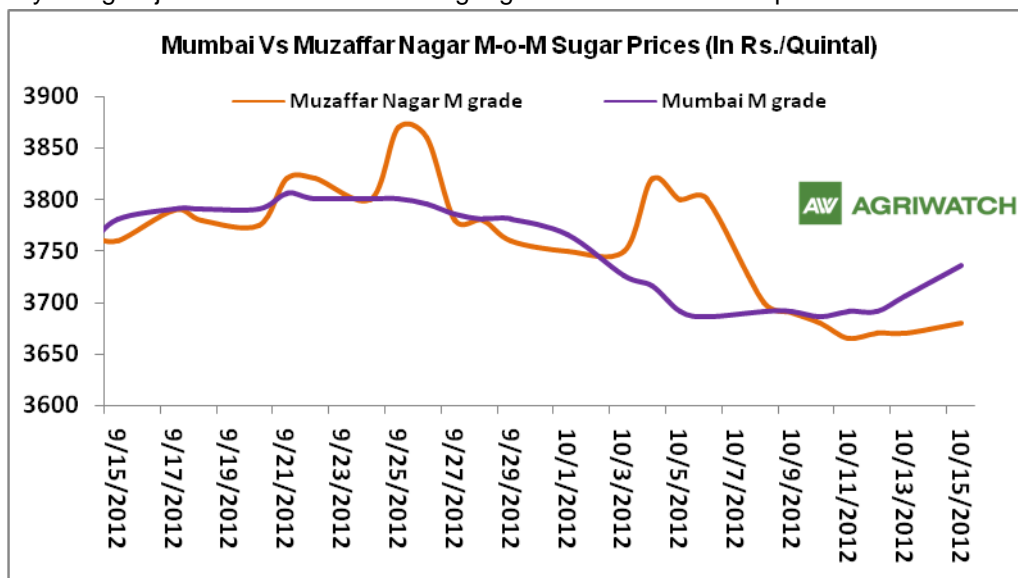


Sugar Price Trend and Outlook:

Sugar prices declined in key spot markets of sugar during the week ended 15th October 2012. Selling pressure by millers curb any hike in prices of sugar last week. However, recent recommendation of Sugar Decontrol by Rangarajan committee to PMO might give some boost to the prices.



Domestic Sugar Price Outlook:

Sugar prices are likely to move range bound with weak tone over higher supply of sugar by millers. In addition to it, weak raw as well as white sugar prices in international markets might put pressure on domestic sugar prices and give importers an opportunity to import sugar at lower quotes despite of 10% import duty.

News Highlights:

- India likely to allow sugar exports in 2012-13 started from Oct 1st 2012. Despite of expected downfall in sugar production this year to 23 to 23.5 million tons, government sees domestic sugar surplus which urge them to go for sugar exports for another year. It is notable that India is exporting sugar for last 2 years.
- Chennai mills have quoted higher sugar prices but no trade has been witnessed as reported. Chennai traders are buying sugar from Karnataka mills at lower quotes @ 3300 per quintal.
- Sugar millers warns about the supply crunch of sugar at the end of the year keeping in view higher sugar quota released for Oct-Nov month.
- According to Agriwatch expectation, India is likely to import around 1 million tons of sugar imports in 2012-13 marketing year considering downward trend in international sugar arena. In addition to it, expected increase in sugar prices in the domestic markets and global surplus of sugar globally might increase the sugar import parity for Indian importers for the coming year. Also, lower cane availability to various mills situated near to coastal regions bound them to go for imports.
- Sugar prices are likely to continue its downward movement in spot markets as higher non-levy sugar quota released by government should depress the prices. However, long-term outlook seems bullish due to increasing sugar demand Y-o-Y and lower sugar production in 2012-13.
- Government likely to consider increase in import duty on sugar to curb further sugar imports. However, this move would support the prices of sugar in domestic markets as expected.
- Sugar international raw and white sugar prices declined last week amid talks that importers are cancelling cargoes. Lower sugar demand from Russia and China and global sugar surplus drag the prices downwards. However, recent decline in sugar prices again gives an opportunity for Indian sugar importers specially Indian sugar refineries situated near to coastal regions to import sugar at lower quotes.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$574 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 15 th October 2012			
	From Brazil	From Thailand	
CIF India (USD/MT)	574.26	563.29	

Spot Sugar Prices Scenario (Weekly)

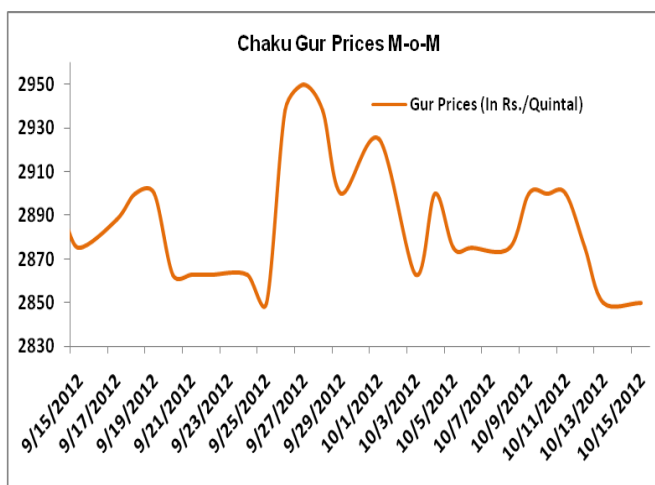
	12-Oct-2012	05-Oct-2012	Change
Delhi M-30	3640	3750	-110
Delhi S-30	3600	3700	-100
Muzaffar Nagar M	3670	3800	-130
Mumbai M-30	3691	3691	Unch
Mumbai S-30	3561	3556	5
Kolhapur M-30	3475	3500	-25
Kolhapur S-30	3375	3400	-25
Kolkata M Variety	3700	-	-
Chennai S	3350	3280	70
Vijayawada M-30	3780	4100	-320

Gur Market Scenario and Outlook

Gur prices are declined keeping in view increasing gur arrivals during the week ended 15th October 2012.

This week around 61000 bags of gur (all varieties) has been lifted which is higher from 37000 bags lifted in the same period a year earlier

Meanwhile, Gur Manufacturers from UP are trying to move their unit from UP towards MP due to lower cane cost and higher gur recovery from cane from MP sugarcane as reported. Lower units of gur manufacturers in UP might led the gur prices upwards for the short term.



Raid by government officials to curb the gur trade out of the mandi increase the fear among traders and led the increase in arrivals in the gur mandi.

Around 96000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 15th Oct 2012, which are 26000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 21000 bags of Chaku variety gur left in Cold storages for last season. This week around 61000 bags of gur has been lifted which increase the prices of gur last week.

	This week Off take (In Bags)
Chaku	39000
Raskut	10000
Papdi	6500
Total	61000

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	12-Oct-2012	05-Oct-2012	Change
Muzaffar Nagar	Chaku – Sukha	2875	2875	Unch
	Khurpa	2838	2800	+38
	Laddoo	2963	2950	+13
Bangalore	Achhu	2750	2803	-53
	Mudde	3000	3000	Unch
Belgaum	Mudde	3100	3100	Unch
Belthangadi	yellow (Average)	3000	2800	+200
Bijapur	Achhu	2900	3000	-100
Gulbarga	Other (Average)	3000	2900	+100
Mahalingapura	Penti (Average)	2950	3125	-175
Mandya\	Achhu (Medium)	3200	2980	+220
	Kurikatu (Medium)	2600	2600	Unch
	Other (Medium)	2400	2400	Unch
	Yellow (Medium)	2450	2400	+50
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
- 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	3362	3340	3453
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	Sell	Below 3380	3330	3305	3405

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 raw as well as white sugar prices declined last week owing to cancellation of cargoes at Brazilian ports which led the prices lower. Also, higher Australian output and dull demand kept the prices pressurized the prices. We expect prices of sugar should move in a range with weak tone in the coming week in ICE as well as LIFFE.

International Market News Highlights:

- Rising raw sugar demand from Indonesia drive the Thai raw sugar prices upwards. Thai raw sugar premium could trade in a range between 70 to 90 points to New York's March contract which is settled at 21.54 cents per bushels this week.
- Australia's sugarcane output this marketing year will likely be 31.5 million metric tonnes, up 12.5% on year, as early season rains encouraged crop growth.
- Rising raw sugar demand from Indonesia drive the Thai raw sugar prices upwards. Thai raw sugar premium could trade in a range between 70 to 90 points to New York's March contract which is settled at 21.54 cents per bushels this week.
- Pakistan continued to release sugar in the foreign markets. Recently it allowed around 2 lac tons of sugar exports at competitive rates on top of the 3 lac tons sugar export permits previously. Pakistan wants to reduce its sugar surplus.
- Sugar production slowed in the second half of September in Center South region of Brazil owing to wet conditions bound mills to slow its crushing operations.
- Sugar imports from China likely to decline by half in 2013.

International Sugar Prices (Weekly)				
	Contract Month	11-Oct-2012	05-Oct-2012	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	20.45	21.54	-1.09
	Mar-13	20.38	21.48	-1.1
	May-13	20.28	21.42	-1.14
LIFFE Sugar (US \$/MT)	Dec-12	590.4	597.3	-6.9
	Mar-13	573.2	586.4	-13.2
	May-13	572.9	584	-11.1

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 \$626, breach of mentioned levels either side will give the prices a new direction.
- However, Decrease in prices has supported by OI which clearly indicates short buildup occurs.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'12	590.4	550

ICE Raw Sugar Future Market Scenario (Mar'13 Contract):

Technical Commentary:

- ICE raw sugar futures are trying to test support level.
- Decrease in prices has not supported by volume and OI which suggest consolidation in the market.
- Last candlestick suggests bearishness 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	20.45	19.5

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2005 Indian Agribusiness Systems Pvt Ltd.