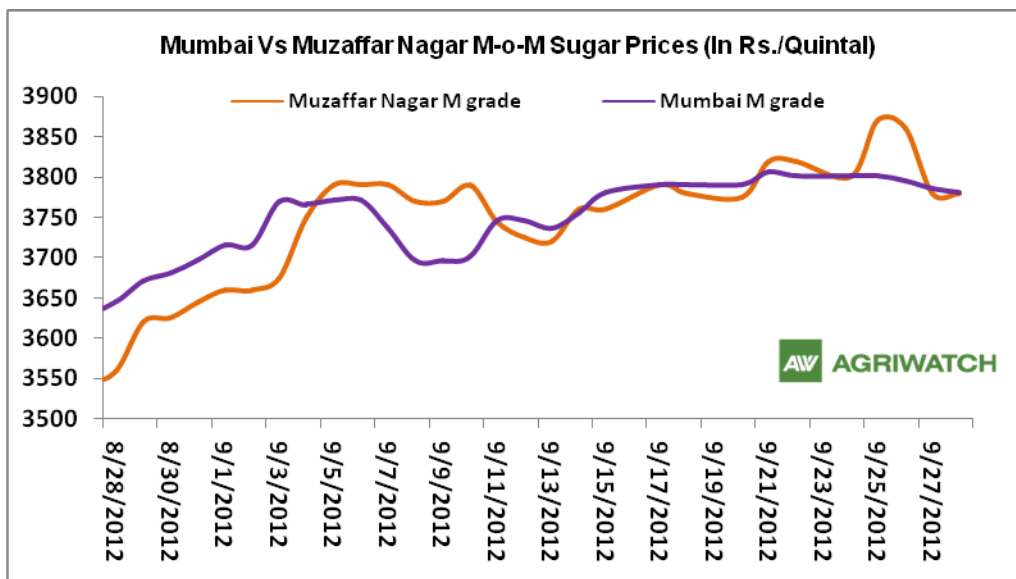


Sugar Price Trend and Outlook:

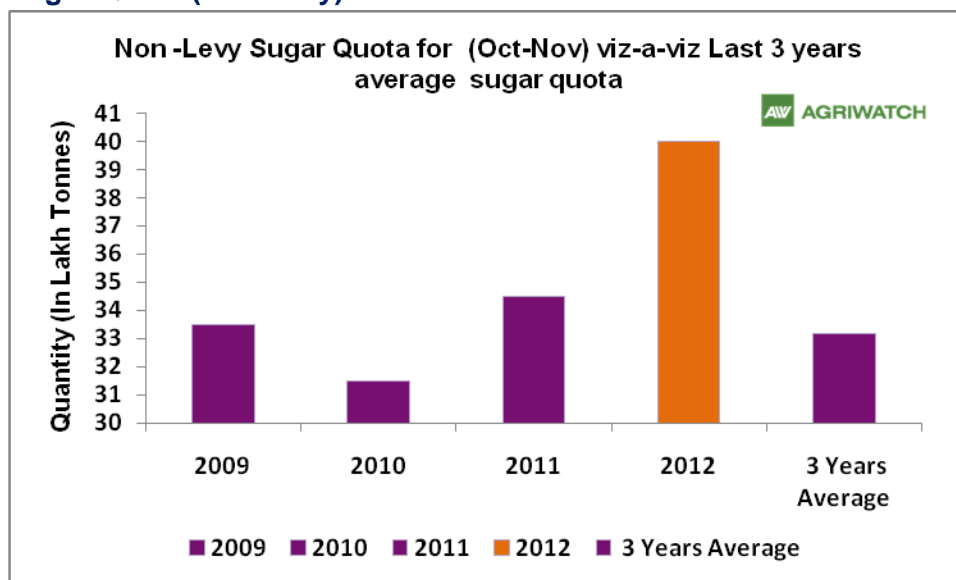
Sugar prices declined in key spot markets of sugar during the week ended 28th September 2012. Higher sugar quota for Oct-Nov period and raw sugar imports by various mills spread the bearish sentiments in the market which led the prices downwards.



Domestic Sugar Price Outlook:

Sugar prices are likely to move range bound with weak tone over higher sugar quota for Oct-Nov. Recent release clearly shows that government doesn't want any further increase in sugar prices. Meanwhile, Indian millers are importing raw sugar from Brazil that would put bearish impact on sugar prices.

Sugar Quota (Non-Levy)



News Highlights:

- Sugarcane acreage has been increased by 20% in Bihar owing to handsome remuneration compared to other crops. However, sugarcane yield is likely to remain same compared to last year as reported.
- Food ministry not seeing more than 24.5 million tons of sugar production for the coming marketing year starting from 1st October 2012.
- Maharashtra millers sold around 1.25 lac bags of sugar on Monday including 2 rakes of around 54000 bags towards eastern side.
- In a major decision, government increase the ratio of selling molasses in the open markets to 95% from 77.5% which would spread some cheer to UP millers. Sugar mills have to sell rest 5% of molasses to the state government. Currently, prices of molasses stood at Rs 360 per quintal.
- Thai white sugar premium rose to \$55-\$60 per ton.
- 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.
- The government today deferred a decision on raising price of sugar sold through ration shops.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$554 per ton and Indian domestic prices are quoted at \$716 per ton Mumbai. It is notable that millers are now find import more profitable. 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 raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

| Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.52.46) till 28 th September 2012 | | | |
|---|-------------|---------------|--|
| | From Brazil | From Thailand | |
| CIF India (USD/MT) | 554.25 | 563.29 | |

Spot Sugar Prices Scenario (Weekly)

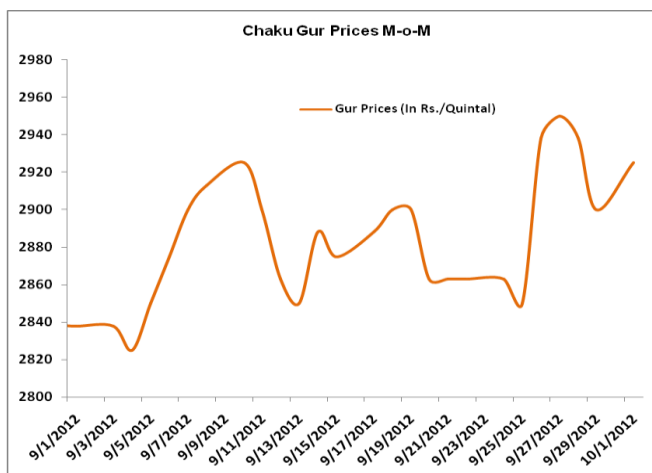
| | 21-Sep-12 | 28-Sep-12 | Change |
|-------------------|-----------|-----------|--------|
| Delhi M-30 | 3800 | 3850 | +50 |
| Delhi S-30 | 3740 | 3780 | +40 |
| Muzaffar Nagar M | 3820 | 3780 | -40 |
| Mumbai M-30 | 3806 | 3781 | -25 |
| Mumbai S-30 | 3670 | 3656 | -14 |
| Kolhapur M-30 | 3650 | 3600 | -50 |
| Kolhapur S-30 | 3550 | 3500 | -50 |
| Kolkata M Variety | 3829 | 3800 | -29 |
| Chennai S | 3650 | 3625 | -25 |
| Vijayawada M-30 | 4070 | 4100 | +30 |

Gur Market Scenario and Outlook

Gur prices are surging keeping in view increasing gur offtake during the week ended 1st October 2012.

This week around 123000 bags of gur (all varieties) has been lifted which is lower by 7000 bags lifted in the same period a year earlier

Around 234000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 1st Oct 2012, which are 70000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 113000 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 | 94000 |
| Raskut | 8400 |
| Papdi | 10800 |
| Khurpa | 1116 |
| Total | 123000 |

Gur prices are likely to move in a range keeping in view higher offtake and new gur arrived in the markets.

| Gur Spot Prices (Rs/Qtl) | | | | |
|--------------------------|-------------------|-----------|-----------|--------|
| Markets | Variety | 28-Sep-12 | 21-Sep-12 | Change |
| Muzaffar Nagar | Chaku – Sukha | 2925 | 2838 | +83 |
| | Khurpa | 2875 | 2863 | +12 |
| | Laddoo | 3125 | - | - |
| Bangalore | Achhu | 2813 | 2775 | +38 |
| | Mudde | 3000 | 3200 | -200 |
| Belgaum | Mudde | 3100 | 3300 | -200 |
| Belthangadi | yellow (Average) | 3000 | 3300 | -300 |
| Bijapur | Achhu | 2700 | 2900 | -200 |
| Gulbarga | Other (Average) | 2900 | 2750 | +150 |
| Mahalingapura | Penti (Average) | 3300 | 3300 | Unch |
| Mandya\ | Achhu (Medium) | - | 2945 | - |
| | Kurikatu (Medium) | 2600 | - | - |
| | Other (Medium) | 2300 | - | - |
| | Yellow (Medium) | 2400 | - | - |

| | | | | |
|---------|-----------------|------|---|---|
| Shimoga | Achhu (Average) | 2550 | - | - |
|---------|-----------------|------|---|---|

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 participants are cutting their positions.

Strategy: Sell towards entry level.

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|-------------|------------|------|------|------|
| Sugar | NCDEX | Oct | 3286 | 3383 | 3495 | 3527 | 3701 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Oct | Sell | Below 3495 | 3450 | 3430 | 3515 |

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

Technical Commentary:

- Gur prices are moving downwards as chart depicts
- Prices have recently breach trading range between Rs 1164 to Rs 1220, and prices are heading towards Rs 1137.
- RSI is moving at neutral region.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|----------|-------------|------------|------|------|------|
| Gur | NCDEX | November | 1096 | 1125 | 1156 | 1220 | 1250 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Gur | NCDEX | November | Sell | Below 1160 | 1140 | 1130 | 1170 |

International Scenario

International prices declined during last week over higher sugar output globally and higher sugar exports from Brazil M-o-M. 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:

- Thai white sugar premium rose to \$55-\$60 per ton.
- 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.
- 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.
- 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 011/12. 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 | 27-Sep-12 | 20-Sep-12 | Change |
| ICE Sugar #11 (US Cent/lb) | Oct-12 | 19.6 | 19.21 | -0.39 |
| | Mar-13 | 20.39 | 19.91 | -0.48 |
| | May-13 | 20.43 | 20.08 | -0.35 |
| LIFFE Sugar (US \$/MT) | Dec-12 | 573.2 | 557 | -16.2 |
| | Mar-13 | 561.8 | 549.8 | -12 |
| | May-13 | 561.3 | 552.5 | -8.8 |

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 | 573.2 | 580 |

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 | 20.39 | 21 |

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