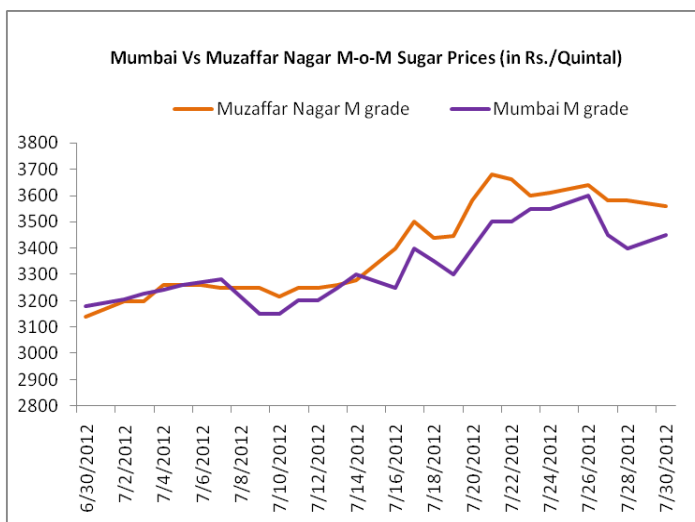


Executive Summary:

Prices of sugar surged sharply during the week ended 27th July 2012. Increase in cane prices and firm spot as well as export demand of sugar led the sugar prices upwards. In addition to it, seasonal festive 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 Bull run in the coming days keeping in view strong spot demand with firm cues from international market.

News Highlights:

- Government has decided on Wednesday to releases unsold 2.9lac.tonne of levy sugar for open market sale, to arrest the rising prices, it is likely to impact prices to bring them down.
- Empowered Committee on Economic Affairs (CCEA) has increased Fair and Remunerative Price (FRP) to Rs170/quintal for 2012-13 from Rs 145/quintal last year. CCEA has raised the statutory minimum price for sugarcane by 17.25% to pay off farmers for rising cultivation costs. Increased FRP may not cover entire cost of production (especially labor and diesel costs) due to this farmers may suffer from losses. Uttar Pradesh, Punjab and Tamil Nadu, the FRP as its base announce sugarcane producers wait for the state advised price (SAP) later.
- According to Agriculture department of Rajasthan Sugarcane has been planted in 5.4 thousand hectares so far. Sugarcane has been planted in 0.3 thousand hectares less than that in 2011-12.
- Futures of Indian sugar rose higher due to poor monsoon in main crop growing region of Maharashtra. Also, heavy rains have affected the world's biggest sugarcane producer, Brazil. In which ports are heavy facing congestion. Market is following bullish trend. There have been rains for past, few days, which could bring some relief in the crop but the damage in, has already been done.

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 ~686-672 are facing tough competition from Thailand and Brazilian sugar CIF prices.

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

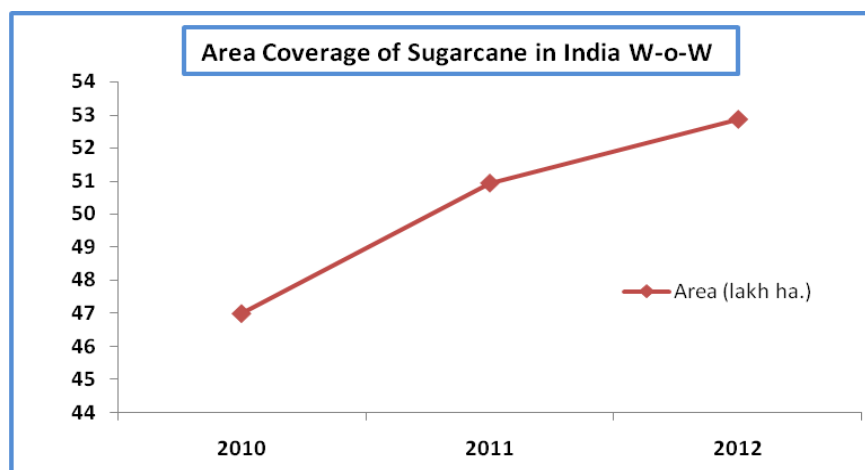
Comparative Sugar FOB & CIF Prices (USD/MT) (\$=Rs.55.00)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	669.01	658.22	667.21
CIF up to Indonesia	700.97	700.15	709.17
	Brazil	Thailand	Pakistan
FOB (USD/MT) (With Premium)	620.20	650.20	-
CIF (USD/MT) (With Premium) up to Indonesia	686.06	672.15	-

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

India has exported 2.5 million tons of sugar till this month from the season starting from Oct 2011. It is notable that around 5 lac tons of sugar shipment is still in the pipeline. Out of total 2.5 million tons sugar exports, 5 lac tons of sugar has exported in the last two months as reported.

Sugarcane Sowing Intention:

Sugarcane has been planted in 52.85 lac.hectares so far. Sugarcane has been planted in 1.92 lakh hectares more than that in 2011-12. (Source: Pib)



Recently, Government of India has increased sugarcane production estimate for 2011-12 to 357.67 million tons in its fourth advance estimate up from 351.1 million tons estimated by government in its third advance estimate. Increase in sugarcane estimate by government might offset the impact of recent bullishness in the sugar prices.

Spot Sugar Prices Scenario (Weekly)

	20-July-12	27-July-12	Change
Delhi M-30	3425	3525	100
Delhi S-30	3380	3490	110
Muzaffar Nagar M	3580	3580	Unch
Mumbai M-30	3471	3601	130
Mumbai S-30	3411	3491	80
Kolhapur M-30	3400	3450	50
Kolhapur S-30	3300	3350	50
Kolkata M Variety	3450	3560	110
Chennai S	3350	3500	150
Vijayawada M-30	3640	3880	240

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 27th July 2012.
- Prices recently breach broad trading range between Rs.3270 to Rs.3350 level and likely to remain in the firm tone.
- Last candlestick pattern Doji suggests indecision 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.

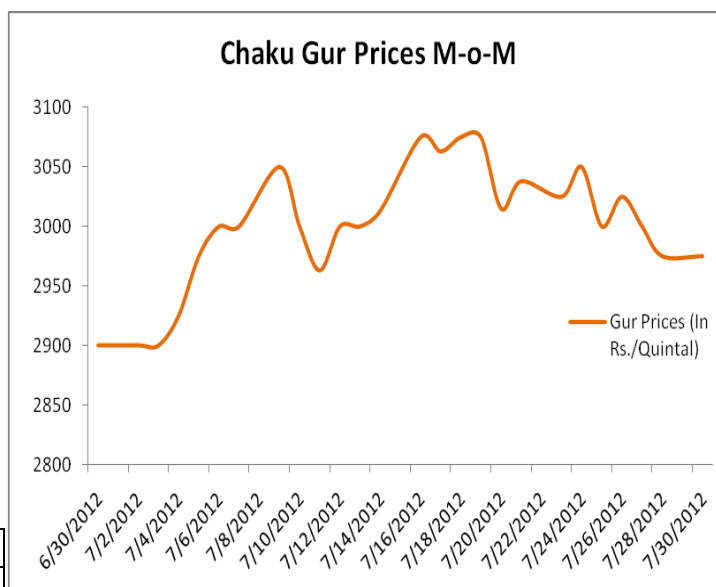
- Sugar prices in Muzaffar nagar market declined during the week.
- We suggest market participants to hold sugar and likely to make profit booking at Rs 3732 level.

Gur Market Scenario and Outlook

Gur prices are moving range bound with weakness during the week ended 27th July 2012. Weak offtake and lack of rainfall in UP put breaks on overall bullishness in the gur prices.

Last week around 28000 bags of gur sold out from Cold storages, which was lesser than previous year.

Around 1402091 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 30th July 2012 which are 448661 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 724835 bags of Chaku variety and 114016 bags of Papdi variety gur stored in Cold storages.



	This week Off take (In Bags)
Chaku	25165
Raskut	4500
Papdi	6984
Khurpa	12080
Total	48729

Dull demand of gur in Muzaffar nagar mandi led the gur prices down last week. However, overall trend of gur is bullish as increase in cane prices and depleting stocks of gur in cold storages likely to drag the gur prices in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	13-July-12	20-July-12	Change
Muzaffar Nagar	Chaku(Sukha-gur)	3015	3000	-15
	Chaku (Gila-gur)	2950	2950	Unch
	Khurpa	3100	3000	-100
Bangalore	Rascut	2950	2925	-25
	Achhu	3000	3000	Unch
Belgaum	Mudde	3050	3100	50
Belthangadi	Mudde	3000	3000	Unch
Bijapur	yellow (Average)	2800	2950	150
Gulbarga	Achhu	2950	2900	-50
Mahalingapura	Other (Average)	2900	2875	-25
Mandya	Penti (Average)	2880	2990	110
	Achhu (Medium)	2550	2550	Unch
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2450	2350	-100
Shimoga	Yellow (Medium)	2500	2450	-50

Commodity: Sugar
Contract: Aug

Exchange: NCDEX
Expiry: Aug 17, 2012

SUGAR (Weekly Aug Contract Chart)

SUGARM200 1208(NCSAMQ2)2012/07/29 - Weekly B:3382.00 A:3385.00



Technical Commentary:

- Sugar prices recently breach of high price Rs. 3395 level.
- RSI is moving at overbought region, hints caution to bulls.
- However, last candlestick pattern suggests bullishness in the prices.

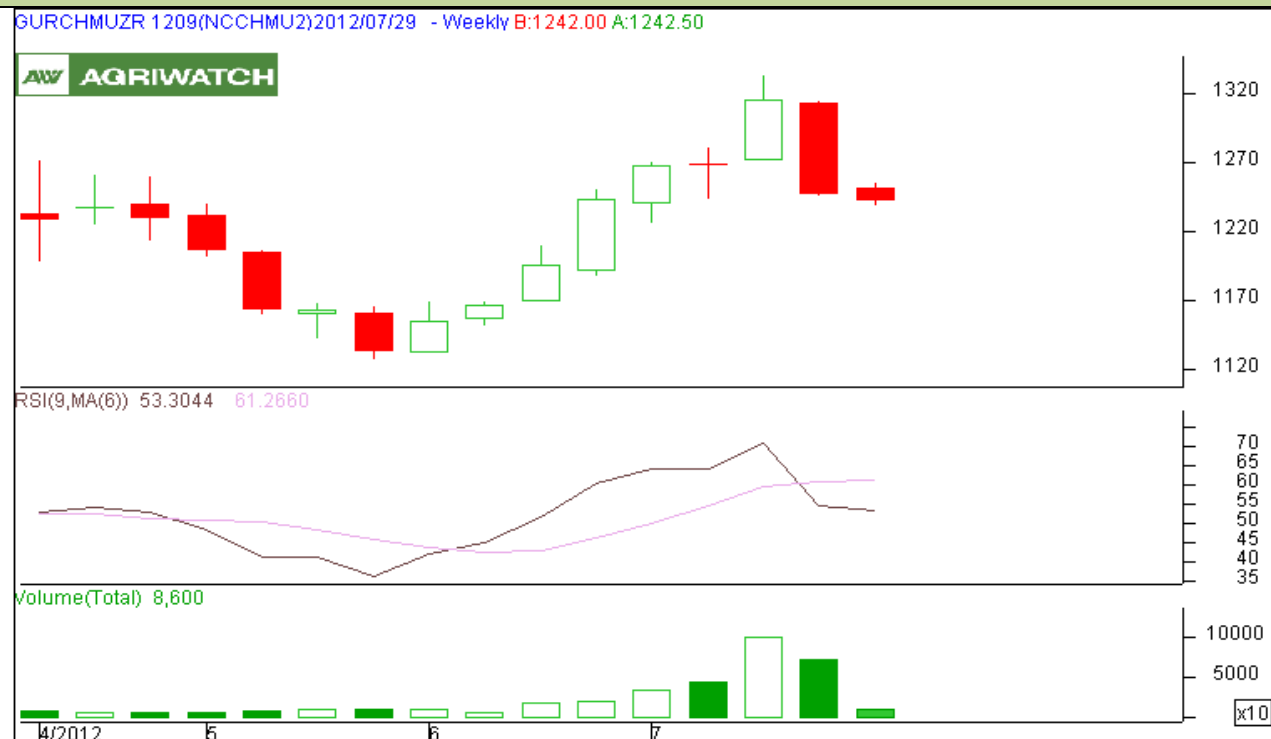
Strategy: Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Aug	3288	3359	3382	3403	3440
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Aug	Buy	Above 3378	3420	3435	3345

Commodity: Gur
Contract: September

Exchange: NCDEX
Expiry: September 20, 2012

GUR (September Weekly Chart)



Technical Commentary:

- Candlestick chart shows bearish trend in previous week.
- Prices have recently breach 1234 to 1255 which take the prices towards 1284 level.
- RSI is hovering in neutral zone, hints sideways movement in market.
- However, fall in prices has supported by volume and OI depicts consolidation in the market.

Strategy: Sell below entry level

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	September	1200	1231	1234	1254	1284
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	September	Sell	Below 1240	1226	1206	1265

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 that would increase the pace of crushing as well as inflow of Brazilian sugar in global market, which could ease the prices of sugar in ICE as well as LIFFE.

International Market News Highlights:

- Thailand has made 100,000 t more sugar for export and has cut it from domestic stock, which is set aside for local consumption.
- Sugar waiting at Brazil's main Ports declines 8% on dry weather, which is to be loaded at the main ports. Sugar fell 8 percent in the past week as dry weather helped loading.

International Sugar Prices (Weekly)				
	Contract Month	19-July-12	26-July-12	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	23.25	22.50	-0.75
	Mar-13	23.58	22.92	-0.66
	May-13	23.20	22.56	-0.64
LIFFE Sugar (US \$/MT)	Oct-12	636.3	615.50	-26
	Dec-12	613	598.30	-14.7
	Mar-13	614.1	601.50	-12.6

LIFFE Future Market Sugar Scenario (October Contract):



Technical Commentary:

- Chart pattern depicts that candles may move up in near term.
- Decrease in prices increase in OI depicts short buildup in market.
- Last candlestick suggests bearish in the prices.

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	620.20	660

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



Technical Commentary:

- ICE raw sugar futures declined sharply during the week ended 27th July 2012.
- Decrease in prices with volume and OI depicts consolidation in market.
- Last candlestick suggests bearish 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	22.80	24.71



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