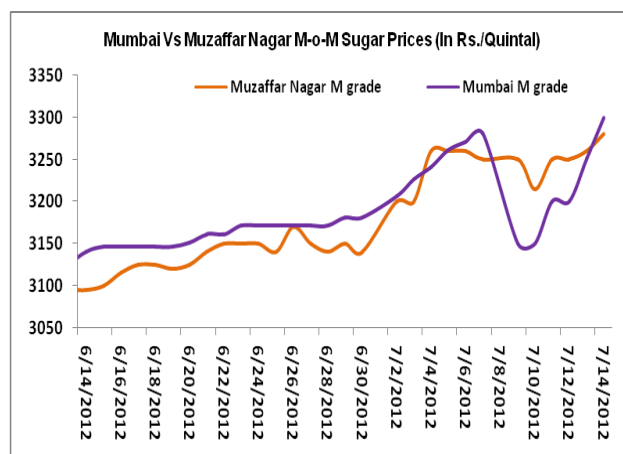


Executive Summary:

Prices of sugar surged during the week ended 16th July 2012. Firm spot as well as export demand of sugar led the sugar prices upwards. In addition to it, delay in monsoon affecting yield of standing sugarcane crop became major influencing factors of rise in sugar prices.

We expect sugar prices will trade steady to firm in domestic markets considering good domestic as well as export demand. In addition to it, firm international cues also support the prices of sugar in International as well as in Indian markets.



Domestic Outlook:

Sugar prices are likely to stay in Bull Run in the coming days keeping in view good spot demand supported by firm international cues and lack of rainfall in sugarcane belt in India.

News Highlights:

- Government has proposed 10% import duty on sugar keeping in view higher sugar output over consumption for the coming year. It is notable that zero import duty on sugar has expired on June 30th 2012
- Government worried about the rainfall in key sugarcane producing states like Maharashtra and Karnataka where very less rains occurred till date which is affecting standing sugarcane crop yield.
- Indian Sugar export prices quoted at \$570 this week up from \$520 quoted last week. Rising Indian white sugar prices might decrease the sugar demand from Middle East countries which are seeking sugar for Ramadan.

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 ~665-697. are facing tough competition from Thailand and Brazilian sugar CIF prices. However, Indian exporters could take benefit of increasing congestion at Brazilian ports due to wet weather that would delay the shipments of sugar from Brazilian ports.

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)	634.09	646.82	655.91
CIF up to Indonesia	665.95	688.71	697.83
	Brazil	Thailand	Pakistan
FOB (USD/MT) (With Premium)	613.7	643.70	-

CIF (USD/MT) (With Premium) up to Indonesia	679.54	665.63	
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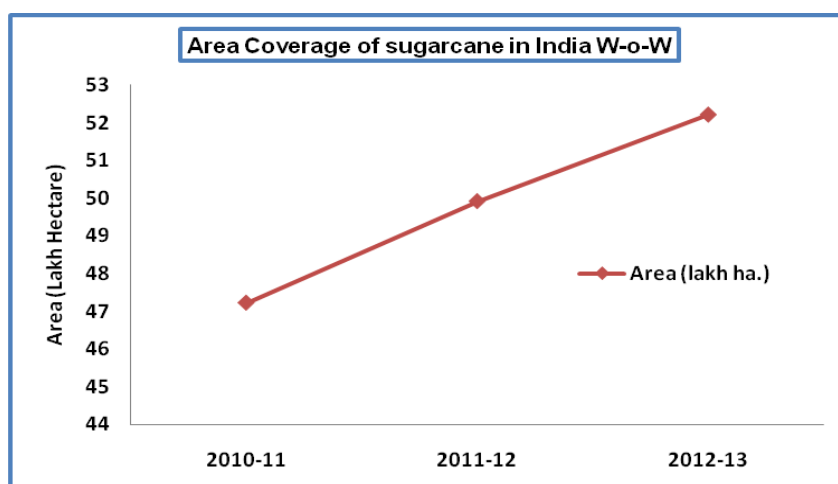
* Note: Sugar prices have been taken on the basis of average of high and low.

Indian sugar exporters have golden opportunity to grab the sugar export opportunity from Indonesia which are facing tight sugar stock positions at present. It is also noticeable that rising Thai sugar premium and wet conditions in Brazil and Australia also gives an opportunity to Indian exporter to ship sugar to Indonesia.

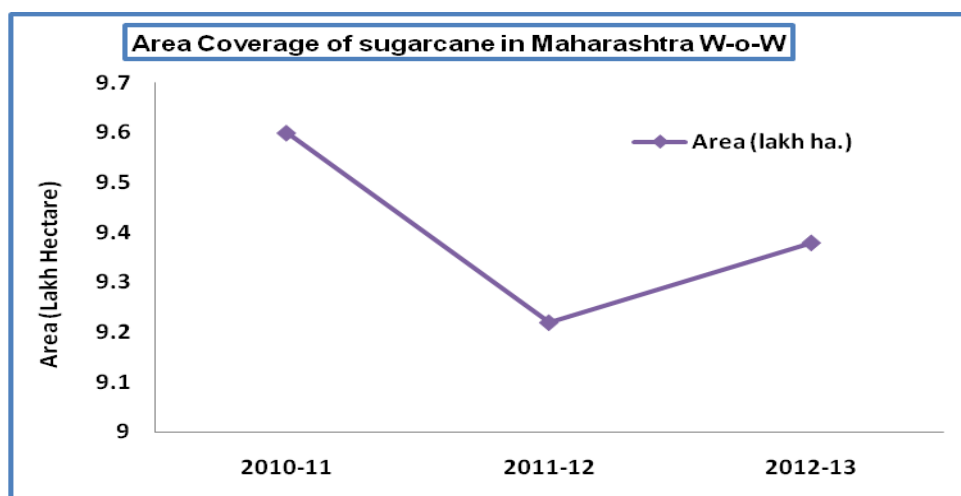
Recently, 25000 tons of sugar vessel is loading at Kandla port to unknown destination as reported.

Sugarcane Sowing Intention:

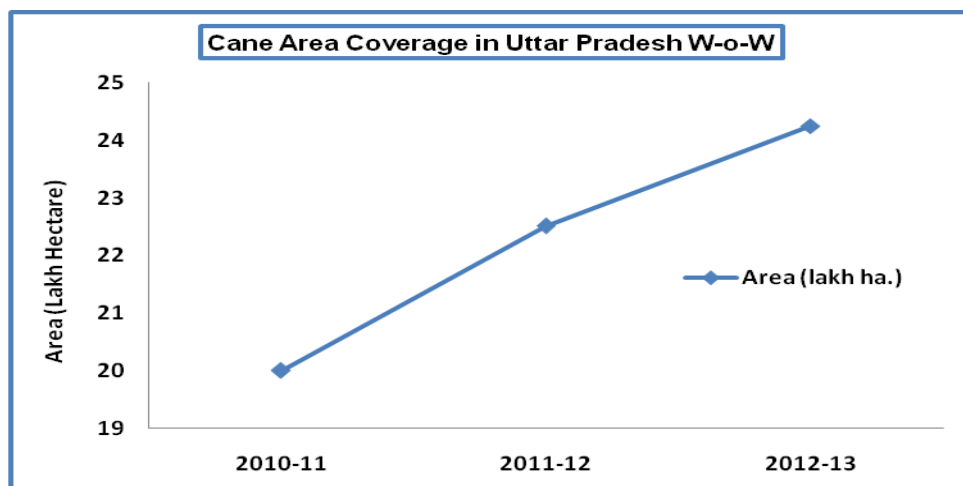
Sugarcane has been planted in 52.8 lac.hectares so far that is 2.5 lac.hectares. more than that in 2011-12, according to Pib.



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)

	06-July-12	13-July-12	Change
Delhi M-30	3260	3260	Unch
Delhi S-30	3205	3210	5
Muzaffar Nagar M	3260	3260	Unch
Mumbai M-30	3271	3311	40
Mumbai S-30	3161	3196	35
Kolhapur M-30	3200	3250	50
Kolhapur S-30	3100	3150	50
Kolkata M Variety	3320	3300	-20
Chennai S	3200	3270	70
Vijayawada M-30	3450	3500	50

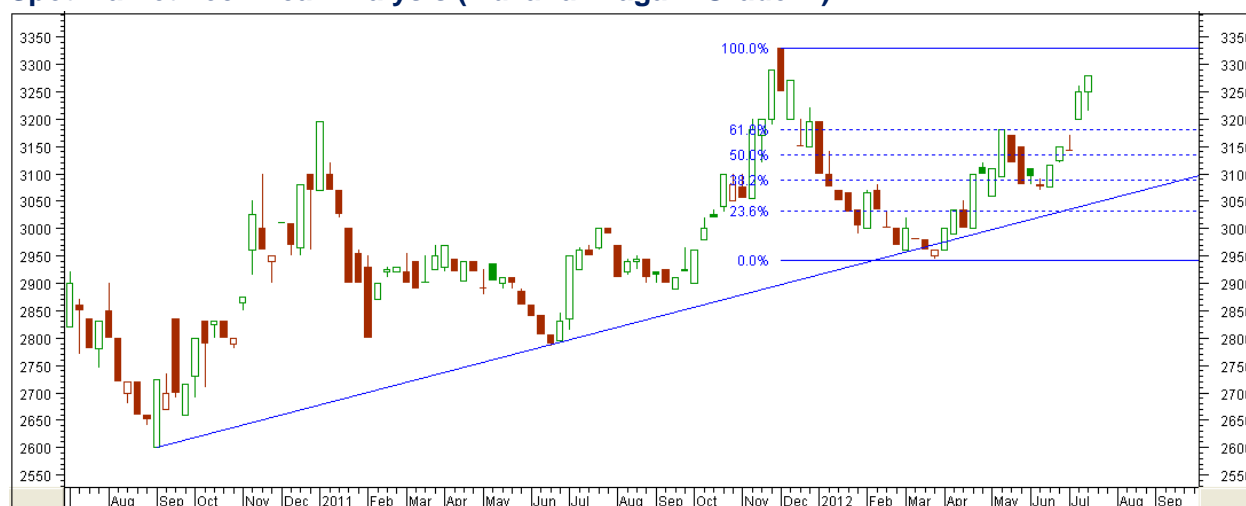
Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices moving up during the week ended 16th July 2012.
- Prices recently breach broad trading range between Rs. 2800 to Rs 3200 level and likely to remain in the firm tone
- Last candlestick pattern Morubozu suggests bullishness in the prices
- 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.

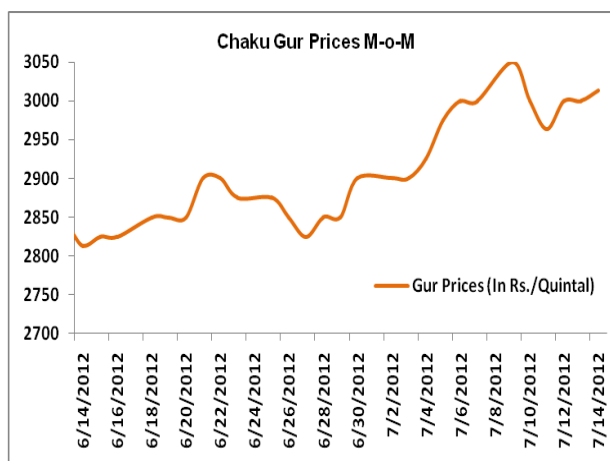
- Sugar prices in Muzaffar nagar market moved upwards during the week.
- Prices have recently breach 61.8% retracement level and likely to continue its bull run.
- We suggest market participants to hold sugar and likely to make profit booking at Rs 3350 level.

Gur Market Scenario and Outlook

Gur prices improved sharply during the week ended 16th 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 28000 bags of gur sold out from Cold storages, which was lesser than previous year owing to kavad yatra which restricts the demand of gur.

Around 1120000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 16th July 2012 which are 57000 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 778000 bags of Chaku variety and 128000 bags of Papdi variety gur stored in Cold storages.



	This week Off take (In Bags)
Chaku	18000
Raskut	4000
Papdi	5000
Khurpa	1000
Total	28000

Gur prices are likely to stay firm in the coming week as traders are holding gur stocks in anticipation of increase in gur prices in the coming couple of weeks.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	06-July-12	13-July-12	Change
Muzaffar Nagar	Chaku – New	3000	3000	Unch
	Khurpa	2950	2963	13
	Laddoo	3000	3100	100
Bangalore	Achhu	2900	2888	-12
	Mudde	2900	3200	300
Belgaum	Mudde	3100	3100	Unch
Belthangadi	yellow (Average)	2800	2900	100
Bijapur	Achhu	2800	2800	Unch
Gulbarga	Other (Average)	2620	2690	70
Mahalingapura	Penti (Average)	2575	2650	75
Mandya\	Achhu (Medium)	2840	2880	40
	Kurikatu (Medium)	2450	2650	200
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2400	2400	Unch
Shimoga	Achhu (Average)	2450	2550	100

Commodity: Sugar
Contract: Aug

Exchange: NCDEX
Expiry: Aug 17, 2012

SUGAR (Weekly Aug Contract Chart)



Technical Commentary:

- Sugar prices recently breach 161.8% retracement level or Rs. 3220 price level.
- RSI is moving at overbought region.
- However, last candlestick pattern suggests bullishness in the prices.

Strategy: Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Aug	3130	3220	3267	3315	3460
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Aug	Buy	Above 3260	3300	3315	3240

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 have recently breach 1240 to 1280 which take the prices towards 1340 level.
- 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	1310.5	1400	
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	September	Buy	Above 1300	1340	1360	1280

International Scenario

International white and raw sugar moved range bound with firm tone last week. Prices are likely to stay in trading range until dry weather situation made in Brazil's center south region which would increase the pace of crushing as well as inflow of Brazilian sugar in global market which would ease the prices of sugar in ICE as well as LIFFE.

International Market News Highlights:

- China might sell back raw sugar in global market that it has imported in last 5 months started from Jan to May 2012. Chinese exporters attracted towards rising raw sugar prices in global markets as rising port congestion in Brazil due to wet conditions support the prices of raw sugar.
- Mexico produced 5.05 million tons sugar in 2011-12 which is down by 2.5 percent compared to last year same period sugar produced by Mexico millers.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	05-July-12	12-July-12	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	21.92	22.46	0.54
	Mar-13	22.33	22.93	0.6
	May-13	22.17	22.76	0.59
LIFFE Sugar (US \$/MT)	Oct-12	594	608.4	14.4
	Dec-12	579.4	592.7	13.3
	Mar-13	585.50	598.4	12.9

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 recently test \$620 level. This week we expect prices are likely to continue its bull run and would test upper resistance level in the coming week.
- However, Increase in prices has not supported by volume which clearly indicates lack of confidence among long market participants.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'12	608.4	640

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



Technical Commentary:

- ICE raw sugar futures moved up sharply during the week ended 16th July 2012.
- Increase in prices has not 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	22.46	23.30



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