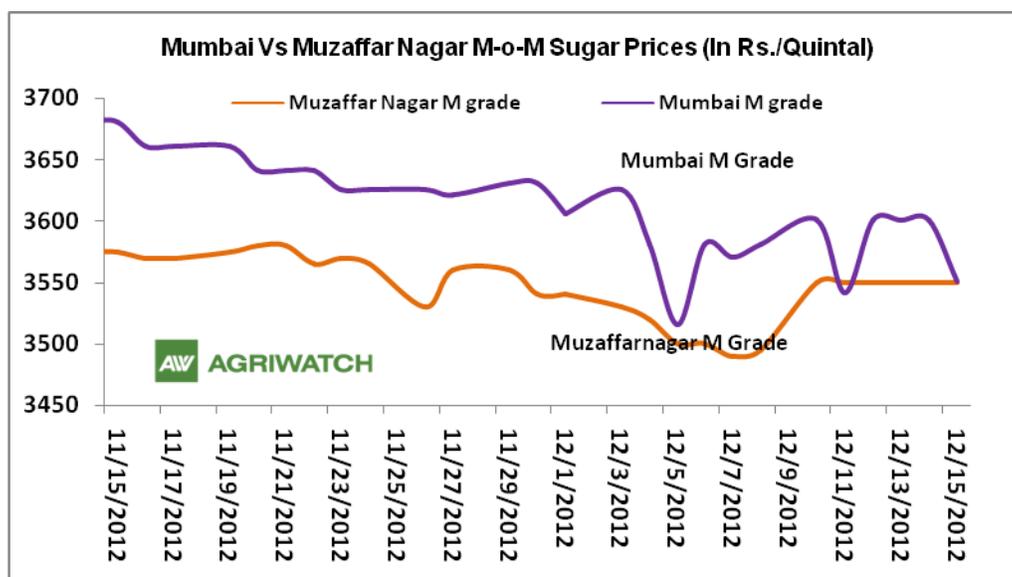


### Sugar Price Trend and Outlook:

Sugar prices are continuously moving downwards keeping in view increasing sugar supply and imports of raw sugar from Brazil.

Government is likely to take any decision on sugar exports in January after the assessment of sugarcane crop and estimated sugar output. However, if government again allowed free exports then millers would not find any export parity as globally sugar prices seem not bullish considering surplus and good supply of sugar from Brazil and Thailand.



### Domestic Sugar Price Outlook:

Sugar prices are steady at the moment and waiting for some cues. However, severe downside from this level not seems possible as imported raw sugar and domestic prices are close enough.

### News Highlights:

- Sugar exports continuously going on in last 4 years considering surplus production and good export opportunity abroad. However, this year all trade houses are estimating global sugar surplus which might dampen the sugar export from India. In addition to it, lower sugar production this year would not fulfill India's domestic consumption that might shoot up the prices of sugar in domestic markets at later half of the sugar marketing season 2012-13.
- Government will reduce carryover period for unsold levy sugar to six months from present 24 months. It would give some respite to the millers. If government agencies failed to lift the stock in the mentioned time period then mills can sold it in the open market.
- Government has permitted 10000 tons of sugar exports to EU in the current marketing year 2012-13. It is notable that under a WTO rule, India has to export 10000 tons of sugar to EU annually.
- Maharashtra has produced 19.79 lac tons of sugar till date in this season starting from Oct 1 2012 with an average recovery of 10.02% which that is higher from last year sugar production (~18.93 lac tons) at same period.
- 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.
- 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.

### 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.

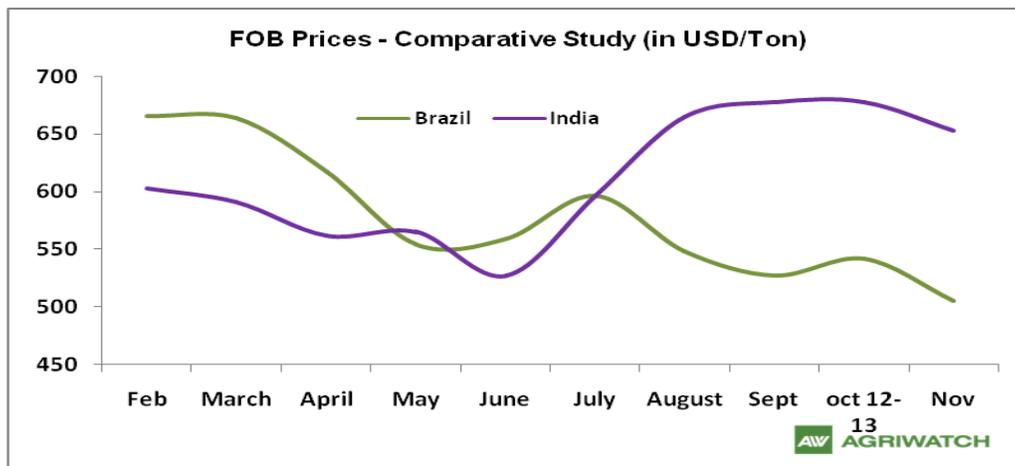
Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

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)

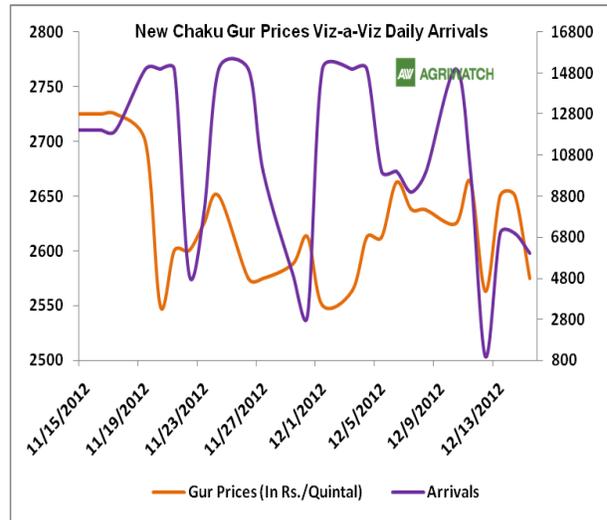
	21-Dec-12	14-Dec-12	Change
Delhi M-30	3450	3540	-90
Delhi S-30	3400	3480	-80
Muzaffar Nagar M	-	-	-
Mumbai M-30	3526	3601	-75
Mumbai S-30	3351	3381	-30
Kolhapur M-30	3300	3350	-50
Kolhapur S-30	3200	3250	-50
Kolkata M Variety	-	-	-
Chennai S	3200	3300	-100
Vijayawada M-30	3680	3750	-70

### Gur Market Scenario and Outlook

Mixed trend recorded in key gur markets during the week ended 24<sup>th</sup> 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	21-Dec-12	14-Dec-12	Change
Muzaffar Nagar	New Chaku	2625	-	-
	Chaku – Sukha	15000	-	-
	Khurpa	2450	-	-
	Laddoo	2538	-	-
Bangalore	Achhu	3400	3200	200
	Mudde	3500	3400	100
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3200	3200	Unch
Bijapur	Achhu	3000	3000	Unch
Gulbarga	Other (Average)	2760	3100	-340
Mahalingapura	Penti (Average)	2940	2940	Unch
Mandya\	Achhu (Medium)	2700	2600	100
	Kurikatu (Medium)	2500	2600	-100
	Other (Medium)	2550	2450	100
	Yellow (Medium)	2650	2500	150
Shimoga	Achhu (Average)	3375	3450	-75

Commodity: Sugar  
Contract: January

Exchange: NCDEX  
Expiry: January 18, 2012

**SUGAR (Weekly January Contract Chart)**



**Technical Commentary:**

- Sugar prices are moving in a downward channel as chart depicts.
- RSI is moving at oversold region.
- Decrease in prices has not supported by volume and OI which indicates market is likely to move in consolidation phase.

**Strategy: Sell**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jan	-	3160	3263	3358	3389
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jan	<b>Sell</b>	Below 3270	3250	3340	3282

Commodity: Gur  
Contract: January

Exchange: NCDEX  
Expiry: January 20, 2012

**GUR (January Weekly Chart)**



**Technical Commentary:**

- Gur prices are moving in a downward channel as chart depicts
- RSI is moving near to oversold region.
- Decrease in prices has not supported by volume which shows weak strength of short participants in the market.

**Strategy:** Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Jan	1086	1092	1123	1138	1145
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Buy	Below 1095	1112	1122	1186

### 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:

- Iran has issued a tender to buy minimum 50000 tons of white sugar from all origins. Closing date of the tender is 29th December, according to the Iraqi trade ministry.
- Higher sugar output in Brazil led the buyers getting good discount. Raw sugar premium was offered at a discount of 0.55 cents to the price of March ICE contract.
- Pakistan has allowed 5 lac tons of sugar export without putting any quantitative restrictions on mills. Exporters need to export sugar within 90 days after registering for exports.
- 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.
- Thai raw sugar premium traded steady at 65 points over ICE raw sugar future prices as reported.
- Indonesia government sees 2013 raw sugar imports stood at 2.6 million tons which was 2.53 million tons last year.

International Sugar Prices (Weekly)				
	Contract Month	20-Dec-2012	13-Dec-2012	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	19.25	18.54	0.71
	May-13	19.36	18.7	0.66
	Jul-13	19.49	18.8	0.69
LIFFE Sugar (US \$/MT)	Mar-13	516.2	499.8	16.4
	May-13	521.3	506.3	15
	Aug-13	524.6	510.7	13.9

**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	516.2	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	19.25	19

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