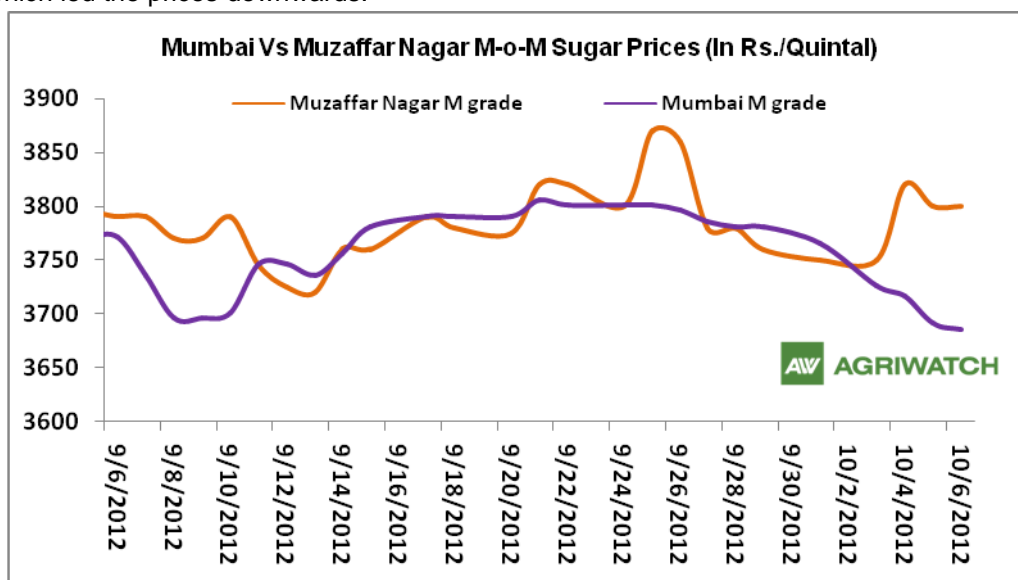


Sugar Price Trend and Outlook:

Sugar prices declined in key spot markets of sugar during the week ended 5th October 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.

News Highlights:

- UP sugar mills would start cane crushing operation after mid of November.
- Industry asks government to raise sugar import tax to 25% from 10% to avoid further decline in sugar prices. Industry anticipating fear of decline in prices below production cost of sugar mills if sugar imports continues.
- Agriwatch estimate 23.5 to 24 million tons of sugar production for 2012-13 keeping in view weak monsoon in main cane producing states like Maharashtra and Karnataka which hamper the growth of cane at grand growth stage.
- Maharashtra government has decided to begin the crushing season on 15th October from the earlier stated November 1st 2012.
- Decline in sugar production in 2012-13 unable Indian exporters to go for sugar exports in the coming marketing year.
- Food Ministry not seen sugar production below 23 million tons.
- Indian traders has made import deal of around 5000 tons of sugar from Pakistan at FOB price of \$545 per ton including import tax duty.
- Recent sugar estimate by the food ministry (~23 million tons) is very much in the range as decline in cane availability in Maharashtra and Karnataka due to decline in acreage and yield lower the cane as well as sugar production overall. Recently, Maharashtra government also lowered its sugar production estimate to 5.5 million tons from 6.5 million tons. It is notable that Agriwatch sugar production (~23.5-24 million tons) also support the food ministry production estimates.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$573 per ton and Indian domestic prices are quoted at \$665.58 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.52.21) till 8 th October 2012			
	From Brazil	From Thailand	
CIF India (USD/MT)	573.27	563.29	

Spot Sugar Prices Scenario (Weekly)

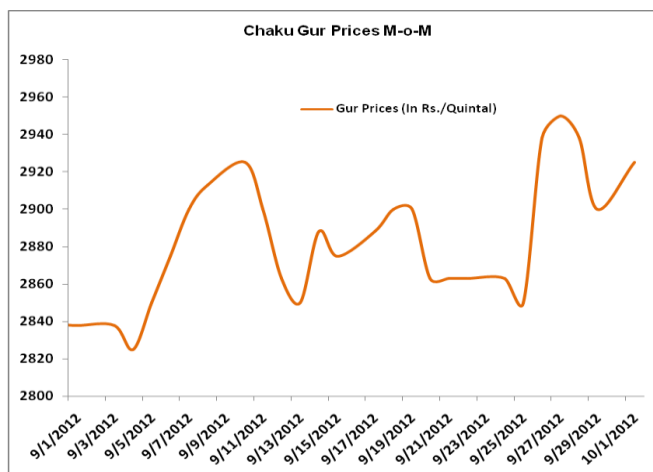
	05-Oct-2012	28-Sep-12	Change
Delhi M-30	3750	3850	-100
Delhi S-30	3700	3750	-50
Muzaffar Nagar M	3800	3750	50
Mumbai M-30	3691	3766	-75
Mumbai S-30	3556	3641	-85
Kolhapur M-30	3500	3550	-50
Kolhapur S-30	3400	3450	-50
Kolkata M Variety	-	3850	-
Chennai S	3280	3575	-295
Vijayawada M-30	4100	4100	Unch

Gur Market Scenario and Outlook

Gur prices are declined keeping in view increasing gur arrivals during the week ended 6th 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	05-Oct-2012	28-Sep-12	Change
Muzaffar Nagar	Chaku – Sukha	2875	2925	-50
	Khurpa	2800	2875	-75
	Laddoo	2950	3125	-175
Bangalore	Achhu	2803	2813	-10
	Mudde	3000	3000	Unch
Belgaum	Mudde	3100	3100	Unch
Belthangadi	yellow (Average)	2800	3000	-200
Bijapur	Achhu	3000	2700	300
Gulbarga	Other (Average)	2900	2900	Unch
Mahalingapura	Penti (Average)	3125	3300	-175
Mandya\	Achhu (Medium)	2980	-	-
	Kurikatu (Medium)	2600	2600	Unch
	Other (Medium)	2400	2300	100
	Yellow (Medium)	2400	2400	Unch
Shimoga	Achhu (Average)	2550	2550	Unch

Commodity: Sugar
Contract: November
Exchange: NCDEX
Expiry: November 20, 2012
SUGAR (Weekly November Contract Chart)

Technical Commentary:

- Sugar prices are moving downwards as chart depicts
- Sugar prices are likely to test Rs 3250 level in the coming week which also lying over 50% retracement level as chart depicts.
- RSI is moving at neutral region.
- Last candlestick pattern suggests bearishness in the prices.
- Decrease in price has supported by OI and volume which indicates Short buildup is occurring in the market.

Strategy: Sell towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Nov	3158	3249	3328	3340	3453
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	Sell	Below 3340	3280	3250	3370

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

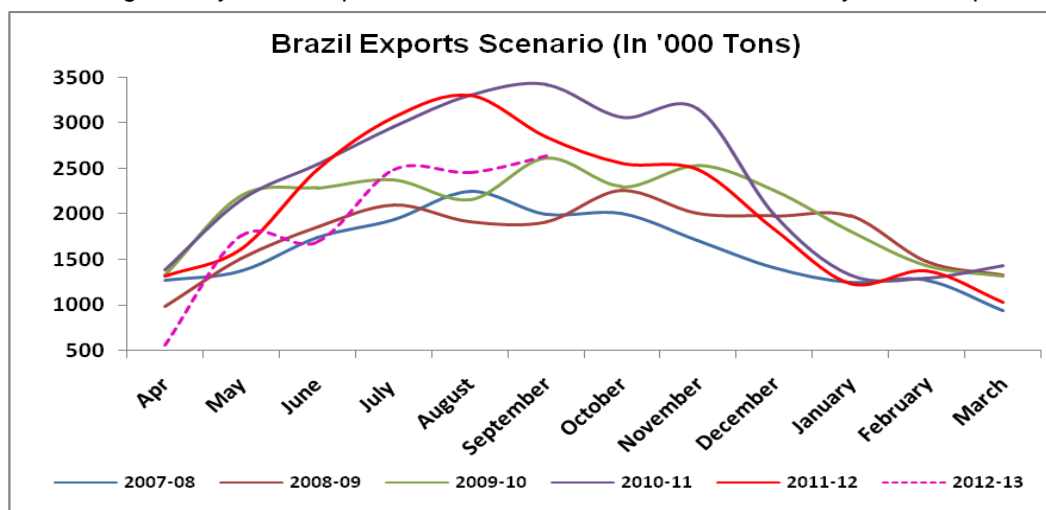
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	November	1096	1125	1156	1220	1250
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Sell	Below 1160	1140	1130	1170

International Scenario

International prices get correction during last week. Market participants booked profits at lower rates. Considering higher demand of raw sugar, we expect prices of sugar in international markets would continue to hover in range with firm tone as expected in the coming weeks.

International Market News Highlights:

- Brazil exported 2.639 million tons of sugar, raw value, in September up marginally from 2459 million tons in August but lower from 2.84 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 11.59 million tons of sugar this year till September which was 14.62 million tons last year same period.



- Sugar vessel line declined to 52 this week from 58 last week at major Brazilian ports owing to favorable weather and smooth movement of transportation of sugar from mills towards ports. Brazil has exported around 11.59 million tons of sugar in this marketing year and is expected to increase its sugar export operations in the coming months.
- Indonesia's sugar production may reach 2.6 mln tonnes in 2013, an increase of 8.3% from estimated 2012 output, due to higher yields,
- Mexican sugar production has seen rising by up to 9% during the 2012/13 season compared with the previous cycle. Mexican sugar exports for the forthcoming season, which begins in November, were expected to be between 1.2m and 1.5m tonnes, compared with the 1.3m tonnes projected for the 2011/12 season

International Sugar Prices (Weekly)				
	Contract Month	05-Oct-2012	28-Sep-12	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	21.54	20.42	1.12
	Mar-13	21.48	20.46	1.02
	May-13	21.42	20.49	0.93
LIFFE Sugar (US \$/MT)	Dec-12	597.3	574.5	22.8
	Mar-13	586.4	562.7	23.7
	May-13	584	562.4	21.6

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	597.3	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	21.48	21

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