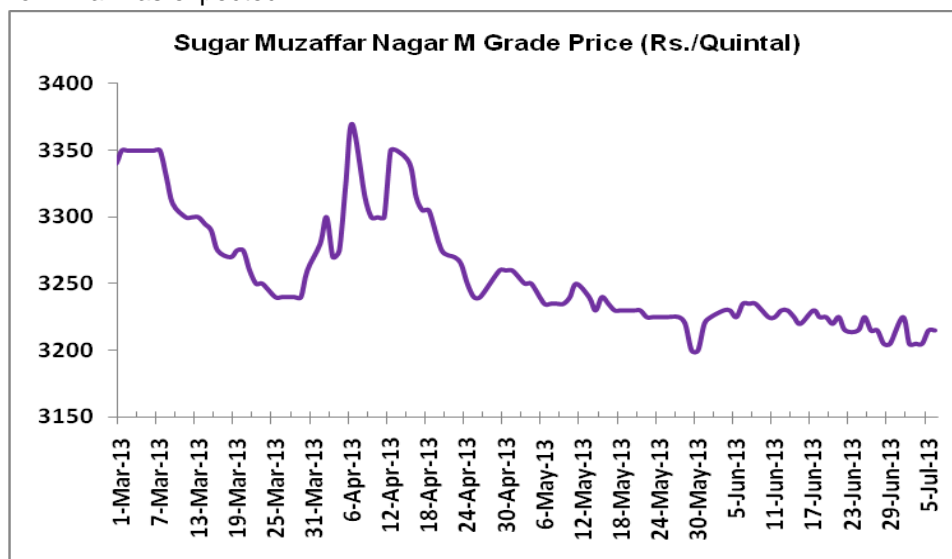


Domestic Market Recap & Price Outlook:

Sugar prices are presently moving in a range presently. Consistent supply of sugar by millers and need based sugar buying led the prices range bound.

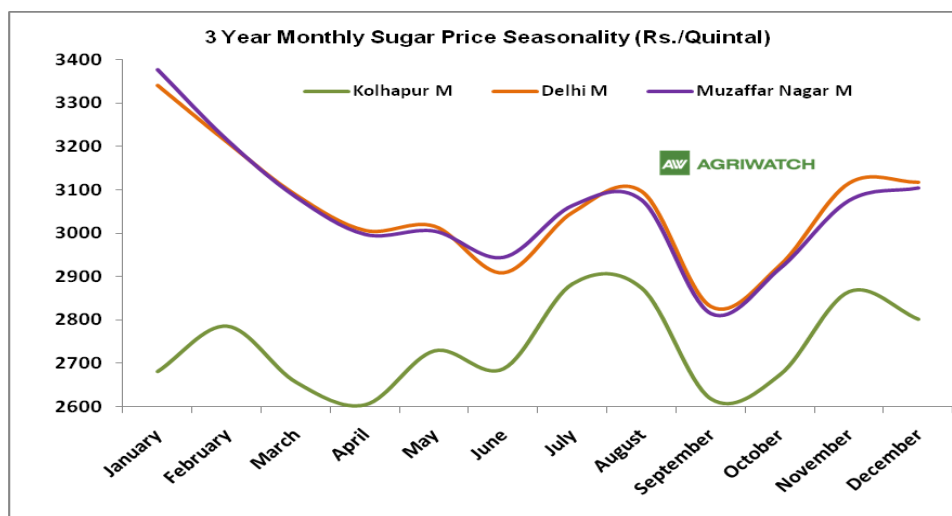
Sugar prices are hovering at bottom level this year thanks to regular raw sugar imports from Brazil. In addition to it, weak demand and higher than expected production of sugar for 2012-13 also become the key factor which drive the prices southwards.

Meanwhile, Government has increased sugar import duty to 15% from existing 10% that would curb any sugar import from Brazil as expected.



Sugar Price Outlook (Domestic):

Considering recent hike in International sugar prices and weak rupee scenario, sugar export seems viable in Middle East countries. Here is the average price seasonality of sugar in last 3 years.



We expect sugar prices would trade in a range with firm tone in medium term in domestic markets.

Monthly News Highlights:

- Around 80000 tons of white sugar and 82000 tons of raw sugar has been exported in June 2013. White sugar mainly exported to Middle East countries and Sri Lanka loaded from Mundra and Tuticorin port. As far as raw sugar export is concerned, it is re-exported under ALS scheme to countries like Tanzania and Kenya from Chennai and JNPT port.
- Government has decided to increase the sugar import duty to 15% from 10% to curb further imports of sugar from overseas. It is notable that India has imported around 2 million tons of raw sugar from overseas especially from Brazil till June starting from Oct in 2012-13 marketing year.
- Indian trade houses and refiners continue sugar import shipments from Brazil considering import parity despite of depreciation of Rupee. However, recent hike in sugar import duty from 10 percent to 15 percent might discourage the refiners due to disparity. In addition to it, increasing sugar prices in International arena from last couple of weeks dampen the sugar import possibilities as expected.
- UP millers, which are suffering from lower demand and lower prices and profitability, are now seeking some help from government to save sugar industry. It is notable that year on year increase in sugarcane prices increase the cost of production of sugar. In the meantime, prices of sugar crash like any thing in domestic arena thanks to lower demand as upcountry buyers are purchasing sugar from Maharashtra due to better parity.
- Western UP and Haryana might get rainfall in the coming week that would help the standing sugarcane crop.
- Around 75000 tons of sugar export deal has been reported in July from at \$500-510 per ton FOB basis that is heading towards Middle East countries as Ramadan festival boost the sugar demand.
- Sugar industry in UP has suggested introduction of new varieties of sugarcane to make its business more sustainable and also economically viable.
- State government is in a hurry to buy sugar from mills as Central govt. will stop procuring sugar for PDS across the country.
- Integrated Casetech has won the bid to run the alone UP sugar corporation sugar mill Mohiuddinpur sugar mill based in Meerut. It might take as an experiment by UP Government as government is planning to outsource 21 UP sugar state factories to private players as mills are running at a huge loss.
- Maharashtra mills has crack a sugar export deal of around 5 lac tons at Rs 2800-2825 per quintal ex-mill rate as reported. The shipments are bound to Middle East countries.
- Karnataka farmers are asking hike in sugarcane prices for upcoming season up to Rs 350 per quintal.

Sugarcane Sowing Update:



As satellite picture shows, till last week around 20% excess rainfall has been recorded in key sugarcane growing belt except eastern and central part of Maharashtra which receive normal rainfall this year till date.

Total around 47.73 lac hectares of sugarcane sowing has been done till 28th June 2013. However, this year progressive sowing till last week is 4% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 49.35 lac hectares till last week.

India State wise Sugar Production

India	State wise Sugar production (In Million Tons)
States	2012-13
UP	7.6
Maharashtra	7.9
Tamil	1.6
Andhra	1.1
Karnataka	3.2
Gujarat	1.1
Haryana	0.3
Bihar	0.8
Uttarakhand	0.4
Punjab	0.3
India	24.9

Raw Sugar Import Opportunity:

Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty to 15% also dampen the possibility of import.

Indian indicative raw sugar CIF prices from Brazil quoted at \$462.09 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$528.09 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.60.69) till 5 th July 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	462.09	519.51	

India has imported 2.74 lac tons of raw sugar in June month mainly from Brazil which is lower from 3.06 lac tons of raw sugar imported (mainly from Brazil) in May 2013. Imported raw sugar mainly landed at Kolkata and Kandla port as reported.

As far as total India's sugar imports are concerned, we are expecting around 2 million tons of sugar imports in 2012-13.

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario (Monthly)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		29.6.2013	31.5.2013	
Sugar	Delhi - Grade M	3230	3250	-20
	Delhi - Grade S	3215	3200	15
	Delhi - Grade L	3300	3300	Unch
	UP- Khatauli Grade M	3205	3220	-15
	UP- Ramala Grade M	3150	3190	-40
	UP- Dhampur Grade M Ex-Mill	3070	3200	-130
	UP- Dhampur Grade S Ex-Mill	3050	3080	-30
	UP- Dhampur Grade L Ex-Mill	3120	3150	-30
	Mumbai –Grade M	3250	3252	-2
	Mumbai –Grade S	3096	3106	-10
	Kolhapur – Grade M	3060	3000	60
	Kolhapur – Grade S	2960	2925	35
	Vijayawada – Grade M	3600	3530	70
	Vijayawada- Grade S	3450	3420	30
	Nagpur – Grade S	3235	3210	25
	Kolkata – Grade M	3300	3295	5
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3200	-100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3100	3200	-100
	Chennai - Grade S	3100	3075	25

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 1148500 bags of gur (40kg each) stored in cold storages till 8th July 2013 lower from 1197500 bags of gur at last year same period (40kg each). Out of total 1148500 bags of gur, around 711300 bags of Chaku gur, 125000 bags of Rascut, and 180000 bags of Papdi, stored in the cold storages as reported.

Gur Stock Position	Chaku	Raskut	Papdi	Total
2013	711300	125000	180000	1148500
2012	796600	128000	135000	1197500

Meanwhile, expected late crushing operations by millers in UP and Maharashtra also might urge farmers to divert their cane towards gur making. Weak lifting of gur by Rajasthan and Gujarat also curb any hike in prices of gur.

We expect prices to remain in range for the coming month.

Gur Spot Prices (Rs/Qtl)				
Markets	Variety	29.6.2013	31.5.2013	Change
Muzaffar Nagar	Chaku	2950	3000	-50
	Chaku (Arrival)	-	200	-
	Khurpa	2800	2950	-150
	Laddu	2900	3000	-100
	Rascut	2700	2800	-100
Maharashtra	Latur(Lal Variety)	3225	3100	125
	Kolhapur	-	-	-
Bangalore	Achhu	3000	2900	100
	Mudde	3200	3000	200
Belgaum	Mudde	3000	3000	Unch
Belthangadi	Yellow (Average)	2800	2700	100
Bijapur	Achhu	3100	3000	100
Gulbarga	Other (Average)	2900	2950	-50
Mahalingapura	Penti (Average)	3140	3160	-20
Mandya	Achhu (Medium)	2850	2800	50
	Kurikatu (Medium)	2500	2500	Unch
	Other (Medium)	2500	2500	Unch
	Yellow (Medium)	2800	2800	Unch
Shimoga	Achhu (Average)	3625	3625	Unch

Commodity: Sugar
Contract: August

Exchange: NCDEX
Expiry: August 20th, 2013

SUGAR (August Weekly Chart)

Technical Commentary:

- Prices are moving in a symmetric triangle as chart depicts.
- RSI is moving near to oversold region.
- Decrease in prices has not supported by volume but higher OI.



Strategy: Buy from near entry level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	August	2928	2987	3065	3122	3206
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	August	Buy	Above 3030	3100	3120	2990

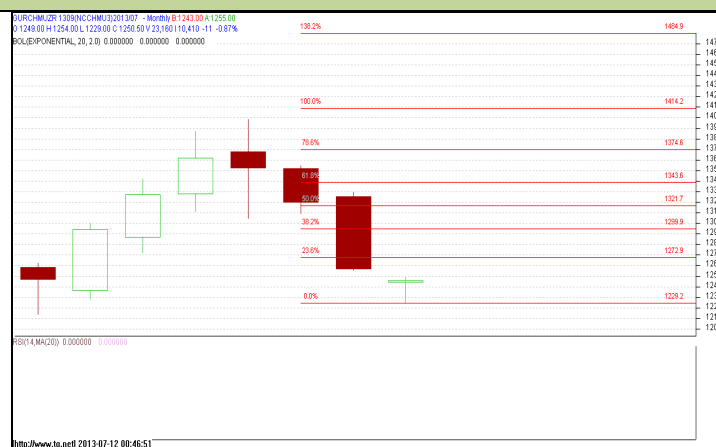
Commodity: Gur
Contract: September

Exchange: NCDEX
Expiry: September 20th, 2013

GUR (Weekly Chart)

Technical Commentary:

- Prices still hovering at downtrend.
- Prices might test 23.6% retracement from where fresh selling would build up.
- Last candlestick depicts bearishness.



Strategy: Sell from entry level is advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	September	1147	1187	1261.5	1311	1332
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	September	Sell	Below 1270	1230	1210	1294

International Scenario

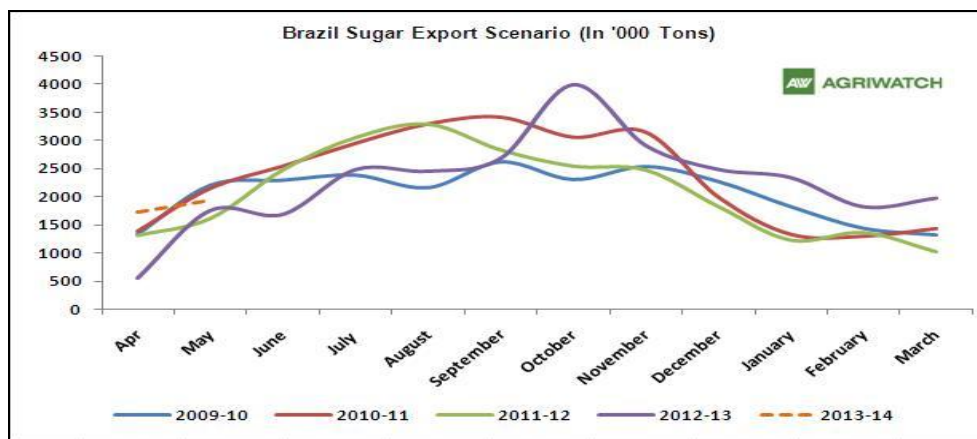
International sugar prices have surged during the month ended June 2013. Increase in sugar demand due to Ramadan season led the prices upwards last month.

In addition to it, Brazil sugar production likely to decline owing to higher cane diversion towards ethanol production. It is noticeable that crude oil prices are hovering at higher levels which urge Brazil millers to go for ethanol production rather than producing sugar considering higher ethanol demand.

We expect prices would move up in the coming month.

International Market News Highlights:

- Brazil sugar export rise to 2.24 million tons in June up from 1.941 million tons in the previous month.



- Sugar millers in Brazil's center south, the main growing region of the largest producer, will use more of this year's crop to make ethanol than previously forecast.
- Kingsman sees 4.7 million tons global sugar surplus for 2012-13 which is 4% lower compared to prior estimate done by Kingsman in May end. Lower production estimate for Australia and Ukraine urge them to slash its global surplus estimate.
- China sugar imports rose by 33% to 340773 tons in May 2013 up from 256095 tons sugar imported in the same month last year. Out of the total sugar imported by China, Brazil only contributes 13% of the total China sugar imports.
- Fresh buying occurred in International sugar future exchanges at lower levels over higher percentage of cane diversion for making ethanol.
- Russia sugar imports decline sharply in May to 631 tons down from 1.38 lac tons imported in the same month last year. It is notable that Russia has imported around 3.63 lac tons of sugar in the first five months up from 2.45 lac tons imported in the same period last year.

International Sugar Prices (Weekly)				
	Contract Month	29.6.2013	30.5.2013	Change
ICE Sugar #11 (US Cent/lb)	13-Jul	16.38	16.65	-0.27
	13-Oct	16.92	16.93	-0.01
	14-Mar	17.74	17.87	-0.13
LIFFE Sugar (US \$/MT)	13-Aug	502.3	478	24.3
	13-Oct	484.7	470	14.7
	13-Dec	482.2	477	5.2

ICE Raw Sugar Future Market Monthly Scenario (Continuous Chart)



(Monthly Chart)

Technical Commentary:

- ICE raw sugar futures are moving downwards.
- Sugar prices recently tested 100% retracement level i.e. 16.1 cents which also lying over trend line support level.
- Last candlestick depicts bullishness which also supported by OI.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	C1- Chart	16.92	17.80

LIFFE Sugar Future Market Monthly Scenario (Continuous Chart):



(Aug Weekly Chart)

Technical Commentary:

- Prices are moving in a falling channel and recently tested its trend line support level as chart depicts.
- Prices hovering in a range between \$452 to 550, breach of mentioned levels either side will give the price a new direction.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	C1 chart	502.3	540

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