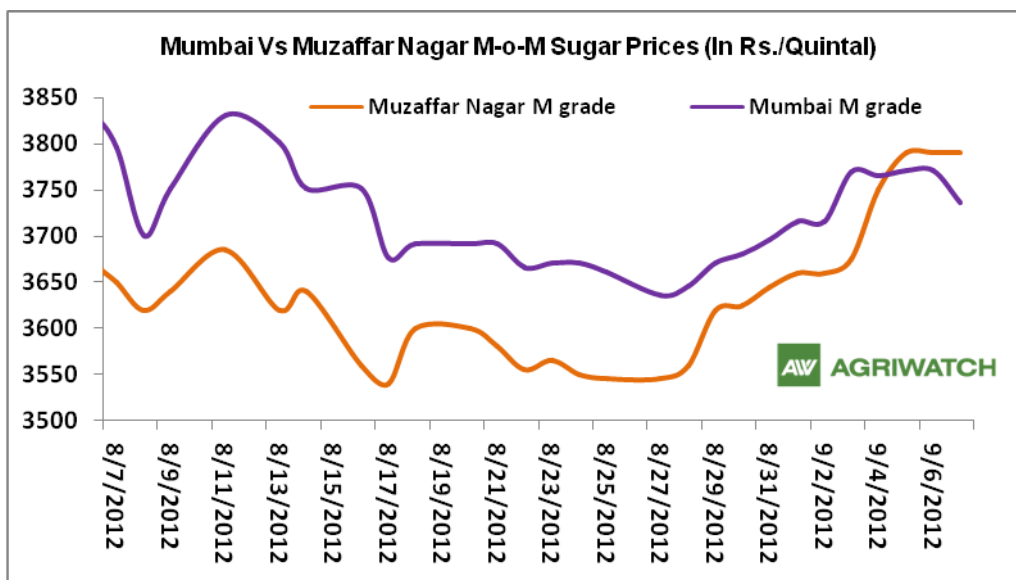


Sugar Price Trend and Outlook:

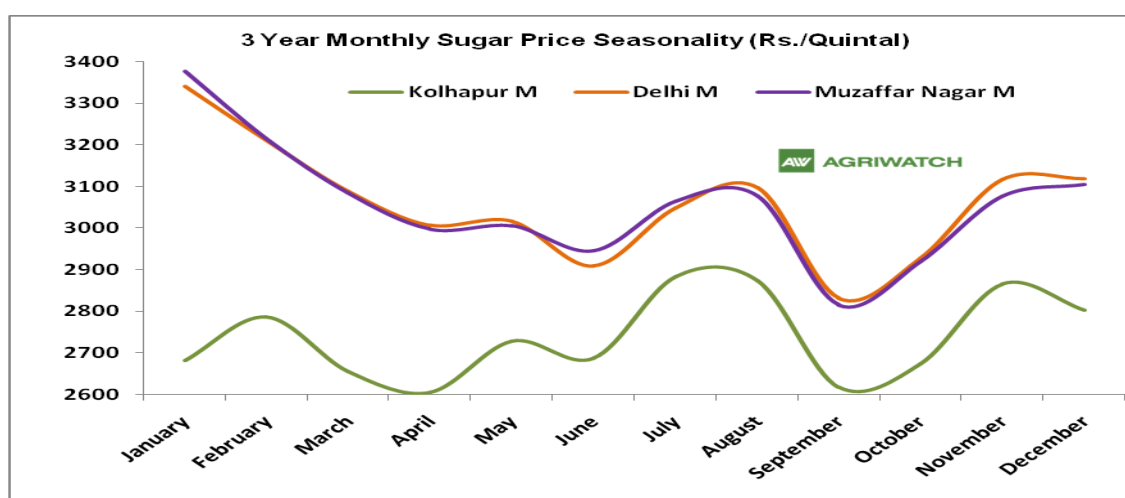
Sugar prices are moving range bound. Main price influencing factors in the domestic markets are the weak international sentiments, millers have deadline for completion of unsold dispatches before 10th Sept after government given extension to them curb any rise in sugar prices further for shorter term.



Domestic Sugar Price Outlook:

Sugar prices should move range bound in the coming week. However, delay in crushing of cane in UP & Maharashtra and weaker sugar output projections from various trade houses give a hint of bullishness for the coming months until fresh arrivals started in the open markets.

Domestic Sugar Price Seasonality:



As can be seen in the chart above, prices could be expected to fall until end September, unless sugar exports pick up. After September, human consumption of sugar increases generally owing to various festival demand occurred during that period.

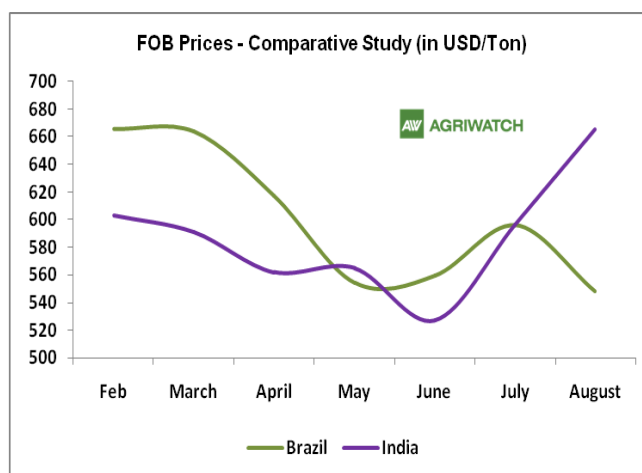
News Highlights:

- Meanwhile, Maharashtra state government gave notice to sugar mills to start their crushing operation on 1st November 2012. Government could penalize sugar mills by imposing Rs. 1 lac per day or Rs. 100 per ton on cane crushing in case of breach of code of conduct.
- Around 10-12% of sugarcane is diverted towards fodder in Maharashtra as per recent survey done by Agriwatch. Diversion is mainly in Southern Maharashtra and border of Karnataka which are heavily affected areas of drought. It is notable that sugarcane is easily available at Rs 2.5 per kg while fodder is available at Rs 8 per kg which easily lures the cane farmers to divert their cane as fodder for feed purpose.
- Government of India gives 10 day extension period upto 10th September to millers for the sale and dispatch of unsold non-levy sugar from August sugar quota. Around 2 lac tons of sugar quota unsold as reported.
- The area under sugarcane is estimated at 52.88 lakh ha for 2012-13 crop season, up from 50.63 lakh ha on same period a year ago.
- ISMA lowered sugar output estimate from 25 million tons to 24 million for 2012-13 season. Lower acreage and yield of sugarcane in Maharashtra state urge them to lowered the sugar output upto 6.7-6.8 million tons which is in tandem with Agriwatch estimate i.e. 6.0-6.3 million tons for the next Marketing year starting from October 2012.
- Olam sees 1.5 million tons sugar surplus in India in 2012-13.
- India is likely to become a net importer of sugar for 2013-14 season as farmers are shifting towards crops which needs less water compared to Sugarcane like Soybean.
- Rangarajan committee has recommended total decontrol of the sugar sector.
- Maharashtra state government urges Central government to remove 10% import duty on raw sugar. It is notable that sugar factories are likely to face sugarcane shortage due to decline in area, yield and diversion of cane towards fodder for the coming crushing year starting from November 2012. Sugar prices in International markets are trading well below the domestic sugar prices. Also, upcoming decision on rise in cane prices by state governments definitely increase the sugar producing cost.
- Food Ministry refused to ban sugar exports for the current marketing year considering revival of rainfall in key sugar producing states. However, there is no point to ban sugar exports as sugar exports are not taken place presently due to price disparity compared to international markets.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~676-729 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.55.35) till 7 th September 2012			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT)	676.60	654.92	729.00
CIF up to Indonesia	708.63	696.89	771.18
	Brazil		
FOB (USD/MT)	556.30	-	-
CIF (USD/MT) up to Indonesia	621.97		

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

Spot Sugar Prices Scenario (Weekly)

	07-Sep-12	31-Aug-12	Change
Delhi M-30	3750	3670	80
Delhi S-30	3720	3650	70
Muzaffar Nagar M	3790	3645	145
Mumbai M-30	3736	3696	40
Mumbai S-30	3562	3561	1
Kolhapur M-30	3500	3550	-50
Kolhapur S-30	3400	3450	-50
Kolkata M Variety	3720	3725	-5
Chennai S	3650	3575	75
Vijayawada M-30	4080	4050	30

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.

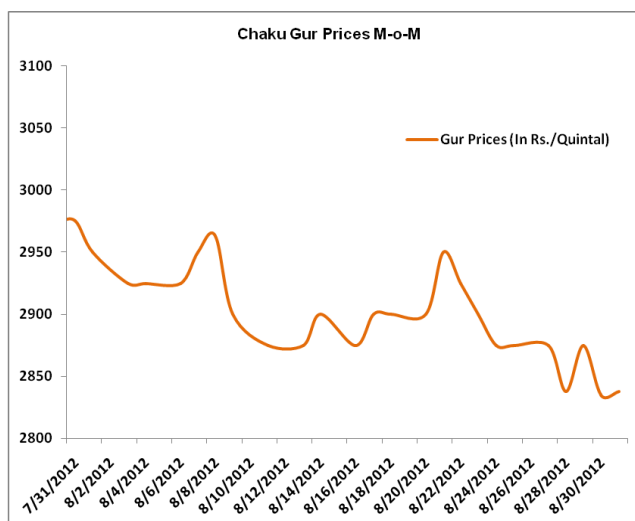
- Sugar prices in Muzaffar nagar market moved upwards during the week.
- RSI is moving near to overbought region.
- Last candlestick pattern Morubozu suggests further bullishness in the prices.
- We suggest market participants to buy sugar at current level in spot. Next target would be Rs. 3650 and then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

Gur Market Scenario and Outlook

Gur prices are surging keeping in view increasing gur offtake during the week ended 10th September 2012.

This week around 91000 bags of gur (all varieties) has been lifted which is lower by 7000 bags lifted in the same period a year earlier

Around 771000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 4th 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	91000

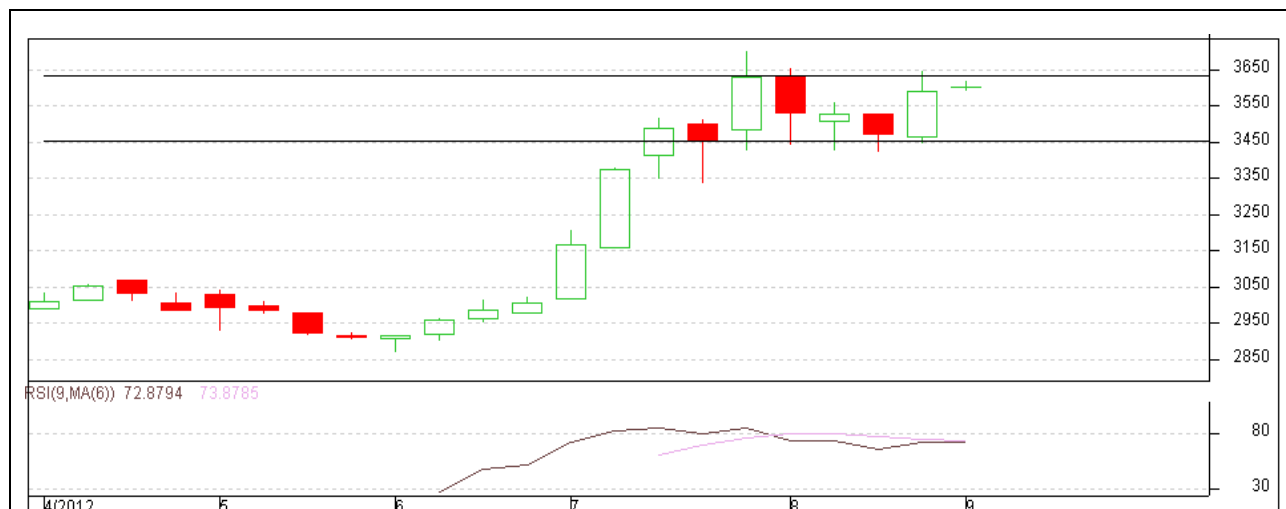
Gur prices are likely to move up in the coming week owing to firm spot demand and good offtake.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	07-Sep-12	31-Aug-12	Change
Muzaffar Nagar	Chaku – Sukha	2900	2838	62
	Khurpa	2850	2800	50
	Laddoo	2800	2600	200
Bangalore	Achhu	2813	2788	25
	Mudde	3000	3000	Unch
Belgaum	Mudde	3200	3200	Unch
Belthangadi	yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2900	2800	100
Gulbarga	Other (Average)	2800	-	-
Mahalingapura	Penti (Average)	3100	3350	-250
Mandya\	Achhu (Medium)	2980	2980	Unch
	Kurikatu (Medium)	2450	2450	Unch
	Other (Medium)	2250	2200	50
	Yellow (Medium)	2350	2300	50
Shimoga	Achhu (Average)	2400	2400	Unch

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.

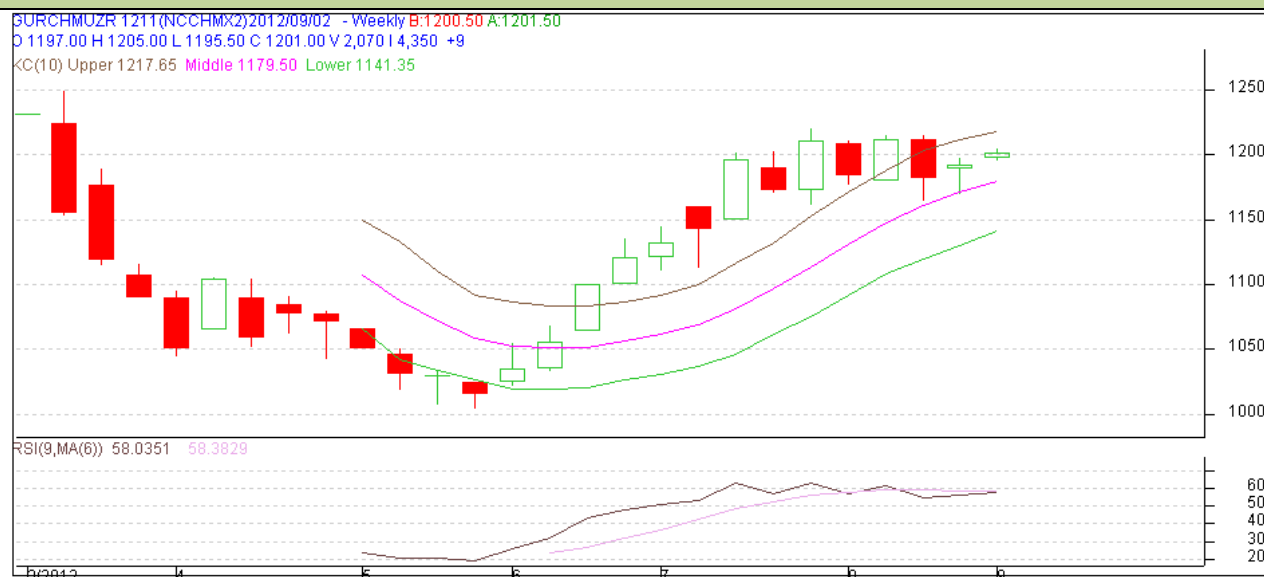
Strategy: Buy towards entry level.

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.

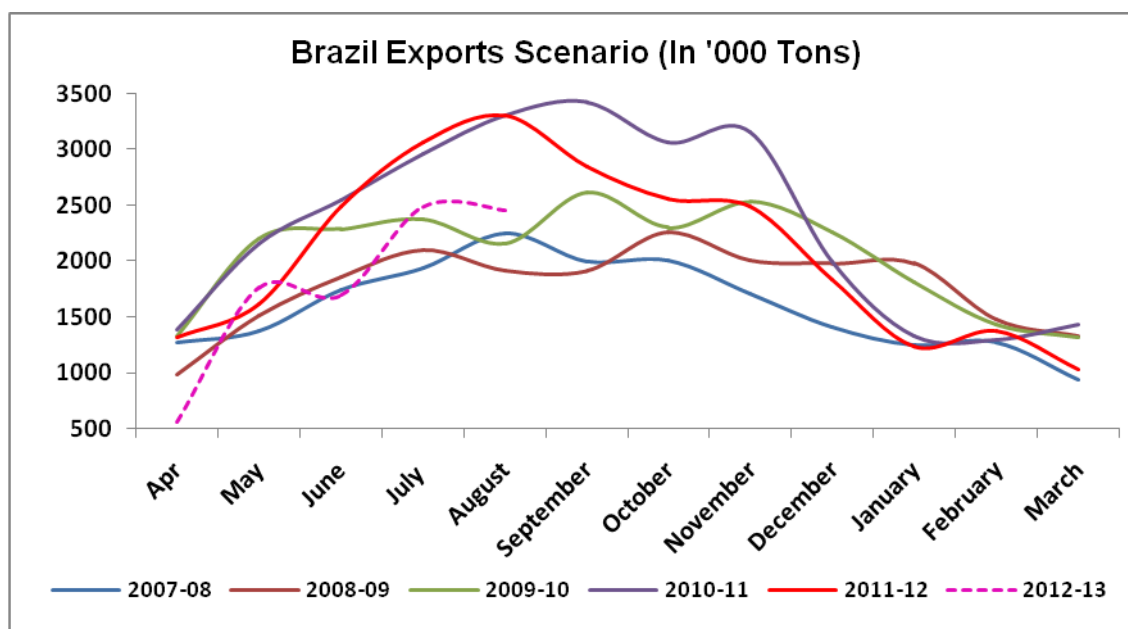
Strategy: Sell

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 prices continuously moving downwards over favorable weather conditions in Brazil and revival of monsoon in India give some boost to the standing cane crop and yield which dampen the enthusiasm of bull participants in International arena.

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.



Brazil exported 2.459 million tons of sugar, raw value, in August down marginally from 2489 million tons in July but lower from 3.3 million tons sugar exported last year same period. It is noticeable that Brazil is likely to increase export in the coming months keeping in view higher sugar production compared to last year. In addition to it, Brazil has exported only 8.95 million tons of sugar this year till August which was 11.78 million tons last year same period.

International Market News Highlights:

- Kingsman decrease the global sugar surplus for 2012-13 by 0.6 million tons to 8.7 million tons owing to fall in sugar output prospects in India for the coming year.
- Sugar vessel line up waiting at Brazilian ports fell to 58 from 71 a week earlier. Favorable weather results in smooth movement of sugar towards ports.
- Brazilian sugar exports more profitable than domestic sales as local prices continued to slide.
- Thailand sugar output is expected to be slightly lower than previous forecast of 10.2-10.4 million tons due to poor rain.

International Sugar Prices (Weekly)				
	Contract Month	06-Sep-12	30-Aug-12	Change
CE Sugar #11 (US Cent/lb)	Oct-12	18.87	19.75	-0.88
	Mar-13	19.52	20.44	-0.92
	May-13	19.67	20.44	-0.77

LIFFE Sugar (US \$/MT)	Oct-12	545.9	559.1	-13.2
	Dec-12	545.5	552.4	-6.9
	Mar-13	540.2	553.3	-13.1

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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