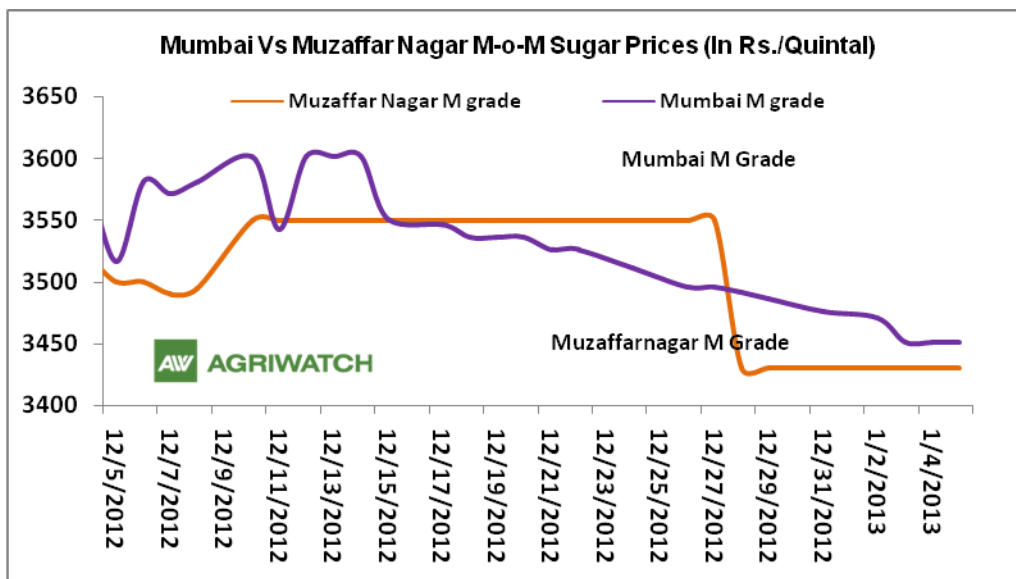


Sugar Price Trend and Outlook:

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

Meanwhile, government may soon take any decision on hike of import duty on raw and white sugar as it depress the prices locally which would curb any downfall in sugar prices. It is notable that raw sugar imports give severe headache to millers especially North Indian sugar mills.



Domestic Sugar Price Outlook:

Sugar prices again taking downward direction thanks to declining sugar prices internationally which gives refiners such as Renuka sugars a lot of opportunity to import raw sugar from its own unit based in Brazil at lower quotes. We are expecting further decline in sugar prices domestically until any notification come from government on import policy.

News Highlights:

- India has produced 7.96 million tons in the first three months of marketing year 2012-13 starting from October. Sugar produced by mills this year upto December is up by 2.5 percent compared to last year.
- Shree Renuka Sugars begged 1.5 million tons capacity per year captive berth at Kandla port to reduce the transportation cost by handling large size Panamax vessels. It is notable that Shree Renuka Sugars has sugar refinery unit near to Kandla port which has the capacity of 3000 tons per day. Company is looking forward to handle 1 million tons raw sugar and around 2.5 lac tons of coal to fuel its facilities. This move helps a lot to SRS to increase its raw sugar import from its Brazil sugar unit. It is notable that around 7-8 lac tons of raw sugar imports already imported from Brazil by SRS as reported.
- Karnataka produced 15.84 lac tons of sugar after crushing 159.75 lac tons cane with an average recovery of 9.91% till 15th December 2012. However, existing production figures are higher compared to last year same period which stood at 13.39 lac tons with an average recovery of 10.59%.
- Declining sugar prices in International arena gives domestic refineries an opportunity to make profit by importing cheap raw sugar and refined it which become cheaper compared to domestic sugar prices.

Raw Sugar Import Opportunity:

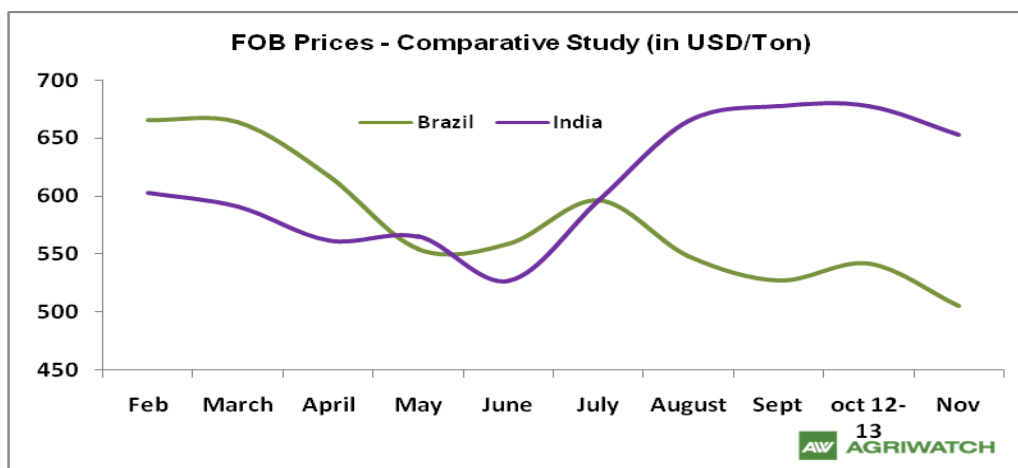
Indian indicative raw sugar CIF prices from Brazil quoted at \$518.75 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$613.75 per ton Kolhapur. It is notable that millers are now find import more profitable.

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.54.99) till 4th January 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	518.75	532.16	

Thai sugar premium stood at 75 points over New York's ICE sugar futures but likely to slip in the coming week owing to improved supply and tough competition from Brazil.

As far as India's 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)

	04-Jan-13	28-Dec-12	Change
Delhi M-30	3425	3450	-25
Delhi S-30	3375	3400	-25
Muzaffar Nagar M	-	3430	-
Mumbai M-30	3450	3491	-41
Mumbai S-30	3311	3321	-10
Kolhapur M-30	3220	3280	-60
Kolhapur S-30	3150	3180	-30
Kolkata M Variety	-	3570	-
Chennai S	3125	3150	-25
Vijayawada M-30	3650	3660	-10

Gur Market Scenario and Outlook

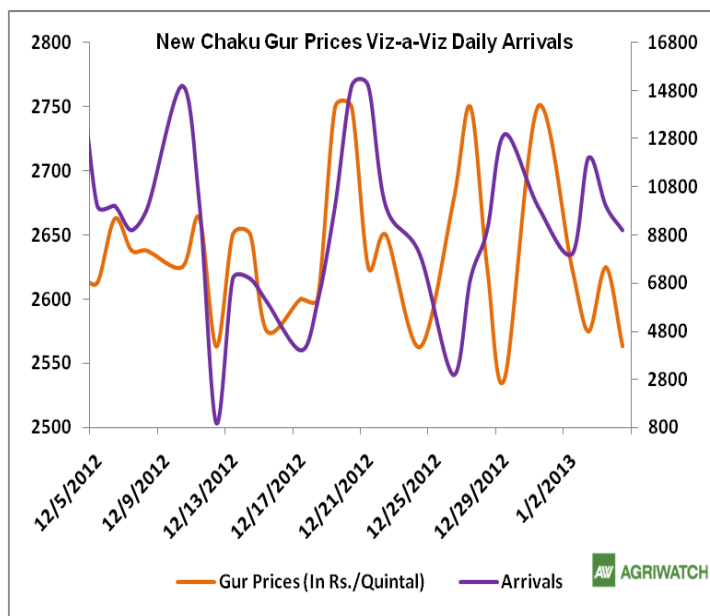
Gur price falling like anything this week in spot as well as in future market due to increasing arrivals of gur. Also, late start of crushing by UP millers make available lot of cane to Gur manufacturers that indicates overall gur sentiments bearish in the medium term.

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	04-Jan-13	28-Dec-12	Change
Muzaffar Nagar	New Chaku	2625	2625	Unch
	Chaku – Sukha	10000	9000	1000
	Khurpa	2563	2575	-12
	Laddoo	2638	2700	-62
Bangalore	Achhu	3500	3400	100
	Mudde	3600	3500	100
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3200	3200	Unch
Bijapur	Achhu	3050	3140	-90
Gulbarga	Other (Average)	3000	2950	50
Mahalingapura	Penti (Average)	3050	3050	Unch
Mandya\	Achhu (Medium)	2750	2750	Unch
	Kurikatu (Medium)	2400	2450	-50
	Other (Medium)	2450	2550	-100
	Yellow (Medium)	2700	2650	50
Shimoga	Achhu (Average)	3100	3375	-275



Commodity: Sugar
Contract: February

Exchange: NCDEX
Expiry: February 20, 2012

SUGAR (Weekly February Contract Chart)



Technical Commentary:

- Sugar prices are moving in a downward channel as chart depicts.
- Decrease in prices has supported by volume and OI which indicates short buildup occurs in the market.
- Last candlestick suggests bearishness in the market.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Feb	3160	3220	3272	3315	3378
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Feb	Sell	Below 3270	3240	3225	3285

Commodity: Gur
Contract: February

Exchange: NCDEX
Expiry: February 20, 2012

GUR (February Weekly Chart)



Technical Commentary:

- Gur prices are moving in a downward channel as chart depicts
- RSI is moving at oversold region.
- Prices should test lower keltner's channel line in the coming week.
- Decrease in prices has supported by volume and OI which shows strength of short participants increases in the market.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Feb	1058	1082	1104	1122	1138
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Feb	Sell	Below 1110	1100	1095	1115

International Scenario

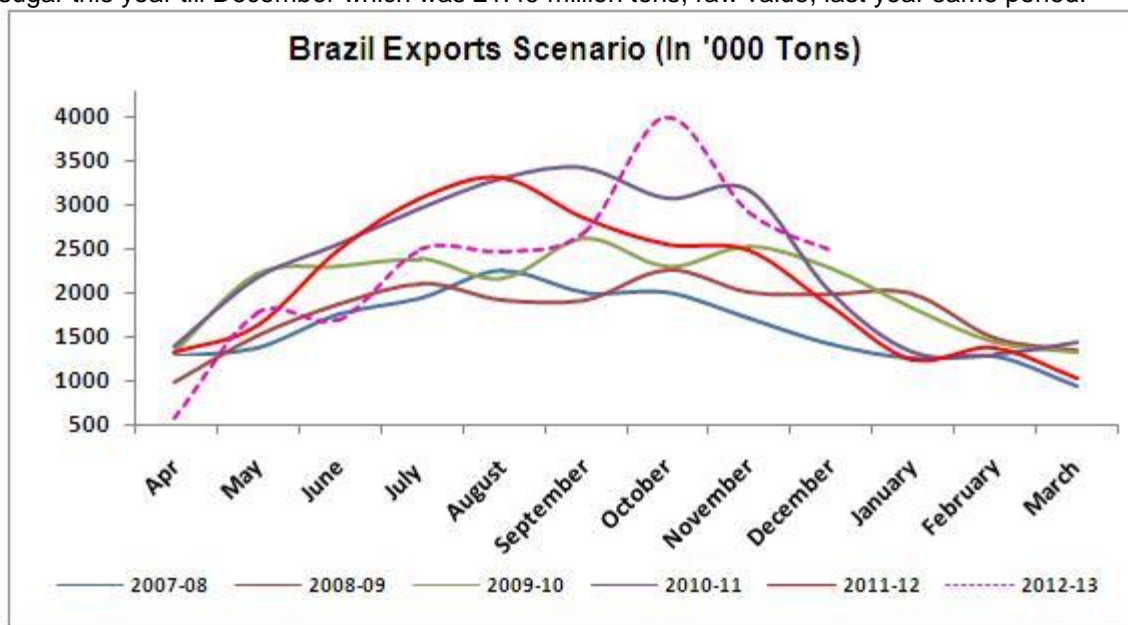
International raw as well as white sugar prices moving downwards due to lackluster trade.

However, Thailand low cane yield might give some respite to the prices but would not reverse the downward trend of sugar prices for sure.

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:

- **Recent Update:** Thailand likely to miss expected sugar production forecast of 9.4 million tons owing to lower yields from cane. Now, trade houses are estimating 9.0 to 9.2 million tons sugar production estimate for 2012-13.
- Brazil exported 2.491 million tons of sugar, raw value, in December up from 2.917 million tons in November and up from 1.833 million tons sugar exported last year same period. Extended period of crushing thanks to dry weather conditions help millers to produce record sugar production and allow them to ship exported surplus. In addition to it, Brazil has exported only 21.05 million tons of sugar this year till December which was 21.49 million tons, raw value, last year same period.



- Thailand sugar production reached 2 million ton mark till December 2012 which is lower from 2.190 million tons, raw value, produced last year same period.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	04-Jan-2013	27-Dec-2012	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	18.85	19.45	-0.6
	May-13	19.00	19.58	-0.58
	Jul-13	19.19	19.74	-0.55
LIFFE Sugar (US \$/MT)	Mar-13	510.40	522.4	-12
	May-13	515.60	526.9	-11.3
	Aug-13	519.10	530	-10.9

LIFFE Future Market Sugar Scenario (March Contract):

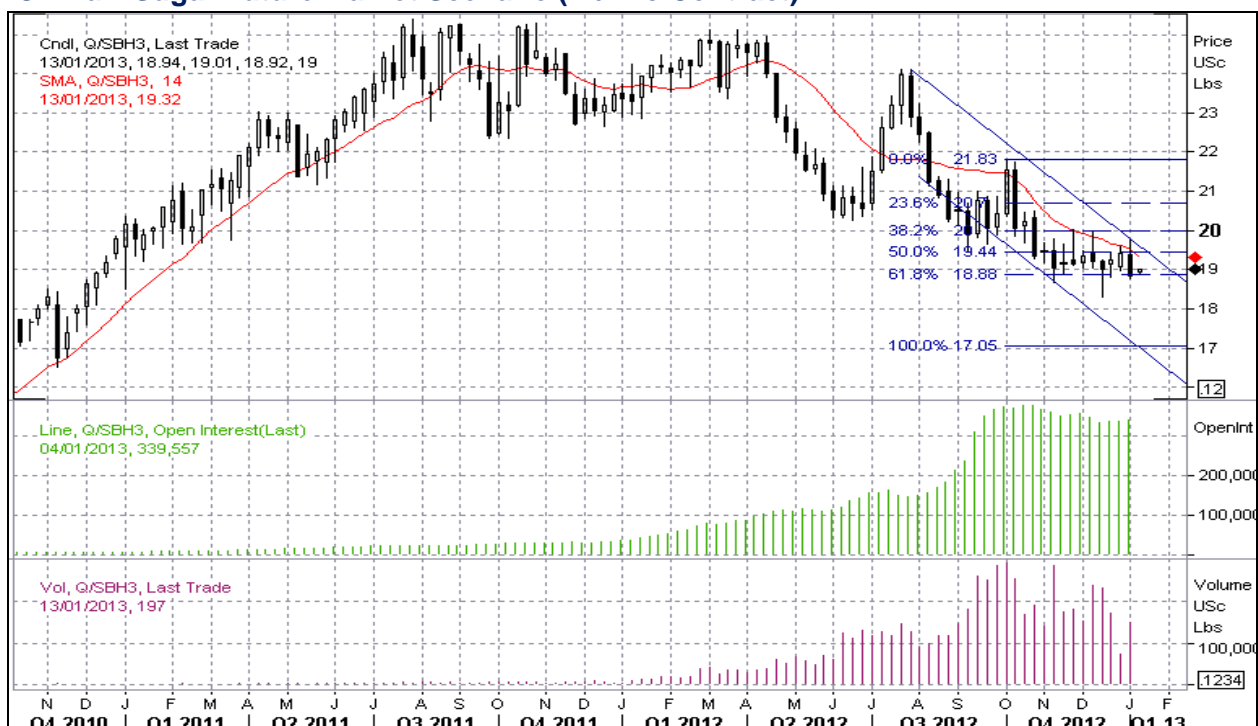


Technical Commentary:

- As per our previous call, prices test exactly \$535 level and then came downwards.
- Last candlestick suggests bulls not sustained at higher levels.
- Prices are hovering in a range between \$499 to \$33, breach of levels either side would give the prices a new direction.
- After testing 61.8% Fibonacci projection level or \$535 level, it again moving downwards and breach of \$508 level would take the prices down to \$499 in the coming week.
- It is advisable to market participants to sell from present level and can make short covering at \$499.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	510.40	499

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



Technical Commentary:

- ICE raw sugar futures are trading in a downward trend and presently consolidates.
- Decrease in prices has supported by volume and OI.
- Market participants should sell from 19 cents/lb level

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'13	18.85	18.50



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