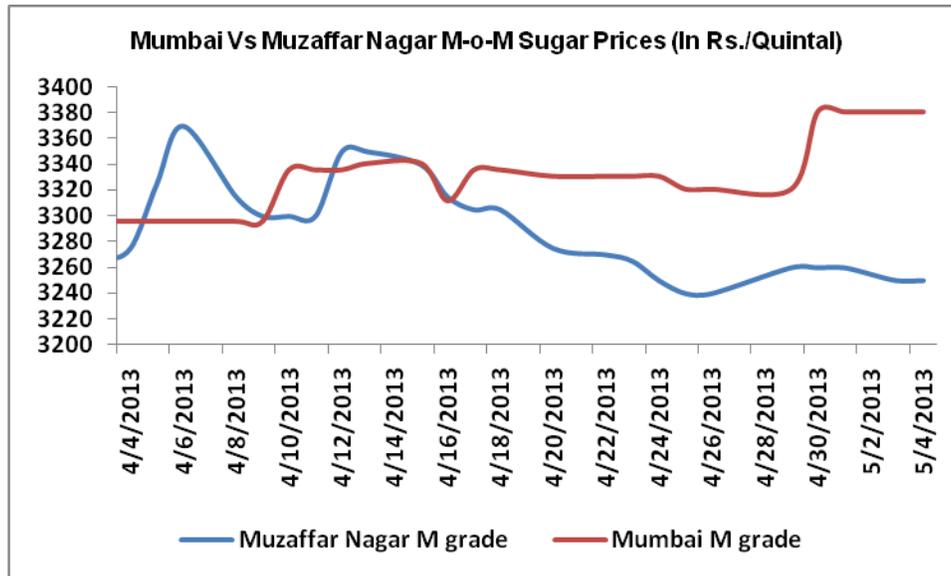


### Sugar Price Trend and Outlook:

Sugar prices are ruling in mixed tone in key sugar spot markets during the month ended April 2013. Sugar stockists are seems to be intended to stock sugar at consuming centers in expectations of higher prices in the coming months.

Reportedly, Cargill and LDC build up sugar stocks in Maharashtra region from last couple of weeks.

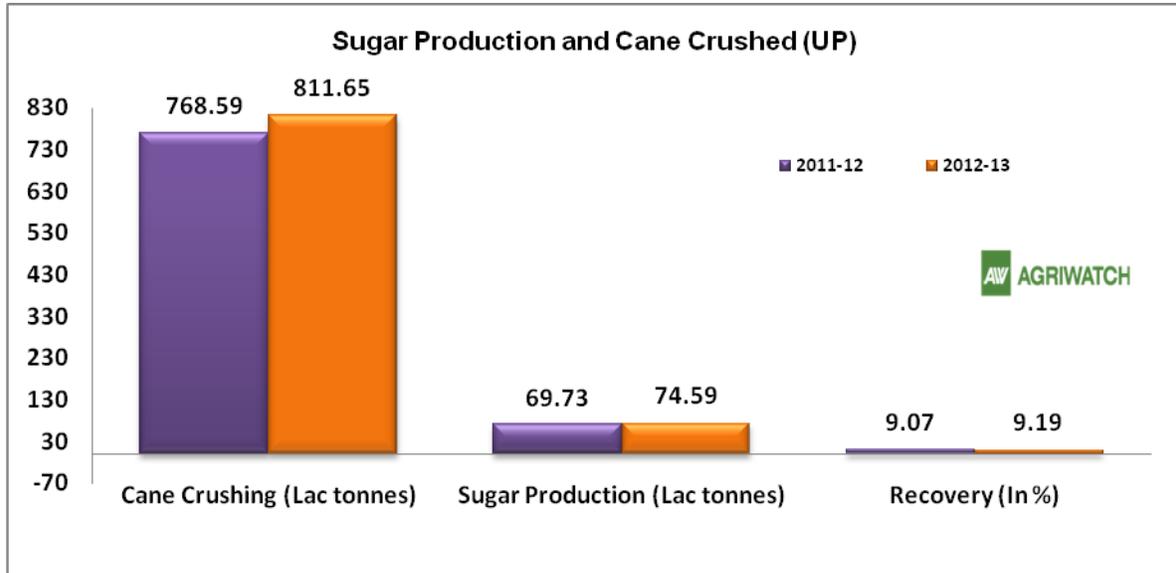


### Domestic Sugar Price Outlook:

Millers continuous sugar selling led the prices downwards. However, notably retail sugar demand also shoot up considering summer season. Big stockists are now building up sugar stocks as prices still hovering near to lowest levels. We expect prices to move in a range presently.

### Monthly News Highlights:

- Indian millers produce 24.52 million tons sugar between 1st Oct 2012 to 30th April 2013 period. Out of total sugar production, Maharashtra state alone contributes 8 million tons of sugar production as reported.
- UP sugar mills crushed 811.65 lac tons of sugarcane and produce 74.59 lac tons of sugar with an average recovery of 9.19%. It is notable that mills had crushed 768.59 lac tons of cane and produce 69.73 lac tons of sugar with an average recovery of 9.07%



- Mumbai Vashi sugar market closed from last few days amid strike by merchants and transporters over the issue of local body taxes.
- Punjab is selling sugar from Pakistan and offering sugar at Rs 3300 per quintal for M grade as reported.
- Sugarcane sowing has picked up pace in various cane growing areas of UP as wheat harvesting likely to windup in 7-10 days.
- Millers which are presently selling sugar below cost of production definitely try to make some profit in the coming months by playing with sugar stocks left with them (Millers got freedom to sell sugar in the open market without any monthly restrictions).
- A rake business loaded with Sugar has been reported from Sangli towards Delhi at FOR Rs. 3190 per quintal. It is notable that Delhi traders are getting parity from Maharashtra instead of UP at current sugar prices at sourcing and destination centers.
- Around 10-12% decline in sugarcane acreage in Solapur district Maharashtra compared to last year owing to lower rainfall in the region. Some other areas like Satara and Kolhapur also affected with this drought like conditions. Millers are expecting rainfall in June to July period, if early rainfall occurred than it would help the cane yield for 2013-14 season.

### Indian Sugar Production Update For 2012-13

Indian millers produce 24.52 million tons sugar between 1st Oct 2012 to 30th April 2013 period. Out of total sugar production, Maharashtra state alone contributes around 8 million tons of sugar production as reported.

### India Statewise Sugar Production Estimate (Agriwatch)

States	Sugar Production 2012-13 (MMT)(E)
UP	7.6
Maharashtra	7.9
Tamil Nadu	1.6
Andhra Pradesh	1.1
Karnataka	3.2
Gujarat	1.1
Haryana	0.3
Bihar	0.8
Uttrakhand	0.4
Punjab	0.3
India	24.9

#### Raw Sugar Import Opportunity:

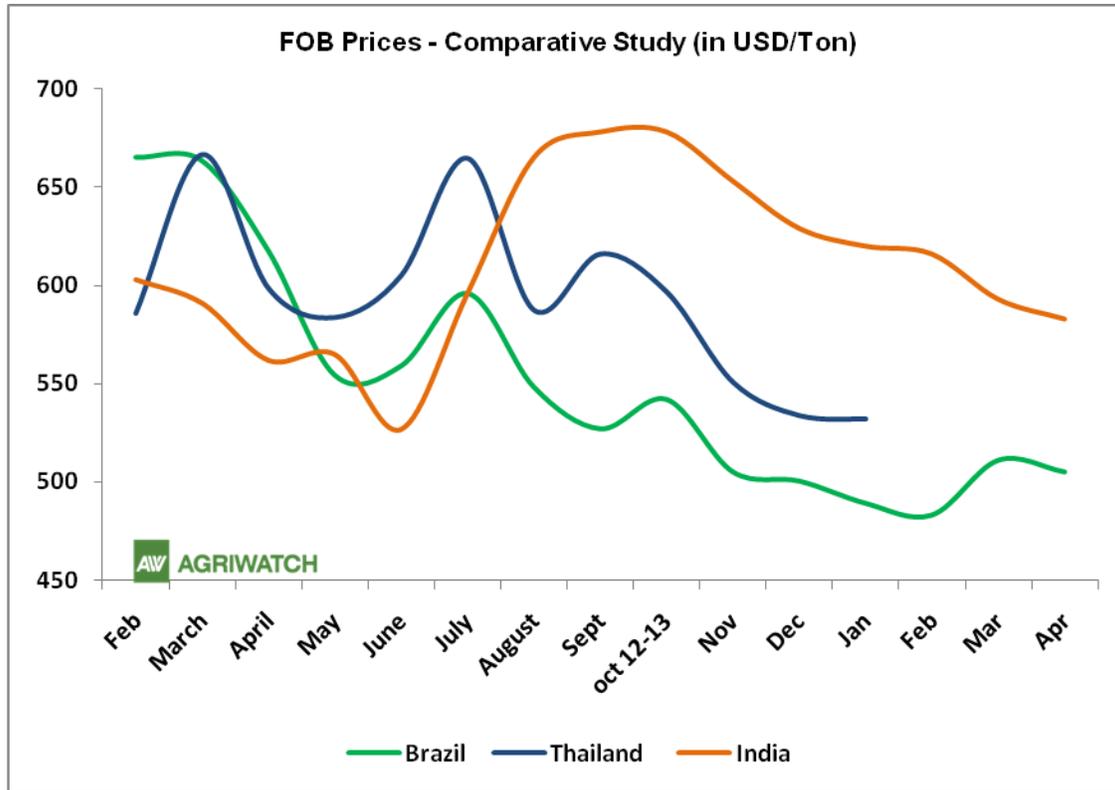
Indian sugar refiners again got opportunity to import raw sugar from Thailand and Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets take the prices to parity in case of sugar imports.

Indian indicative raw sugar CIF prices from Thailand quoted at \$498.55 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$602.86 per ton Kolhapur based.

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.54.56) till 4 <sup>th</sup> May 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	504.69	498.55	

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.



### Domestic Sugar Import/Export Scenario

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.

There are very less export possibilities of sugar for this crushing year 2012-13 considering lower prices in International markets for sugar. Also, global sugar surplus and good amount of sugar production in Thailand and new crop harvesting begins in Brazil dampen the export scenario of sugar from India in the coming months. It is notable that sugar prices in domestic markets also moving near to its lowest level and with crushing season came to an end, prices of sugar likely to surge up in the coming months as expected.

### 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.

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 sugarcane survey done by Agriwatch for 2013-14, around 10-12% decline in sugarcane acreage in Solapur district Maharashtra compared to last year owing to lower rainfall in the region. Some other areas like Satara and Kolhapur also affected with this drought like conditions. Millers are expecting rainfall in June to July period, if early rainfall occurred than it would help the cane yield for 2013-14 season.

As per state government area estimate for sugarcane for 2013-14, sugarcane area likely to reach 8 lac hectares including ratoon which is around 15% less compared to last year.

**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	24.89
Imports	4.76	0.00	0.00	1.50
Total Availability	27.39	29.06	29.56	29.25
Domestic consumption	22.50	23.00	23.50	25.00
Exports	0.21	2.50	3.20	1.00
Total Usage	22.71	25.50	26.70	26.00
Closing stocks	4.68	3.56	2.86	3.25
Average Monthly consumption	1.88	1.92	1.96	2.08
Stocks in months to use	2.50	1.86	1.46	1.56
Stock/Consumption Ratio	0.21	0.15	0.12	0.13

**Indian Millers Strategy:**

Presently, sugar prices are hovering at lowest levels due to higher selling pressure from millers in the country. However, partial decontrol of sugar by government last month gives cheer to the millers.

In addition to it, government also gives millers a freedom to sell sugar in the open markets without any monthly restrictions. It means millers now can hold sugar and release sugar stocks at higher levels.

Presently, millers try to avoid warehousing costs by releasing sugar stocks in the open markets till the crushing operations end. After then, millers likely to increase the prices of sugar tender sale that would increase the prices of sugar as expected.

### Spot Sugar Prices Scenario (Monthly):

Commodity	Centre	Prices (Rs/Qtl)		Change
		30-Apr-13	30-Mar-13	
Sugar	Delhi - Grade M	3290	3280	10
	Delhi - Grade S	3220	3230	-10
	Delhi - Grade L	3320	3280	40
	UP- Khatauli Grade M	3260	3260	Unch
	UP- Ramala Grade M	-	3215	-
	UP- Dhampur Grade M Ex-Mill	3120	3190	-70
	UP- Dhampur Grade S Ex-Mill	3100	3170	-70
	UP- Dhampur Grade L Ex-Mill	3170	3240	-70
	Mumbai –Grade M	3381	3291	90
	Mumbai –Grade S	3182	3106	76
	Kolhapur – Grade M	3025	3025	Unch
	Kolhapur – Grade S	2925	2925	Unch
	Vijayawada – Grade M	3550	3480	70
	Vijayawada- Grade S	3450	3380	70
	Nagpur – Grade S	-	3220	-
	Kolkata – Grade M	-	3250	-
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3015	-	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3000	3115	-115
	Chennai - Grade S	3050	2950	100

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

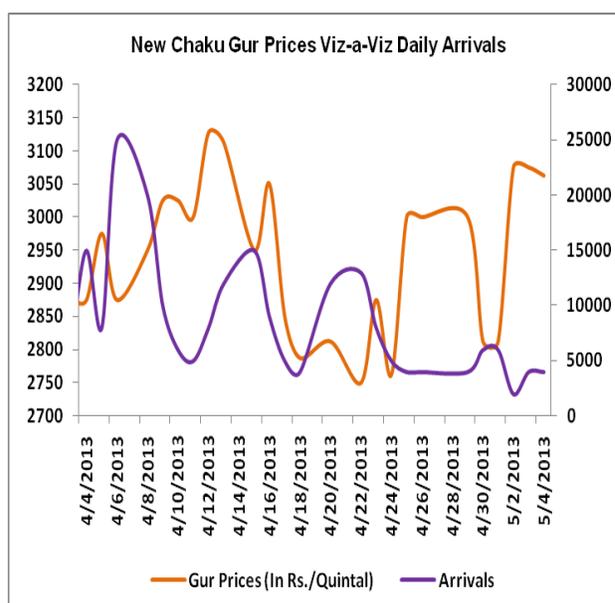
### Gur Market Scenario and Outlook

Gur prices moved in a range owing to consistent arrivals and lower gur stock stored in cold storages.

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 1171000 bags of gur (40kg each) stored in cold storages till 29th April 2013 lower from 1418000 bags of gur at last year same period (40kg each). Out of total 1171000 bags of gur, around 698000 bags of Chaku gur, 132000 bags of



Rascut, and 177000 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 Prices (Rs/Qt)				
		30-Apr-13	30-Mar-13	
Muzaffar Nagar	Chaku	2813	2763	50
	Chaku New(Arrival)	6000	9000	-3000
	Khurpa	2638	2600	38
	Rascut	2850	2713	137
	Achhu	2675	2553	122
Maharashtra	Mudde	3075	3100	-25
	Mudde	-	3500	-
Bangalore	yellow (Average)	3000	3000	Unch
	Achhu	3200	3200	Unch
Belgaum	Other (Average)	-	3200	-
Belthangadi	Penti (Average)	3300	3100	200
Bijapur	Achhu (Medium)	-	2900	-
Gulbarga	Kurikatu (Medium)	2850	2900	-50
Mahalingapura	Other (Medium)	3100	2960	140
Mandya	Yellow (Medium)	3100	2850	250
	Achhu (Average)	2550	2400	150
	Khurpa	2600	2450	150
	Rascut	2950	2750	200
Shimoga	Achhu	3340	3325	15

Commodity: Sugar  
Contract: June

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



**Technical Commentary:**

- Prices are moving in a range with weak tone as chart depicts.
- Prices are presently hovering at 50% retracement level, breach of the mentioned level would take the prices down to Rs. 2913 and then Rs 2960
- Also, RSI is hovering in oversold territory which gives indication that prices could move up anytime.

**Strategy: Buy from support level**

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	June	-	2856	2958	3120	3172
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	June	Buy	Above 2890	2990	3045	2865

Commodity: Gur  
Contract: July

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



**Technical Commentary:**

- Gur prices are moving downwards as chart depicts.
- Gur prices are presently hovering in a range between Rs 1276 to Rs 1337, breach of the mentioned levels either side would give the prices a new direction.
- However, RSI is hovering near to neutral region.

**Strategy:** Buy from support level.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	-	1224	1323.5	1390	1500
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1276	1350	1385	1235

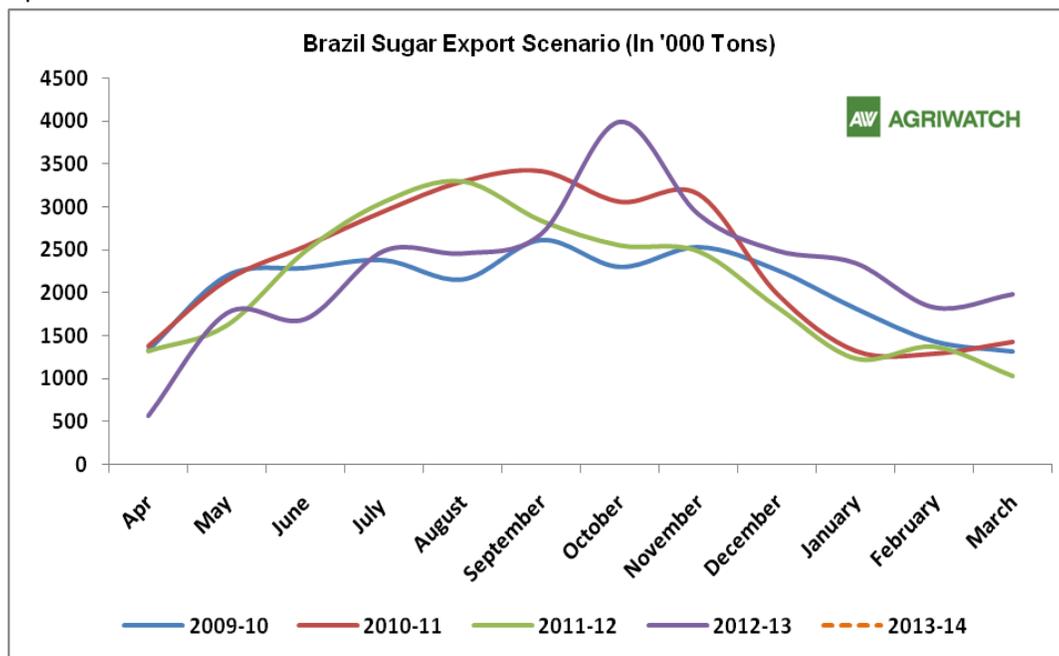
### International Scenario

International sugar prices continuously moving downwards owing to weak demand and global sugar surplus for 2013-14. In addition to it, heavy supply of sugar by Brazil and Thailand overseas led the prices decline in ICE as well as LIFFE.

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 has exported 1.722 million tons of sugar in April 2013-14 season which is up from 0.558 million tons exported last year same period. Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. It is notable that Brazil has exported in total 27.20 million tons of sugar last year till March 2012-13 as reported.

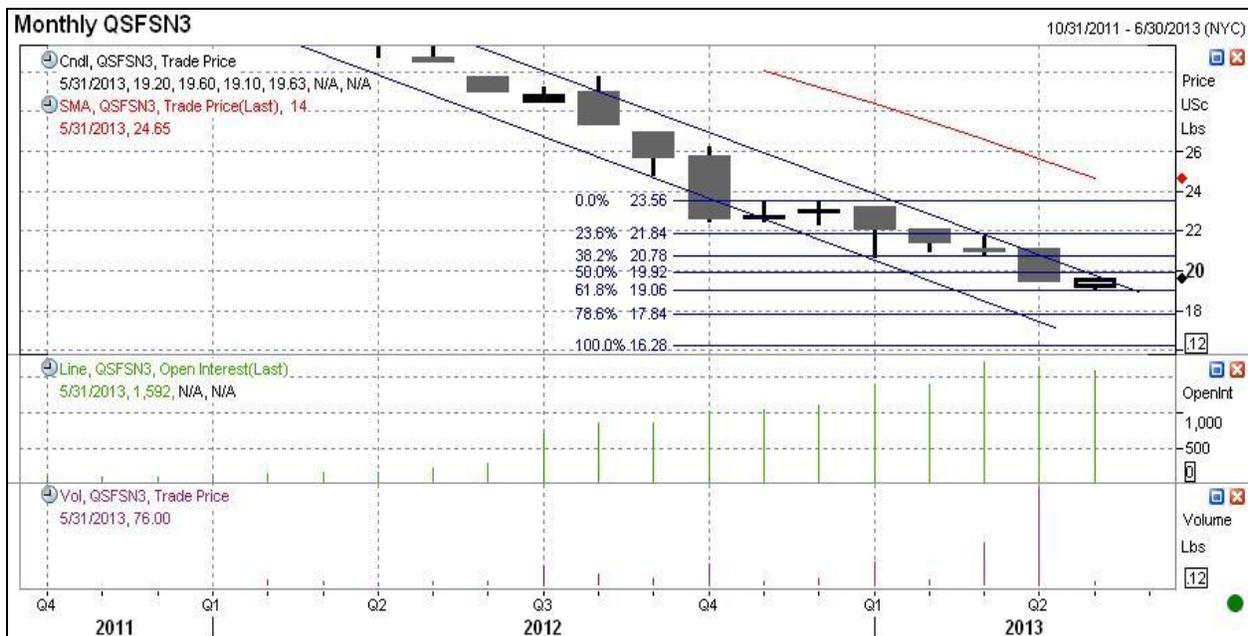


- Brazil sugar millers are diverting the sugar/ethanol ratio this year to 35:65 from 41:59 after record high prices of gasoline. In addition to it, lowering taxes on ethanol also encourage the millers to go for more ethanol production than sugar.
- China's plan to cut sugar imports by stockpiling the sweetener is backfiring as government purchases from local producers help keep domestic prices high, prompting traders to ship even more to the Asian nation.
- Global sugar supplies will be 8.5 million tonnes higher than demand in 2012/13, a third year of surpluses, according to the International Sugar Organization.
- Thailand cane crushing reached 99.38 million tons till 22nd April that is 3.2% up compared to last year same period. Meanwhile, cane crushing for this season almost came to an end as millers are crushing very less cane presently.

- Iraq is willing to import 50000 tons of white sugar via international tender. Tender deadline is Apr 22nd and offers must remain valid till 26th Apr 2013. However, Iraq has mentioned that it would buy sugar from any sourcing countries except India and Thailand, according to news agencies.
- Russia, Belarus and Kazakhstan has increase the sugar import duty tariff to \$205 from \$140 per ton. The hike in sugar import duty would valid from 1st May 2013. These three countries has increase the import duty after considering increase in sugar prices in International arena.
- China produced 2.70 million tons of sugar in March 2013 which is up by 19% compared to 2.27 million tons sugar produced last year same period.
- Brazil cane belt got rainfall recently which likely to delay cane harvesting. However, production of cane in Brazil is bumper for 2013-14 marketing year.
- Sugar prices tumble down in International sugar markets due to start of new sugarcane harvesting in Brazil for 2013-14 season.

International Sugar Prices (Monthly)				
	Contract Month	29-Apr-13	28-Mar-13	Change
ICE Sugar #11 (US Cent/lb)	13-May	17.49	18.39	-0.9
	13-Jul	17.45	18.46	-1.01
	13-Oct	17.84	18.9	-1.06
LIFFE Sugar (US \$/MT)	13-Aug	501.7	510.8	-9.1
	13-Oct	495.2	507.2	-12
	13-Dec	501	512.8	-11.8

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



### Technical Commentary:

- ICE raw sugar future prices are moving in a downward channel as the chart depicts.
- Decrease in prices has supported by volume.
- It is advisable to market participants to sell from resistance level.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	July'13	17.45	16.28

**LIFFE Sugar Future Market Monthly Scenario (Aug'13 Contract):**



**Technical Commentary:**

- LIFFE sugar future prices are moving in a downward trend as chart depicts.
- Prices might find a support at \$472 which also lying over 100% Fibonacci projection level.
- Increase in prices has supported by volume and OI.
- Last candlestick Morubozu pattern indicates bearishness in the prices.

**We suggest market participants to sell from resistance level.**

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Aug'13	501.7	472

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