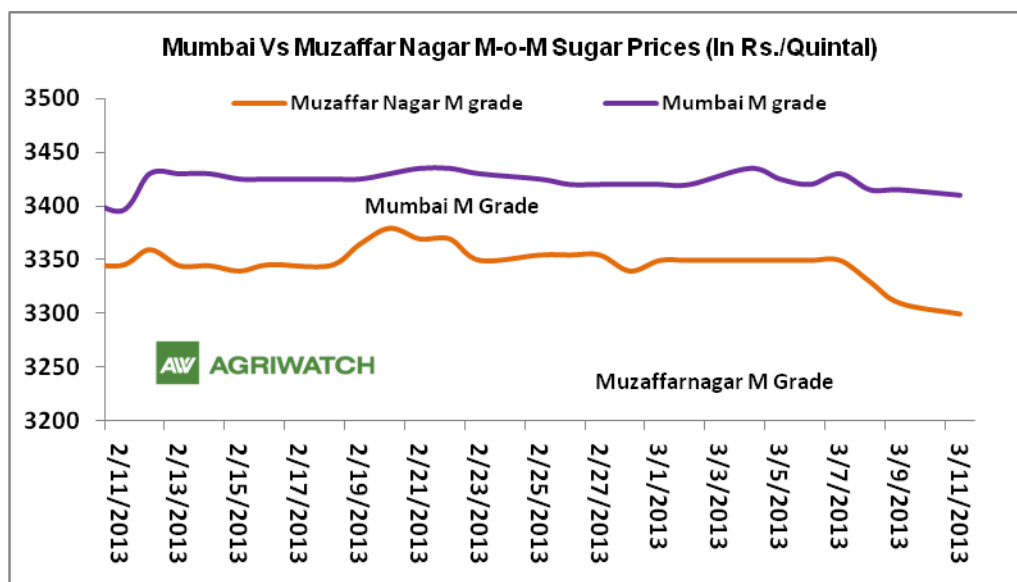


### Sugar Price Trend and Outlook:

Sugar prices have move in a range with weak tone during the month ended February 2013.

India's sugar production for the 2013-14 seasons is set to fall below current year sugar production estimate as water shortage trims acreage in three key states Maharashtra, Karnataka and Tamil Nadu.

As far as sugar production is concerned, around 452 Indian mills have produced 18.8 million tons of sugar after crushing 190 million tons of cane with an average recovery of 9.89%. However, till date around 50 mills have closed its cane crushing operations mainly in Maharashtra due to lack of cane availability.



### Domestic Sugar Price Outlook:

Prices not seem bullish at present until government ban sugar imports. Government is presently considering the sugar production stats for 2012-13. However, sugar exports don't seem viable in the coming months as global sugar is overflowing this year.

### Monthly News Highlights:

- With around 1 million tons of sugar imports by giant Shree Renuka Sugars, it now can play safe game by hedge its position by taking long positions in NCDEX platform and sell sugar locally as expected.
- Maharashtra sugar production likely to fall next year owing to lack of rainfall and farms left with ratoon crop which would give less recovery than plant crop in Maharashtra.
- Dalmia sugar is going to invest Rs 210 crore to double the cane crushing capacity to 5000 TCD in Kolhapur district by December end, according to news sources.
- Increasing sugar selling by millers and moderate sugar demand from upcountry buyers led the sugar prices steady in Kolhapur market as reported.
- Renuka sugars is active in East part of India and likely to spread its imported sugar in the open markets in the coming days. Presently, Kolkata market is getting sugar from Karnataka and TN by rake.

- Mills from Maharashtra likely to wind up their cane crushing operations in March due to lack of cane availability this year. Normally, mills in Maharashtra closes after mid of May but this time millers have to close their crushing operations well below their normal time. As far as UP is concerned, mills are likely to run till April as late start of crushing operations by mills and huge cane availability urges them to extend their cane crushing operations.
- Around 30% of the jaggery units have shifted from UP to MP this year as reported.
- Government has not make any announcement of the removal of restrictions over sugar industry and raising excise duty on sugar which depress the prices of sugar in the domestic markets as reported. Just after the end of the speech of Finance Minister, sugar prices tumbled down.
- Indian white sugar premium traded steady at \$35 over May London futures.
- Mills in UP has not open any tender for sugar as mills are waiting for any decision on sugar excise duty and sugar decontrol.
- UP has produced around 45 lac tons of sugar after crushing 505.6 lac tons of cane with an average recovery of 8.9%. Daily around 5.5 lac tons of cane has been crushed by millers in UP. Recent rainfall in the region slows the pace of harvesting as well as crushing as reported.
- Demand of sugar witnessed from Maharashtra towards MP and Rajasthan. However, Delhi market is getting sugar only from UP as reported.
- Around 3 rakes loaded with sugar moved towards Kolkata from Tamil Nadu at Rs 3350 delivered price as reported. Major sellers are Bannari and Thiru Arooran sugar mills.
- Government has removed the release order mechanism usually given by government to mills for exports. It will give a big relief to sugar millers in future. However, currently millers are not getting any export parity for sugar due to lower sugar prices at international front.
- Government likely to take any decision on sugar decontrol in the next 15 days as per the statement given by K V Thomas.
- Government has estimate sugarcane production to 334.54 million tons for 2012-13 in its second advance estimate.

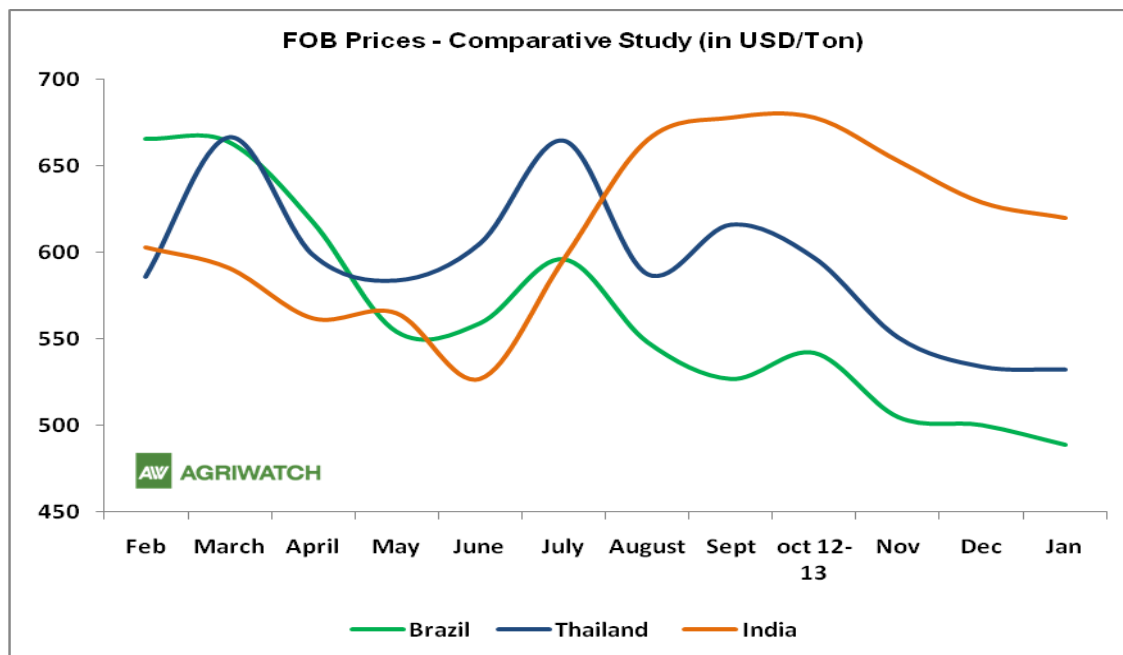
### Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$528.95 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$601.25 per ton Kolhapur. It is notable that millers are now find import more profitable.

Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

<b>Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.54.47) till 8<sup>th</sup> March 2013</b>			
	<b>From Brazil</b>	<b>From Thailand</b>	
CIF India (USD/MT)	528.95	-	

As far as India's sugar imports are concerned, we are expecting around 1.5 to 2 million tons of sugar imports in 2012-13. However, this week no sugar imports has been reported.



### Sugarcane Planting For 2013-14:

Sugarcane acreage likely to go up in UP as farmers getting better realization in sugarcane crop compared to other competitive crops.

After getting initial cues, Till January end, UP sugarcane growers have planted sugarcane in 60000 hectares up from 58000 hectares sowed at same period last year.

Maharashtra sugar production likely to fall next year owing to lack of rainfall and farms left with ratoon crop which would give less recovery than plant crop in Maharashtra.

As far as Karnataka is concerned, it has produced 3.02 million tons of sugar with an average recovery of 10.41%. Last year, mills produced 3% less sugar production compared to this year. However, sowing is not encouraging in Karnataka owing to lack of rainfall.

### Domestic Sugar Balance Sheet:

All Units in Million Tons	2009-10	2010-11	2011-12	2012-13E
Opening stocks	3.73	4.68	3.56	2.86
Production	18.9	24.38	26.00	23.5
Imports	4.76	0.00	0.00	1.00
Total Availability	27.39	29.06	29.56	27.36
Domestic consumption	22.50	23.00	23.50	24.01
Exports	0.21	2.50	3.20	0.00
Total Usage	22.71	25.50	26.70	24.01
Closing stocks	4.68	3.56	2.86	3.35
Average Monthly consumption	1.88	1.92	1.96	2.00
Stocks in months to use	2.50	1.86	1.46	1.67
Stock/Consumption Ratio	0.21	0.15	0.12	0.14

### Major Global Sugar Producers:

Sugar Production Scenario (In raw value)						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Australia	4.9	4.8	4.7	3.7	3.9	4.3
China	15.9	13.3	11.4	11.2	12.3	14.6
India	28.6	16.0	20.6	26.6	28.8	25.6
Indonesia	2.0	2.1	1.9	1.8	1.8	2.0
Thailand	7.8	7.2	6.9	9.7	10.2	9.9
Mexico	5.9	5.3	5.1	5.5	5.4	6.0
Russia	3.2	3.5	3.4	3.0	5.5	4.9
South Africa	2.4	2.4	2.3	2.0	1.9	2.3
<b>World</b>	<b>163.5</b>	<b>143.9</b>	<b>153.5</b>	<b>161.8</b>	<b>172.1</b>	<b>172.3</b>

(Cost Conversion of raw sugar to white sugar = 1.08)

### Spot Sugar Prices Scenario (Monthly):

	28 Feb 2013	31 Jan 2013	change
<b>Mumbai M-30</b>	3421	3441	<b>-20</b>
<b>Mumbai S-30</b>	3251	3288	<b>-37</b>
<b>Muzaffar Nagar M</b>	3340	3400	<b>-60</b>
<b>Delhi M-30</b>	3385	3400	<b>-15</b>
<b>Delhi S-30</b>	3325	3360	<b>-35</b>
<b>Nagpur S</b>	3310	3400	<b>-90</b>
<b>Chennai S</b>	3040	3100	<b>-60</b>
<b>Kolhapur M-30</b>	3175	3225	<b>-50</b>
<b>Kolhapur S-30</b>	3075	3125	<b>-50</b>

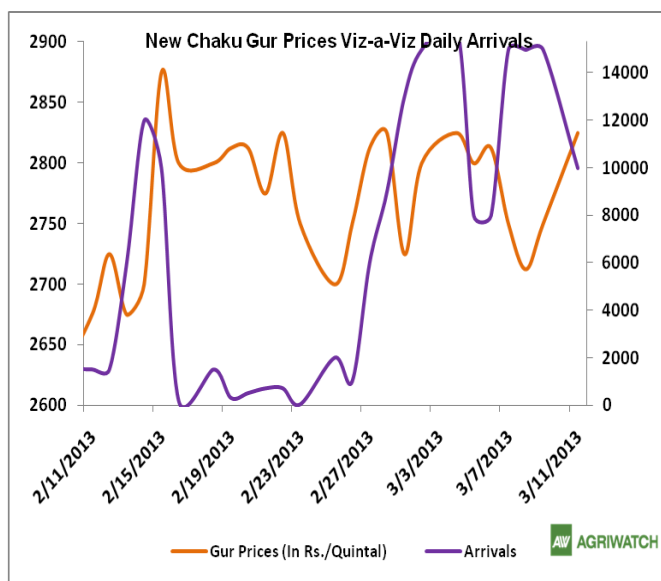
### Gur Market Scenario and Outlook

Gur prices improved this month compared to prior month owing to lower gur stock position Y-o-Y basis. Also, good lifting from Rajasthan, Punjab and Haryana market support the prices.

In addition to it, lower gur production in Maharashtra bound the buyers to divert towards UP gur.

Meanwhile, considering lower stock position in the cold storages, prices of gur likely to surge in the medium to long term.

Total around 445480 bags of gur (40kg each) stored in cold storages till 11th March 2013 which are 584566 bags (40kg each) lower compared to last year same period. Out of total 445480 bags of gur, around 240000 bags of Chaku gur, 67724 bags of Rascut, 113686 bags of Papdi, stored in the cold storages as reported.



Gur prices are likely to move in a range with firm tone in the coming month owing to lower gur stock.

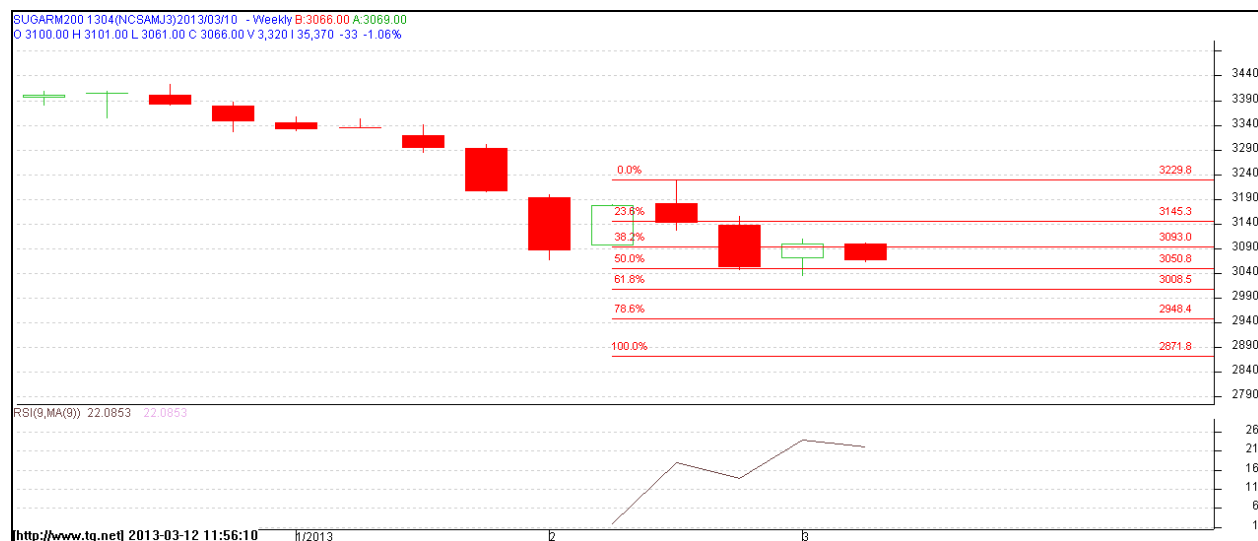


Gur Spot Monthly Prices (Rs/Qtl)				
Markets	Variety	28 Feb 2013	31 Jan 2013	Change
Muzaffar Nagar	Chaku-Sukha-gur(Cold)	2825	2650	175
	Chaku-(Gila-gur)	2613	2638	-25
	Khurpa	2700	2750	-50
	Rascut	2450	-	-
Bangalore	Achhu	2900	3000	-100
	Mudde	3000	3300	-300
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3300	3200	100
Bijapur	Achhu	2875	-	-
Gulbarga	Other (Average)	2830	2830	Unch
Mahalingapura	Penti (Average)	2900	3000	-100
Mandya	Achhu (Medium)	2600	2500	100
	Kurikatu (Medium)	2350	2350	Unch
	Other (Medium)	2400	2300	100
	Yellow (Medium)	2500	2500	Unch
Shimoga	Achhu (Average)	2775	2975	-200

Commodity: Sugar  
Contract: April

Exchange: NCDEX  
Expiry: April 20<sup>th</sup>, 2013

## SUGAR



### Technical Commentary:

- Prices are moving in a range as chart depicts.
- Last candlestick pattern Morubozu suggest bearishness in the prices.
- Prices are hovering near to crucial level i.e 3051 which also lying over 50% retracement level, breach of the level either side would decide the price direction in future.

### Strategy: Buy from support level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	April	2985	3009	3071	3145	3230
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	April	Buy	Above 3060	3120	3140	3035

Commodity: Gur  
Contract: July

Exchange: NCDEX  
Expiry: July 20<sup>th</sup>, 2013

## GUR



### Technical Commentary:

- Gur prices are moving up and hovering in an uptrend.
- Last candlestick depicts bullishness in the prices.
- However, RSI is hovering near to overbought region.

### Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1224	1260	1330	1390	1500
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1320	1370	1390	1276



### **International Scenario**

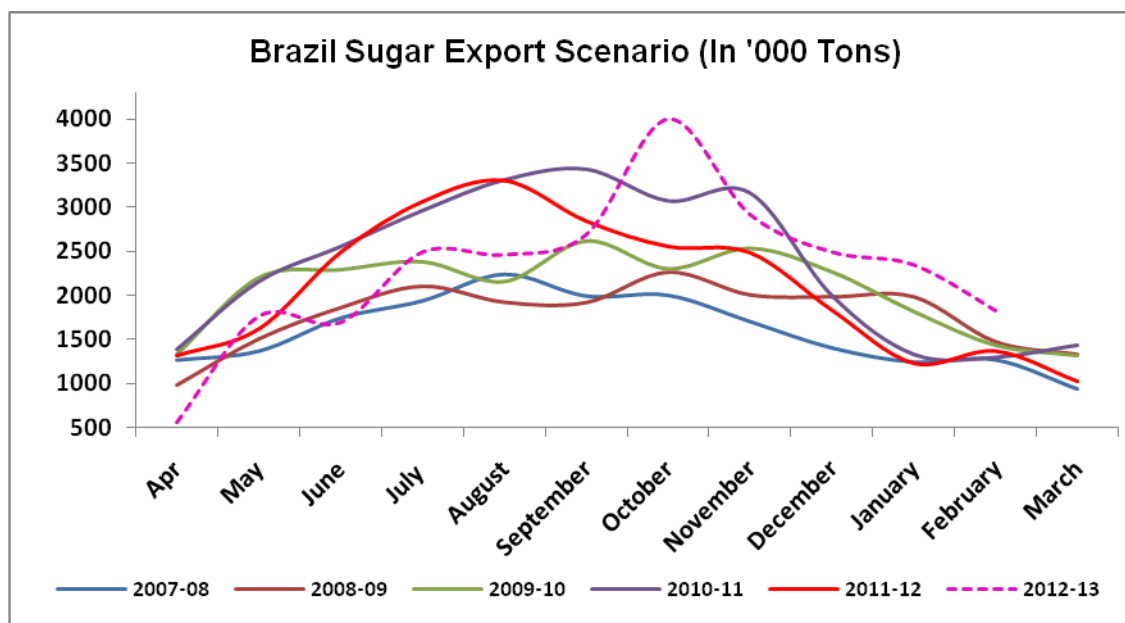
International sugar prices continuously improving due to diversion of cane by Brazilian millers for making ethanol over sugar owing to better ethanol prices compared to sugar in International markets.

In addition to it, lower sugar production estimates from Thailand compared to last production forecast also support the prices.

We expect prices of sugar should move in a range with firm tone in the coming month in ICE as well as in LIFFE.

### **International Market News Highlights:**

- Thai raw sugar premium (Hi-pol) fetched 100 points over ICE raw futures.
- Thailand sugar production likely to reach 9.0-9.2 million tons which is around 0.2-0.4 million tons lower compared to last forecast. It is notable that Thailand mills cane crushing operations likely to wind up in mid of April that is 2-3 weeks early than normal.
- Thailand has crushed 81.87 million tons of cane and produces 8.19 million tons of sugar till 10th March 2013. Present sugar production figures is slightly higher compared to last year same period sugar production figures.
- Pakistan government gives a freight subsidy of Rs 175 per quintal for the export of 1.2 million tons of sugar, according to news sources.
- ABARES has forecast 4.3 million tons of raw sugar production by Australian mills in 2012-13 which is 0.2 million tons lower than its previous forecast.
- Speculation over delay in sugar exports from Brazil thanks to port congestion takes the sugar prices up in International markets. Presently, grains and oilseed is loading at Brazilian ports which delay the sugar export operations.
- Brazil exported 1.827 million tons of sugar, raw value, in February down from 2.346 million tons in January and up from 1.368 million tons sugar exported last year same period. Extended period of crushing thanks to dry weather conditions help millers to produce record sugar production and allow them to ship exported surplus. In addition to it, Brazil has exported only 25.22 million tons of sugar this year till February which was 24.09 million tons, raw value, last year same period.



- Brazilian mills might increase the ratio for producing ethanol over sugar in the coming season starting from April 2013 as raw sugar prices (18.08 cents a pound) are trading below ethanol prices (18.11 cents a pound) which encourage the millers to go for ethanol production rather than sugar production. Forecasts for the 2013-14 ethanol/sugar ratio might go to as high as 54% due to good export demand of ethanol.
- Cane production costs in top sugar exporter Brazil have started to fall due to the prospect of a bounteous harvest and will force some of the least efficient beet growers, many of them in Eastern Europe, to switch out of sugar.
- Thai cane and sugar Corp (TCSC) will open a tender to sell 73332 tons of raw sugar. Out of total sugar quantity, company offers 53565 tons of hipol raw sugar and rest 19767 tons of J-spec raw sugar both for delivery from July 1st to 15th September 2013.
- Global sugar output could slide in 2013-14 keeping in view drastic crash in sugar prices which could hamper the incentives to farmers from cane. It is notable that sugar prices are hovering near to cost of production level in the most of sugar exporting countries as reported.
- Russia raw sugar imports fell to 520300 tons in 2012 from 2.33 million tons imported in 2011 (Jan- Dec period). Major reason for decline in raw sugar import by Russia is good production figures of sugar beet.
- Bangladesh government impose export ban on sugar for next three years.

International Sugar Prices (Monthly)				
	Contract Month	27 Feb 2013	30 Jan 2013	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	17.84	18.71	-0.87
	May-13	18.08	18.74	-0.66
	July-13	18.28	19.04	-0.76
LIFFE Sugar (US \$/MT)	Mar-13	513.4	496.8	16.6
	May-13	505.4	506.7	-1.3
	Aug-13	503	512.2	-9.2

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



### Technical Commentary:

- ICE raw sugar future prices are moving downwards as the chart depicts.
- However, prices are in a corrective mode and might test 19.31 cents which is also its next resistance level, breach of the mentioned level either side would take the prices up to 19.78 cents per lbs which also lying over 50% retracement level
- Increase in prices has supported by volume and OI.
- Prices are also trying to breach 14 day SMA, two consecutive close above the mentioned level would change the bear trend as expected.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	May'13	18.79	19.78

### LIFFE Sugar Future Market Monthly Scenario (May'13 Contract):



### Technical Commentary:

- LIFFE sugar future prices are moving upwards as chart depicts.
- Prices might find a resistance at \$540 which also lying over 0% Fibonacci projection level.
- Increase in prices has supported by volume and OI.
- Last candlestick Morubozu pattern indicates bullishness in the prices.

**We suggest market participants to buy from support level.**

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	May'13	520.3	580

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