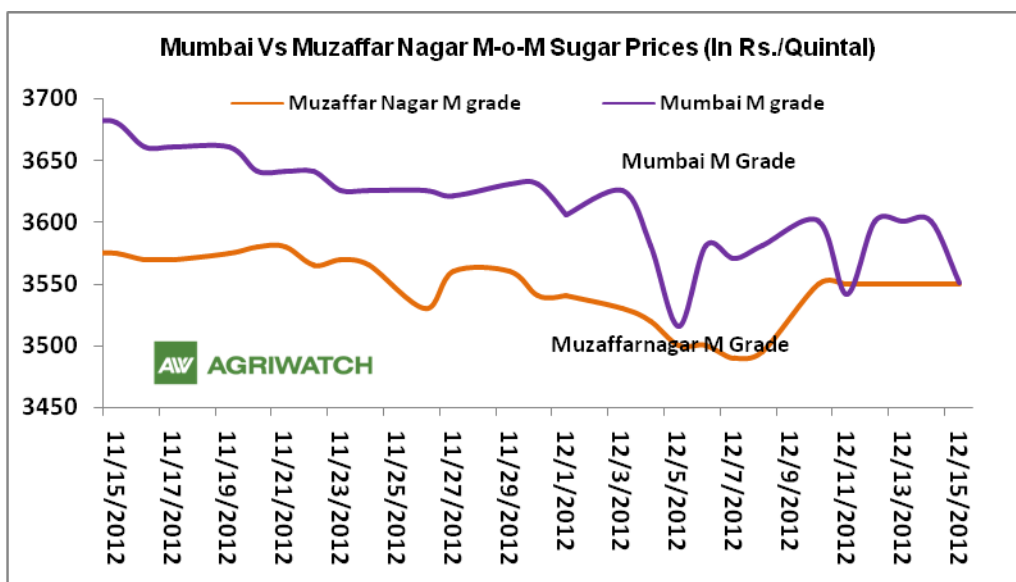


Sugar Price Trend and Outlook:

Sugar prices are moving range bound during the week ended 17th December 2012 as markets could not find a direction of the prices.

Recently UP and Maharashtra government increase the sugarcane prices which increase the costing of mills for making sugarcane that definitely pull the prices up in the coming months specially after the closing of cane crushing period.

Mills have started to release sugar stocks in the open markets to avoid the overburden of sugar stocks in the warehouses.



Domestic Sugar Price Outlook:

Sugar prices would continue its downtrend as higher sugar quota and weak international prospects dampen the possibility of any hike in sugar prices.

News Highlights:

- Presently, Indian government imposed 10% import duty on both raw as well as white sugar. However, despite of 10% import duty, raw sugar imports are viable at ports located near to Western India like JNPT, Pipavav, Mundra ports etc. Reportedly, Renuka Sugars is pretty much active in sugar trade at present as its sugar unit in Brazil helps it to import raw sugar at lower rate at Indian ports.
- Government is likely decide to raise sugar import duty by the end of year to save the domestic millers from declining sugar prices in International and increasing sugar imports in India.
- 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.

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.

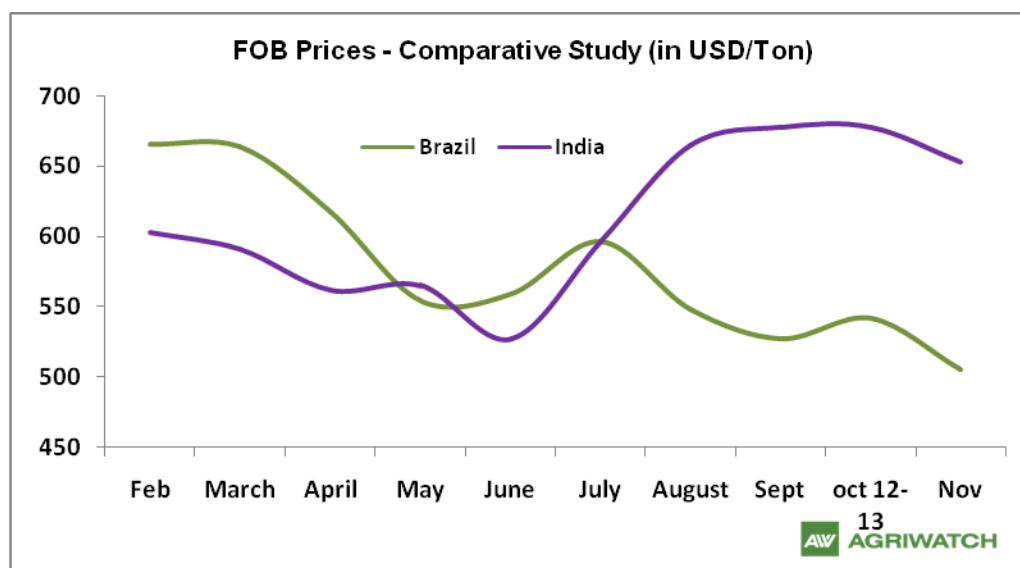
Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

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	

Indian sugar exporters are paying premium of \$35 to \$55 per ton to millers however Indian white sugar export prices are facing tough competition from Thai sugar and therefore likely to go down in the coming week as expected.

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

As far as sugar imports are concerned, we are expecting around 1.5 to 2 million tons of sugar imports in 2012-13.



Spot Sugar Prices Scenario (Weekly)

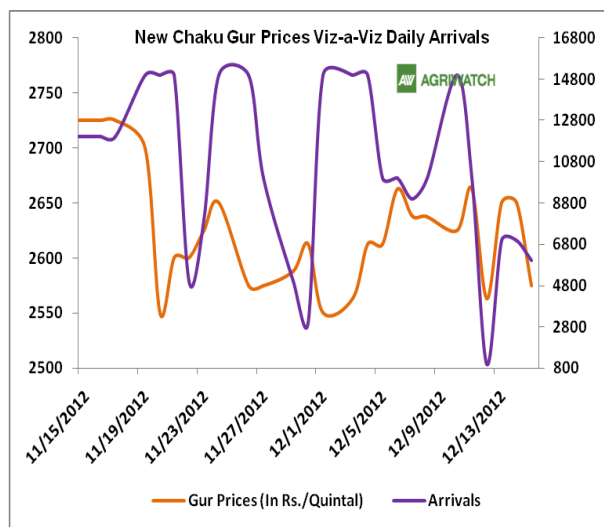
	14-Dec-12	07-Dec-12	Change
Delhi M-30	3540	3485	55
Delhi S-30	3480	3460	20
Muzaffar Nagar M	-	3490	-
Mumbai M-30	3601	3571	30
Mumbai S-30	3381	3411	-30
Kolhapur M-30	3350	3320	30
Kolhapur S-30	3250	3220	30
Kolkata M Variety	-	-	-
Chennai S	3300	3325	-25
Vijayawada M-30	3750	3900	-150

Gur Market Scenario and Outlook

Mixed trend recorded in key gur markets during the week ended 17th December 2012 as jaggery manufacturers not willing to sell gur below Rs 2500 level for chaku variety gur. However, late start of crushing by UP millers make available lot of cane to Gur manufacturers that indicates overall gur sentiments bearish in the medium term.

Also, farmers have to harvest sugarcane and empty their respective fields for fresh sowing of wheat.

This week around 84000 bags of chaku gur (each 40 kg) arrived in the gur Muzaffar nagar market.



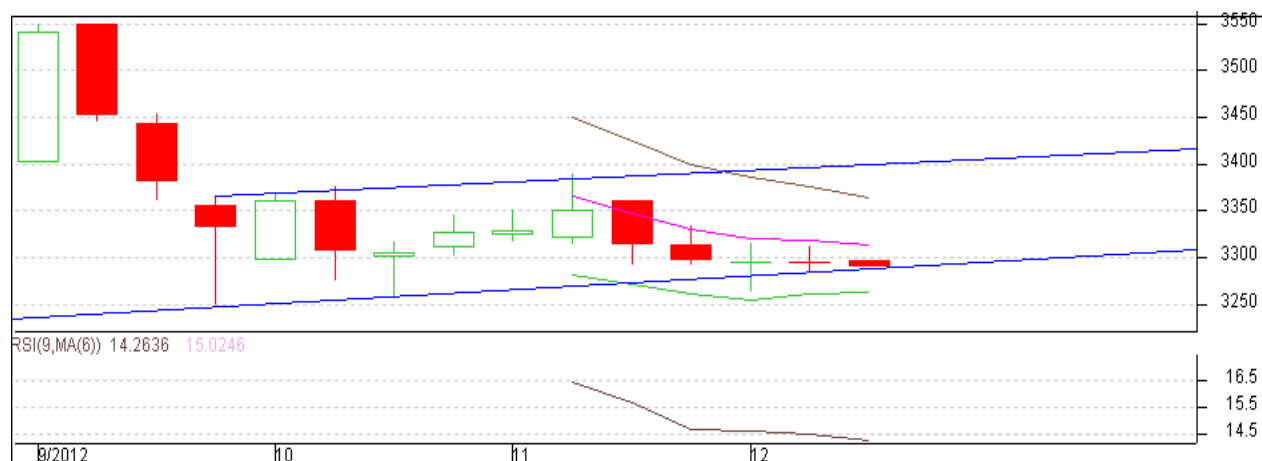
Gur prices are likely to move downwards keeping in view expected increase in gur arrivals.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	14-Dec-12	07-Dec-12	Change
Muzaffar Nagar	New Chaku	-	2638	-
	Chaku – Sukha	-	-	-
	Khurpa	-	2413	-
	Laddoo	-	2688	-
Bangalore	Achhu	3200	3200	Unch
	Mudde	3400	3400	Unch
Belgaum	Mudde	3000	-	-
Belthangadi	yellow (Average)	3200	3400	-200
Bijapur	Achhu	3000	3000	Unch
Gulbarga	Other (Average)	3100	3000	100
Mahalingapura	Penti (Average)	2940	2990	-50
Mandya\	Achhu (Medium)	2600	2700	-100
	Kurikatu (Medium)	2600	2450	150
	Other (Medium)	2450	2500	-50
	Yellow (Medium)	2500	2650	-150
Shimoga	Achhu (Average)	3450	-	-

Commodity: Sugar
Contract: January

Exchange: NCDEX
Expiry: January 18, 2012

SUGAR (Weekly January Contract Chart)



Technical Commentary:

- Sugar prices are moving range bound as chart depicts.
- RSI is moving at oversold region.
- Breach of Rs 3315 level would take the prices up to 3350 as chart depicts.
- Increase in prices has supported by volume and OI which indicates long build up occurred in the market.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jan	-	3250	3293	3358	3389
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jan	Buy	Above 3290	3325	3340	3275

Commodity: Gur
Contract: January

Exchange: NCDEX
Expiry: January 20, 2012

GUR (January Weekly Chart)



Technical Commentary:

- Gur prices are moving in a range as chart depicts
- RSI is moving at neutral region.
- Decrease in prices has supported by volume and OI which indicates short buildup occurred in the market.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Jan	1086	1102.5	1123	1138	1145
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Buy	Below 1112	1126	1132	1104.5

International Scenario

International raw as well as white sugar prices moving downwards but due to continuous supply of sugar from Brazil. In addition to it, Thai raw as well as white sugar premium slip also depress the prices.

Fresh cane crushing also started in Thailand which also likely to depress sugar prices in International arena.

We expect prices of sugar should move in a range with weak tone in the coming week in ICE as well as LIFFE.

International Market News Highlights:

- Brazil raw sugar premium is trading at 10 points above New York March contract while Thai raw sugar premium Hipol or high polarization is trading steady at 65 points to New York March contract. It is also notable that Pakistan FOB prices traded at \$530 up by \$10 from prior week for lower 100 ICUSMA grade which is competing from Indian white sugar prices.
- Brazil sugar output for 2012-13 will reach to 37.66 million tons lower by around 1 million tons forecasted in August, according to Agriculture ministry.
- Brazilian mills crushed around 28.52 million tons of cane in the second half of November as reported.
- 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.
- 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.
- Chinese refined sugar output rose to 1.2 million tons in November up by 19% compared to same period last year.

International Sugar Prices (Weekly)				
	Contract Month	13-Dec-2012	06-Dec-2012	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	18.54	19.36	-0.82
	May-13	18.7	19.44	-0.74
	Jul-13	18.8	19.52	-0.72
LIFFE Sugar (US \$/MT)	Mar-13	499.8	518.5	-18.7
	May-13	506.3	525.1	-18.8
	Aug-13	510.7	528	-17.3

LIFFE Future Market Sugar Scenario (March Contract):

Technical Commentary:

- Prices rebound from support level as chart depicts. However, still moving in a downtrend.
- However, Increase in prices has supported by OI.
- Last candlestick depicts that short participants could be active at resistance level.
- It is advisable to market participants to sell from resistance level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	499.8	495

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


Technical Commentary:

- ICE raw sugar futures are trading in a downward trend..
- Decrease in prices has not supported by volume and OI which suggest consolidation in the market.
- Last candlestick suggests short participants could not sustain at lower level.
- Sell from resistance level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'13	18.54	18.30

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