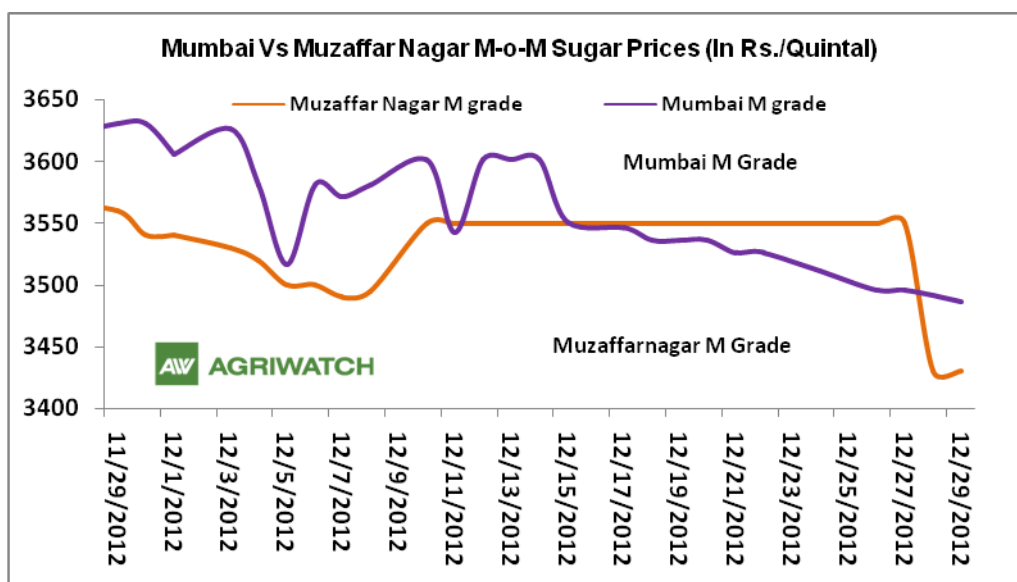


Sugar Price Trend and Outlook:

Sugar prices are continuously moving downwards keeping in view increasing sugar supply, sluggish demand 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.

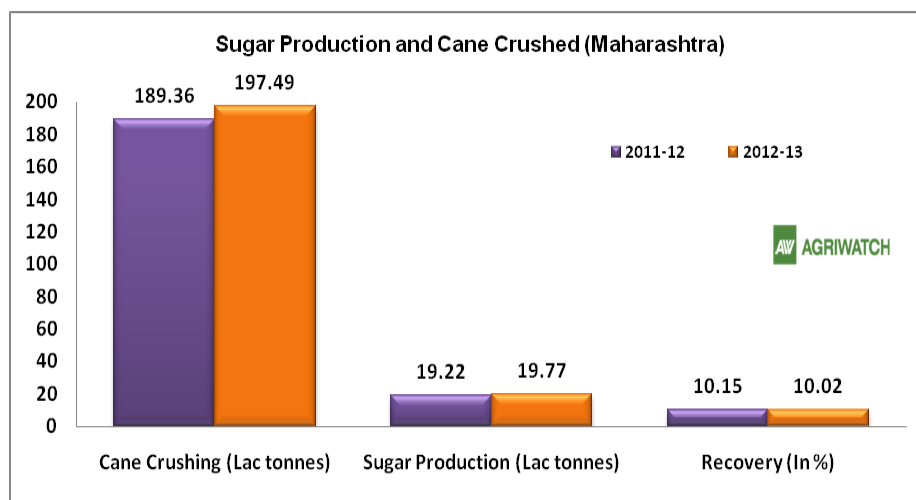


Domestic Sugar Price Outlook:

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 prices and domestic prices are close enough.

News Highlights:

- Government has notified sugar export for 2012-13 for the third consecutive year.
- Maharashtra sugar millers had crushed around 197 lac tons of cane till 16th Dec 2012 and produced around 19.77 lac tons of sugar with an average recovery of around 10.02 percent. However, in total around 156 mills had started their crushing operations till 16th Nov which was 9 mills less compared to same period last year.



- Sugar prices are moving in a range with weak tone in all sugar spot markets. Daily millers are quoting lower prices of sugar for sales as increasing supply of sugar and weak demand.
- Markets are waiting for government stand on sugar import duty (both raw and white sugar) which would decide the direction of sugar prices further.
- Millers in UP are getting good cane recovery from cane as late crushing season get time to cane at grand growth stage.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$530.88 per ton (including 10% import duty) and Indian domestic refined sugar prices are quoted at \$621 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.

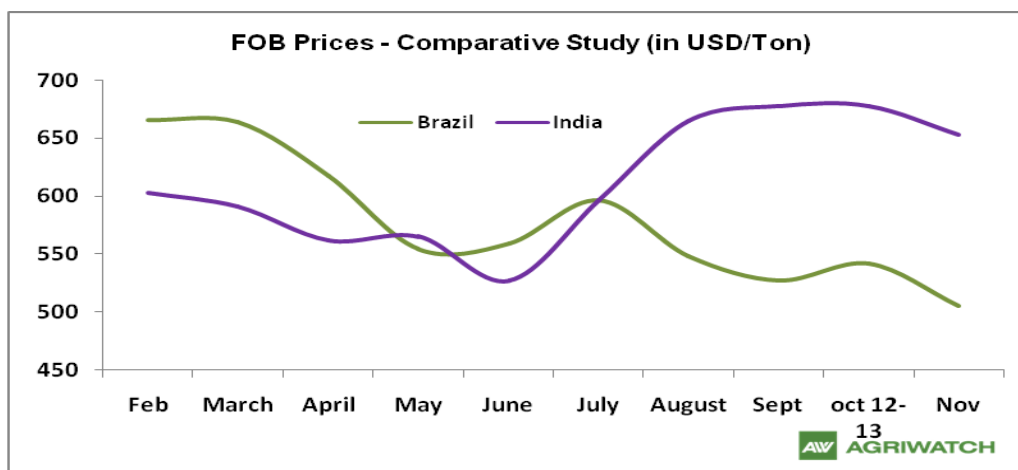
Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.54.72) till 29th December 2012			
	From Brazil	From Thailand	
CIF India (USD/MT)	530.88	530.67	

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)

	28-Dec-12	21-Dec-12	Change
Delhi M-30	3450	3450	Unch
Delhi S-30	3400	3400	Unch
Muzaffar Nagar M	3430	-	-
Mumbai M-30	3491	3526	-35
Mumbai S-30	3321	3351	-30
Kolhapur M-30	3280	3300	-20
Kolhapur S-30	3180	3200	-20
Kolkata M Variety	3570	-	-
Chennai S	3150	3200	-50
Vijayawada M-30	3660	3680	-20

Gur Market Scenario and Outlook

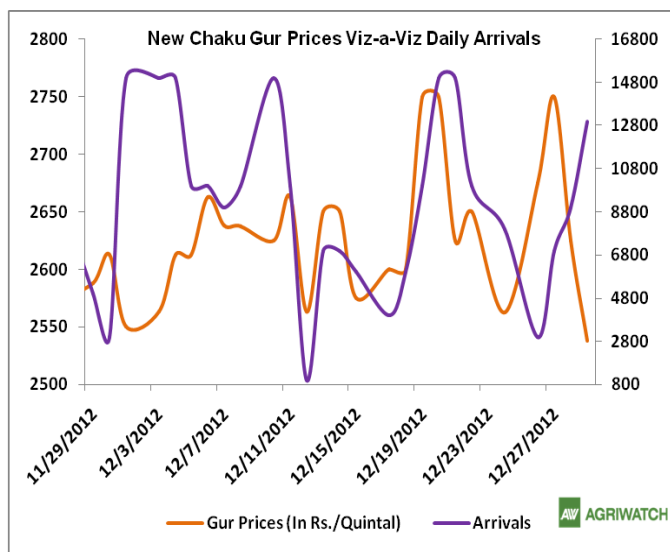
Gur price falling like anything this week in spot as well as in future market due to increasing arrivals of gur. Also, late start of crushing by UP millers make available lot of cane to Gur manufacturers that indicates overall gur sentiments bearish in the medium term.

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

This week around 50000 bags of chaku gur (each 40 kg) arrived in the gur Muzaffar nagar market.

As far as stock position is concerned, around 241000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 24th Dec 2012, which are 34000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 94000 bags of Chaku variety gur stock stored in Cold storages as reported.

Meanwhile, we are expecting a sharp hike in gur prices after Makar Sakranti due to expected demand. Also, lower cane production in Maharashtra kept the gur production at lower side this year.





Gur Spot Prices (Rs/Qtl)				
Markets	Variety	28-Dec-12	21-Dec-12	Change
Muzaffar Nagar	New Chaku	2625	2625	Unch
	Chaku – Sukha	9000	15000	-6000
	Khurpa	2575	2450	125
	Laddoo	2700	2538	162
Bangalore	Achhu	3400	3400	Unch
	Mudde	3500	3500	Unch
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3200	3200	Unch
Bijapur	Achhu	3140	3000	140
Gulbarga	Other (Average)	2950	2760	190
Mahalingapura	Penti (Average)	3050	2940	110
Mandya\	Achhu (Medium)	2750	2700	50
	Kurikatu (Medium)	2450	2500	-50
	Other (Medium)	2500	2550	-50
	Yellow (Medium)	2700	2650	50
Shimoga	Achhu (Average)	3200	3375	-175

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	3243	3358	3389
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jan	Sell	Below 3250	3220	3205	3265

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	1100	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 range bound due to lackluster trade.

However, fresh import enquiries from Iran and announcement of increase in raw sugar imports by Indonesia likely to offset the impact of bearish Brazilian sugar production news.

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

International Market News Highlights:

- Indonesia's biggest sugar consumer is planning to increase raw sugar imports by 8 percent from 2.1 million tons to 2.27 million tons in 2013 to meet the requirement. It is notable that sugar mills has increased its refining capacity in Indonesia keeping in view consistent sugar imports by the country. Thailand and India suppliers are watching Indonesia S&D of sugar very closely as they are the traditional supplier of raw sugar to Indonesia. However, India is not likely to export sugar this year due to lower production and lesser sugar export parity compared to Thailand.
- Brazil sugar waiting at ports rises 3.1% this week compared to prior week as vessels are headed for Black sea and Malaysia.
- Russia produced 4.261 million metric tonnes of refined sugar from domestically harvested beet to Dec. 17, compared with 4.333 million tonnes on the same date last year.
- International sugar prices broke key support level over higher sugar and cane production in Brazil.
- Thai raw sugar premium stood at 60 to 70 points this week down from 75 to 80 points over ICE March raw sugar future contract.

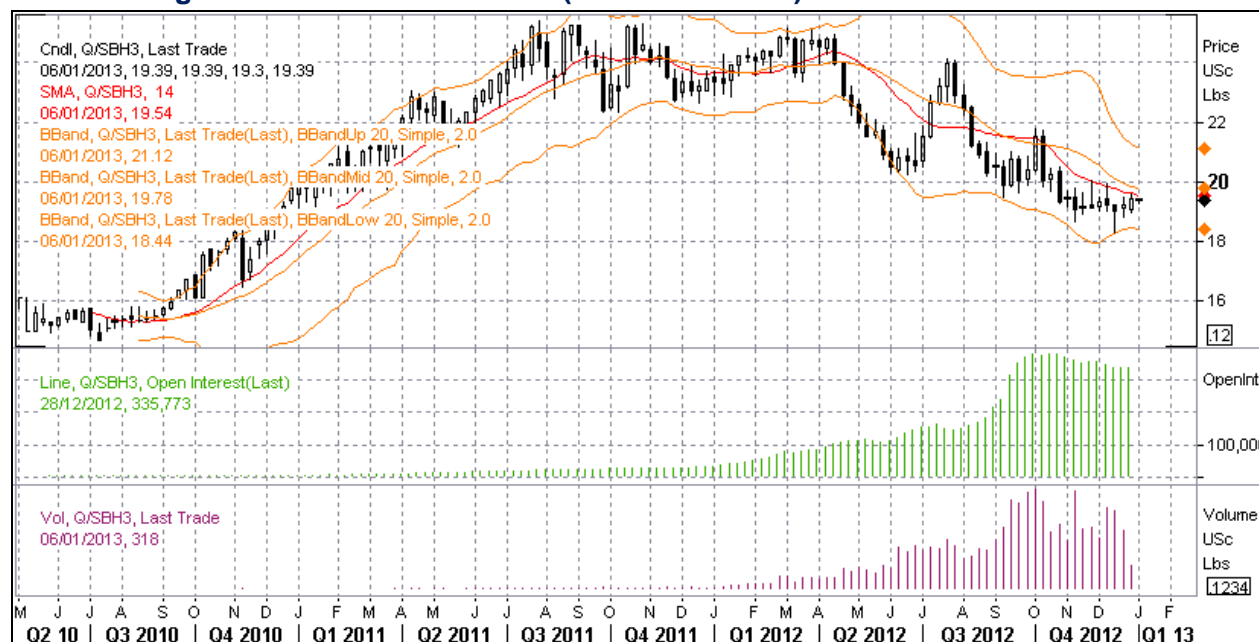
International Sugar Prices (Weekly)				
	Contract Month	27-Dec-2012	20-Dec-2012	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	19.45	19.25	0.2
	May-13	19.58	19.36	0.22
	Jul-13	19.74	19.49	0.25
LIFFE Sugar (US \$/MT)	Mar-13	522.4	516.2	6.2
	May-13	526.9	521.3	5.6
	Aug-13	530	524.6	5.4

LIFFE Future Market Sugar Scenario (March Contract):

Technical Commentary:

- LIFFE March sugar contract is moving range bound as chart depicts.
- Prices are hovering in a range between \$501 to \$527.8, breach of levels either side would give the prices a new direction.
- However last candlestick gives a hint of bullishness in the market.
- Prices likely to test 61.8% Fibonacci projection level or \$535 level in the coming week.
- However, Increase in prices has not supported by OI which might raise a question mark.
- It is advisable to market participants to buy from present level and can make profit booking at \$535.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	522.4	535

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

Technical Commentary:

- ICE raw sugar futures are trading in a downward trend and presently consolidates.
- Increase in prices has not supported by volume.
- Breach of 14 day SMA would take the prices up to 20 cents per lb level.
- Buy from present level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'13	19.45	19.55

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