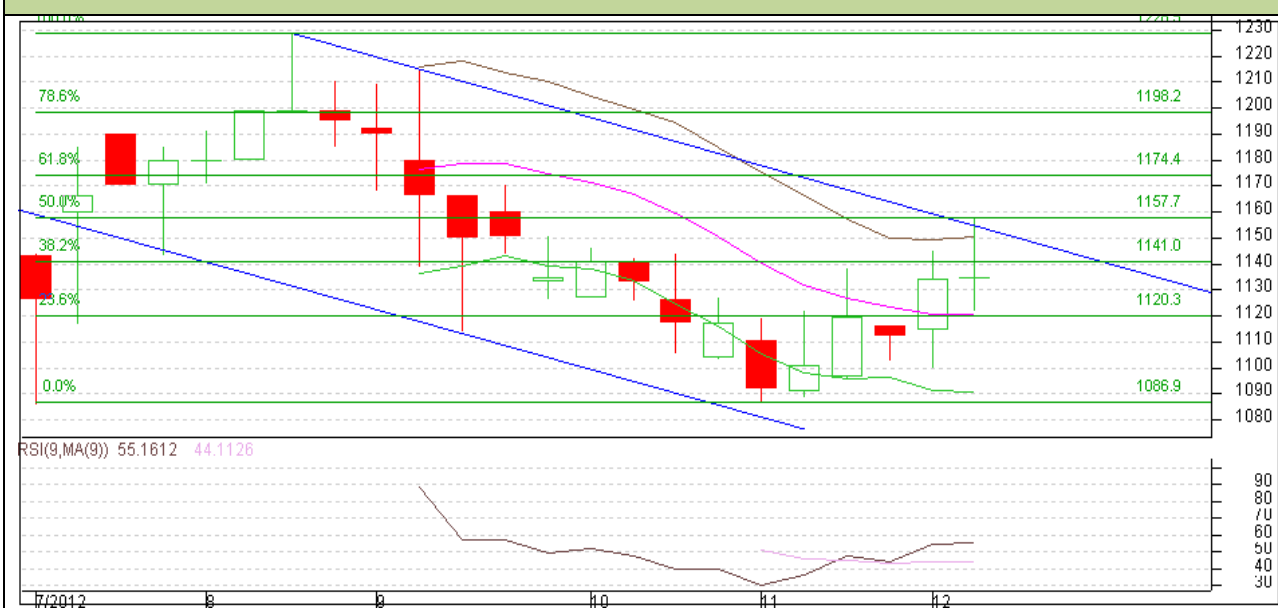
### Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	January	3160	3250	3325	3453	3636
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	January	<b>Sell</b>	Below 3340	3280	3250	3370

Commodity: Gur  
Contract: January

Exchange: NCDEX  
Expiry: January 20<sup>th</sup>, 2012

## GUR



### Technical Commentary:

- Gur prices are moving in a falling channel as chart depicts.
- Prices are moving in a range between Rs 1086 to Rs 1137, breach of levels either side would give the prices a new direction.
- Last candlestick depicts indecision in the market.
- RSI is moving near to neutral region.

### Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	January	1086	1120	1135	1175	1198
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	January	Buy	Above 1120	1060	1175	1102.

### International Scenario

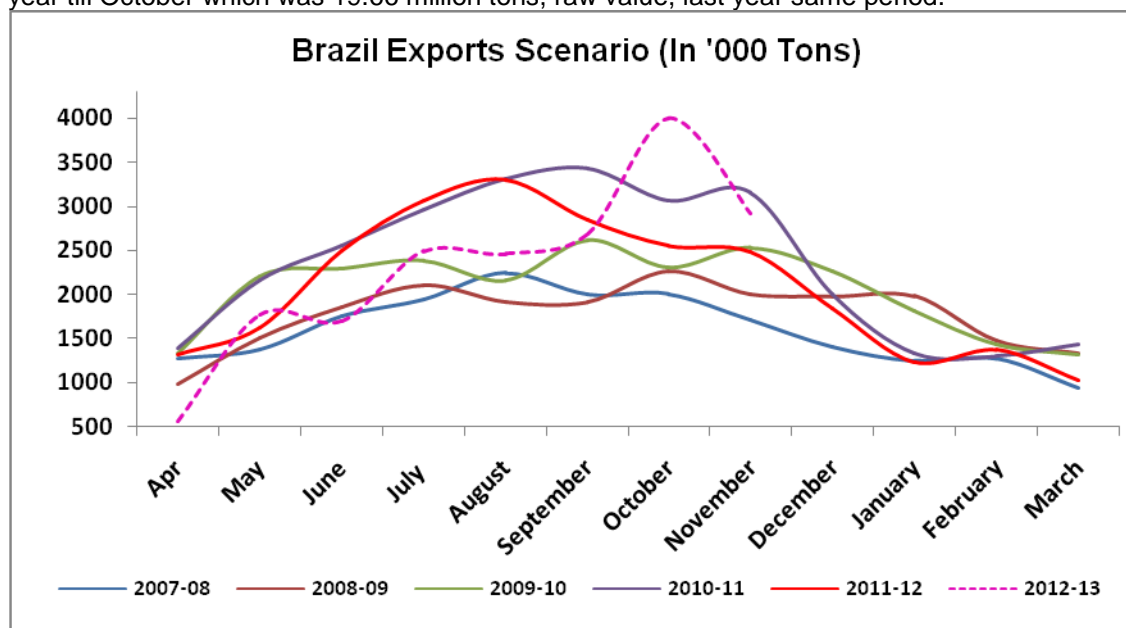
Sugar prices are not looking bullish at present in International arena. Extended period of cane crush in Brazil thanks to dry weather conditions helped millers to produce more sugar. In addition to it, start of thai crushing season also weigh on sugar prices.

Recently, Kingsman increase its global sugar surplus to 9.2 million tons from 6.7 million tons owing to extended sugarcane crushing from Brazil and good cane output from Thailand and China which increase the overall sugar production.

Considering above facts, sugar prices are likely to move in range with weak tone in the coming month in ICE as well as LIFFE.

### International Market News Highlights:

- Chinese refined sugar output rose to 1.2 million tons in November up by 19% compared to same period last year.
- Brazilian mills crushed around 28.52 million tons of cane in the second half of November as reported.
- After Egypt, Vietnam will also hike sugar import duty to 40 percent from next year to help domestic production. It is notable that Vietnam forecasts surplus scenario of sugar in 2013. Presently, white sugar import duty hovering stood at 15%.
- Pakistan is quoting sugar export price at \$550 this week up from \$520 per ton a week earlier.
- Thai raw sugar premium steady this week and traded at 65 points over New York Futures.
- Egypt has imposed additional import tariffs on raw and white sugar for 200 days starting from 2<sup>nd</sup> December 2012 to protect domestic producers from rising sugar imports.
- Brazil exported 2.917 million tons of sugar, raw value, in November up from 3.998 million tons in October and up from 2.483 million tons sugar exported last year same period. It is noticeable that Brazil is likely to increase export in the coming months keeping in view higher sugar production compared to last year. In addition to it, Brazil has exported only 18.56 million tons of sugar this year till October which was 19.66 million tons, raw value, last year same period.

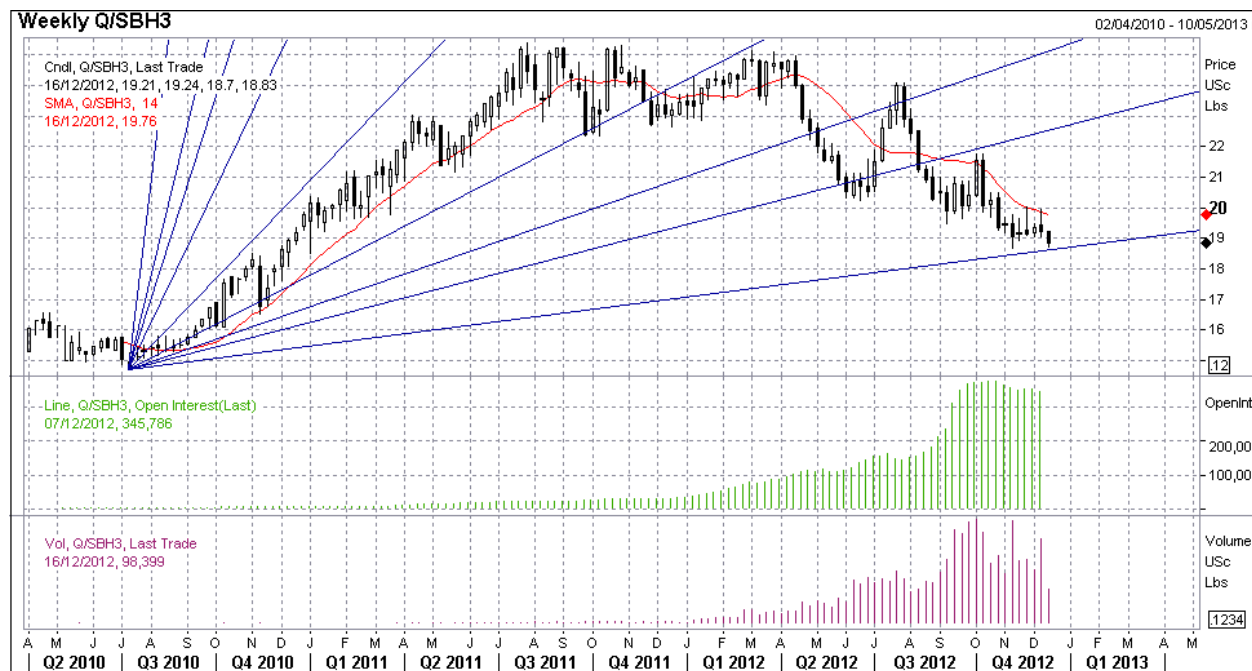




- Brazilian raw sugar weighs on Thai sugar premiums. It is notable that fresh Brazilian sugar demand came from Indonesia. Thai raw sugar premium stood at premium of 60 to 70 points over New York's March contract which was 60 to 65 points last week.
- Dry weather in Brazil allows millers to extend their crushing operation upto Christmas. Usually, rain used to disturb the cane crushing operations at this point of time.
- Thailand millers had crushed around 1 million tons of sugarcane and made around around 50000 tons of sugar as reported which is around 28% higher compared to last year sugar produced by Thai mills same period last year.
- Thailand has sugar exportable surplus of around 7 million tons for 2013 season.

International Sugar Prices (Monthly)				
	Contract Month	31 Oct 2012	30 Nov 2012	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	19.56	19.34	-0.22
	Mar-13	19.47	19.38	-0.09
	May-13	19.34	19.41	+0.07
LIFFE Sugar (US \$/MT)	Mar-13	522.30	516.1	-6.2
	May-13	526.50	524.1	-2.4
	Aug-13	528.10	527.4	-0.7

### ICE Raw Sugar Future Market Monthly Scenario (Mar'13 Contract):



### Technical Commentary:

- ICE raw sugar future prices are moving downwards as the chart depicts.
- However, Decrease in prices has been supported by open interest which indicates prices forms short buildup in the market. Prices are likely to test 18 cents/pound in the coming month.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'13	19.34	18.40

### LIFFE Sugar Future Market Monthly Scenario (Mar'13 Contract):



#### Technical Commentary:

- LIFFE sugar future prices are moving range bound with weak tone.
- Prices might find a support at \$490 and then \$460.
- We expect prices are likely to come down in the coming month.

**We suggest market participants to sell below \$530 and cover their short positions at \$490.**

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Mar'12	516.1	490

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