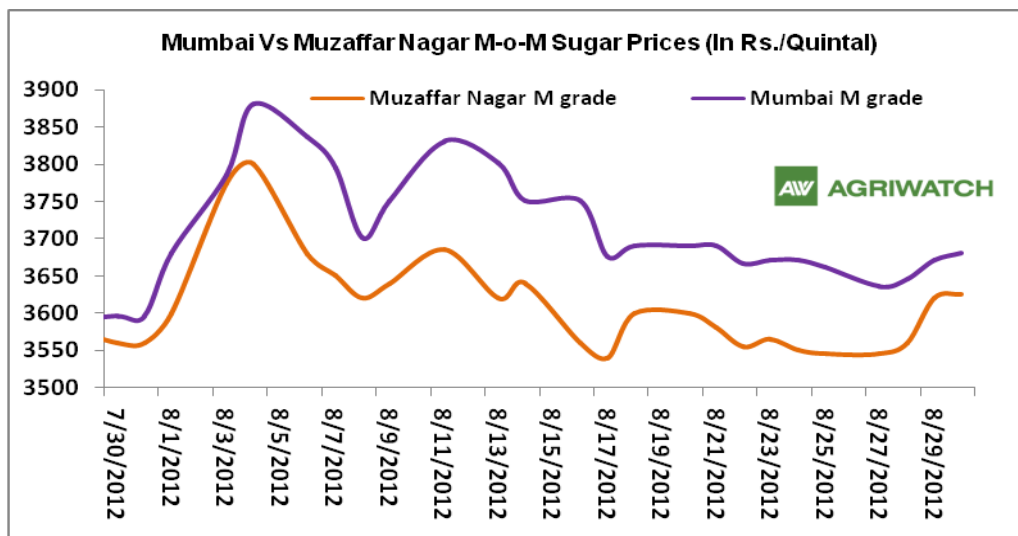


Sugar Price Trend and Outlook:

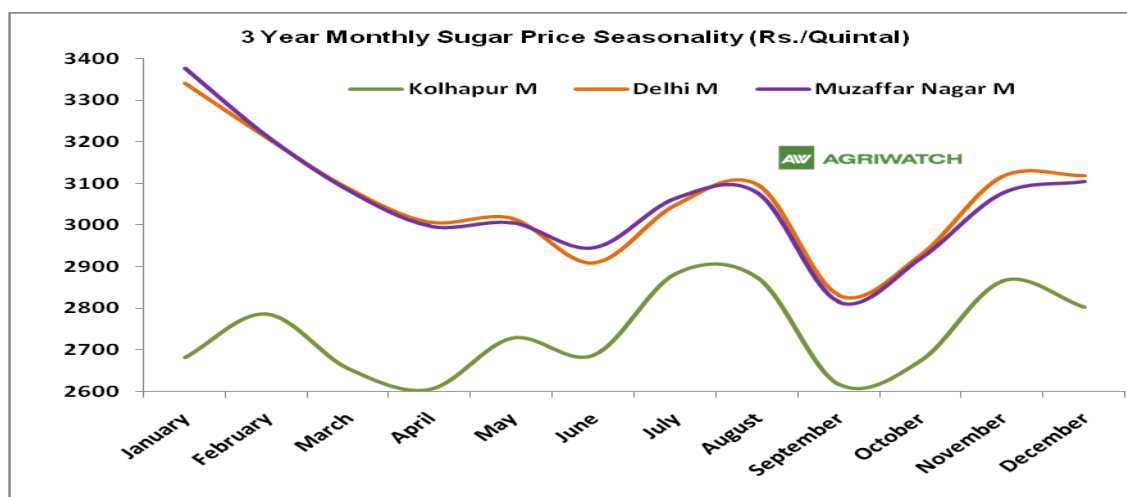
Sugar prices are moving range bound. Main price influencing factors in the domestic markets are the weak international sentiments, increased sugar quota released in the open markets by government and weaker export prospects curb any rise in the sugar prices presently



Domestic Sugar Price Outlook:

After a severe decline in prices of sugar last month owing to higher sugar quota released by government, sugar prices should move up due to expected speculation. However, weak sentiments in International markets owing to supply pressure from Brazil might offset the impact of bullishness in domestic markets upto some extent. **We expect sugar prices to move in a range with firm tone in the coming days unless the government changes any sugar policy.**

Domestic Sugar Price Seasonality:



As can be seen in the chart above, prices could be expected to fall until end September, unless sugar exports pick up". After September, human consumption of sugar increases generally owing to various festival demand occurred during that period.

Monthly News Highlights:

- Sugarcane area has increased by 4% Y-o-Y to 5.288 million hectares for the coming MY 2012-13. Increase in cane area has been contributed by states like UP and Bihar. It is notable that sugarcane area covered around 5.45% of total agricultural land area.
- According to UP cane commissionerate, Sugarcane area in UP stood at 23.77 lac hectares for 2012-13 out of which 11.58 lac hectares area covered under Plant and rest 12.19 lac hectares area covered under Ratoon.
- Indian sugar mills produced 25.9 million tons of sugar in the MY 2011-12 till 31st July 2012. Still 25 southern sugar mills are running their cane crushing operations which might take sugar production figure to more than 26 million tons.
- Agriwatch had estimated 25.9 million tons of sugar production for 2011-12 year in November which has now matched with Government and ISMA estimate.
- Indian sugar exporters want government to cancel sugar export sales of more than 5 lac tons as sharp surge in sugar domestic prices and weak international sentiments have weakened sugar export prospects.
- Gujarat sugar mills wind up its cane crushing operations for 2011-12 and produced 10.02 lac tons which is down by 19% Y-o-Y owing to lack of cane availability this year.
- Recent good rainfall in main sugarcane growing areas in UP, Maharashtra and Karnataka during last week should benefit standing sugarcane crop and improve the yield of sugarcane. It is notable that sugarcane harvesting for 2012-13 season starts generally from October 1st week in Maharashtra and in the last week of October in UP.

Sugar Export Opportunity:

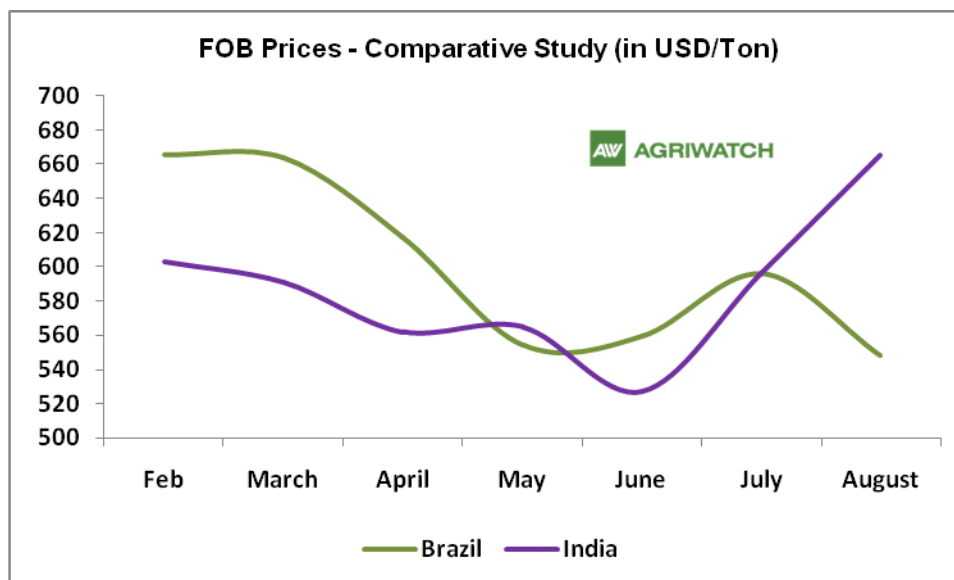
Indian CIF prices to Indonesia ~687-708 are facing tough competition from Brazilian sugar CIF prices due to disparity in sugar prices. It is notable that millers are now find domestic sales more profitable than exports. Sugar prices in spot markets increased like anything during couple of months due to speculation. Prices of sugar which was traded at Rs 3100 per quintal in June is now trading at Rs. 3550-3600 per quintal in Muzaffar nagar markets.

Comparative sugar prices from various sugar sourcing countries to Indonesia are mentioned in the table below:

Comparative Sugar FOB & CIF Prices (USD/MT) (\$=Rs.55.63) till 30 th August 2012			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT)	655.58	651.63	666.01
CIF up to Indonesia	687.55	693.58	708.01
	Brazil		
FOB (USD/MT)	535	-	-
CIF (USD/MT) up to Indonesia	600.61	-	

* Note: Sugar prices have been taken on the basis of average of high and low.

Sugar Indicative FOB Price trend:

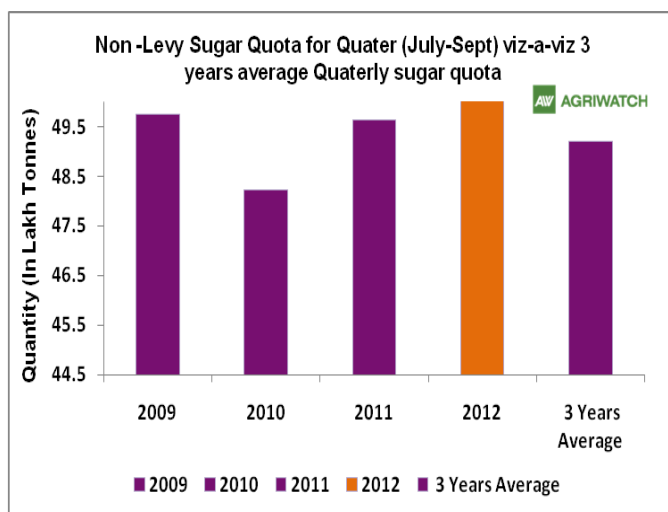


India sugar export figure reached 3.2 million tons in MY 2011-12.

Quarterly Sugar Quota (July-September)

Government allocated 51.66 lac tons total non-levy sugar quota for the quarter of July to September 2012 which is 4.1% higher compared to sugar quota released by government last year same quarter. Earlier, Government released 45 lac tons of non-levy sugar quota which it has extended to 51.66 lac tons by releasing 6.66 additional sugar quota to curb the rising sugar prices in spot markets. It is notable that sugar prices in retail markets jumped Rs 10 to Rs 40 per kg in a span of 2 months.

Government released order with the condition that the sugar mills should sell and deliver / dispatch 70% of the quarterly quota (~31.5 lac tons) till August end and rest of the quota (~20 lac tons) in the remaining quarter.



Further, till date, for the quarter of July to September, 2012 the Government has released 4.64 lac tons of levy sugar quota, which includes 1.07 lac tons as quarterly levy sugar quota of FCI operated states.

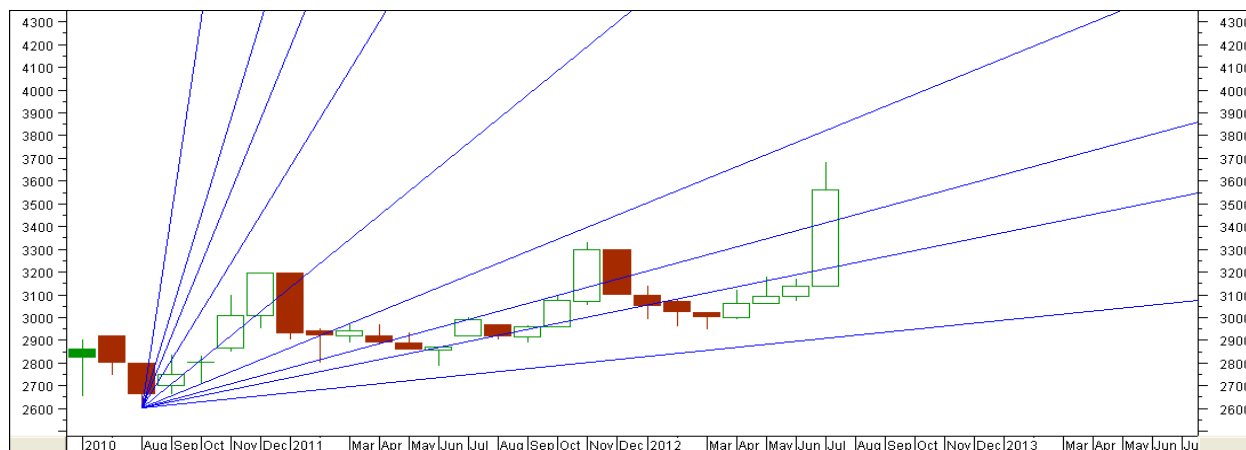
Domestic Sugar Balance Sheet:

All Units in Million Tons	2009-10	2010-11	2011-12	2012-13E
Opening stocks	3.73	4.68	3.56	2.86
Production	18.9	24.38	26.00	25.00
Imports	4.76	0.00	0.00	0.00
Total Availability	27.39	29.06	29.56	27.86
Domestic consumption	22.50	23.00	23.50	24.01
Exports	0.21	2.50	3.20	1.00
Total Usage	22.71	25.50	26.70	25.01
Closing stocks	4.68	3.56	2.86	2.85
Average Monthly consumption	1.88	1.92	1.96	2.00
Stocks in months to use	2.50	1.86	1.46	1.42
Stock/Consumption Ratio	0.21	0.15	0.12	0.12

Spot Sugar Prices Scenario (Monthly):

	31 July 2012	31 Aug 2012	change
Mumbai M-30	3596	3696	100
Mumbai S-30	3501	3561	60
Muzaffar Nagar M	3560	3645	85
Delhi M-30	3570	3670	100
Delhi S-30	3600	3700	100
Nagpur S	3600	3700	100
Chennai S	3500	3575	75
Kolhapur M-30	3550	3550	Unch
Kolhapur S-30	3450	3450	Unch

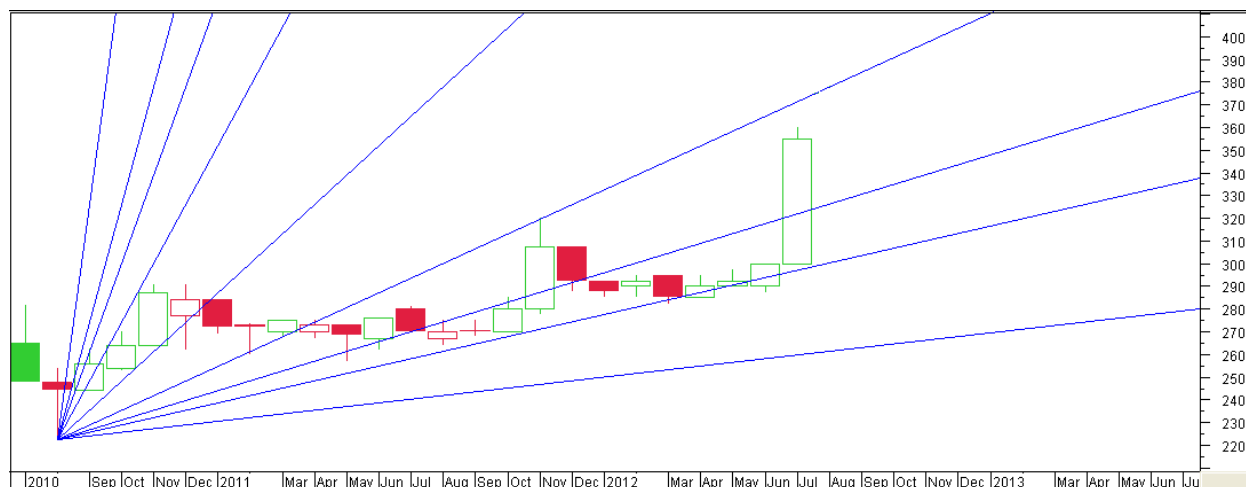
Monthly Spot market Price pattern and Analysis (Muzaffar Nagar (Khatauli) – Grade M):



Price Expectation for Muzaffar Nagar (Khatauli) market for the coming month.

- Sugar prices have surged sharply in Muzaffar nagar market during the month ended August 2012.
- Prices recently breach price level of Rs 3600.
- We suggest market participants to trade at range of Rs.3450- Rs.3680. However, if prices move in either direction then it is likely to move in that direction.

Monthly Spot market Price pattern and Analysis (Kolhapur – Grade M):



Price Expectation for Kolhapur market for the coming month.

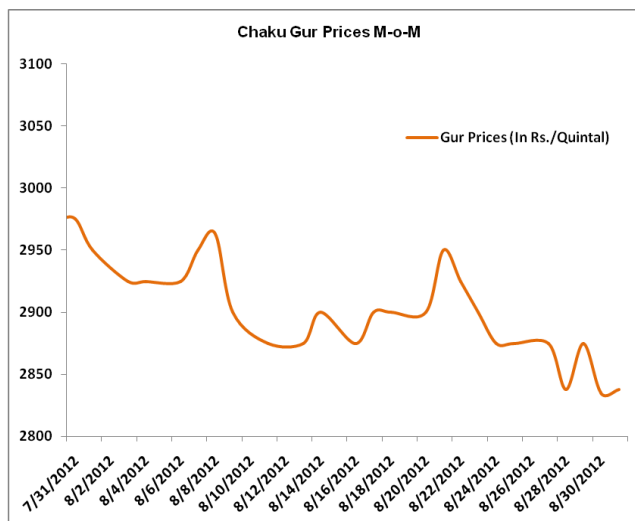
- Kolhapur sugar prices are moving upwards as chart depicts.
- Prices have breached Rs. 3600 will give the prices a new direction.
- Prices might resist at Rs 3900 level.
- We suggest market participants to trade at range of Rs.3500- Rs.3750. However, if prices move in either direction then it is likely to move in that direction.

Gur Market Scenario and Outlook

Gur prices are moving range bound with weak tone during the week ended 3rd September 2012. Dull offtake and higher gur stocks in cold storages drag the prices downwards.

This week around 91000 bags of gur (all varieties) has been lifted which is lower by 7000 bags lifted in the same period a year earlier

Around 680000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 3rd September 2012, which are 178000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 406400 bags of Chaku variety gur stored in Cold storages.



	This week Off take (In Bags)
Chaku	56000
Raskut	4000
Papdi	700
Khurpa	-
Total	91000

Dull demand of gur in Muzaffar nagar mandi led the gur prices down last week. We expect prices are likely to remain range bound in the coming week.

Markets	Variety	31 July 2012	31 Aug 2012	Change
Muzaffar Nagar	Chaku-Sukha-gur(Cold)	2975	2838	-137
	Chaku-(Gila-gur)	2950	2800	-150
	Khurpa	2900	2600	-300
	Rascut	2900	2788	-112
Bangalore	Achhu	3000	3000	Unch
	Mudde	3100	3200	100
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3000	2800	-200
Bijapur	Achhu	2740	-	-
Gulbarga	Other (Average)	2900	3350	450
Mahalingapura	Penti (Average)	2900	2980	80
Mandya	Achhu (Medium)	2550	2450	-100
	Kurikatu (Medium)	2300	2200	-100
	Other (Medium)	2350	2300	-50
	Yellow (Medium)	2450	2400	-50
Shimoga	Achhu (Average)	3100	3225	125

Commodity: Sugar
Contract: October

Exchange: NCDEX
Expiry: October 20th, 2012

SUGAR (October Weekly Chart)

Technical Commentary:

Sugar prices are moving range bound with weak tone. Prices are likely to test Rs 3460 from where prices should rebound. However, breach of 3460 level would take the prices in a downtrend.



Strategy: Buy from support level

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	October	3269	3355	3566	3633	3701
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	October	Buy	Above 3460	3560	3610	3380

Commodity: Gur
Contract: November

Exchange: NCDEX
Expiry: November 20th, 2012

GUR (Weekly Continuous Chart)

Technical Commentary:

- Gur prices are moving downwards after witnessing steep hike in the prices.
- Prices are hovering in a broad trading range of Rs 1210 to Rs 1254, two consecutive closes either side will give the prices a new direction.



Strategy: Sell from Entry is advisable.

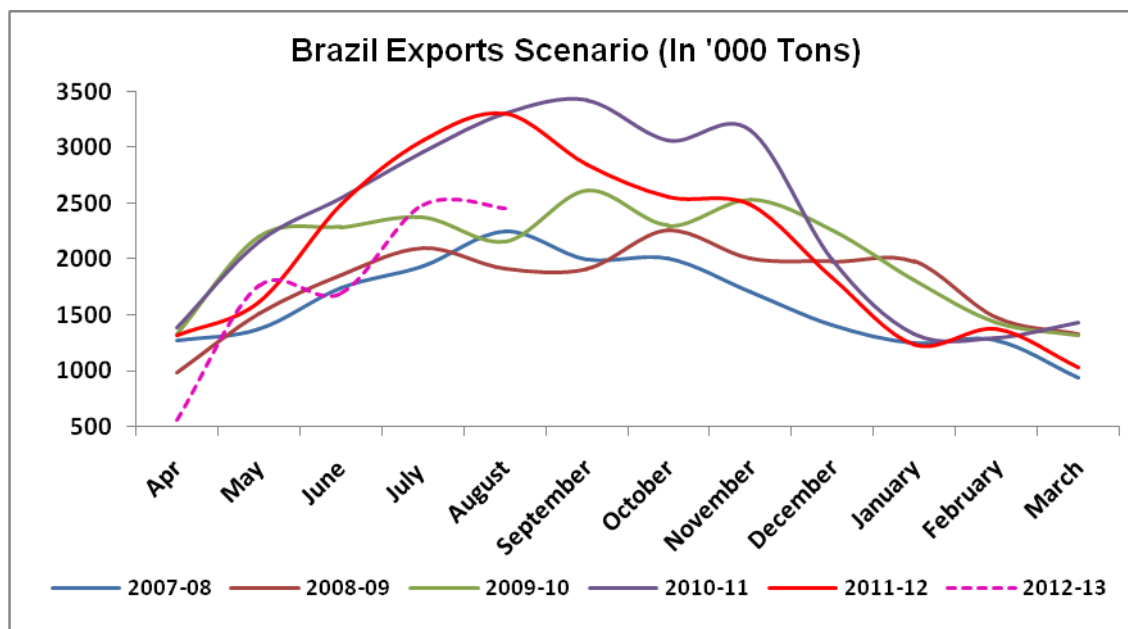
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	November	1210	1216	1244.5	1254	1284
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Sell	Below 1250	1230	1215	1269

International Scenario

International white and raw sugar are continuously moving range bound with weak tone over increasing crushing pace of cane by Brazilian mills and surging sugar exports from Brazilian ports M-o-M.

Meanwhile, Sugar vessels loading at Brazilian ports declined 6% w-o-w in the past week. Around 2.14 million tons of sugar was ready to load at different Brazilian ports towards various destinations. Out of total sugar, around 185000 tons of sugar was moving towards Indian ports, according to Bloomberg. Sugar refiners like Renuka sugars have various sugar factories in Brazil and they found raw sugar import lucrative from Brazil at present. Also, these sugar refiners have factories near to ports which provide better freight advantage in comparison to other local competitors.

Considering increasing sugar supply from Brazil in various consumption countries and dry conditions in Brazil helping cane harvest gives a hint of bearishness in prices the international arena.



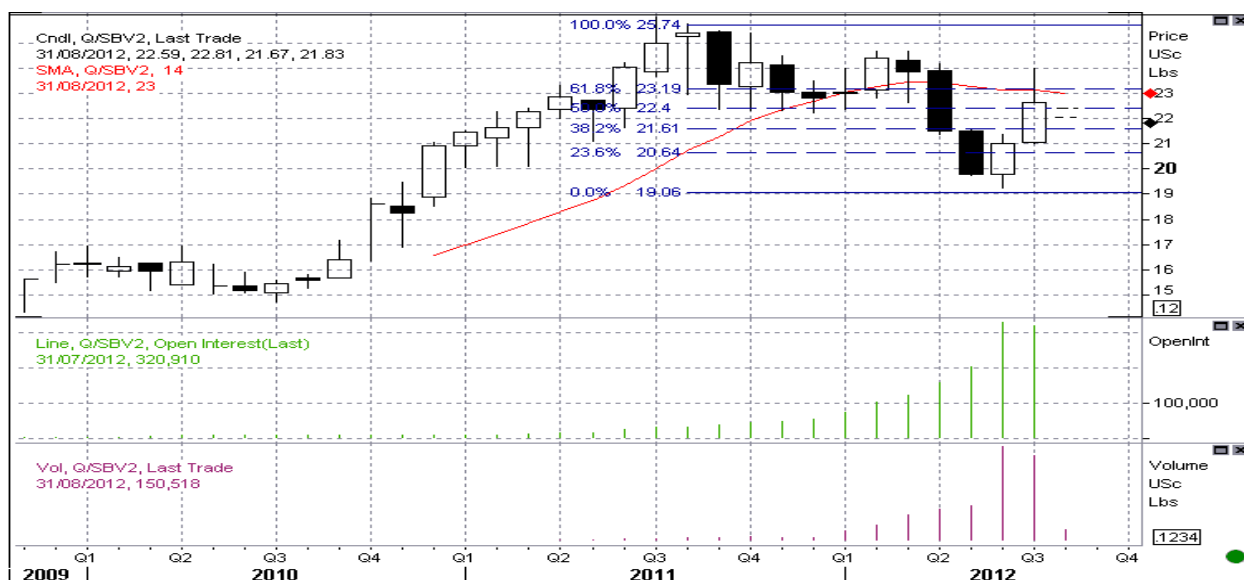
Brazil exported 2.459 million tons of sugar, raw value, in August down marginally from 2489 million tons in July but lower from 3.3 million tons sugar exported last year same period. It is noticeable that Brazil is likely to increase export in the coming months keeping in view higher sugar production compared to last year. In addition to it, Brazil has exported only 8.95 million tons of sugar this year till August which was 11.78 million tons last year same period.

International Market News Highlights:

- Tunisia is seeking 28000 tons of sugar. It is notable that Tunisia recently bought 14000 tons of white sugar at FOB \$605 per ton for November delivery and also bought 14000 tons of raw sugar for November delivery at FOB \$447 per ton.
- Global sugar surplus is likely to decline by half to 3.07 million tons for 2012-13 owing to estimated decline in production of sugar from India. Sugar surplus in 2011-12 stood at 6.23 million tons owing to increase in sugar production by three main sugar producing nations Brazil, India and Thailand.
- Brazilian sugar mills from Center South Region crushed around 44.25 million tons of cane till first half of August which is approx 14% higher compared to same period last year cane crushed by mills i.e. 38.74 million tons.
- South Africa's 2012/13 sugar output is estimated at 2.177 million tonnes slightly down from a previous forecast of 2.18 million tonnes,

International Sugar Prices (Monthly)				
	Contract Month	30 July 2012	30 Aug 2012	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	22.8	19.75	-3.05
	Mar-13	23.06	20.44	-2.62
	May-13	22.73	20.44	-2.29
LIFFE Sugar (US \$/MT)	Oct-12	620.2	559.1	-61.1
	Dec-12	600.6	552.4	-48.2
	Mar-13	605.2	553.3	-51.9

ICE Raw Sugar Future Market Monthly Scenario (Oct'12 Contract):

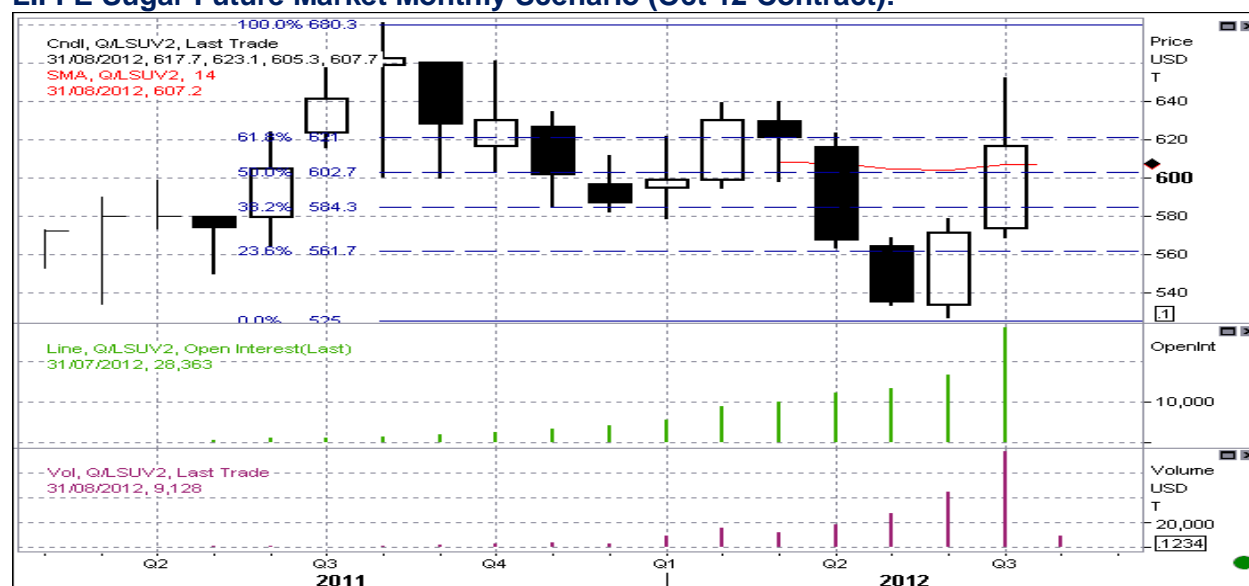


Technical Commentary:

- ICE raw sugar future prices are moving upwards as the chart depicts.
- Raw sugar price if breach the retracement level of 23.6% the prices might fall upto 20 cents/pound.
- However, Increase in prices has been supported by open interest which indicates prices forms long buildup in the market. Prices are likely to trade between 21.5-22.5cents/pound.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Oct'12	19.75	21.0

LIFFE Sugar Future Market Monthly Scenario (Oct'12 Contract):



Technical Commentary:

- LIFFE sugar future prices are moving upwards as chart depicts.
- Prices might find a support at \$562.
- Sugar prices are continuously trying to test \$650 as chart depicts.
- We expect prices are likely to come down in the coming month.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Oct'12	559.1	600

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