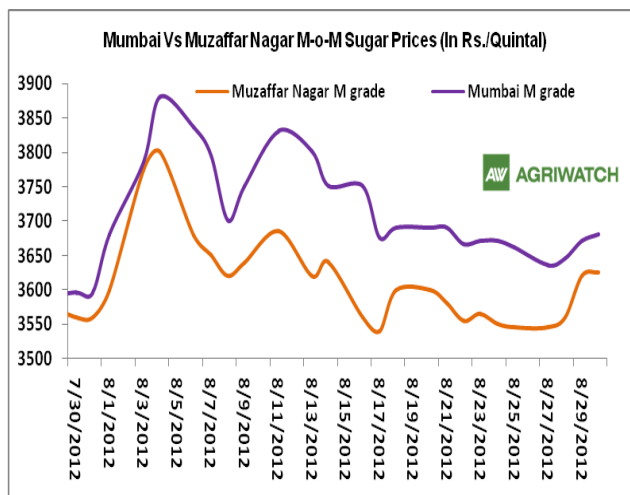


Executive Summary:

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.**



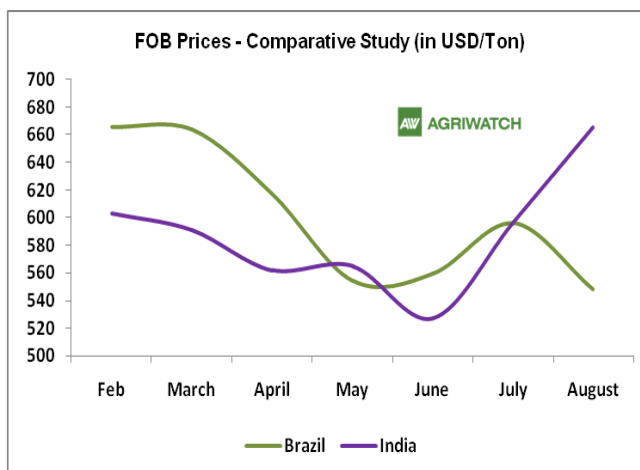
News Highlights:

- 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.

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

Spot Sugar Prices Scenario (Weekly)

	24-Aug-12	31-Aug-12	Change
Delhi M-30	3610	3670	60
Delhi S-30	3630	3700	70
Muzaffar Nagar M	3550	3645	95
Mumbai M-30	3671	3696	25
Mumbai S-30	3518	3561	43
Kolhapur M-30	3500	3550	50
Kolhapur S-30	3400	3450	50
Kolkata M Variety	3700	3725	25
Chennai S	3530	3575	45
Vijayawada M-30	4000	4050	50

Spot Market Technical Analysis (Kolhapur–Grade M)

Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices are moving in a range but still hovering in an uptrend.
- Last candlestick pattern black Morubozu suggests bullishness in the prices
- Keeping in view prevailing fundamentals, we expect prices should move range bound with firm tone. We suggest market participants to buy sugar from the market at present.
- Breach of uptrend channel might take the spot prices of sugar upto Rs 3700 and then 3950.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)

Price Expectation for Muzaffar Nagar market for the coming week.

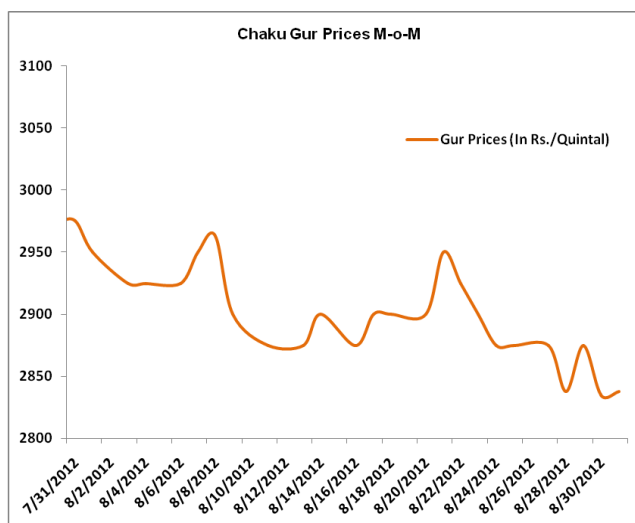
- Sugar prices in Muzaffar nagar market moved upwards during the week.
- RSI is moving near to overbought region.
- Last candlestick pattern Morubozu suggests further bullishness in the prices.
- We suggest market participants to buy sugar at current level in spot. Next target would be Rs. 3650 and then Rs 3900.

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.

Last week around 73000 bags of gur sold out from Cold storages, which was lesser than previous year ~1 lac bags.

Around 771000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 27th August 2012, which are 171000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 540000 bags of Chaku variety gur stored in Cold storages.



	This week Off take (In Bags)
Chaku	56000
Raskut	4000
Papdi	700
Khurpa	-
Total	73000

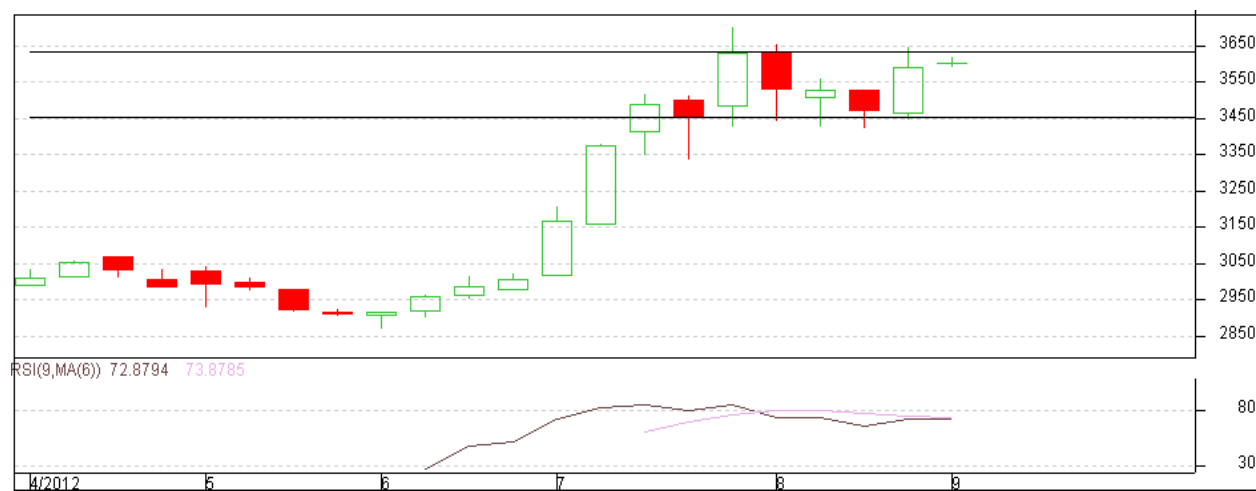
Dull demand of gur in Muzaffar nagar mandi led the gur prices down last week. We expect prices are likely to remain range bound in the coming week.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	24-Aug-12	31-Aug-12	Change
Muzaffar Nagar	Chaku – Sukha	2875	2838	-37
	Khurpa	2825	2800	-25
	Laddoo	2750	2600	-150
Bangalore	Achhu	2850	2788	-62
	Mudde	3000	3000	Unch
Belgaum	Mudde	3100	3200	100
Belthangadi	yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2900	2800	-100
Gulbarga	Other (Average)	2825	-	-
Mahalingapura	Penti (Average)	3300	3350	50
Mandya\	Achhu (Medium)	3130	2980	-150
	Kurikatu (Medium)	2450	2450	Unch
	Other (Medium)	2300	2200	-100
	Yellow (Medium)	2350	2300	-50
Shimoga	Achhu (Average)	2450	2400	-50

Commodity: Sugar
Contract: October

Exchange: NCDEX
Expiry: Oct 20, 2012

SUGAR (Weekly October Contract Chart)



Technical Commentary:

- Sugar prices are moving in a rectangle as chart depicts.
- RSI is moving at overbought region.
- Last candlestick pattern suggests bullishness in the prices.
- Increase in prices along with volume supports bullishness in the prices.

Strategy: Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	3383	3505	3590	3701	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3590	3635	3656	3570

Commodity: Gur
Contract: November

Exchange: NCDEX
Expiry: November 20, 2012

GUR (November Weekly Chart)



Technical Commentary:

- Gur prices are moving in a range as chart depicts.
- RSI is moving up from neutral region towards overbought region.
- KC channel depicts prices should test upper line from where selling might occur in the coming week.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	November	1138	1170	1210	1220	1250
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Sell	Below 1210	1190	1180	1220

International Scenario

International white and raw sugar are continuously moving range bound 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.

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 (Weekly)				
	Contract Month	23-Aug-12	30-Aug-12	Change
CE Sugar #11 (US Cent/lb)	Oct-12	19.59	19.75	0.16
	Mar-13	20.33	20.44	0.11
	May-13	20.3	20.44	0.14
LIFFE Sugar (US \$/MT)	Oct-12	547.1	559.1	12
	Dec-12	545.6	552.4	6.8
	Mar-13	550	553.3	3.3

LIFFE Future Market Sugar Scenario (December Contract):



Technical Commentary:

- Prices rebound from support level as chart depicts.
- Prices hovering in a short trading range between \$540 to 568, breach of mentioned levels either side will give the prices a new direction.
- However, Increase in prices has supported by OI which clearly indicates long buildup occurs from support level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'12	552.4	568

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



Technical Commentary:

- ICE raw sugar futures prices are trying to rebound from support level.
- Increase in prices has not supported by volume and OI which suggest short covering occurs from support level.
- 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	19.75	21

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