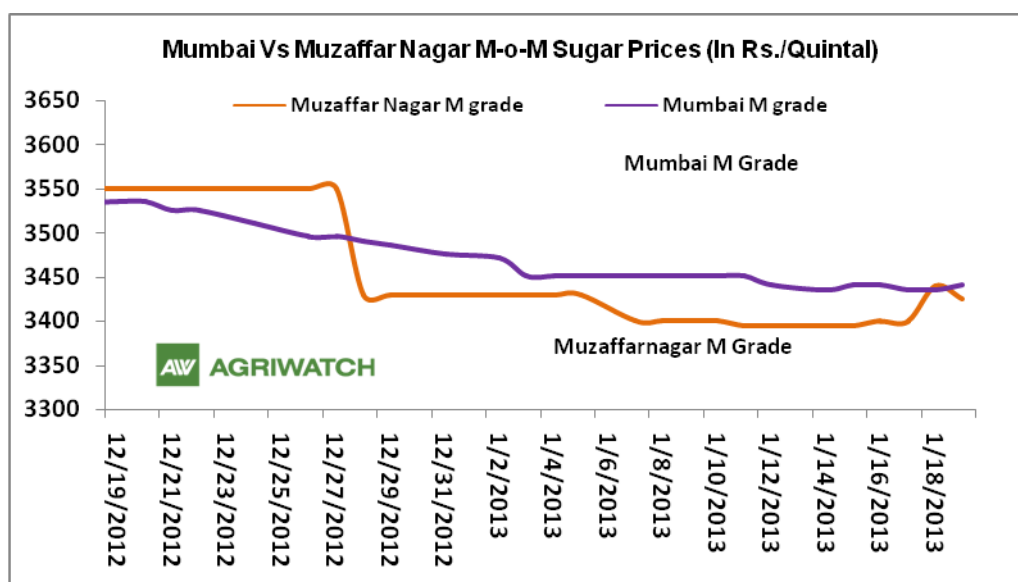


Sugar Price Trend and Outlook:

Sugar prices improved during the week ended 21st January 2013 after having continuous decline in sugar prices for last couple of weeks.

Government increase the time period allocated to the sugar millers for the release of non-levy sugar quota in the open market. Government increase it to 4 months for the current 2 months. It would give some respite to the millers.

In addition to it, Industry is seeking hike in sugar import duty from government as increasing sugar imports from Indian refineries is hurting north Indian sugar mills as sugar prices moving down like anything.



Domestic Sugar Price Outlook:

Couple of good news like Extension of non-levy sugar quota and rumors of increase in sugar import duty help the sugar prices to rebound in spot markets during the week. It seems the prices reverse its bearish trend to neutral in the coming week.

News Highlights:

- Maharashtra sugar mills so far crushed 355 lac tons of cane and produced 37.68 lac tons of sugar with an average recovery of 10.63%.
- Presently, dry weather conditions in Maharashtra might discourage the farmers to cancel/postponed their spring (suru) sugarcane crop sowing as reported.
- India millers produce 10.8 million tons of sugar which is 3 percent up Y-o-Y till 15th Jan 2013 starting from Oct 1 2012. Out of total sugar production, Maharashtra contributes 3.77 million tons followed by UP which produce 2.75 million tons of sugar in this period.
- Food ministry likely to notify free sugar exports under OGL soon.
- Need based demand of sugar left the sugar sentiments steady at the moment in Maharashtra markets as reported.
- Duration of non-levy sugar quota likely to increase to four months from existing two months for the recent sugar allocation in the open markets. This decision would help mills to sell sugar at higher quotes

- UP sugar millers might get some relief from UP government as government might exempt entry tax on sugar on the invoice value of sugar sold by manufacturers within the state. In addition to it, industry might get exemption from 3% purchase tax on the FRP of cane.
- Government has relaxed norms to export pharmaceutical grade and specialty sugar will not be required to be registered with DGFT.
- Farmers association demands hike in sugar import duty up to 60% from present 10% as increasing sugar imports weakens the sugar prices and raise difficulties in front of millers and eventually they are unable to pay cane payments to farmers.
- Premium of Rs 150 per quintal is applicable for Delhi delivery centre from Sugar May 2013 contract onwards. The May 2013 contract is getting launched today.

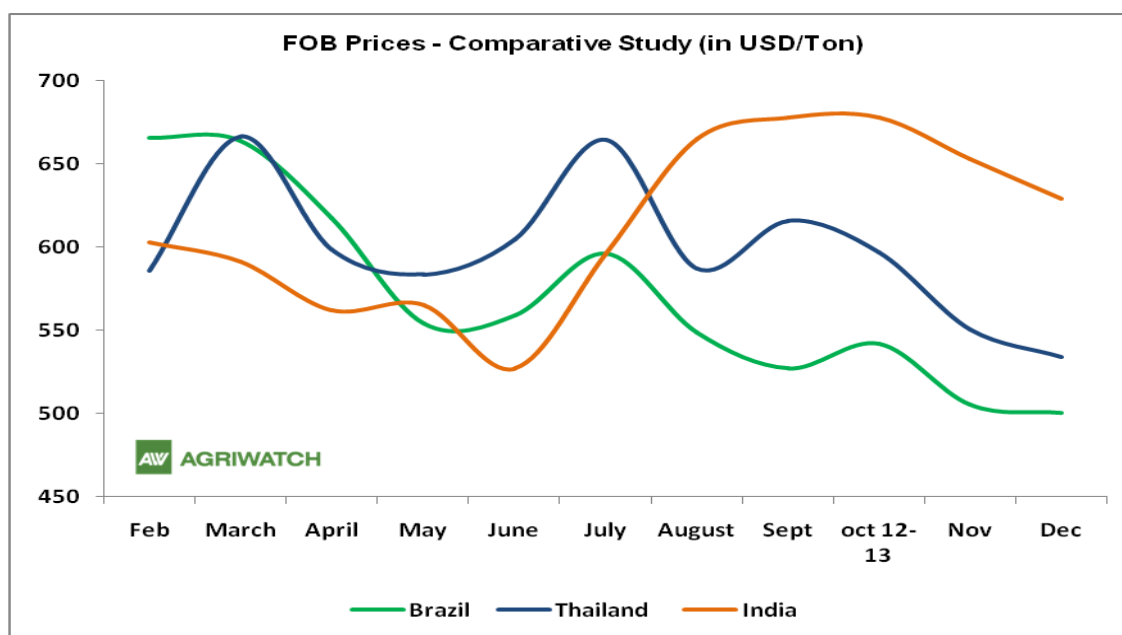
Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$514.34 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.53.90) till 21st January 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	514.34	511.40	

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)

	18-Jan-13	11-Jan-13	Change
Delhi M-30	3410	3400	10
Delhi S-30	3370	3360	10
Muzaffar Nagar M	3440	3395	45
Mumbai M-30	3436	3451	-15
Mumbai S-30	3268	3292	-24
Kolhapur M-30	3250	3200	50
Kolhapur S-30	3150	3125	25
Kolkata M Variety	-	-	-
Chennai S	3150	3100	50
Vijayawada M-30	3590	3600	-10

Gur Market Scenario and Outlook

Gur prices are falling like anything in Muzaffar nagar market owing to dull demand and consistent gur arrivals.

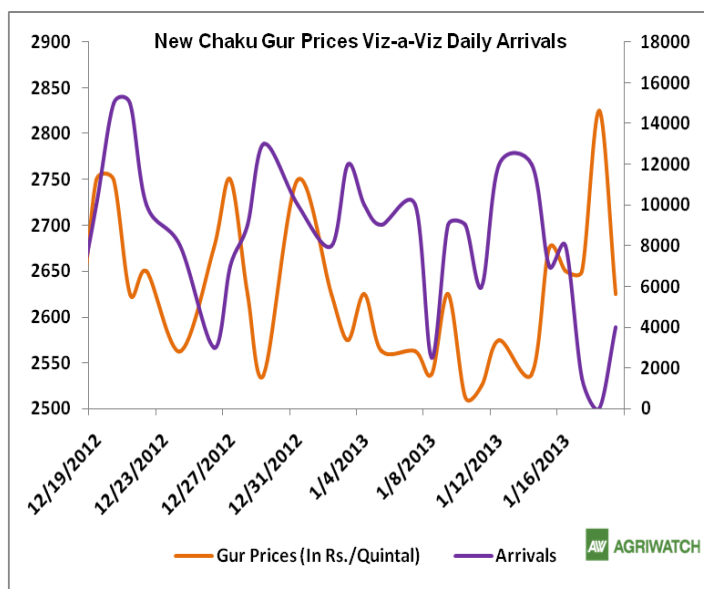
It is notable that some sugar mills might withdraw cane crushing in this marketing year owing to lower sugar prices so ultimately that cane would be diverted towards gur making which might also dampen the possibilities of increase in gur prices in near future.

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

This week around 55500 bags of chaku gur (each 40 kg) arrived in the gur Muzaffar nagar market.

As far as stock position is concerned, around 281000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 7th Jan 2013, which are 11000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 111000 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.

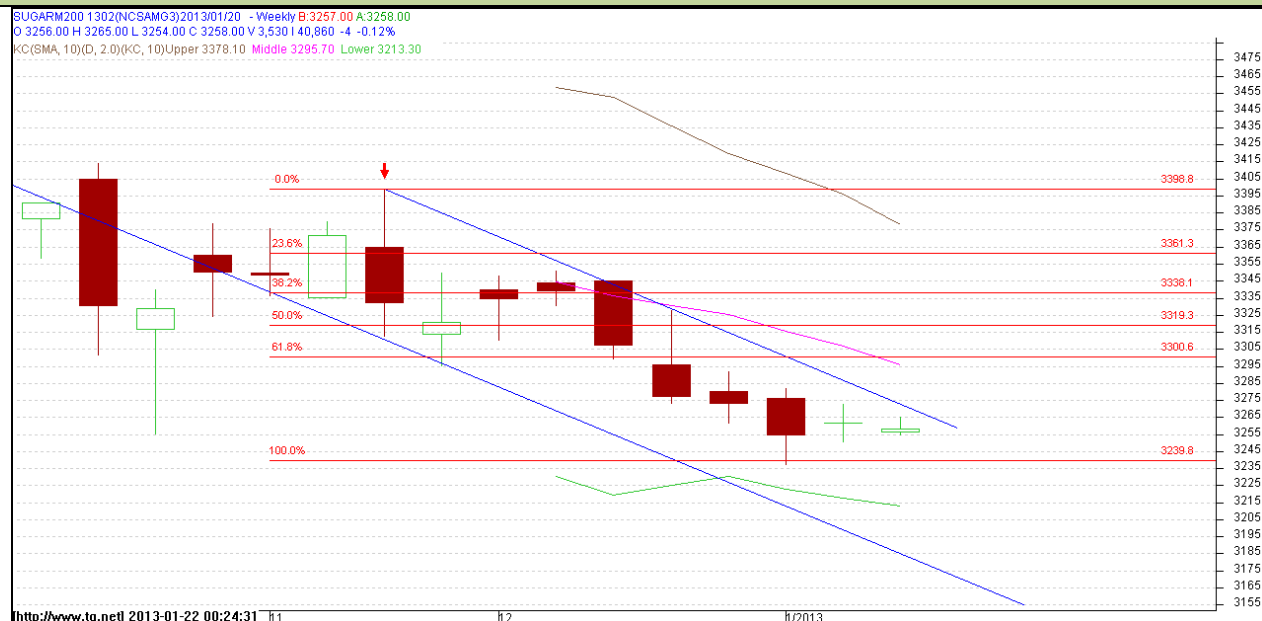


Gur Spot Prices (Rs/Qtl)				
Markets	Variety	18-Jan-13	11-Jan-13	Change
Muzaffar Nagar	New Chaku	2825	2525	300
	Chaku – Sukha	1500	6000	-4500
	Khurpa	2600	2563	37
	Laddoo	2750	2650	100
Bangalore	Achhu	3500	3500	Unch
	Mudde	3600	3600	Unch
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3200	3200	Unch
Bijapur	Achhu	2525	2915	-390
Gulbarga	Other (Average)	3000	2910	90
Mahalingapura	Penti (Average)	3140	3150	-10
Mandya\	Achhu (Medium)	2650	2700	-50
	Kurikatu (Medium)	2300	2450	-150
	Other (Medium)	2400	2450	-50
	Yellow (Medium)	2600	2700	-100
Shimoga	Achhu (Average)	3050	3090	-40

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.
- Increase in prices has supported by volume and OI which indicates long buildup occurs in the market.
- Last candlestick suggests indecision in the market.
- Prices likely to rebound after testing 100% retracement level.

Strategy: Buy

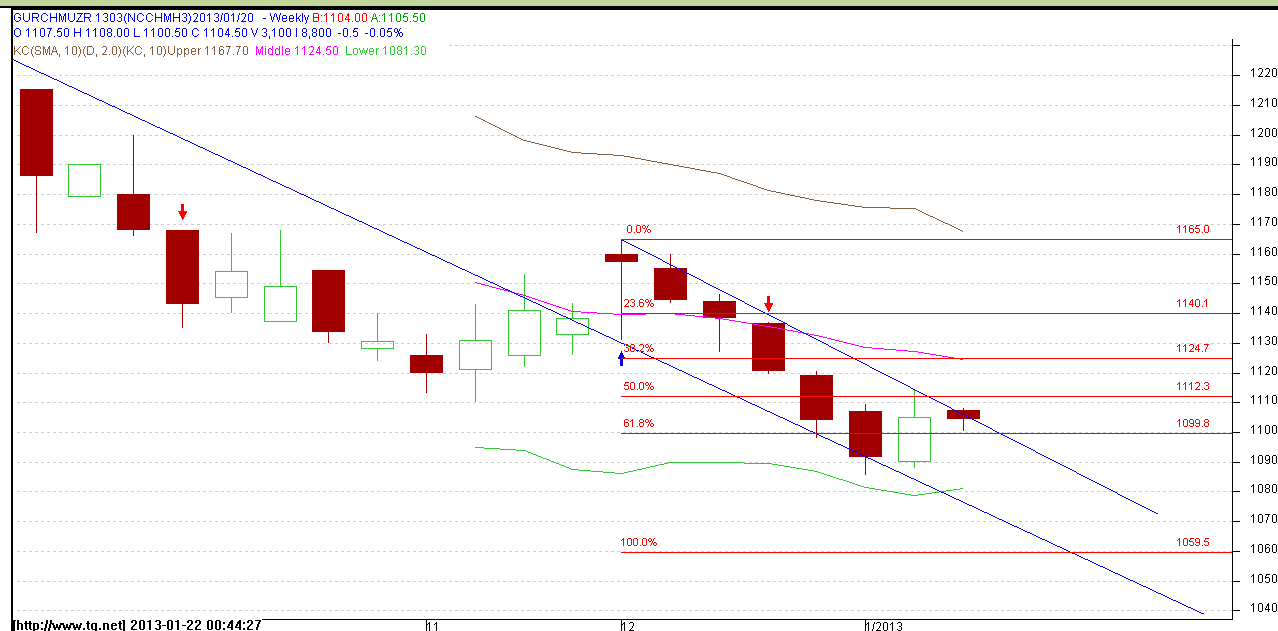
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Feb	3160	3220	3258	3320	3338
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Feb	Buy	Above 3250	3300	3320	3225



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	1104.5	1122	1138
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Feb	Sell	Below 1107	1090	1082	1115

International Scenario

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

Good cane crushing reports from Thailand and higher sugar production figures from Brazil led the sugar prices down for ICE as well as LIFFE sugar prices.

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:** China's sugar imports declined by 45% in December 2012 compared to last year same period. China imported 268362 tons of sugar in December 2012. In total, China imported 3.7 million tons of sugar starting from Jan to Dec 2012, which is 28.35% higher compared to last year. Major exporting countries of sugar to China are Brazil, Thailand and Cuba as reported.
- Thailand mills have crushed around 34.52 million tons of sugarcane till 15th January which is 2.99% higher compared to last year same period.
- Trade associations engaged in Sugar operations are slowly shifting towards containerized berth compared to conventional shipments which carry white sugar bags which cover lot of space.
- Raw sugar prices fall in ICE futures Goldman Sachs cut the sugar price forecast at 18.50 cents a pound in three and six months on ample global supply
- Crop conditions in Brazil improved urging producers there to sell which increase the supply of sugar in the global markets.
- 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.

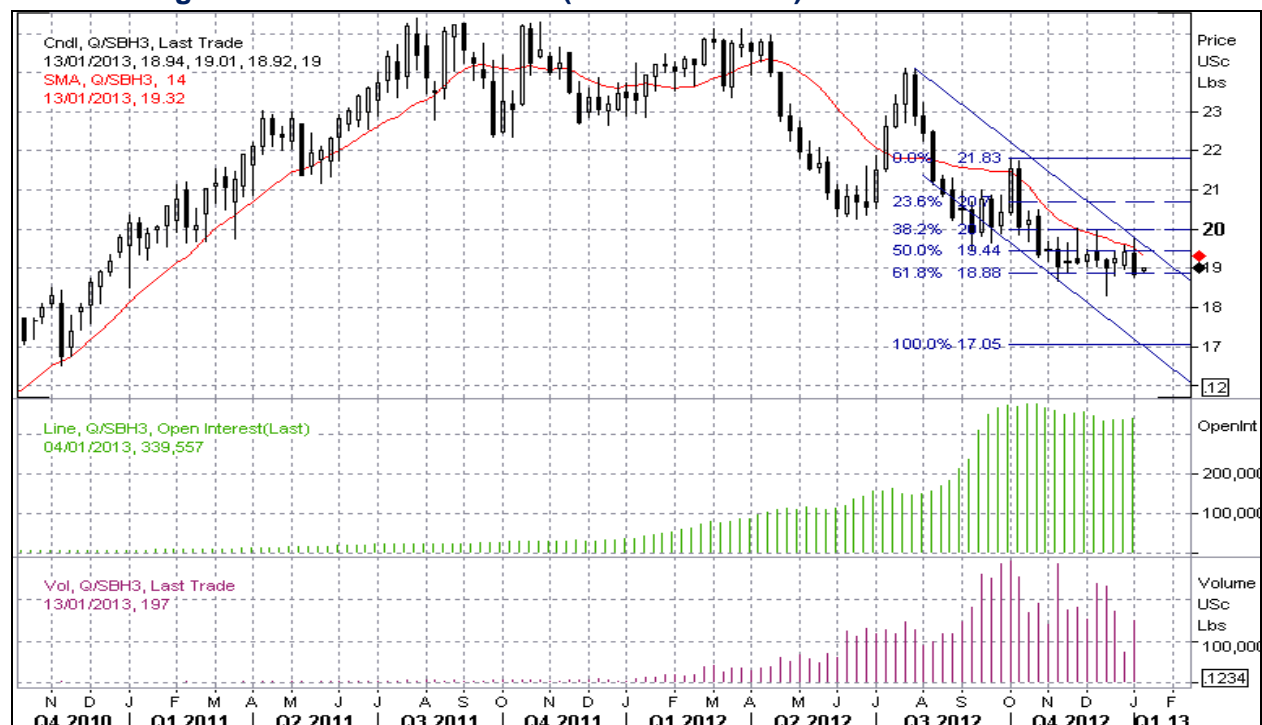
International Sugar Prices (Weekly)				
	Contract Month	17-Jan-2013	10-Jan-2013	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	18.42	18.96	-0.54
	May-13	18.6	19.21	-0.61
	Jul-13	18.92	19.5	-0.58
LIFFE Sugar (US \$/MT)	Mar-13	497.5	512.5	-15
	May-13	505	519.7	-14.7
	Aug-13	509.4	525.1	-15.7

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 \$533, 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 made short covering from present level

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	497.5	510

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 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	18.42	18

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