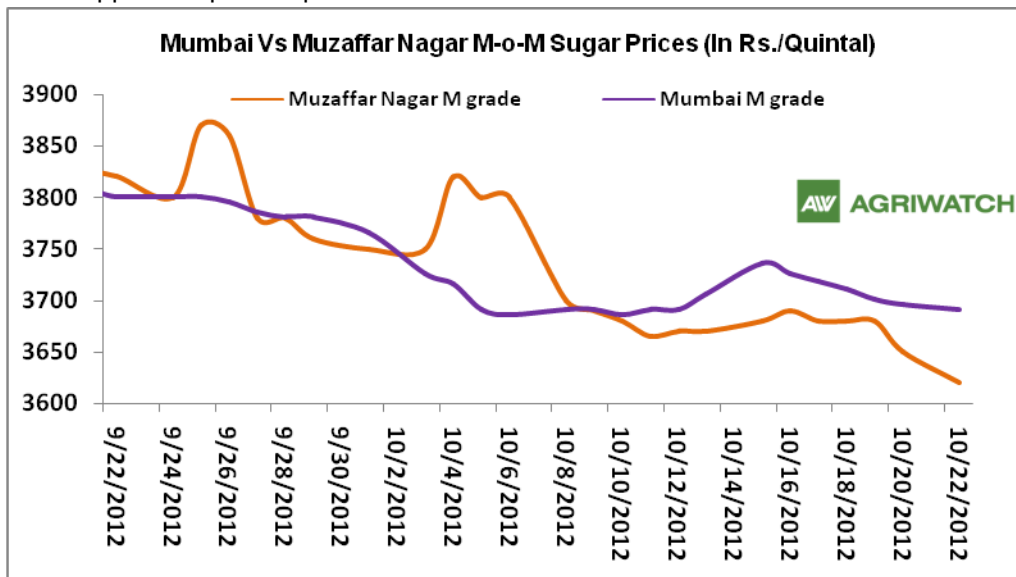


Sugar Price Trend and Outlook:

Sugar prices improved in key spot markets of sugar during the week ended 22nd October 2012. Selling recent recommendation of Sugar Decontrol by Rangarajan committee to PMO might give some boost to the prices. In addition to it, good sugar demand overall owing to upcoming festivals like Navaratra and Dusherra also support the prices upto certain extent.

**Domestic Sugar Price Outlook:**

Sugar prices are trying to rebound from current level as coming festival seasons drive the prices upwards. However, medium term sugar outlook seems bearish owing to start of crushing season and downward trend continues in international sugar markets which increase the raw sugar import prospects.

News Highlights:

- Government decision to continue sugar export policy for 2012-13 might prove wrong as domestic sugar prices might test Rs.4000/Quintal level in the coming year supported by lower sugar production and 2.2% growth of sugar consumption Y-o-Y which might restrict the sugar exports. In addition to it, global sugar surplus owing to expected higher production in Thailand and Brazil might kept the prices in a range which kept the Indian sugar exporters out of the market as they wouldn't find export parity.
- Bihar government lease out 7 seven sick sugar mills to the private sector.
- Government of India warns sugar millers not to obstruct the sugar supply during festive season in the open market. It is notable that demand usually increase of sugar in festive seasons like Diwali etc.
- Government is considering the hike in import duty of white sugar from 10% to 20% to curb the inflow of white sugar in domestic market. Also, government is planning to remove the import duty on raw sugar as it will generate the employment in the country for refining the raw sugar.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$542 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 22 nd October 2012			
	From Brazil	From Thailand	
CIF India (USD/MT)	542.14	536.85	

Spot Sugar Prices Scenario (Weekly)

	19-Oct-2012	12-Oct-2012	Change
Delhi M-30	3650	3640	+10
Delhi S-30	3550	3600	-50
Muzaffar Nagar M	-	3670	-
Mumbai M-30	3701	3691	+10
Mumbai S-30	3561	3561	Unch
Kolhapur M-30	3500	3475	+25
Kolhapur S-30	3400	3375	+25
Kolkata M Variety	-	3700	-
Chennai S	3450	3350	+100
Vijayawada M-30	3920	3780	+140

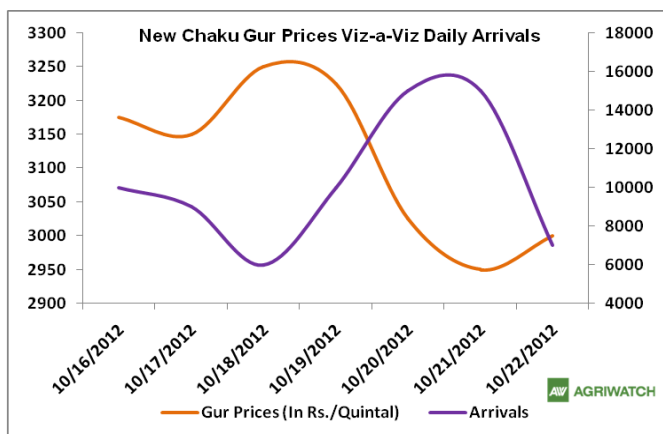
Gur Market Scenario and Outlook

Gur prices are moving range bound with weak tone keeping in view increasing gur arrivals and good offtake during the week ended 22nd 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.



This week around 84000 bags of chaku gur (each 40 kg) arrived in the gur Muzaffar nagar market. 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 64400 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 22nd Oct 2012, which are 21700 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 4600 bags of Chaku variety gur left in Cold storages for last season. This week around 31600 bags of gur has been lifted which increase the prices of gur last week.

	This week Off take (In Bags)
Chaku	16400
Raskut	9800
Papdi	5500
Total	31600

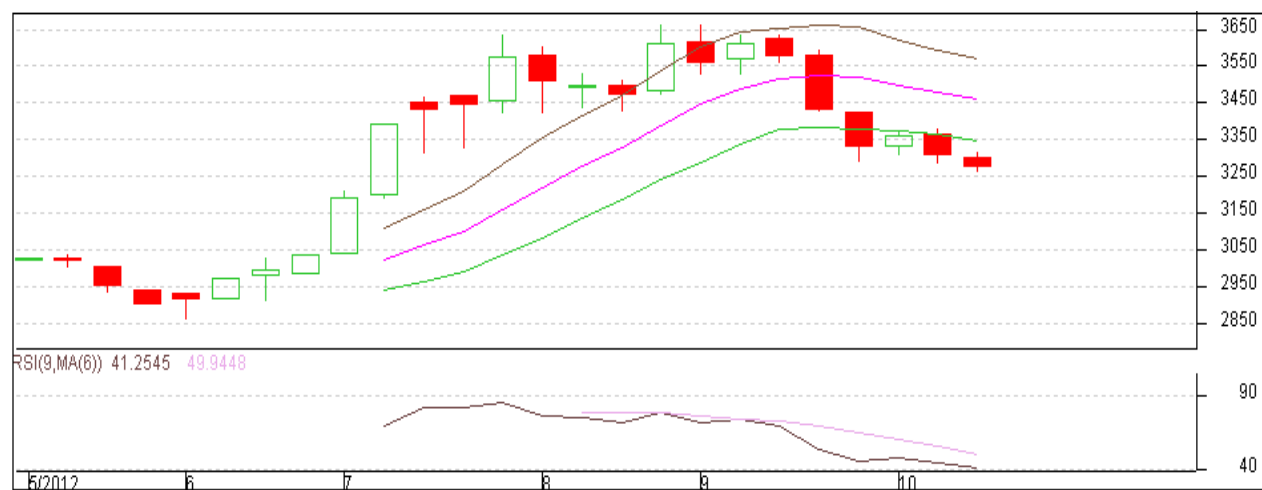
Gur prices are likely to move in a range keeping in view higher offtake and new gur arrived in the markets.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	19-Oct-2012	12-Oct-2012	Change
Muzaffar Nagar	New Chaku	3225	3175	+50
	Chaku – Sukha	2950	2875	+75
	Khurpa	-	2838	-
	Laddoo	2813	2963	-150
Bangalore	Achhu	2675	2750	-75
	Mudde	3000	3000	Unch
Belgaum	Mudde	3100	3100	Unch
Belthangadi	yellow (Average)	2800	3000	-200
Bijapur	Achhu	3000	2900	+100
Gulbarga	Other (Average)	3050	-	-
Mahalingapura	Penti (Average)	2900	2950	-50
Mandya\	Achhu (Medium)	3190	3200	-10
	Kurikatu (Medium)	2850	2600	+250
	Other (Medium)	2450	2400	+50
	Yellow (Medium)	2450	2450	Unch
Shimoga	Achhu (Average)	2750	2550	+200

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.
- However, Decrease in price has not supported by OI and volume which indicates market is strengthening.

Strategy: Buy towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Nov	2863	3160	3269	3340	3453
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	Buy	Above 3260	3305	3330	3240

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 test its objective i.e. Rs 1112.
- Prices are likely to take support from 61.8% retracement level.
- RSI is moving at oversold region.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	November	1004	1096	1156	1153	1188
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	November	Buy	Above 1100	1120	1130	1090

**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. In addition, 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:

- International raw sugar prices fall below 20 cents per lb and close at 19.85 cents/lb front month contract.
- Thai white sugar premium improved from \$20 to \$40 per ton owing to expected demand of sugar from Asian countries at lower quotes. However, no deals of sugar have been reported till yet in this week.
- Dataagro sees 545-575 million tons of Brazilian cane output for 2013-14 season.
- Iraq bought 3 lac tons of white sugar as reported.

International Sugar Prices (Weekly)				
	Contract Month	18-Oct-2012	11-Oct-2012	Change
ICE Sugar #11 (US Cent/lb)	Oct-12	19.79	20.45	-0.66
	Mar-13	19.73	20.38	-0.65
	May-13	19.64	20.28	-0.64
LIFFE Sugar (US \$/MT)	Dec-12	541	590.4	-49.4
	Mar-13	532.8	573.2	-40.4
	May-13	539.4	572.9	-33.5

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	541	532

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	19.73	19.5

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