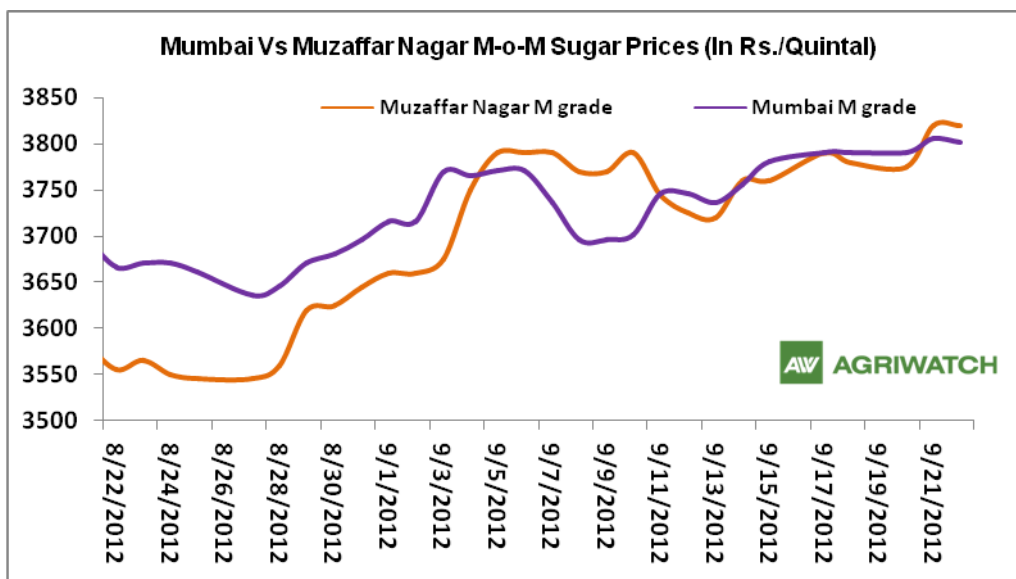


### Sugar Price Trend and Outlook:

Sugar prices surged in key spot markets of sugar during the week ended 24<sup>th</sup> September 2012. Seasonal sugar demand and overall lower India's sugar production for the coming season .



### 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:

- Karnataka government fixes Rs 220 per quintal cane price for 2012-13 marketing year. It is notable that crushing has already been started in Karnataka.
- Traders are waiting for Oct-Dec quarterly sugar quota non-levy sugar quota which is going to announce by government at the end of the September month.
- Raghuram rajan committee suggested that food ministry should release more sugar in the open market to curb the rising sugar prices and also allocate the sweetener for six months instead of the present quota system of three months
- 2011/12 (Oct/Sep) sugar exports from India have recorded a four-year high with 3.15 mln tonnes shipped by the end of August.

### Sugar Export Opportunity:

Indian CIF prices to Indonesia ~705-730 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. 3700-3800 per quintal in Muzaffar nagar markets.

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

<b>Comparative Sugar FOB &amp; CIF Prices (USD/MT) (\$=Rs.53.33) till 24<sup>th</sup> September 2012</b>			
	<b>South (T.N)</b>	<b>West (Maharashtra)</b>	<b>North (U.P)</b>
	<b>Chennai S 30</b>	<b>Kolhapur S 30</b>	<b>Muzaffar nagar M 30</b>
FOB India (USD/MT)	705.98	707.86	730.36
CIF up to Indonesia	738.10	749.98	772.55
	<b>Brazil</b>	<b>Thailand</b>	
FOB (USD/MT)	560.90	595.9	-
CIF (USD/MT) up to Indonesia	626.58	617.69	

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

### Spot Sugar Prices Scenario (Weekly)

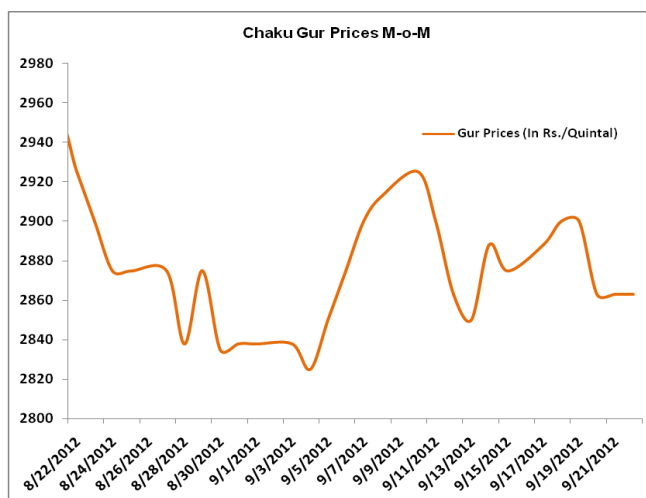
	<b>21-Sep-12</b>	<b>14-Sep-12</b>	<b>Change</b>
Delhi M-30	3800	3760	<b>+40</b>
Delhi S-30	3740	3720	<b>+20</b>
Muzaffar Nagar M	3820	3760	<b>+60</b>
Mumbai M-30	3806	3756	<b>+50</b>
Mumbai S-30	3670	3616	<b>+54</b>
Kolhapur M-30	3650	3550	<b>+100</b>
Kolhapur S-30	3550	3450	<b>+100</b>
Kolkata M Variety	-	3680	<b>-</b>
Chennai S	3650	3600	<b>+50</b>
Vijayawada M-30	4070	4050	<b>+20</b>

### Gur Market Scenario and Outlook

Gur prices are surging keeping in view increasing gur offtake during the week ended 24<sup>th</sup> 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 17<sup>th</sup> 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.

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

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

<b>Gur Spot Prices (Rs/Qtl)</b>				
<b>Markets</b>	<b>Variety</b>	<b>21-Sep-12</b>	<b>14-Sep-12</b>	<b>Change</b>
Muzaffar Nagar	Chaku – Sukha	2838	2888	<b>-50</b>
	Khurpa	2863	2850	<b>+13</b>
	Laddoo	-	2850	-
Bangalore	Achhu	2775	2798	<b>-23</b>
	Mudde	3200	3200	<b>Unch</b>
Belgaum	Mudde	3300	3300	<b>Unch</b>
Belthangadi	yellow (Average)	3300	3200	<b>+100</b>
Bijapur	Achhu	2900	2950	<b>-50</b>
Gulbarga	Other (Average)	2750	2700	<b>+50</b>
Mahalingapura	Penti (Average)	3300	3125	<b>+175</b>
Mandya\	Achhu (Medium)	2945	2910	<b>+35</b>
	Kurikatu (Medium)	-	2650	-
	Other (Medium)	-	2350	-
	Yellow (Medium)	-	2450	-
Shimoga	Achhu (Average)	-	2500	-

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 bearishness in the prices.
- Decrease in prices along with volume and OI suggests that market is strengthening.

**Strategy:** Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	3383	3486	3580	3701	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3508	3560	3685	3486

**Commodity: Gur**  
**Contract: November**

**Exchange: NCDEX**  
**Expiry: November 20, 2012**

### GUR (November Weekly Chart)



#### Technical Commentary:

- Gur prices are trying to rebound from support level as chart depicts.
- RSI is moving at neutral 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	1125	1153	1167.5	1220	1250
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	<b>Sell</b>	Below 1190	1170	1160	1180

## International Scenario

International prices declined during last week over increase in sugar production in Brazil and Australia. We expect prices of sugar in international markets would continue to hover in range with weak tone as expected in the coming weeks.

## International Market News Highlights:

- Brazil Sugar production in August 2012 amounted to 6.815 mln tonnes, raw value, up from 5.893 mln produced in August 2012. This was the second month of record production after output hit 6.0 mln tonnes in July 2012.
- Australian raw sugar production in 2012/13 is now forecast at 4.521 mln tonnes. This is up 120,000 tonnes from its previous estimate issued in June and compares with 3.733 mln tonnes of output in 2011/12. ABARES said the forecast is driven by an increase in the area harvested by 4.1% to 385,000 ha and higher sugar yields aided by hot dry weather in the harvesting period to date. Sugar yields were relatively low in 2011/12 with large areas of cane carried over from 2010/11 due to excessive rainfall.
- China will stockpile 500,000 metric tonnes of sugar from the domestic market starting from September 20 to help stabilize local prices and protect farmer interests
- Indonesian trade ministry permits import of around 260000 tons of raw sugar to meet domestic demand for raw sugar in the first half of next year.
- In August, China imported sugar was 583,400 tons, up by 38% in January-August imported a total of 2.43 million tons, only 1.2 million tons a year earlier, according to the latest data of the General Administration of Customs of China.
- Thai white sugar premium steady at \$40-\$60 per ton.
- Indonesia become the biggest raw sugar importer replacing China due to increasing consumption of sugar. Indonesian sugar industry struggles to increase the sugar output. Indonesia is likely to import around 2.15 million tons of raw sugar in 2012-13 (October-Sept.), according to ISO.

International Sugar Prices (Weekly)				
	Contract Month	20-Sep-12	13-Sep-12	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	19.21	19.71	-0.5
	Mar-13	19.91	20.43	-0.52
	May-13	20.08	20.53	-0.45
LIFFE Sugar (US \$/MT)	Dec-12	557	562.9	-5.9
	Mar-13	549.8	558.9	-9.1
	May-13	552.5	561.9	-9.4

**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	557	570

### ICE Raw Sugar Future Market Scenario (Mar'13 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)	Mar'13	19.91	20.5

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