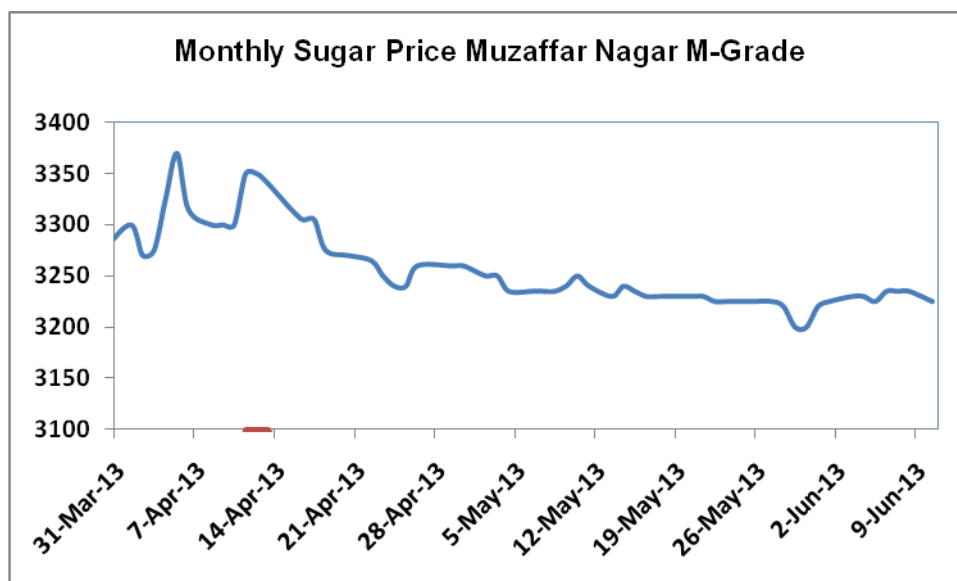


### Sugar Price Trend and Outlook:

Sugar prices moved in a range with weak tone in key sugar spot markets during the month ended May 2013. Sluggish demand, increasing sugar supply by mills, consistent raw sugar imports from Brazil, no export parity and primary downtrend sugar prices in International markets are the key factors which led the sugar prices downwards in domestic arena.

In addition to it, there is no intention to hike sugar import duty on both raws and whites by government also dampen the possibility of any increase in sugar prices.



### Domestic Sugar Price Outlook:

Sugar prices likely to move in a range with firm tone in the coming month. Expected sugar summer demand would drive the prices upwards. Any change in sugar policies by government like hike in sugar import duty would change the direction of the sugar prices in future.

### Monthly News Highlights:

- Uttar Pradesh government today decides to procure sugar for PDS from co-operative sugars factories of UP rather than from Private mills. It is notable that monthly requirement of UP for PDS is about 33000 tons as reported.
- Monsoon likely to hit Maharashtra by June 10, 2013 which would help sugarcane crop. It is notable that Maharashtra is suffering from severe drought condition this year as reported.
- CCI has ordered to probe in making cartel in the sugar industry for quoting prices in the tenders for supply of ethanol to oil marketing companies. CCI probe the hands of three oil marketing companies and 17 sugar mills.
- Pakistan sugar is quoted at Rs 3240 per quintal at Atari border as reported.
- State government invites tender to buy sugar from the open market. However, some states ask central government to increase the sugar subsidy to Rs. 22.60 per kg from existing Rs.18.50 per quintal.
- Sugar millers in Maharashtra waiting eagerly for state government to purchase sugar from open market. It is notable that state government had sugar in their sugar stocks till June end. Sugar

millers have concerns of upcoming monsoon as their sugar stocks are stored in open due to lack of storage capacity of mills.

- In a major turnaround, sugar mills fetch Rs 36-37 per litre for ethanol supply to Oil Market companies (OMCs). This would increase the profitability of sugar companies which are presently suffering from decreasing sugar prices.
- Indian distilleries are now getting Rs 35 per liter of fuel ethanol taken by Oil companies for 5% blending obligation starting from June 1, 2013.
- After achieving success in getting the sugar market decontrolled, sugar industry will now pursue the government to increase the import duty on sugar to 30% from current 10%.
- Sugar stock is going to dry up in ration shops in 15 states as many states not take any steps on the guidelines issued by Central government to procure sugar from Open markets. Some states already start procuring sugar from mills as reported. It is notable that Centre has abolished the levy sugar quota mechanism made for PDS. Central government decide to give Rs. 18.50 per kg to state government which would procure sugar from mills at Rs. 32 per kg as reported. States have the obligation to provide sugar at Rs 13.5 per kg for Public distribution.
- Indian processors likely to increase raw sugar import quantity keeping in view decreasing international sugar prices. It is notable that around 1.5 million tons raw sugar has already been imported till date.
- India has import around 1 lac tons of white sugar from Pakistan this year till date as reported. However, there is no deals made by Indian traders from Pakistan as they are quoting higher prices at present.
- Sugarcane sowing in UP has almost over and cane reached to its germination stage in some parts of cane belts of UP where sowing starts early.
- State government starts procuring sugar from Chattisgarh sugar mill as reported. Millers are now stop tendering sugar for open sale.
- Government ruled out any possibility of hike in sugar import duty this year as reported. Earlier in the week, Rumors were hovering in the market for increase in sugar (both raw and white) import duty from 10 to 30 percent
- Recently, Cargill made some active buying of sugar from Delhi market as reported.
- Sugar exports deals has been done which bound to Saudi Arabia as reported.
- Around 2 rakes business has been done of sugar from Maharashtra bound to Delhi at Rs 3150 per quintal as reported.
- India likely to become sugar exporter for 2013-14 marketing year starting from October 2013 due to sugar decontrol and higher sugar surplus which could drag the sugar prices down in domestic markets in Nov-March 2013-14 period. In opposite, prices of sugar in International markets likely to move up owing to higher cane diversion for making ethanol. Presently, International sugar prices tumbled down for the time being.
- Sellers from Pakistan are offering sugar at \$475 per ton to sugar buyers based in Punjab as reported. It is notable that Indian buyers find parity to import sugar from Pakistan at present quotes.
- Indian millers produce 24.52 million tons sugar between 1st Oct 2012 to 30th April 2013. Out of total sugar production, Maharashtra state alone contributes 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
Uttarakhand	0.4
Punjab	0.3
India	24.9

### State wise Area Coverage under Sugarcane till 29.05.2013:-

S.NO	State	Normal Area (DES) 2007-08 to 2011-12	Normal area as on Date (Av. 2008-09 to 2012-13)	Area Covered (SDA)	
				Current Year 2013	2012
1	2	3	4	5	6
1	Andhra Pradesh	2.00	1.4	1.45	1.51
2	Assam	0.27	0.30	0.35	0.35
3	Bihar	1.65	1.89	2.40	2.35
4	Gujarat	1.93	1.81	1.85	1.94
5	Haryana	0.97	0.83	0.88	0.90
6	Karnataka	3.53	3.40	3.27	3.65
7	Madhya Pradesh	0.70	0.65	0.77	0.78
8	Maharashtra	9.20	8.47	5.11	9.37
9	Odisha	0.14	0.33	0.36	0.34
10	Punjab	0.80	0.93	0.82	0.83
11	Tamil Nadu	3.31	2.69	2.62	2.80
12	Uttar Pradesh	21.04	19.43	19.85	19.78
13	Uttarakhand	1.09	0.92	1.34	0.95
14	West Bengal	0.16	0.17	0.22	0.18
15	Others*	0.34	0.24	0.25	0.25
	<b>Total</b>	<b>47.13</b>	<b>43.24</b>	<b>41.24</b>	<b>45.98</b>

\*Others – Rajasthan, Tripura, Arunachal Pradesh, Kerala, Jharkhand, Chattishgarh, Manipur, Mizoram, Nagaland, Goa & Sikkim.

Indian Farmers has sowed sugarcane in 41.24 lac hectares till 29th May, 2013. Last year, farmers sow sugarcane in 45.98 lac hectares at same period.

States like Maharashtra, Karnataka, AP and TN are lagging behind last year sugarcane sowing.

### **Sugarcane Planting Estimate For 2013-14:**

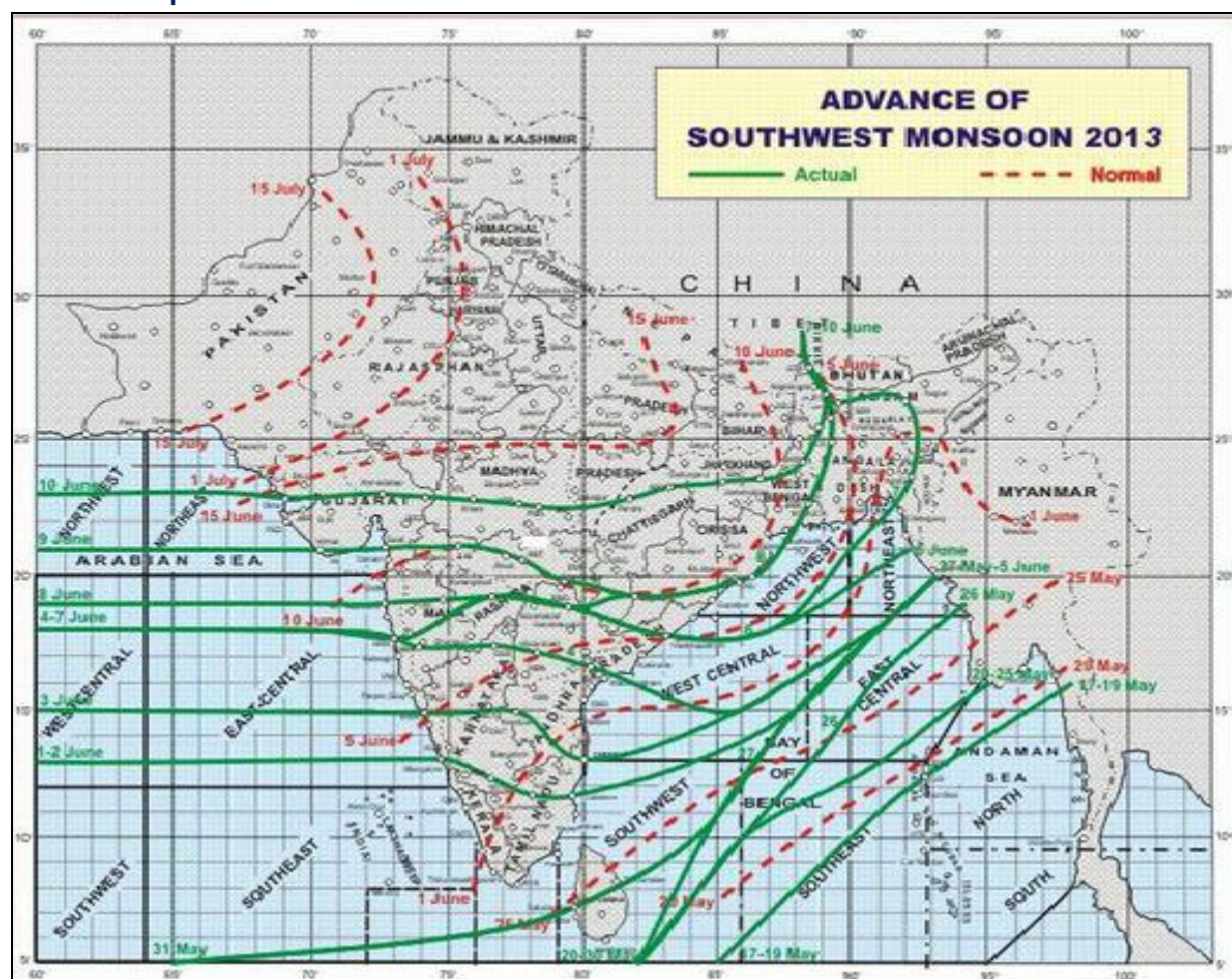
Sugarcane acreage likely to go up in UP as farmers getting better realization in sugarcane crop compared to other competitive crops.

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.

### **Monsoon Update:**



As per the satellite image, southwest monsoon hit Maharashtra and parts of Gujarat region and likely to reach North India in the coming week as expected. It is notable that recent showers in Maharashtra, Karnataka and Gujarat region give some boost to crops like Sugarcane that is in tillering phase which needs moderate rainfall at this stage.

### Raw Sugar Import Opportunity:

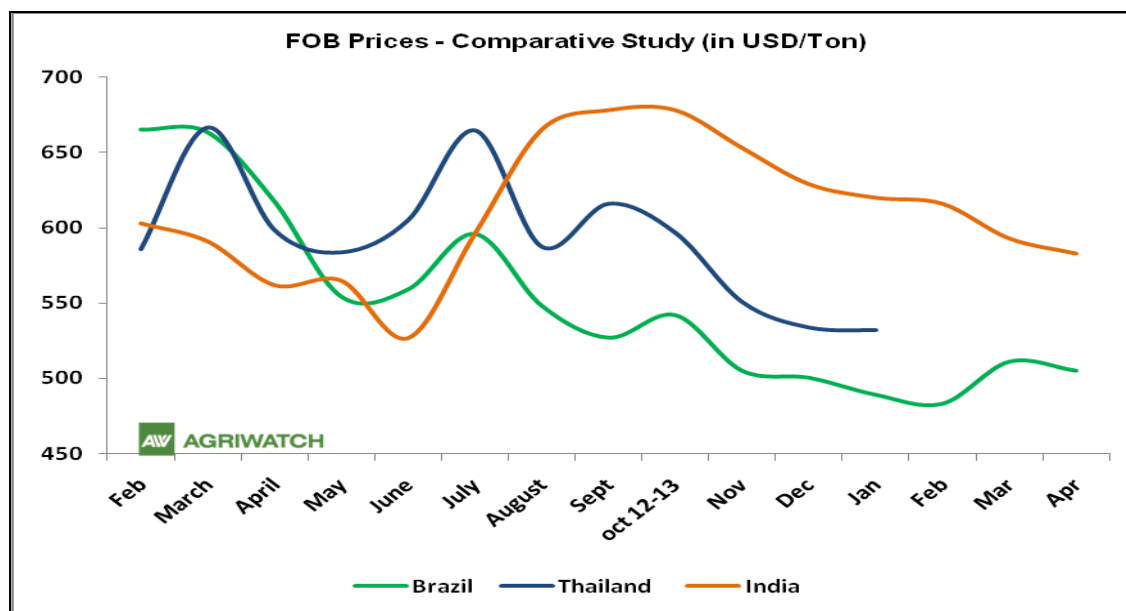
Indian sugar refiners again got opportunity to import raw sugar from Thailand and Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets take the prices to parity in case of sugar imports.

Indian indicative raw sugar CIF prices from Brazil quoted at \$470.04 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$542.27 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.54.88) till 10 <sup>th</sup> June 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	470.04	-	

As far as India's sugar imports are concerned, we are expecting around 1.5-2.0 million tons of sugar imports in 2012-13 marketing year.





## 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.

## 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

### Spot Sugar Prices Scenario (Monthly):

Commodity	Centre	Prices (Rs/Qtl)		Change
		31-May-13	30-Apr-13	
Sugar	Delhi - Grade M	3250	3290	-40
	Delhi - Grade S	3200	3220	-20
	Delhi - Grade L	3300	3320	-20
	UP- Khatauli Grade M	3220	3260	-40
	UP- Ramala Grade M	3190	-	-
	UP- Dhampur Grade M Ex-Mill	3200	3120	80
	UP- Dhampur Grade S Ex-Mill	3080	3100	-20
	UP- Dhampur Grade L Ex-Mill	3150	3170	-20
	Mumbai –Grade M	3252	3381	-129
	Mumbai –Grade S	3106	3182	-76
	Kolhapur – Grade M	3000	3025	-25
	Kolhapur – Grade S	2925	2925	Unch
	Vijayawada – Grade M	3530	3550	-20
	Vijayawada- Grade S	3420	3450	-30
	Nagpur – Grade S	3210	-	-
	Kolkata – Grade M	3295	-	-
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3200	3015	185
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3200	3000	200
	Chennai - Grade S	3075	3050	25

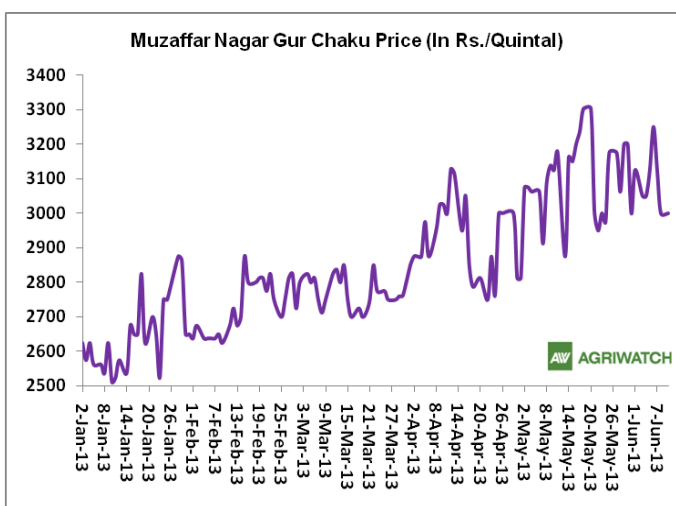
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

### Gur Market Scenario and Outlook

Gur prices are moving in a range presently owing to consistent arrivals and demand in cash market.

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

Total around 1231000 bags of gur (40kg each) stored in cold storages till 10th June 2013 lower from 1364000 bags of gur at last year same period (40kg each). Out of total 1231000 bags of gur, around 751000 bags of Chaku gur, 133000 bags of Rascut, and 196000 bags of Papdi, stored in the cold storages as reported.



It is notable that arrivals of fresh gur has come to an end due to non-availability of sugarcane in the region. Gur demand likely to increase in July month when the monsoon rainfall started.

Gur Spot Prices (Rs/Qtl)				
		31-May-13	30-Apr-13	
Muzaffar Nagar	Chaku	3000	2813	187
	Chaku New(Arrival)	200	6000	-5800
	Khurpa	2950	2638	312
	Rascut	3000	2850	150
	Achhu	2800	2675	125
Maharashtra	Mudde	3100	3075	25
	Mudde	-	-	-
Bangalore	yellow (Average)	2900	3000	-100
	Achhu	3000	3200	-200
Belgaum	Other (Average)	3000	-	-
Belthangadi	Penti (Average)	2700	3300	-600
Bijapur	Achhu (Medium)	3000	-	-
Gulbarga	Kurikatu (Medium)	2950	2850	100
Mahalingapura	Other (Medium)	3160	3100	60
Mandya	Yellow (Medium)	2800	3100	-300
	Achhu (Average)	2500	2550	-50
	Khurpa	2500	2600	-100
	Rascut	2800	2950	-150
Shimoga	Achhu	3625	3340	285



Commodity: Sugar  
Contract: July

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

## SUGAR



### Technical Commentary:

- Sugar prices presently moving in a range between Rs 3050 to Rs 3160, breach of the mentioned levels either side would give the prices a new direction.
- Also, RSI is hovering near to oversold territory which gives indication that prices could move up anytime.
- Prices still hovering above 9 day SMA.

### Strategy: Buy from support level

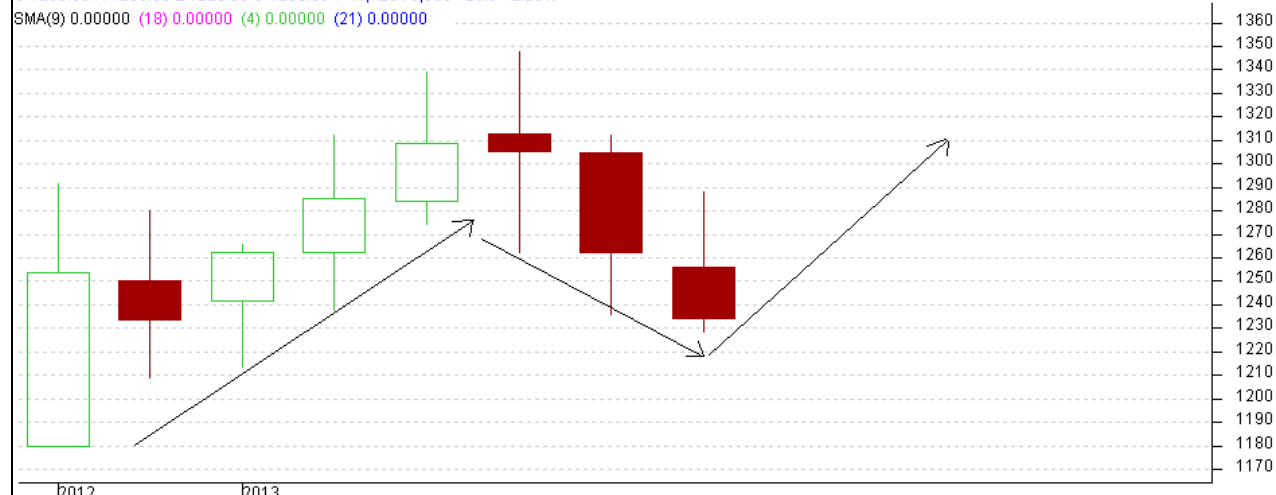
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	-	2986	3109	3225	3316
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 3060	3160	3200	3010

Commodity: Gur  
Contract: July

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

## GUR

GURCHMUZR 1307(NCCHMN3)2013/06 - Monthly B:1233.00 A:1233.50  
O 1256.00 H 1288.00 L 1228.00 C 1233.50 V 44,720 I 9,800 -28.5 -2.26%  
SMA(9) 0.00000 (18) 0.00000 (4) 0.00000 (21) 0.00000



### Technical Commentary:

- Gur prices are moving in a range but hovering in an uptrend as chart depicts.
- Gur prices are presently hovering in a range between Rs 1228 to Rs 1337, breach of the mentioned levels either side would give the prices a new direction.

**Strategy:** Buy from support level.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1180	1215	1333.5	1312	1332.5
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1228	1280	1305	1216

## International Scenario

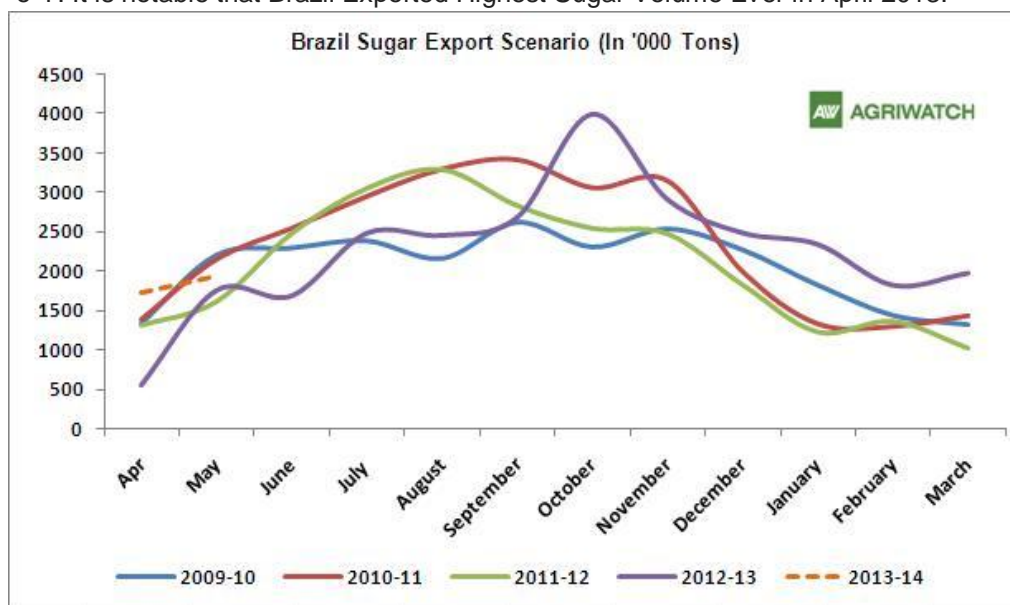
International sugar prices continuously pouring down thanks to global sugar surplus. In addition to it, higher sugar production by Brazil and Thailand better than previous expectation also led the prices down.

However, with decreasing sugar prices, Brazil sugar producers are shifting the cane to make more ethanol over sugar owing to better demand and prices of ethanol as reported which might give some boost to the sugar prices in future.

We expect prices of sugar should move in a range in the coming week in ICE as well as LIFFE.

## International Market News Highlights:

- Brazil has exported 1.94 million tons of sugar, raw value, in May 2013 which is only 10% higher Y-o-Y. It is notable that Brazil Exported Highest Sugar Volume Ever in April 2013.



- Nepal cabinet has decided to import 30000 tons of sugar at a reduced customs duty of 1%.
- Sugar prices might drop further in International bourses as increasing demand of ethanol led the millers from Brazil to shift the cane to make more ethanol than sugar. Presently, millers are using 45:55 ratio for producing sugar and ethanol respectively.
- Kingsman cuts global sugar surplus by 12% to 4.9 million tons down from previous estimate of 5.6 million tons. It is notable that Brazil higher cane diversion for making ethanol led the sugar output decline by 3.1 percent from previous estimate of 34.4 million tons.
- Iraq has issued international sugar tender to buy 50000 tons of white sugar from any countries apart from Thailand and India.
- China has imported 3.6 lac tons of sugar, raw value, in April 2013 which is up from 3.1 lac tons imported at same period last year.
- Cane crushing operations in Brazil smoothens after dry weather favors cane harvesting.
- Indonesian government showed intension to buy raw sugar and issued a tender of 240000 tons of raw sugar.

- Thai state run Thai Cane and Sugar Corporation (TCSC) will open a tender to sell 72000 tons of raw sugar on May 15 from 2013-14 crop.
- Thai raw sugar premium Hipol stood at 110 points over ICE raw sugar futures as reported.

International Sugar Prices (Monthly)				
	Contract Month	30-May-13	29-Apr-13	Change
ICE Sugar #11 (US Cent/lb)	13-Jul	16.65	17.49	-0.84
	13-Oct	16.93	17.45	-0.52
	14-Mar	17.87	17.84	0.03
LIFFE Sugar (US \$/MT)	13-Aug	478	501.7	-23.7
	13-Oct	470	495.2	-25.2
	13-Dec	477	501	-24

### 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.
- Prices might find support at 15.91 cents level which also lying over 100% retracement level and trendline support level.
- 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	16.65	16.00

### 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 \$455.5 which also lying over 100% Fibonacci projection level.
- Decrease in prices has not supported by volume and OI.
- Last candlestick 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	478	458

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2013 Indian Agribusiness Systems Pvt Ltd.