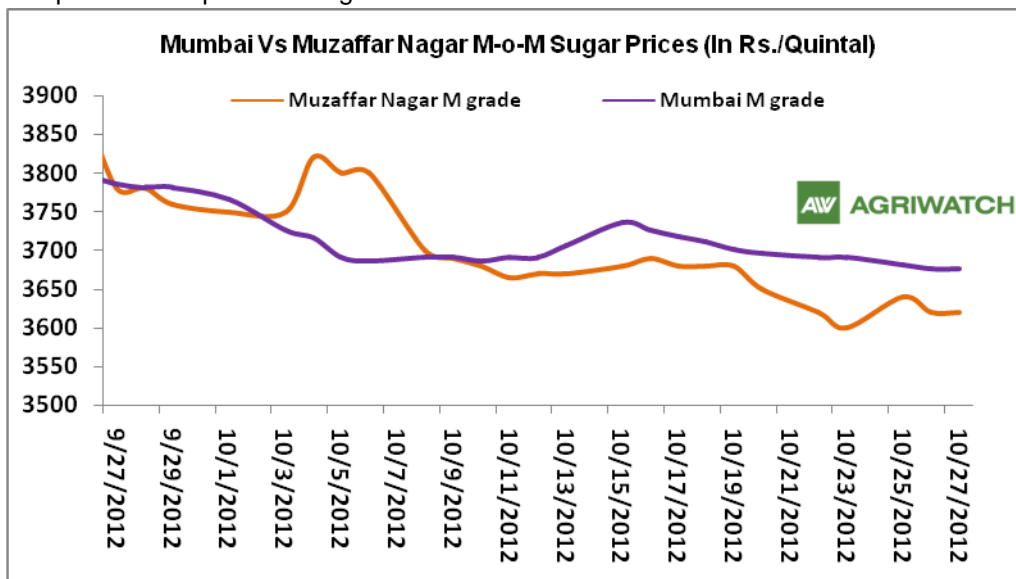


Sugar Price Trend and Outlook:

Sugar prices declined in key spot markets of sugar during the week ended 29th October 2012. Selling of sugar by various mills, weak demand and continuous decline in International prices spread bearish sentiments in key domestic markets of sugar during the week.

In addition to it, government decision of not to increase the sugar import duty on both raw as well as white sugar also depressed the prices of sugar.



Domestic Sugar Price Outlook:

Sugar prices are likely to correct from lower level considering upcoming festival demand like Dusherra and Diwali which would support the prices. However, medium term outlook seems bearish.

News Highlights:

- Festival demand is likely to take the prices upward for short term. However, medium term outlook is weak supported by weak international sentiments and start of crushing season in India.
- It is notable that sugar prices normally move downwards in November month as per the sugar price seasonality.
- Government will take decision over hike in raw as well as white sugar import duty after 3 months after looking the cane crushing situation: Sharad Pawar.
- Around 10 sugar mills have started its crushing operations in Maharashtra and till date around 50000 tons of cane has crushed by them as reported.
- Decontrol of sugar industry would boost profits of sugar companies by 50%, according to CRISIL report.

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)

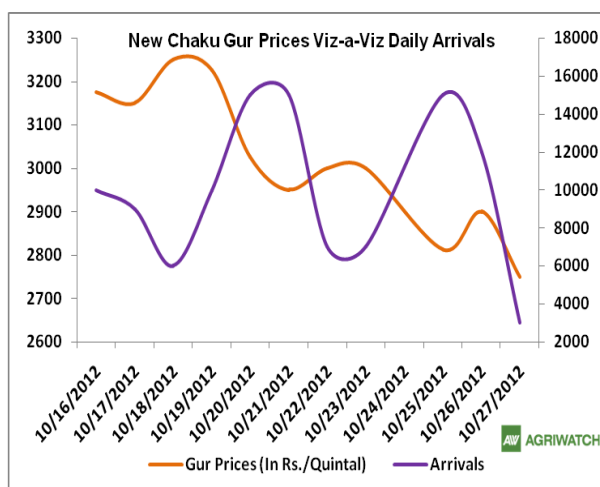
	26Oct-2012	19-Oct-2012	Change
Delhi M-30	3620	3650	-30
Delhi S-30	3550	3550	Unch
Muzaffar Nagar M	3620	-	-
Mumbai M-30	3676	3701	-25
Mumbai S-30	3516	3561	-45
Kolhapur M-30	Closed	3500	-
Kolhapur S-30	Closed	3400	-
Kolkata M Variety	3700	-	-
Chennai S	3450	3450	Unch
Vijayawada M-30	3920	3920	Unch

Gur Market Scenario and Outlook

Gur prices are moving downwards keeping in view increasing gur arrivals during the week ended 29th 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

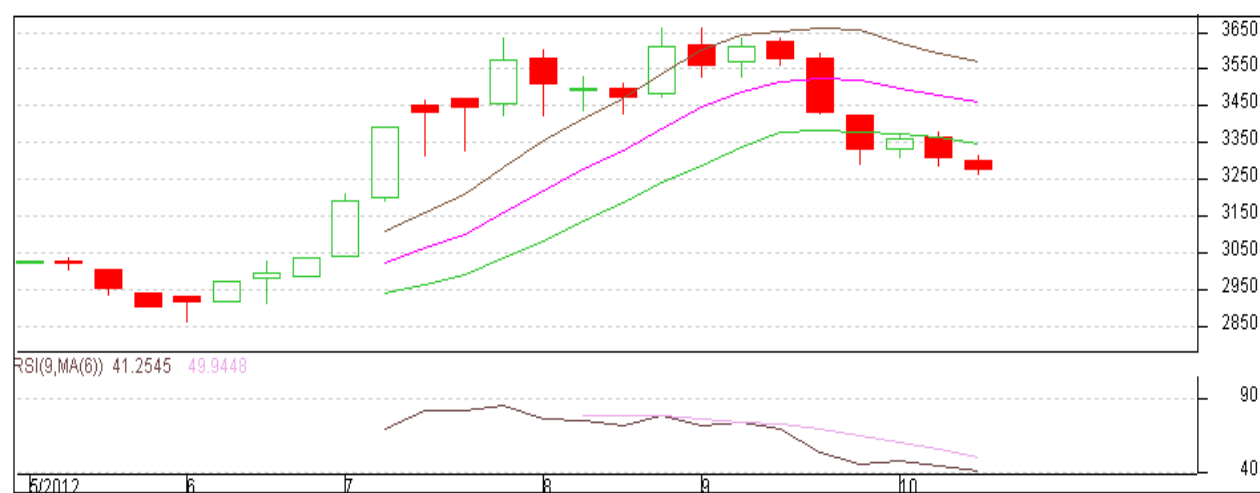
Gur prices are likely to move in a range keeping in view higher offtake and new gur arrived in the markets.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	26Oct-2012	19-Oct-2012	Change
Muzaffar Nagar	New Chaku	2900	-	-
	Chaku – Sukha	2813	2950	-137
	Khurpa	2525	2813	-288
	Laddoo	2813	-	-
Bangalore	Achhu	2475	2675	-200
	Mudde	3200	3000	200
Belgaum	Mudde	3400	3100	300
Belthangadi	yellow (Average)	-	2800	-
Bijapur	Achhu	-	3000	-
Gulbarga	Other (Average)	3200	3050	150
Mahalingapura	Penti (Average)	2900	2900	Unch
Mandya\	Achhu (Medium)	-	3190	-
	Kurikatu (Medium)	2800	2850	-50
	Other (Medium)	2400	2450	-50
	Yellow (Medium)	2450	2450	Unch
Shimoga	Achhu (Average)	2700	2750	-50

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: Sell towards entry level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Nov	2863	3160	3342	3453	3493
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	Sell	Between 3370-3380	3305	3265	3410

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 continuous supply of sugar from Brazil. 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:

- Brazil mills produced 2.79 million tonnes of sugar in the two weeks ending Oct. 15, compared with 2.20 million tonnes in the second half of September and 1.78 million tonnes a year ago, Unica said.
- Thai raw sugar premium slipped at 30-40 points over ICE raw sugars futures from 60-70 points a week earlier. Also, Thai white sugar premium declined to \$35 per ton from \$40 per ton a week earlier. Increase in sugar production in China for 2012-13 increase the global sugar surplus.
- Brazil will raise ethanol blending ratio to gasoline to 25 percent from 20 percent by the end of June 2013. It is notable that Brazil deducts the blending ratio to 20 percent in 2011 due to shortage of ethanol and higher ethanol prices.
- Brazilian raw sugar is trading at premium for next crop as reported. Around 400,000 metric tons of Brazilian sugar moved from main ports in importing countries,

International Sugar Prices (Weekly)				
	Contract Month	25-Oct-2012	18-Oct-2012	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	19.53	19.79	-0.26
	May-13	19.44	19.73	-0.29
	Jul-13	19.35	19.64	-0.29
LIFFE Sugar (US \$/MT)	Dec-12	543.8	541	2.8
	Mar-13	527.5	532.8	-5.3
	May-13	529.5	539.4	-9.9

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	543.8	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	19.53	19

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