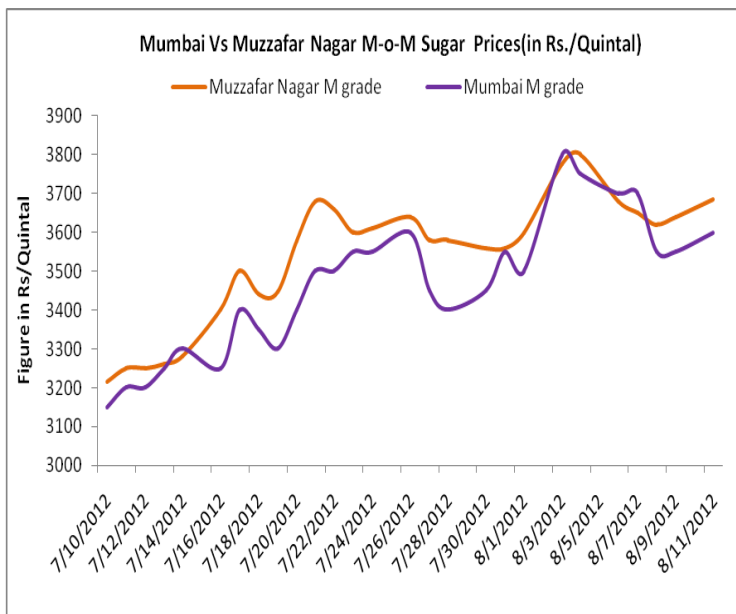


Executive Summary:

Prices of sugar declined sharply during the week ended 10th August 2012. Decrease in sugar prices and weak spot demand led the prices fall. In addition to it, NCDEX increased margin on sugar to 10 percent and government releasing 4lakh tonne additional sugar in the market became major influencing factors of drop in sugar prices.

We expect sugar prices will trade firm in domestic markets considering good domestic demand. In addition to it; weak international cues are not supporting the prices of sugar as Brazil is expected to produce more sugar this year than last year, which will lower the prices further in markets.



Domestic Outlook:

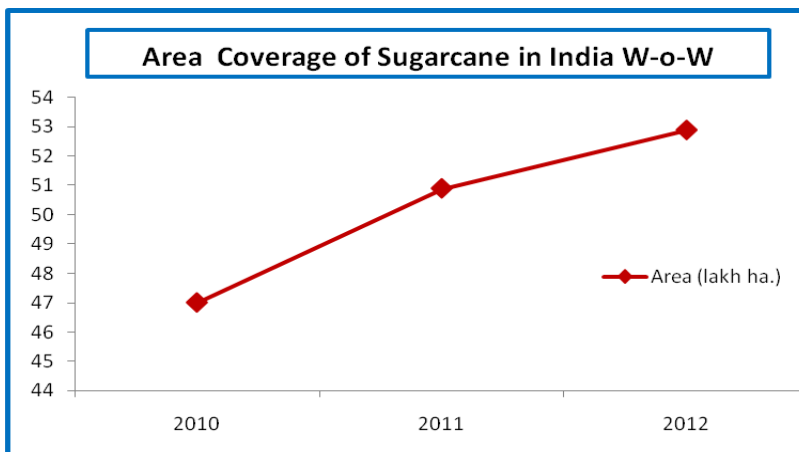
Sugar prices are likely to have Bull run in domestic market keeping in view festival season ahead. In addition, weak cues from international market could make more exporters to default on sending sugar shipments.

News Highlights:

- Government decided to release additional 4.2 lakh tonne of sugar in open market sale, to control rising prices. This has resulted in price drop of over Rs 200 per quintal in three days, beginning of this week. However, traders expect that price is going to rise on festive season ahead and lower cane availability in Maharashtra.
- According to ISMA (Indian Sugar Mills Association), Sugar out has surpassed the government estimate of 25.2 million tonne, which now stands at 25.5 million tonne.
- Sugar exports will not be banned for now as India has export reserve, which is highest in four year.
- Uttarakhand government waived off 2 percent VAT on sugar mills giving relief to loss making mills.
- Government is considering of imposing tax on export and reduction of 10% import duty to curb exports to keep in check rising domestic prices.
- Sugarcane shortage in Maharashtra would witness increased prices of cane for millers. That could inflate prices in markets.
- Futures of Indian sugar fell shapely due to government decision to release additional 4lakh tonne sugar for open market sale. There have been rains in cane growing region of Uttar Pradesh, could bring positive output in north India. In addition, with Brazil output likely to increase this year by 8.4%, sugar prices have fallen. Market is following bearish trend.

Sugarcane Sowing Intention:

Sugarcane has been planted in 52.88 lac hectares so far. Plantation has been done in 2.29 lakh hectares more than that in 2011-12. (Source: Pib)

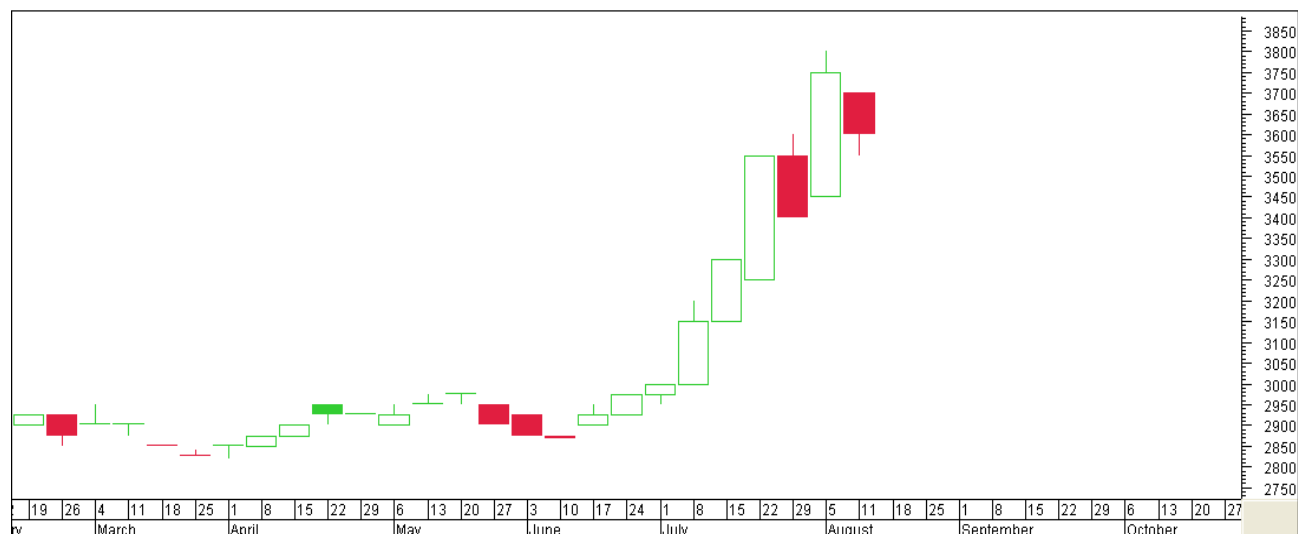


Recently, Government of India has increased sugarcane production estimate for 2011-12 to 357.67 million tons in its fourth advance estimate up from 351.1 million tons estimated by government in its third advance estimate. Increase in sugarcane estimate by government might offset the impact of recent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

Spot Sugar Prices Scenario (Weekly)

	03-Aug-12	11-Aug-12	Change
Delhi M-30	3700	3670	-30
Delhi S-30	3670	3600	-70
Muzaffar Nagar M	3775	3685	-90
Mumbai M-30	3786	3831	45
Mumbai S-30	3651	3656	5
Kolhapur M-30	3800	3600	-200
Kolhapur S-30	3650	3500	-150
Kolkata M Variety	3800	3780	-20
Chennai S	3800	3775	-25
Vijayawada M-30	4100	4180	80

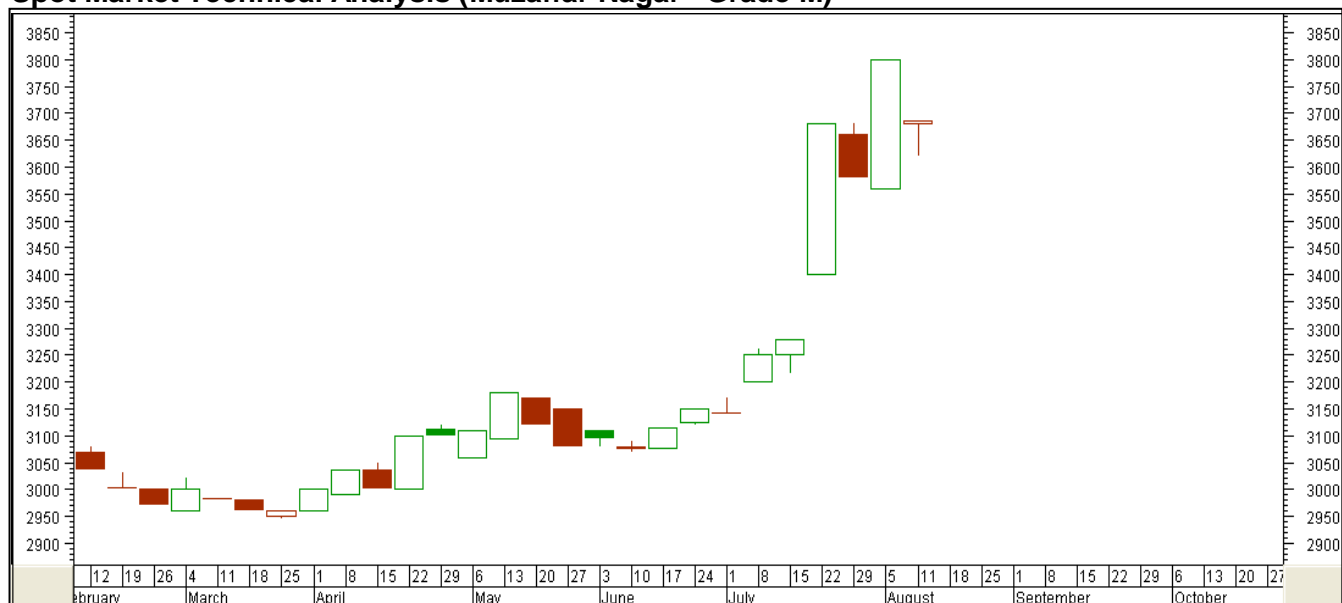
Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices declined during the week ended 10th August 2012.
- Prices recently breach broad trading range between Rs.3550 to Rs.3700 level and likely to remain in the firm tone.
- Keeping in view prevailing fundamentals, we expect prices are likely to decline in the coming week, if in case government passes any stringent regulation to arrest rise in sugar prices. We suggest market participants to sell sugar at prevailing price levels.
- Prices are likely to use the support from lower Gann Fann angle and we expect the prices to trade below the mentioned angle in the coming week.
- RSI is moving in neutral region.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



Price Expectation for Muzaffar Nagar market for the coming week.

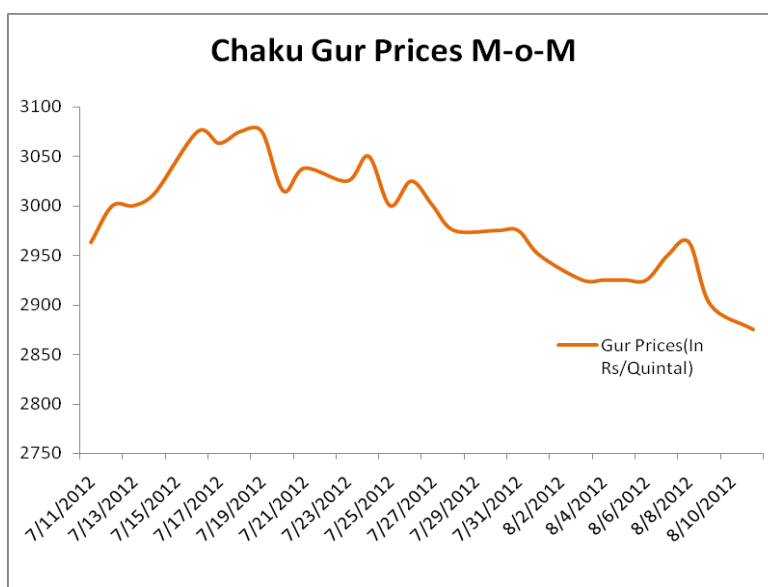
- Sugar prices in Muzaffar nagar market declined during the week.
- We suggest market participants to sell sugar as government intervention has brought down prices.
- Prices are getting support from the middle Gann Fann angle, from where prices might still come down.
- RSI is moving in neutral region.

Gur Market Scenario and Outlook

Gur prices are moving range bound with weakness during the week ended 10th August 2012. With demand picking up this week and improved rains 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 985000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 3rd August 2012 which are 106800 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 693000 bags of Chaku variety gur stored in Cold storages.



	This week Off take (In Bags)
Chaku	31835
Raskut	18000
Papdi	16000
Khurpa	11000
Total	76835

Firm demand witnessed in Gur in Muzaffar nagar mandi, led the prices increase in last week. Also, overall trend of gur is bearish, rains in UP have made sure adequate production for Gur this next marketing year while depleting stocks of gur in cold storages took up gur prices up in the beginning of this week but is likely to remain bullish in coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	03-Aug-12	11-Aug-12	Change
Muzaffar Nagar	Chaku(Sukha-gur)	2925	2875	-50
	Chaku (Gila-gur)	2875	2800	-75
	Khurpa	2900	2700	-200
	Rascut	2838	2800	-38
Bangalore	Achhu	3000	3000	Unch
	Mudde	3100	3100	Unch
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2645	2745	100
Gulbarga	Other (Average)	2900	2950	50
Mahalingapura	Penti (Average)	3050	3110	60
Mandya	Achhu (Medium)	2500	2500	Unch
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2350	2350	Unch
	Yellow (Medium)	2450	2450	Unch
Shimoga	Achhu (Average)	3175	3150	-25

Commodity: Sugar
Contract: September

Exchange: NCDEX
Expiry: September 20, 2012

SUGAR (Weekly Aug Contract Chart)



Technical Commentary:

- Sugar prices recently breach of high price Rs. 3630 level.
- RSI is moving at neutral region, hints caution to bulls.
- However, last candlestick pattern suggests bearish pattern in the prices.

Strategy: Sell from entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Aug	3360	3386	3484	3636	3673
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Aug	Sell	Below 3528	3488	3478	3563

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

GURCHMUZR 1209(NCCHMU2)2012/08/05 - Weekly B:1201.50 A:1211.00


Technical Commentary:

- Candlestick chart shows bearish trend in previous week.
- Prices have recently breach 1206 to 1251 which take the prices towards 1200 level.
- RSI is hovering in neutral zone, hints sideways movement in market.
- However, decline in prices with volume and OI depicts consolidation in the market.

Strategy: Sell below entry level

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	September	1185	1190	1208.5	1257	1263
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	September	Sell	Below 1226	1206	1195	1245

International Scenario

International white and raw sugar moved range bound with weak tone last week. Prices are likely to stay down after conditions in Brazil's improved, center south region have increase the pace of crushing as well as inflow of Brazilian sugar in global market, which ease the prices further of sugar in ICE as well as LIFFE.

International Market News Highlights:

- Brazilian sugar prices decreases due to forecast of good production than expected this year. Also, sugar mills are crushing at full capacity and this year they are churning out more sugar than ethanol, which are also making the sugar prices fall.
- Mexico sugar production is likely to increase by 5% this year than last year.

International Sugar Prices (Weekly)				
	Contract Month	2-August-12	9-August-12	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	22.04	20.80	-1.24
	Mar-13	22.48	21.28	-1.20
	May-13	22.20	20.99	-1.21
LIFFE Sugar (US \$/MT)	Oct-12	610.50	581.50	-29
	Dec-12	589.90	564.20	-25.7
	Mar-13	592.10	566.90	-25.2

LIFFE Future Market Sugar Scenario (October Contract):

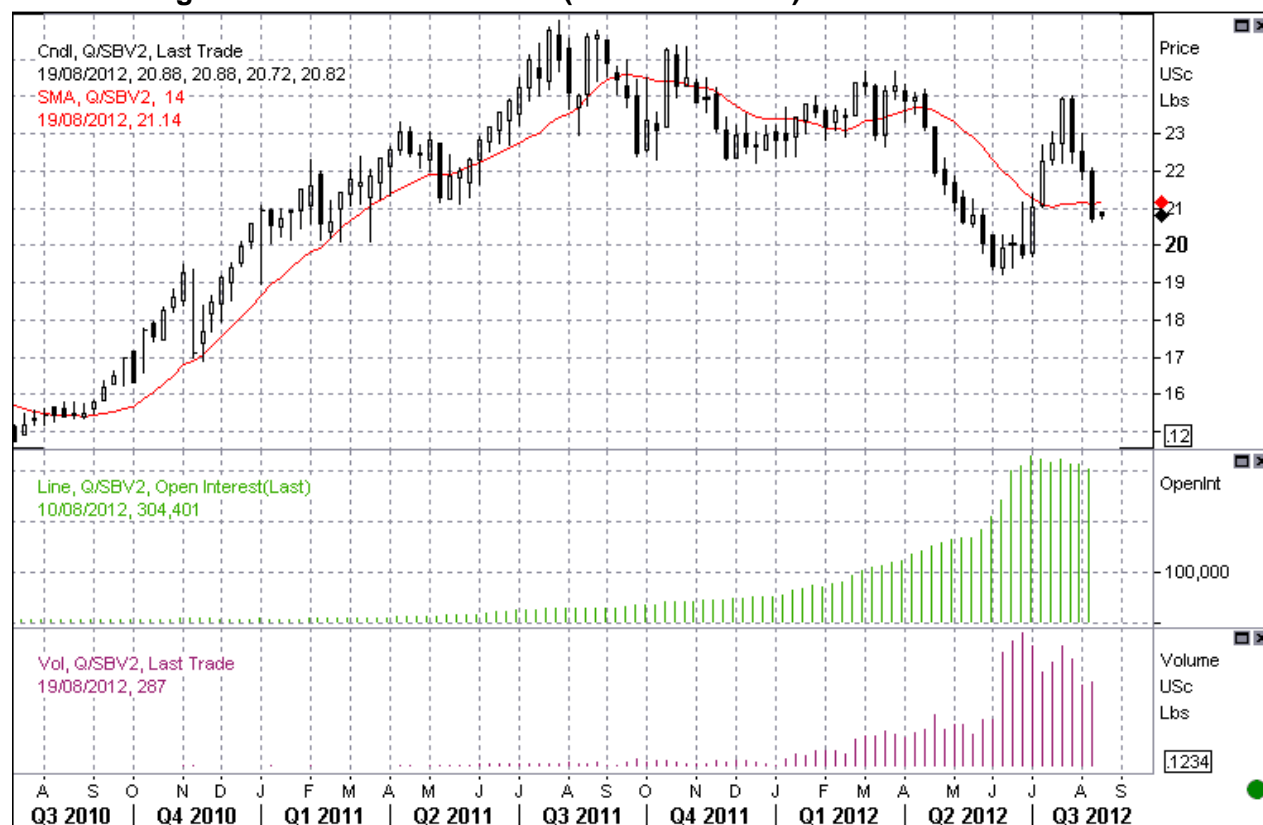
Technical Commentary:

- Chart pattern depicts that candles is likely to continue downward trend in near term.
- Decrease in prices with volume and OI depicts long liquidation in market.
- Last candlestick suggests bearish in the prices.

However, Increase in prices has supported by volume, which clearly indicates 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	578.5	550.5

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



Technical Commentary:

- ICE raw sugar futures declined sharply during the week ended 10th August 2012.
- Decrease in prices with decrease in OI depicts long liquidation 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	20.74	18.50

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