

Sugar & Gur Domestic & International Fundamentals

- Sugar prices continuously follow the downward trend due to higher supply pressure from millers. In addition to it, weak dollar gives sugar importers benefit to import sugar from Brazil at Brazilian sugar quotes.
- Decreasing sugar prices in domestic arena thanks to government policies dampen the growth of sugar industry. However, recent decisions taken by Cabinet ministry gives clear indication of loosen up the regulation on sugar industry. Industry is seeking some big decision from government which could give some respite to the millers.
- Government today hike the Fair Remunerative Price of Sugarcane by 23.5% to Rs. 210/Quintal for 2013-14. It is notable that last year FRP of sugarcane was Rs 170/ Quintal. This move could encourage farmers to plant more sugarcane in their respective fields for the coming year as sugarcane crop proved more competitive crop compared to Rice, wheat and cotton as estimated.
- Thai raw sugar premium increased this week and trading at 90 points over New York's March Sugar futures.
- Brazil Center South sugar production ends at 34.1 million tons in 2012-13.
- Sugar prices again follow bear run as no bullish news hit the domestic market at present. In addition to it, increasing sugar imports from Brazil and increasing sugar crushing figures Y-o-Y support the bearish sentiments.
- Recent, government relaxed its norms to convert unsold sugar into levy sugar in the given period of release from December to March.
- Gur prices declined today in Muzaffar nagar spot market owing to higher arrivals compared to prior day.
- Lack of arrivals and weak numbers for gur stored in Cold storages and expected lower gur production in Maharashtra due to lower cane crop this season turned the market bullish in gur as reported.
- Good demand of UP gur has been witnessed from Haryana, Punjab and Rajasthan confirmed by lower pace of gur stored in the cold storages compared to last couple of weeks.

Outlook:

Despite of extension of releasing sugar quota in the open market, sugar prices again started declining owing to consistent sugar imports from Brazil which bound our sugar prices estimate bearish for the coming weeks.

NCDEX Sugar Future Quotes:

| Contract | +/- | Open | High | Low | Close |
|----------|-----|------|------|------|-------|
| Feb-13 | -40 | 3150 | 3150 | 3100 | 3107 |
| Mar-13 | -38 | 3194 | 3194 | 3156 | 3161 |
| Apr-13 | -36 | 3250 | 3250 | 3219 | 3221 |

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|-------|--------|
| Feb-13 | 9940 | -780 | 32740 | -2950 |
| Mar-13 | 7510 | 1590 | 17860 | 1950 |
| Apr-13 | 1700 | 900 | 6970 | 810 |

| Spread | Feb-13 | Mar-13 | Apr-13 |
|--------|--------|--------|--------|
| Basis | 113 | | |
| Feb-13 | | 54 | 114 |
| Mar-13 | | | 60 |

| Stocks | Demat | In-Process | Total | FED |
|-----------------|----------|------------|----------|----------|
| | 31.01.13 | 31.01.13 | 31.01.13 | 28.01.13 |
| Kolhapur M(New) | 9900 | 500 | 10400 | 8401 |
| Kolhapur S(New) | 577 | 700 | 1277 | 577 |
| Sangli S | 1334 | 0 | 1334 | 1334 |

LIFFE Sugar Futures (In US\$/MT)

| Contract | Open | High | Low | Close | +/- |
|----------|-------|-------|-------|-------|-----|
| 13-Mar | 496 | 501 | 493.2 | 499.4 | 2.6 |
| 13-May | 506.8 | 510.5 | 502.9 | 509.2 | 2.5 |
| 13-Jul | 511.4 | 515 | 507.9 | 514 | 1.8 |

NCDEX Gur Future Quotes:

| Contract | +/- | Open | High | Low | Close |
|----------|------|--------|--------|--------|--------|
| March-13 | -3.5 | 1118 | 1118 | 1109 | 1114.5 |
| July-13 | -2.5 | 1261.5 | 1261.5 | 1255 | 1260 |
| Sept-13 | -1 | 1291.5 | 1298 | 1291.5 | 1298 |

| Contract | Volume | Change | OI | Change |
|----------|--------|--------|------|--------|
| March-13 | 4840 | 1860 | 8050 | -510 |
| July-13 | 1280 | 390 | 2510 | 190 |
| Sept-13 | 20 | 20 | 310 | 0 |

| Spread | Mar-13 | July-13 | Sept-13 |
|---------|--------|---------|---------|
| Basis | -60.5 | | |
| Mar-13 | | 145.5 | 183.5 |
| July-13 | | | 38 |

ICE Sugar Futures (In Cents/Pound)

| Contract | Open | High | Low | Close | +/- |
|----------|-------|-------|-------|-------|------|
| 13-Mar | 18.71 | 18.85 | 18.46 | 18.78 | 0.07 |
| 13-May | 18.75 | 18.89 | 18.52 | 18.84 | 0.1 |
| 13-Aug | 19.05 | 19.19 | 18.82 | 19.14 | 0.1 |

Brazil Sugar Quotes (Kingsman US\$/MT)

| Commodity | Place | Price | Change |
|-------------------------|-------------|--------|--------|
| Raw Sugar FOB (\$/MT) | Santos Port | 411.25 | - |
| Raw Sugar C&F (\$/MT) | Black Sea | 441.25 | - |
| Sugar White FOB (\$/MT) | Santos Port | 490.25 | - |

Brazil White Sugar Premium (US\$/MT)

| Contract | Close | +/- |
|----------------|-------|-----|
| Mar'13/Mar'13 | 91.00 | |
| May'13/May'13 | 94.00 | |
| Aug'13/July'13 | 92.25 | |

Brazil Sugar/ Ethanol Prices (In Cents/lb)

| Contract | Close | +/- |
|----------|-------|-----|
| Dec'12 | 19.07 | |
| Mar'12 | 20.02 | |
| May'12 | 18.54 | |

Sugar and Gur Prices at Key Spot Markets:

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|-----------|-------------------------------------------------|-----------------|-----------|--------|
| | | 01-Feb-13 | 31-Jan-13 | |
| Sugar | Delhi - Grade M | 3400 | 3400 | Unch |
| | Delhi - Grade S | 3350 | 3360 | -10 |
| | Delhi - Grade L | 3430 | 3430 | Unch |
| | UP- Khatauli Grade M | 3400 | 3400 | Unch |
| | UP- Ramala Grade M | 3350 | 3300 | 50 |
| | Mumbai –Grade M | 3441 | 3441 | Unch |
| | Mumbai –Grade S | 3276 | 3288 | -12 |
| | Kolhapur – Grade M | 3220 | 3225 | -5 |
| | Kolhapur – Grade S | 3120 | 3125 | -5 |
| | Vijayawada – Grade M | 3570 | 3570 | Unch |
| | Vijayawada- Grade S | 3470 | 3470 | Unch |
| | Nagpur – Grade S | 3400 | 3400 | Unch |
| | Kolkata – Grade M | - | - | - |
| | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3150 | 3150 | Unch |
| | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 3145 | 3145 | Unch |
| | Chennai - Grade S | 3100 | 3100 | Unch |

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Gur Spot Prices (Rs/Qtl)

| | | 01-Feb-13 | 31-Jan-13 | |
|----------------|--------------------|-----------|-----------|------|
| Muzaffar Nagar | Chaku New | 2638 | 2650 | -12 |
| | Arrival(Chaku New) | 5000 | 3000 | 2000 |
| | Khurpa | 2638 | 2638 | Unch |
| | Laddu | 2788 | 2750 | 38 |
| | Rascut | - | - | - |
| Maharashtra | Lal Variety | 2800 | 2800 | Unch |
| Maharashtra | Kolhapur | 3200 | 3200 | Unch |
| Bangalore | Achhu | 3000 | 3000 | Unch |
| | Mudde | 3300 | 3300 | Unch |
| Belgaum | Mudde | 3000 | 3000 | Unch |

| | | | | |
|----------------------|-------------------|------|------|-----|
| Belthangadi | Yellow (Average) | - | 3200 | - |
| Bijapur | Achhu | 2575 | - | - |
| Gulbarga | Other (Average) | 2880 | 2830 | 50 |
| Mahalingapura | Penti (Average) | 2940 | 3000 | -60 |
| Mandya | Achhu (Medium) | - | 2500 | - |
| | Kurikatu (Medium) | - | 2350 | - |
| | Other (Medium) | - | 2300 | - |
| | Yellow (Medium) | - | 2500 | - |
| Shimoga | Achhu (Average) | 3000 | 2975 | 25 |

| UP Private Mills Tender Rates | | | | |
|-----------------------------------|--------------|-----------|-----------|--------|
| Centre | Origin/Grade | 01-Feb-13 | 31-Jan-13 | Change |
| Dorala | M-30 | 3310 | 3310 | Unch |
| Mawana | M-30 | 3345 | 3345 | Unch |
| Modinagar | M-30 | 3285 | 3285 | Unch |
| Malakpur | M-30 | 3270 | 3270 | Unch |
| Simbholi | M-30 | 3400 | 3400 | Unch |
| Asamoli | M-30 | 3360 | 3360 | Unch |
| Dhanora | M-30 | 3280 | 3280 | Unch |
| Dhampur | M-30 | 3280 | 3280 | Unch |
| Kinnoni | M-31 | 3410 | 3410 | Unch |
| Budhana | M-31 | 3310 | 3310 | Unch |
| Thanabhavan | M-31 | 3305 | 3305 | Unch |
| UP Government Mills Tender Rates | | | | |
| Centre | Origin/Grade | 01-Feb-13 | 31-Jan-13 | Change |
| Nazibabad | M-30 | 3185 | 3185 | Unch |
| Sakoti | M-30 | 3230 | 3230 | Unch |
| Amroha | M-30 | 3270 | 3270 | Unch |
| Chandpur | M-31 | 3260 | 3260 | Unch |
| UP Cooperative Mills Tender Rates | | | | |
| Centre | Origin/Grade | 01-Feb-13 | 31-Jan-13 | Change |
| Baghpat | M-30 | 3240 | 3240 | Unch |
| Gajraula | M-30 | 3200 | 3200 | Unch |
| BulandShahar | M-30 | 3265 | 3265 | Unch |
| Anupshahar | M-30 | 3190 | 3190 | Unch |

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