

Sugar Price Trend and Outlook:

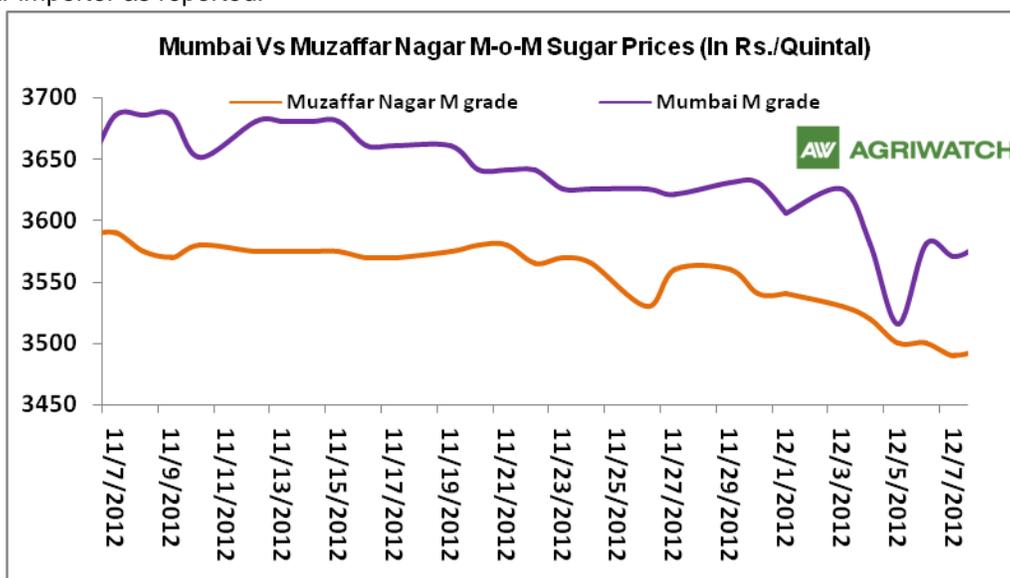
Sugar prices extended its bearishness during the week ended 10th December 2012 owing to continuous supply of sugar by millers in the open markets.

Meanwhile, UP government hike SAP for sugarcane to Rs 290 for early variety, Rs. 280 for normal variety and Rs 275 for Rejected variety. Last year UP sugarcane SAP was Rs. 250, Rs.240 and Rs. 235 respectively.

UP government also increased the transportation deduction expenses to 8.75 per quintal that means if farmer brought its produce upto mill then mills will pay additional Rs.8.75 per quintal as a transportation expenses.

Mills have started to release sugar stocks in the open markets to avoid the overburden of sugar stocks in the warehouses.

It is notable that around 8 lac tons of sugar has been imported from Brazil. Renuka sugars became the key sugar importer as reported.



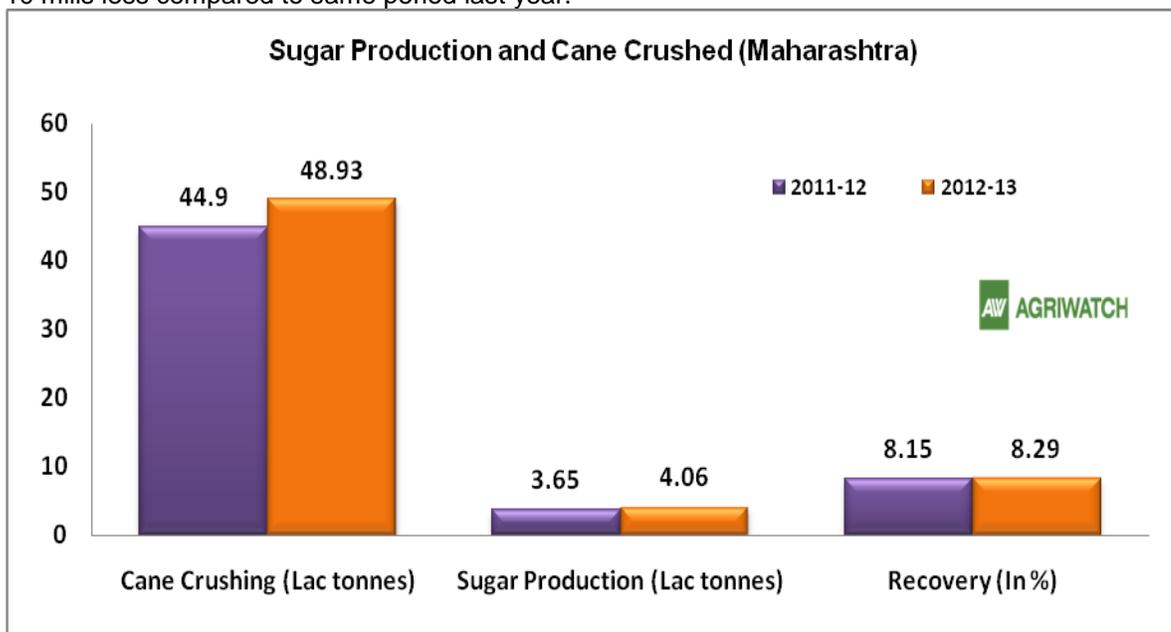
Domestic Sugar Price Outlook:

Sugar prices would continue its downtrend as higher sugar quota and weak international prospects dampen the possibility of any hike in sugar prices.

News Highlights:

- Government has removed unrestricted sugar exports under OGL scheme from October 2012-13 keeping in view lower sugar production this year. Government earlier allowed unrestricted sugar exports for almost five months last marketing year. Millers who are seeking to export sugar will have to get a release order from DGFT.
- MP millers are willing to pay Rs. 250 per quintal as a cane remuneration price to farmers as reported. However, farmers don't want to supply cane to millers and divert their cane towards kolhus in lieu of fast payment.
- India imported 2.76 lac tons of raw sugar from Brazil in November 2012 as reported
- Maharashtra sugar millers had crushed around 48.93 lac tons of cane till 18th Nov 2012 and produced around 4.06 lac tons of sugar with an average recovery of around 8.29 percent.

However, in total around 103 mills had started their crushing operations till 18th Nov which was 10 mills less compared to same period last year.



Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil are quoted at \$488 per ton and Indian domestic refined sugar prices are quoted at \$633 per ton Kolhapur. 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.54.73) till 30th November 2012			
	From Brazil	From Thailand	
CIF India (USD/MT)	488.25	532.90	

Indian sugar exporters are paying premium of \$35 to \$55 per ton to millers however Indian white sugar export prices are facing tough competition from Thai sugar and therefore likely to go down in the coming week as expected.

Meanwhile, India imported 2.76 lac tons of raw sugar from Brazil in November 2012 as reported.

Spot Sugar Prices Scenario (Weekly)

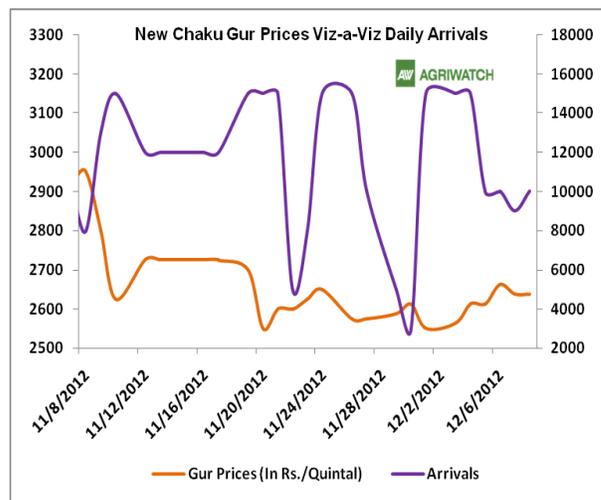
	07-Dec-12	30-Nov-12	Change
Delhi M-30	3485	3580	-95
Delhi S-30	3460	3540	-80
Muzaffar Nagar M	3490	3540	-50
Mumbai M-30	3571	3631	-60
Mumbai S-30	3411	3472	-61
Kolhapur M-30	3320	3450	-130
Kolhapur S-30	3220	3350	-130
Kolkata M Variety	-	3630	-
Chennai S	3325	3375	-50
Vijayawada M-30	3900	3900	Unch

Gur Market Scenario and Outlook

Mixed trend recorded in key gur markets during the week ended 10th December 2012 as jaggery manufacturers not willing to sell gur below Rs 2500 level for chaku variety gur. However, late start of crushing by UP millers make available lot of cane to Gur manufacturers that indicates overall gur sentiments bearish in the medium term.

Also, farmers have to harvest sugarcane and empty their respective fields for fresh sowing of wheat.

This week around 84000 bags of chaku gur (each 40 kg) arrived in the gur Muzaffar nagar market.



Gur prices are likely to move downwards keeping in view expected increase in gur arrivals.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	07-Dec-12	30-Nov-12	Change
Muzaffar Nagar	New Chaku	2638	2613	25
	Chaku – Sukha	-	-	-
	Khurpa	2413	2400	13
	Laddoo	2688	2600	88
Bangalore	Achhu	3200	3200	Unch
	Mudde	3400	3400	Unch
Belgaum	Mudde	-	3000	-
Belthangadi	yellow (Average)	3400	3400	Unch
Bijapur	Achhu	3000	3200	-200
Gulbarga	Other (Average)	3000	3100	-100
Mahalingapura	Penti (Average)	2990	3050	-60
Mandya\	Achhu (Medium)	2700	-	-
	Kurikatu (Medium)	2450	-	-
	Other (Medium)	2500	-	-
	Yellow (Medium)	2650	-	-
Shimoga	Achhu (Average)	-	3425	-

Commodity: Sugar
Contract: January

Exchange: NCDEX
Expiry: January 18, 2012

SUGAR (Weekly January Contract Chart)



Technical Commentary:

- Sugar prices are moving range bound as chart depicts.
- RSI is moving at oversold region.
- Breach of Rs 3315 level would take the prices up to 3350 as chart depicts.
- Increase in prices has supported by volume and OI which indicates long build up occurred in the market.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jan	-	3250	3296	3358	3389
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jan	Buy	Above 3290	3325	3340	3275

Commodity: Gur
Contract: January

Exchange: NCDEX
Expiry: January 20, 2012

GUR (January Weekly Chart)



Technical Commentary:

- Gur prices are moving in a range as chart depicts
- RSI is moving at neutral region.
- Decrease in prices has supported by volume and OI which indicates short buildup occurred in the market.
- However, ADX still not giving confirmation of bullishness in the market.
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Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Jan	1086	1102.5	1134	1138	1145
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Sell	Below 1130	1120	1117	1135

International Scenario

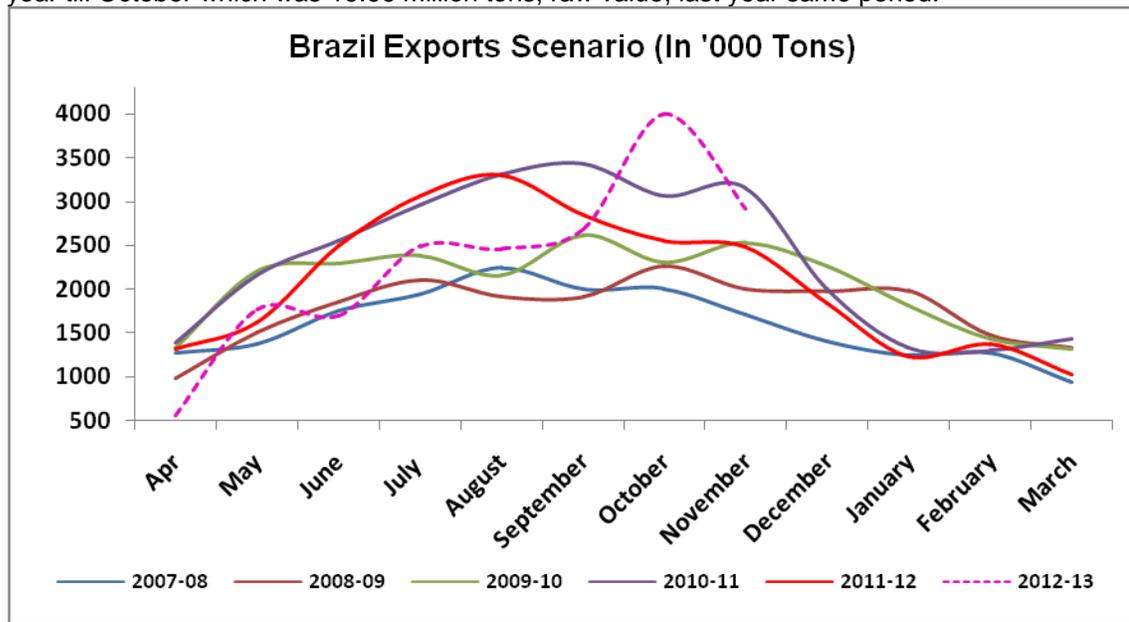
International raw as well as white sugar prices moving downwards but due to continuous supply of sugar from Brazil. In addition to it, Thai raw as well as white sugar premium slip also depress the prices.

Fresh cane crushing also started in Thailand which also likely to depress sugar prices in International arena.

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:

- After Egypt, Vietnam will also hike sugar import duty to 40 percent from next year to help domestic production. It is notable that Vietnam forecasts surplus scenario of sugar in 2013. Presently, white sugar import duty hovering stood at 15%.
- Pakistan is quoting sugar export price at \$550 this week up from \$520 per ton a week earlier.
- Thai raw sugar premium steady this week and traded at 65 points over New York Futures.
- Egypt has imposed additional import tariffs on raw and white sugar for 200 days starting from 2nd December 2012 to protect domestic producers from rising sugar imports.
- Brazil exported 2.917 million tons of sugar, raw value, in November up from 3.998 million tons in October and up from 2.483 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 18.56 million tons of sugar this year till October which was 19.66 million tons, raw value, last year same period.



International Sugar Prices (Weekly)				
	Contract Month	06-Dec-2012	29-Nov-2012	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	19.36	19.34	0.02
	May-13	19.44	19.39	0.05
	Jul-13	518.5	513.3	5.2
LIFFE Sugar (US \$/MT)	Mar-13	525.1	521.4	3.7
	May-13	528	525.3	2.7
	Aug-13	19.36	19.34	0.02

LIFFE Future Market Sugar Scenario (March Contract):



Technical Commentary:

- Prices rebound from support level as chart depicts. However, still moving in a downtrend.
- However, Increase in prices has supported by OI.
- Last candlestick depicts that short participants could be active at resistance level.
- It is advisable to market participants to sell from resistance level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	525.1	515

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



Technical Commentary:

- ICE raw sugar futures are moving range bound.
- Increase 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	19.36	19

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