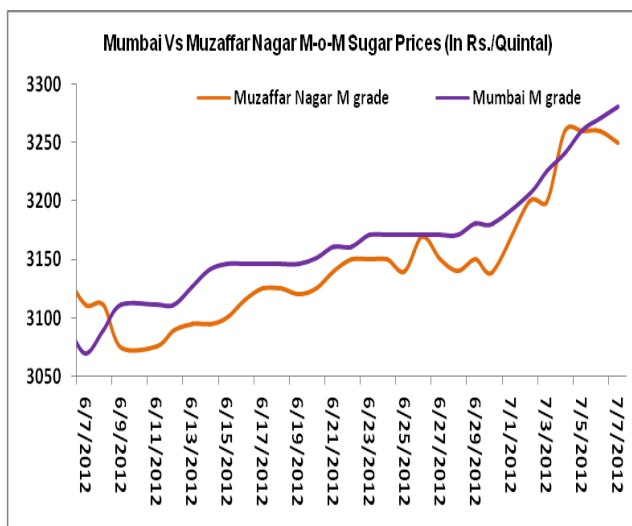


Executive Summary:

Prices of sugar surged during the week ended 9th July 2012. Firm spot as well as export demand of sugar led the sugar prices upwards. In addition to it, wet conditions in Brazil affecting yield of cane crop for 2012-13 and delay monsoon are the major influencing factors of rise in sugar prices.

Fresh demand from the East and fresh buying from Gujarat, Rajasthan and Madhya Pradesh in Maharashtra have pushed up the sentiment in coming days.

We expect sugar prices will trade steady to firm in domestic markets considering good domestic as well as export demand. In addition to it, rupee depreciation and wet conditions in Brazil also support the prices of sugar in International as well as in Indian markets.



Domestic Outlook:

Sugar prices likely to continue its bull run for short term owing to lower sugar quota for next quarter. Also, exporters are finding export parity over other sugar exporting countries which might increase the sugar export demand. In addition to it, good spot demand due to upcoming festive seasons should lead the prices of sugar upwards in the coming week.

News Highlights:

- Sugar production stood at 25.7 million tons at the end of June 2012, according to ISMA.
- As per recent survey done by Agriwatch, Sugar cane area seems to increase by 8% on an average in UP Y-o-Y owing to good cane remuneration to farmers compared to other competitive crops. It is notable that Agriwatch estimate is lower than increase in cane area estimated by government for 2012-13.
- ISMA estimate 25 million tons of sugar output in 2012-13 season which is 1 million tons lower compared to 2011-12. Lack of rainfall is expected to affect the cane yield in major cane growing belt like UP and Maharashtra.

Sugar Export Opportunity:

Indian export prices improved sharply this week owing to increase in spot prices supported by sharp appreciation in rupee. Meanwhile, Indian CIF prices to Indonesia ~628-678. are looking competitive compared to Thailand and Brazilian sugar CIF prices.

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

Comparative Sugar FOB & CIF Prices (USD/MT) (\$=Rs.56.02)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	596.94	599.61	637.10
CIF up to Indonesia	628.68	641.37	678.97
	Brazil	Thailand	Pakistan
FOB (USD/MT) (With Premium)	640.10	675.10	-
CIF (USD/MT) (With Premium) up to Indonesia	706.02	697.13	

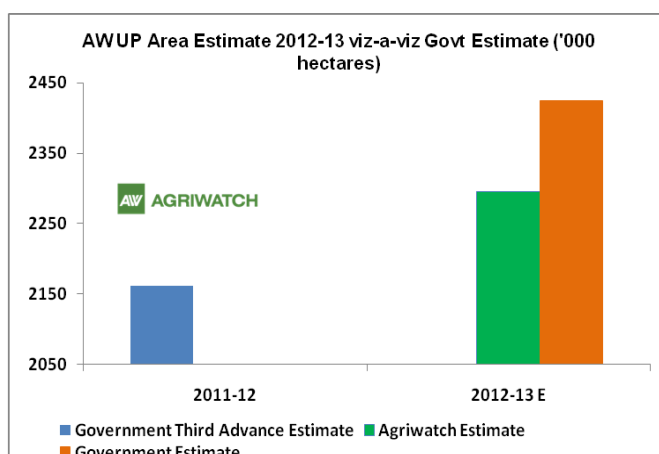
* Note: Sugar prices have been taken on the basis of average of high and low.

Uttar Pradesh Sugarcane Area Estimate 2012-13

As per recent survey done by Agriwatch, Sugar cane area seems to increase by 8% on an average in UP Y-o-Y owing to good cane remuneration to farmers compared to other competitive crops.

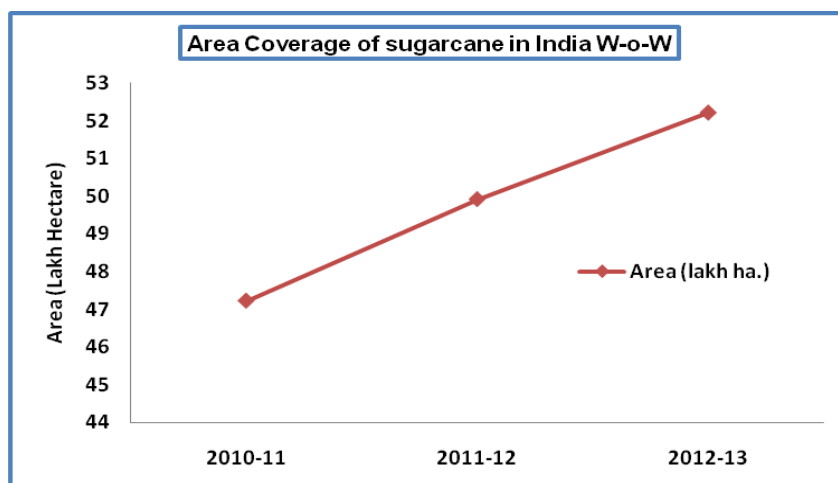
It is notable that Agriwatch estimate is lower than increase in cane area estimated by government for 2012-13.

However, as per preliminary recent report gathered from farmers, lack of rainfall in Gonda and Balrampur districts of UP hurting the cane crop which might result in decline in yield.

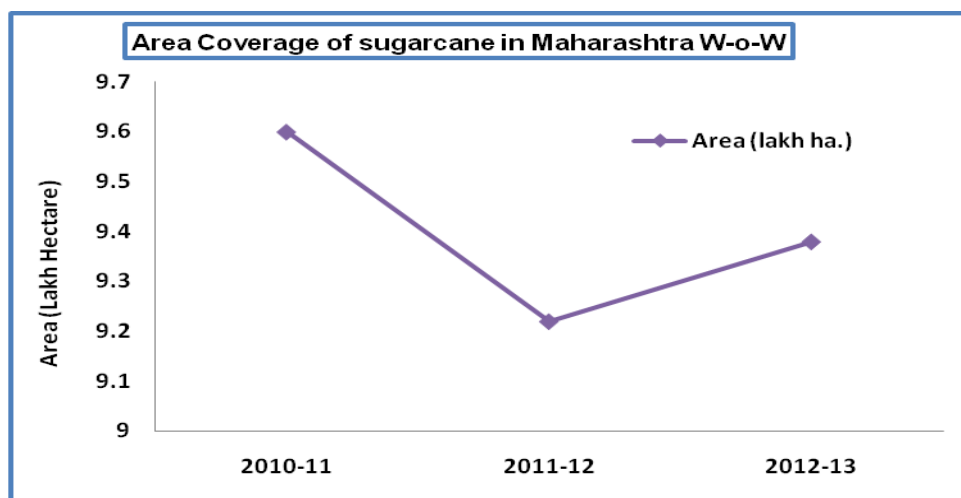


Sugarcane Sowing Intention:

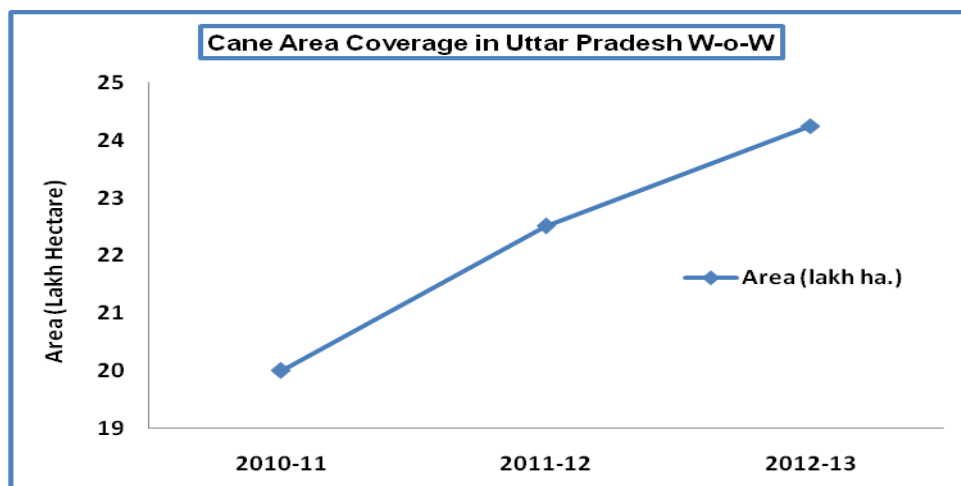
Sugarcane has been planted in 52.8 lac.hectares so far that is 2.5 lac.hectares. more than that in 2011-12, according to Pib.



Around 9.38 lac hectares sugarcane area has been covered in Maharashtra which is 0.16 lac hectares higher compared to last year sugarcane sowed by growers in their respective fields. As far as crop condition is concerned, it is normal. However, as per feedback received by Agriwatch from Private trade does not confirmed the data released by Directorate of Sugarcane Development as on 27-6-2012.



Also, sugarcane acreage increased in UP compared to last year with 24.25 lac hectares area has been covered by sugarcane this year which is up from 22.51 lac hectares area covered with sugarcane in UP last year. Better remuneration and timely payment encourage the farmers to plant more sugarcane in their respective fields for 2012-13 season, according to Directorate of Sugarcane Development.



Spot Sugar Prices Scenario (Weekly)

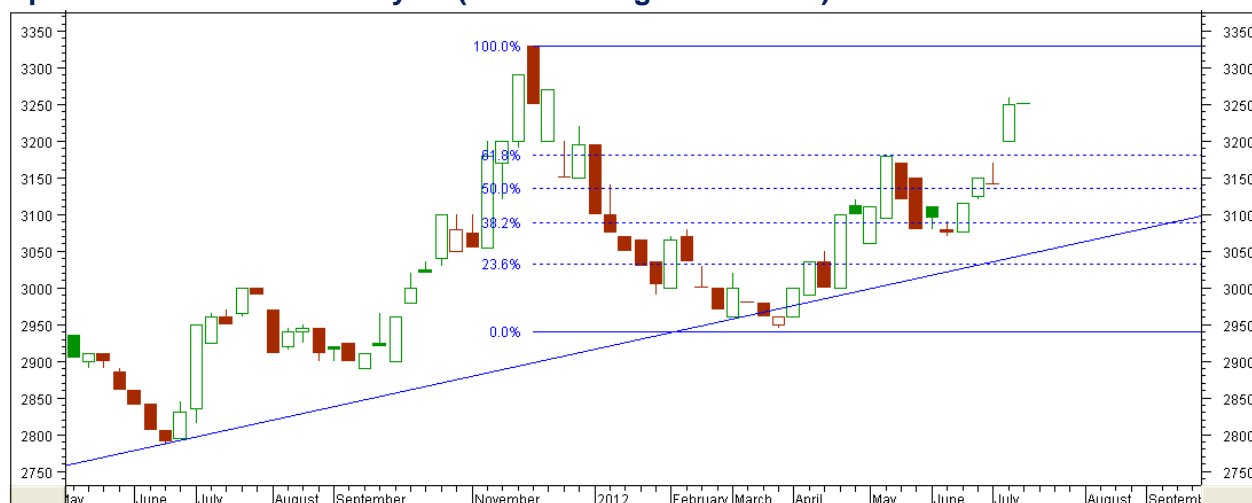
	29-June-12	06-July-12	Change
Delhi M-30	3180	3260	80
Delhi S-30	3110	3205	95
Muzaffar Nagar M	3150	3260	110
Mumbai M-30	3181	3271	90
Mumbai S-30	3026	3161	135
Kolhapur M-30	2975	3200	225
Kolhapur S-30	2875	3100	225
Kolkata M Variety	3230	3320	90
Chennai S	2950	3200	250
Vijayawada M-30	3350	3450	100

Spot Market Technical Analysis (Kolhapur–Grade M)

Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices moving up during the week ended 9th July 2012.
- Prices recently test Rs 3200 level and likely to remain in the mentioned trading range between Rs 2850 to Rs. 3200
- Last candlestick pattern suggests prices not sustained at lower levels
- Keeping in view prevailing fundamentals, we expect prices will move up in the coming week. We suggest market participants to hold sugar at prevailing price levels.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



Price Expectation for Muzaffar Nagar market for the coming week.

- Sugar prices in Muzaffar nagar market moved upwards during the week.
- Prices have recently breach 61.8% retracement level and likely to continue its bull run.
- We suggest market participants to hold sugar and likely to make profit booking at Rs 3300 level.

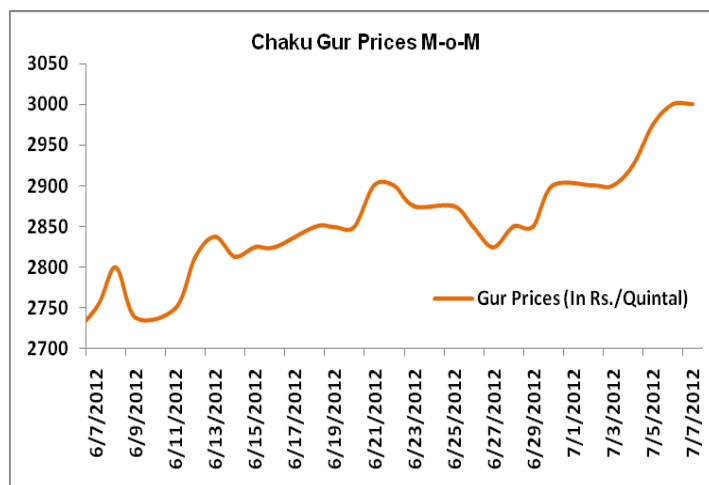
Gur Market Scenario and Outlook

Gur prices improved sharply during the week ended 9th July 2012. Recent rainfall in the western UP and firm spot demand of gur led the gur prices upwards in Muzaffar nagar gur mandi.

Last week around 66000 bags of gur sold out from Cold storages which indicate good demand of gur which have led the prices up during last week in Muzaffar nagar spot mandi.

Around 1148000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 9th July 2012 which are 9000 bags

higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 796000 bags of Chaku variety and 125000 bags of Papdi variety gur stored in Cold storages.



	This week Off take
Chaku	40000
Raskut	8000
Papdi	15000
Khurpa	3000
Total	66000

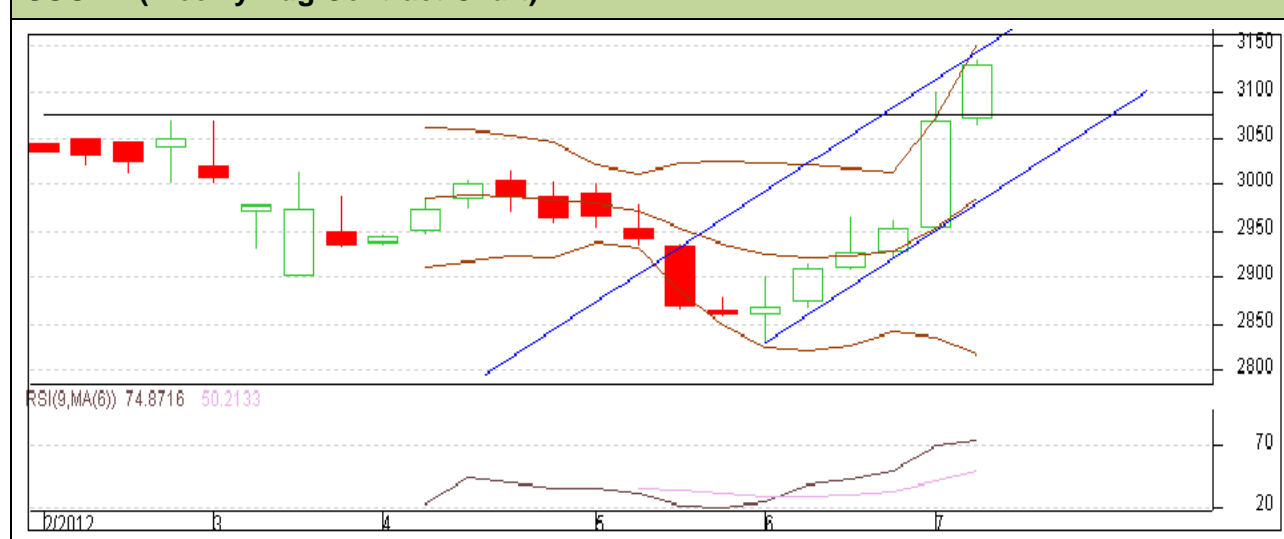
Demand of Chaku gur might get lowered for making remade gur owing to high sugar prices and ongoing Kavad yatra which puts hurdles to transport gur from a place to another. Gur prices might trade steady to weak in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	29-June-12	06-July-12	Change
Muzaffar Nagar	Chaku – New	2850	3000	150
	Khurpa	2825	2950	125
	Laddoo	2900	3000	100
Bangalore	Achhu	2750	2900	150
	Mudde	2900	2900	Unch
Belgaum	Mudde	3100	3100	Unch
Belthangadi	yellow (Average)	2800	2800	Unch
Bijapur	Achhu	2800	2800	Unch
Gulbarga	Other (Average)	2605	2620	15
Mahalingapura	Penti (Average)	2315	2575	260
Mandya\	Achhu (Medium)	2880	2840	-40
	Kurikatu (Medium)	2450	2450	Unch
	Other (Medium)	2250	2300	50
	Yellow (Medium)	2300	2400	100
Shimoga	Achhu (Average)	2350	2450	100

Commodity: Sugar
Contract: Aug

Exchange: NCDEX
Expiry: Aug 17, 2012

SUGAR (Weekly Aug Contract Chart)



Technical Commentary:

- Sugar prices recently breach upward channel and got its next objective i.e. Rs. 3135 or 161.8% retracement level.
- Prices are likely to take a downward correction from hereon.
- RSI is moving at oversold region.
- Bollinger band indicates downward correction from resistance level.
- However, last candlestick pattern suggests bullishness in the prices.

Strategy: Sell towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Aug	3015	3070	3130	3135	3315
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Aug	Sell	Below 3130	3090	3070	3150

Commodity: Gur
Contract: September
Exchange: NCDEX
Expiry: September 20, 2012
GUR (September Weekly Chart)

Technical Commentary:

- Gur prices are moving upwards as chart depicts.
- Prices are likely to hover in a trading range between Rs. 1215 to 1270, two consecutive closes either side would give the prices a new direction.
- RSI is moving up near to overbought region.
- However, Increase in prices has supported by volume and OI.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	September	1200	1215	1267.5	1314	1360
Weekly Trade Call			Call	Entry	T1	T2	SL

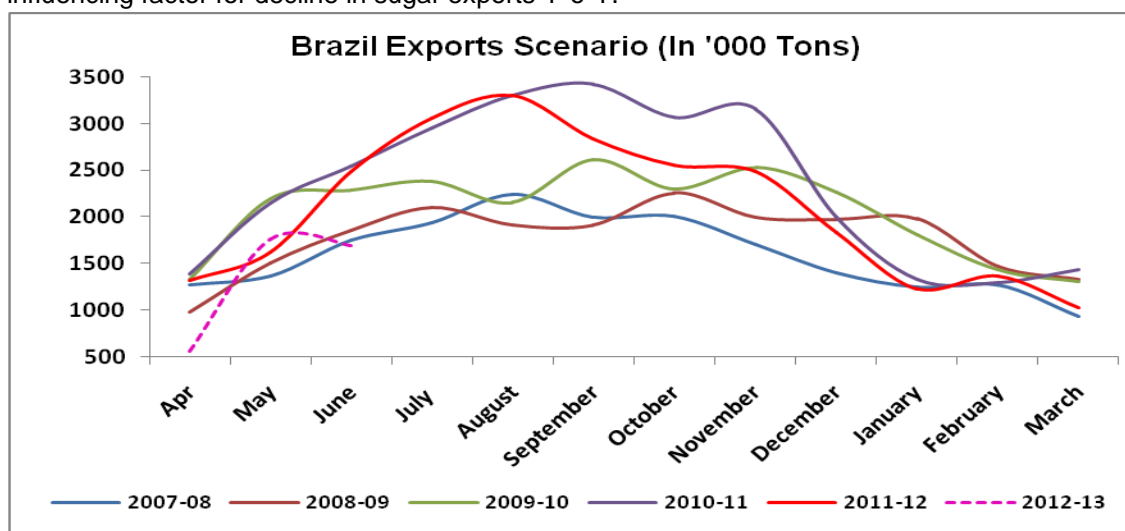
Gur	NCDEX	September	Buy	Between 1258-1260	1275	1282	1251
-----	-------	-----------	-----	-------------------	------	------	------

International Scenario

International white and raw sugar moved range bound with firm tone last week over continuous wet conditions in Brazil major cane belt. Prices are likely to continue its bull run considering rising congestions of vessels at major ports of Brazil as dry weather conditions at present increase the pace of harvesting as well as cane crushing.

International Market News Highlights:

- Brazil sugar vessel line up increased to 70 compared to 51 stood at last month. Out of total 70 vessels, 33 vessels are waiting for loading sugar at Santos port. Wet weather conditions in the center south region slowed loading of bulk raws.
- Wet weather conditions in Australia disrupt raw sugar exports. It is notable that Australia is world third largest exporter of sugar after Brazil and Thailand. Australia is likely to produce 4.4 million tons of sugar in 2012-13 out of which Australia is going to 3.35 million tons sugar exports in this marketing year, according to ABARE.
- Sugar prices in LIFFE surged over Brazil and India weather concern affecting cane crop. However, overall sugar is in surplus for MY 2012-13 as expected by different trading houses.
- Kingsman cuts 2012-13 Brazil cane output estimate by 10 million tons to 500 million tons. It also cuts sugar output estimate by 1 million ton to 31.8 million tons. Wet weather conditions during couple of months delay cane harvesting and also decreases sugar content from cane.
- Brazil June sugar export declined 32% to 1.692 tons, raw value, compared to last year same period. June sugar exports from Brazil also declined compared to 1.76 million tons exported in May 2012. Delayed start of cane crushing in the region due to wet weather conditions is the major influencing factor for decline in sugar exports Y-o-Y.



International Sugar Prices (Weekly)

	Contract Month	28-June-12	05-July-12	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	21.21	21.92	0.71
	Mar-13	20.53	22.33	1.8
	May-13	21.12	22.17	1.05
LIFFE Sugar (US \$/MT)	Aug-12	599.2	633	33.8
	Oct-12	562	594	32
	Dec-12	548.8	579.4	30.6

LIFFE Future Market Sugar Scenario (October Contract):



Technical Commentary:

- Prices rebound from support level as chart depicts.
- Prices hovering in a range between \$526 to 640, breach of mentioned levels either side will give the prices a new direction.
- White sugar prices had recently breach 50% retracement level which gives a breakout signal.
- As per our previous week expectation, prices test 61.8% retracement level. This week we expect prices are likely to continue its bull run and would test upper line of falling channel in the coming week.
- Increase in prices has supported by OI.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'12	594	620

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



Technical Commentary:

- ICE raw sugar futures moved up sharply during the week ended 9th July 2012.
- Increase in prices has supported by volume and OI.
- Prices are breach 50% retracement level that confirms break out signal.
- Last candlestick suggests bullishness in the prices.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'12	21.92	23.00



The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>
© 2005 Indian Agribusiness Systems Pvt Ltd.