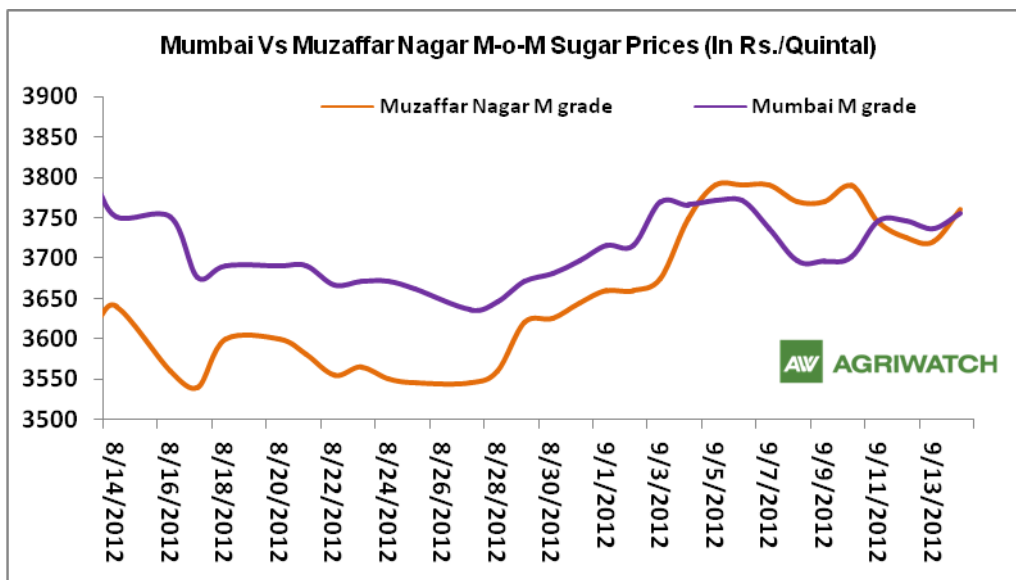


Sugar Price Trend and Outlook:

Mixed sentiments recorded in key spot markets of sugar during the week ended 17th September 2012. Increased dispatches of sugar from millers, scattered rainfall in UP and overall lower India's sugar production for the coming season offset the impact.



Domestic Sugar Price Outlook:

Sugar prices should move range bound with firm tone in the coming week considering 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.

However, Upcoming quarterly sugar quota which would release by government at the end of the month would decide the future of the sugar prices further.

News Highlights:

- Meanwhile, India should remove duty on Sugar imports in order to curb the rising sugar prices. It is notable that international sugar prices are moving downwards like anything thanks to Brazilian sugar supply hitting International consuming countries. On the contrary, lower Indian sugar production estimates by various trade houses for next marketing year and upcoming festival seasons would lead the prices of sugar northwards in the coming months as expected which also remove the export opportunity in front of Indian sugar exporters.
- Union Food Ministry recommend two proposals for fixing new retail sugar prices sold as PDS. According to first proposal, food ministry has recommended to free up the prices of levy sugar and allow state governments to fix it as per their financial resources. As far as second proposal by Union govt., food ministry may fix a price band ranging from Rs 13.5 to Rs 25.37 per kg at which the subsidy on levy sugar is nil.
- Maharashtra government denies bank guarantee for 13 co-operative factories due to lack of cane for the coming season to avoid any further losses.
- ISMA downgrade India's sugar production estimate to 24 million tons for 2012-13, a million tons decline in production estimate done by ISMA last June.
- According to Food Ministry, India sugar export might decline for the coming year considering lower sugar surplus for the coming year.

- NFCSF estimated India's sugar output to reach at 24.5 million tons for 2012-13.
- Sugar production in Karnataka is likely to decline by 30% approx to 3 million tons in 2012-13 from 3.8 million tons produced in 2011-12.
- Maharashtra traders sees Rs.4000 per quintal sugar price level till November.
- Recently, Renuka sugars has imported around 2 lac tons of raw sugar from his own factory from Brazil in two different shipments.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~686-745 are not getting export parity compared to Brazilian sugar CIF 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. 3600-3700 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.53.88) till 14 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)	700.63	686.71	745.17
CIF up to Indonesia	732.73	728.77	787.41
	Brazil		
FOB (USD/MT)	573.60	-	-
CIF (USD/MT) up to Indonesia	639.32		

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

Spot Sugar Prices Scenario (Weekly)

	14-Sep-12	07-Sep-12	Change
Delhi M-30	3760	3750	10
Delhi S-30	3720	3720	Unch
Muzaffar Nagar M	3760	3790	-30
Mumbai M-30	3756	3736	20
Mumbai S-30	3616	3562	54
Kolhapur M-30	3550	3500	50
Kolhapur S-30	3450	3400	50
Kolkata M Variety	3680	3720	-40
Chennai S	3600	3650	-50
Vijayawada M-30	4050	4080	-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.

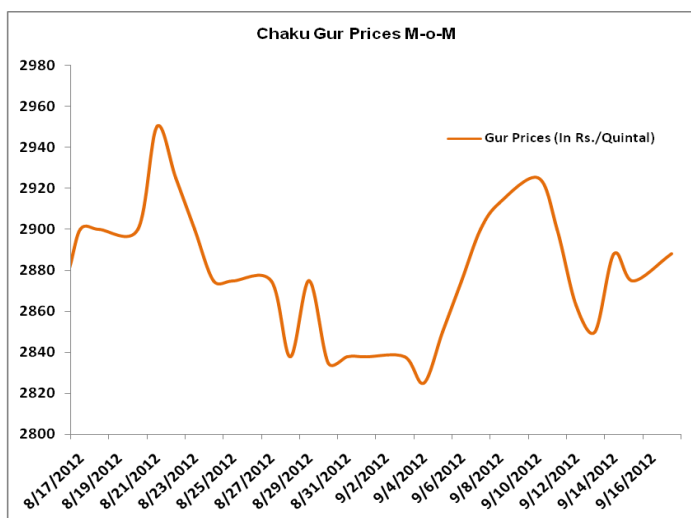
- Sugar prices in Muzaffar nagar market moved upwards during the week.
- RSI is moving near to overbought region.
- Last candlestick pattern Morubozu suggests further bullishness in the prices.
- We suggest market participants to buy sugar at current level in spot. Next target would be Rs. 3650 and then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

Gur Market Scenario and Outlook

Gur prices are surging keeping in view increasing gur offtake during the week ended 17th 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 468000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 17th August 2012, which are 136000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 285000 bags of Chaku variety gur stored in Cold storages.



It is notable that some kolhus has started to make gur in Khatauli (Muzaffar nagar) region as reported.

	This week Off take (In Bags)
Chaku	90000
Raskut	7500
Papdi	-
Khurpa	1200
Total	100000

Gur prices are likely to move in a range until rains occurred in UP cane belt region which might delay the cane harvesting.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	14-Sep-12	07-Sep-12	Change
Muzaffar Nagar	Chaku – Sukha	2888	2900	-12
	Khurpa	2850	2850	Unch
	Laddoo	2850	2800	50
Bangalore	Achhu	2798	2813	-15
	Mudde	3200	3000	200
Belgaum	Mudde	3300	3200	100
Belthangadi	yellow (Average)	3200	3000	200
Bijapur	Achhu	2950	2900	50
Gulbarga	Other (Average)	2700	2800	-100
Mahalingapura	Penti (Average)	3125	3100	25
Mandya\	Achhu (Medium)	2910	2980	-70

	Kurikatu (Medium)	2650	2450	200
	Other (Medium)	2350	2250	100
	Yellow (Medium)	2450	2350	100
Shimoga	Achhu (Average)	2500	2400	100

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	3486	3614	3701	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3610	3650	3670	3590

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	1191.5	1220	1250
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Buy	Above 1190	1210	1220	1180

International Scenario

International prices improved marginally during last week over decline in sugar output in major producers like Thailand and India due to unfavorable weather conditions. We expect prices of sugar in international markets would continue to hover in range as expected in the coming weeks.

International Market News Highlights:

- Thailand sugar exports for 2012-13 likely to fall to 7.5 million tons down from 7.7 million tons over poor rainfall.
- Sugar-cane crushing in Brazil's Center South, the world's top growing region, may have increased 14 percent in the second half of August as dryness allowed fieldwork to accelerate. In the second half of August 2011, the harvest was 40.5 million tons, Sao Paulo-based Unica, an industry group, said on Sept. 12, 2011.
- Brazil sugar export figures are likely to reach 25.5 million tons for 2013-14 compared with 22.7 million tons in the previous marketing year.

International Sugar Prices (Weekly)				
	Contract Month	13-Sep-12	06-Sep-12	Change
CE Sugar #11 (US Cent/lb)	Oct-12	19.71	18.87	0.84
	Mar-13	20.43	19.52	0.91
	May-13	20.53	19.67	0.86
LIFFE Sugar (US \$/MT)	Oct-12	562.9	545.9	17
	Dec-12	558.9	545.5	13.4
	Mar-13	561.9	540.2	21.7

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	558.9	580

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	19.71	20.5

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