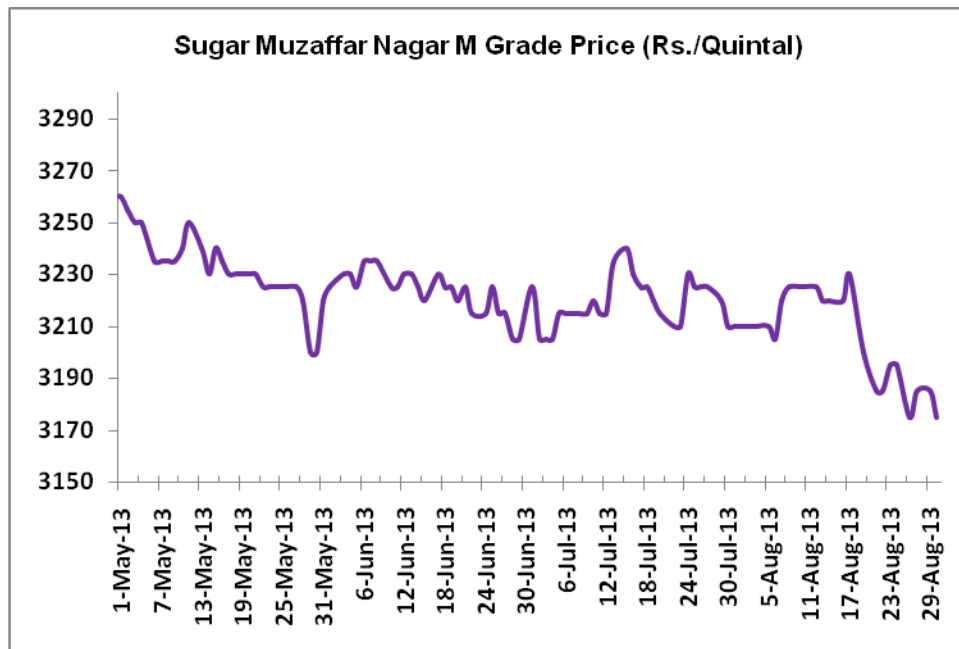


Domestic Market Recap & Price Outlook:

Sugar prices showed some bearishness in the prices due to sugar imports and weak sugar demand from domestic front. In addition to it, higher sugar supply by millers to clear the cane arrears of farmers also led the prices down.



Sugar Domestic Price Outlook:

Sugar prices are likely to move steady to firm tone in the coming months considering moderate festival sugar demand. In addition to it, rupee depreciation also opens some window to export sugar to some Middle East countries which also support the sugar prices.

In addition to it, lower sugarcane acreage for 2013-14 marketing year compared to last year and lower sugar production estimates for 2013-14 likely to give some boost to the prices for the shorter term as expected.

Monthly News Highlights:

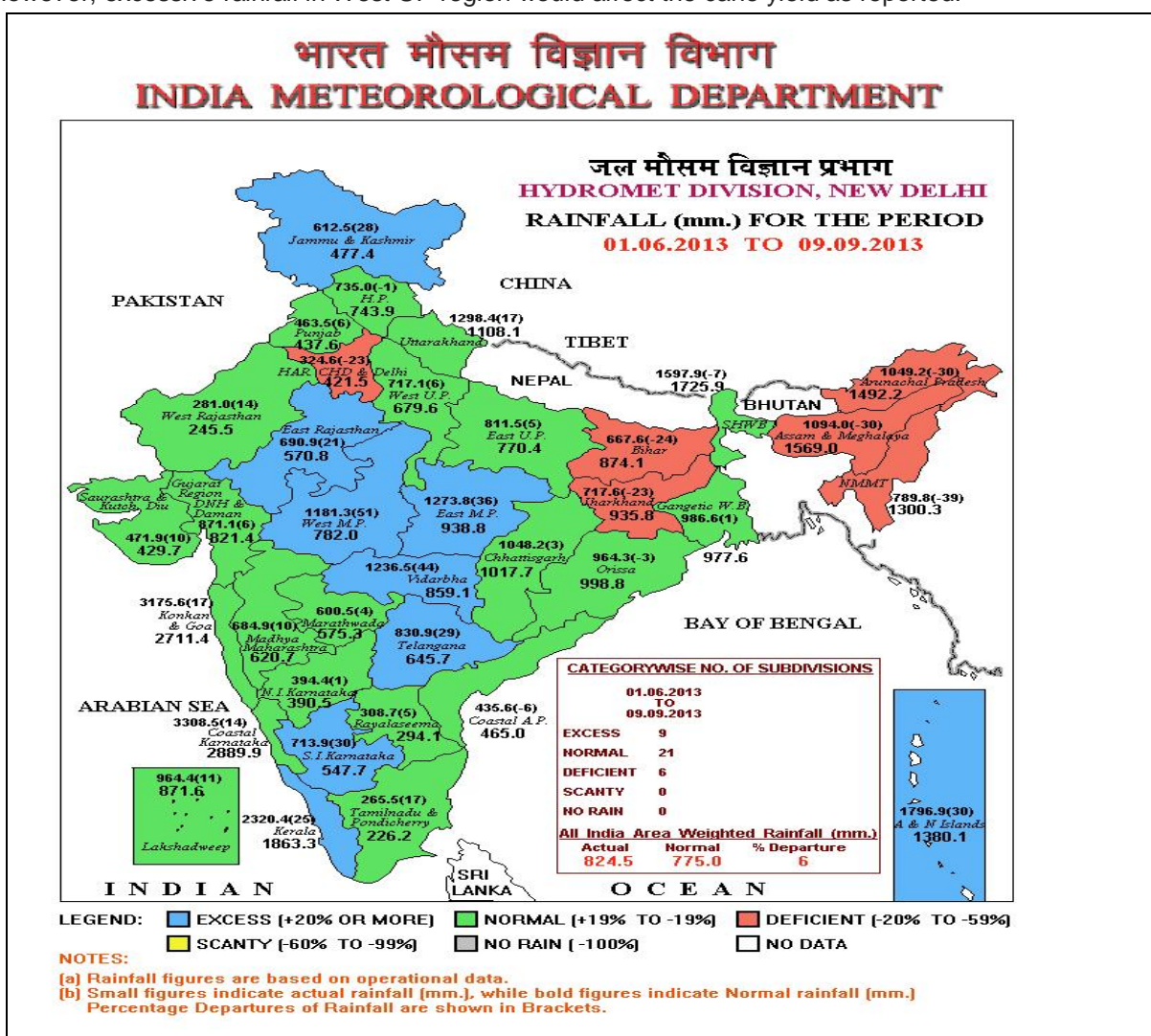
- We can now see some zigzag situation as far as sugar markets are concerned. Definitely there are no such big upside or downside in the sugar market thanks to moderate demand and global sugar surplus.
- Around 2 lac tons export deals has been reported from India thanks to weak rupee against dollar.
- In contrary to the domestic market, sugar prices in International arena move downwards considering higher sugar supplies from Brazil and India next year.
- Indian likely to export 0.5-1.5 million tons of sugar in the next marketing year i.e. 2013-14 considering around 1.5 million tons of raw sugar imports in the current year, according to Olam International Ltd. It is notable that millers which import raw sugar have to re-export white sugar through ALS scheme.
- According to Mr. Sharad pawar, India would produce more sugar compared to last year i.e. higher than 25 million tons due to higher cane yields thanks to good monsoon this year.

- Meanwhile, weak rupee scenario gives exporters an opportunity to send sugar abroad keeping in view increasing international sugar prices.
- Indian government estimate 22.5 million tons sugar production for 2013-14 as reported.
- Guwahati market is getting sugar from Maharashtra markets at Rs 3280 per quintal S Grade as reported.

Sugarcane Sowing Update:

Total around 48.5 lac hectares of sugarcane sowing has been done till 2nd August 2013. However, this year progressive sowing till last week is 3.2% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 50.1 lac hectares at same period.

However, excessive rainfall in West UP region would affect the cane yield as reported.



As satellite picture shows, till last week around 20% excess rainfall has been recorded in key sugarcane growing belt.

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 \$518.76 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$504.78 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.61.28) till 12 th August 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	518.76	-	

Sugar Balance Sheet (Domestic):

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	24.90
Imports	4.76	0.00	0.00	2.00
Total Availability	27.39	29.06	29.56	29.76
Domestic consumption	22.50	23.00	23.50	24.10
Exports	0.21	2.50	3.20	1.00
Total Usage	22.71	25.50	26.70	25.10
Closing stocks	4.68	3.56	2.86	4.66
Average Monthly consumption	1.88	1.92	1.96	2.01
Stocks in months to use	2.50	1.86	1.46	2.32
Stock/Consumption Ratio	0.21	0.15	0.12	0.19

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario (Monthly)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		31.8.2013	31.7.2013	
Sugar	Delhi - Grade M	3190	3240	-50
	Delhi - Grade S	3150	3210	-60
	Delhi - Grade L	3280	3300	-20
	UP- Khatauli Grade M	3175	3210	-35
	UP- Ramala Grade M	3110	3150	-40
	UP- Dhampur Grade M Ex-Mill	3060	3100	-40
	UP- Dhampur Grade S Ex-Mill	3040	3080	-40
	UP- Dhampur Grade L Ex-Mill	3110	3150	-40
	Mumbai –Grade M	3266	3238	28
	Mumbai –Grade S	3086	3108	-22
	Kolhapur – Grade M	3025	3050	-25
	Kolhapur – Grade S	2925	2950	-25
	Guhawati – Grade S	3233	-	-
	Shillong – Grade S	3245	-	-
	Vijayawada – Grade M	3550	3530	20
	Vijayawada- Grade S	3380	3380	Unch
	Nagpur – Grade S	3150	3150	Unch
	Kolkata – Grade M	3280	3350	-70
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	-	3100	-
	Chennai - Grade S	3080	3085	-5

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 617800 bags of gur (40kg each) stored in cold storages till 2th September 2013 lower from 680000 bags of gur at last year same period (40kg each). Out of total 617800 bags of gur, around 445000 bags of Chaku gur, 82564 bags of Rascut, and 93852 bags of Papdi, stored in the cold storages as reported.

Gur Stock Position	Chaku	Raskut	Papdi	Total
2013	445000	82564	93852	617800
2012	434000	86487	70092	680000

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	31.8.2013	31.7.2013	Change
Muzaffar Nagar	Chaku	2913	2900	13
	Khurpa	2550	2700	-150
	Laddu	2800	2800	Unch
	Rascut	2613	2650	-37
Maharashtra	Latur(Lal Variety)	3250	3225	25
Bangalore	Achhu	3000	3100	-100
	Mudde	3100	3200	-100
Belgaum	Mudde	2900	3200	-300
Belthangadi	Yellow (Average)	-	2800	-
Bijapur	Achhu	3100	-	-
Gulbarga	Other (Average)	3150	2900	250
Mahalingapura	Penti (Average)	-	3190	-
Mandya	Achhu (Medium)	2850	2950	-100
	Kurikatu (Medium)	2450	2500	-50
	Other (Medium)	2450	2500	-50
	Yellow (Medium)	2800	2900	-100
Shimoga	Achhu (Average)	3650	3400	250

Commodity: Sugar
Contract: Oct

Exchange: NCDEX
Expiry: October 20th, 2013

SUGAR (September Weekly Chart)

Technical Commentary:

- Prices are hovering at bottom level as chart depicts.
- Breach of 3000 level would give the confirmation of further downside in the market.
- RSI is moving near to oversold region.
- However, decrease in prices haven't supported by volume and OI.



Strategy: Buy from near entry level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	October	2850	2910	3001	3185	3235
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	October	Buy	Above 3000	3100	3150	2950

Commodity: Gur
Contract: September

Exchange: NCDEX
Expiry: September 20th, 2013

GUR (Weekly Chart)

Technical Commentary:

- Prices still hovering at downtrend.
- Prices might test 138.2% retracement in the coming month as expected.
- Last candlestick depicts bearishness.



Strategy: Buy from entry level is advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	September	1104	1147	1182	1218	1258
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	September	Buy	Above 1176	1200	1212	1164

Sugar International Price Scenario:

Sugar prices are moving in a range presently. However, lower global sugar surplus and increasing demand should lead the prices upwards in the coming month as expected.

We expect prices to remain stable to firm in ICE as well as in LIFFE for the shorter term.

World Sugar Markets:

Thailand:

Thailand is likely to produce record 11 million tons of sugar in 2013-14 which is higher than 10.2 million tons of sugar produced by Thai mills 2012-13.

Export Front: Recently, Thailand government increase the domestic sugar consumption quota to 2.665 million tons this year up from 2.5 million tons in 2012-13. With increase in sugar consumption figures, only 7.35 million tons of sugar available for export. It is notable that Thailand has exported 7.48 million tons of sugar in 2012-13. It is notable that Thailand contributes 14% of the total world sugar exports.

Brazil: Trade houses see Brazil sugar output could reach 40.4 million tons for 2013-14 which is higher from 38.6. Million tons produced in 2012-13. However, sugar production likely to fall further thanks to recent frost which damage 1/5 of the standing cane crop as reported. Brazil likely to export 29.3 million tons in 2013-14 up by 1.65 million tons compared to last year.

As far as consumption is concerned, Brazil consumes 11.26 million tons of sugar.

Pakistan: Pakistan sugar output likely to rise by 20% to 6 million tons in 2013-14 up from 5 million tons sugar output in 2012-13. Increase in cane prices by government urge farmers to plant more sugarcane in their respective fields. Pakistan has exported 1.2 million tons of sugar in 2012-13. We expect sugar export likely to reach around 1.5 million in 2013-14.

India: India has produced 24.9 million tons of sugar in 2012-13 and likely to export around 1 million tons of sugar considering very less opportunity of export. Presently, India is exporting sugar to Middle east countries.

India FOB is quoted at \$506.5 per ton Kolhapur basis as reported. We expect prices to remain strong for short term. Some Indian millers are not prepared to sell below \$480 per tonne, trade sources said

Indonesia: Indonesia become the one the biggest raw sugar importer. Indonesia normally imports 2.5 to 3 million tons of raw sugar from Thailand and Brazil. Meanwhile, its overall consumption capacity stood at 5 million tons (2.8 in beverage industry and 2.2 million tons in direct human consumption).

Sri Lanka: India recently got the opportunity to sell sugar to Sri Lanka as Lower ending stock position of sugar in Pakistan presently give a golden opportunity to Indian exporters. Earlier, Sri Lanka is getting sugar from Pakistan at cheaper rates. However, the export scope is limited from India.

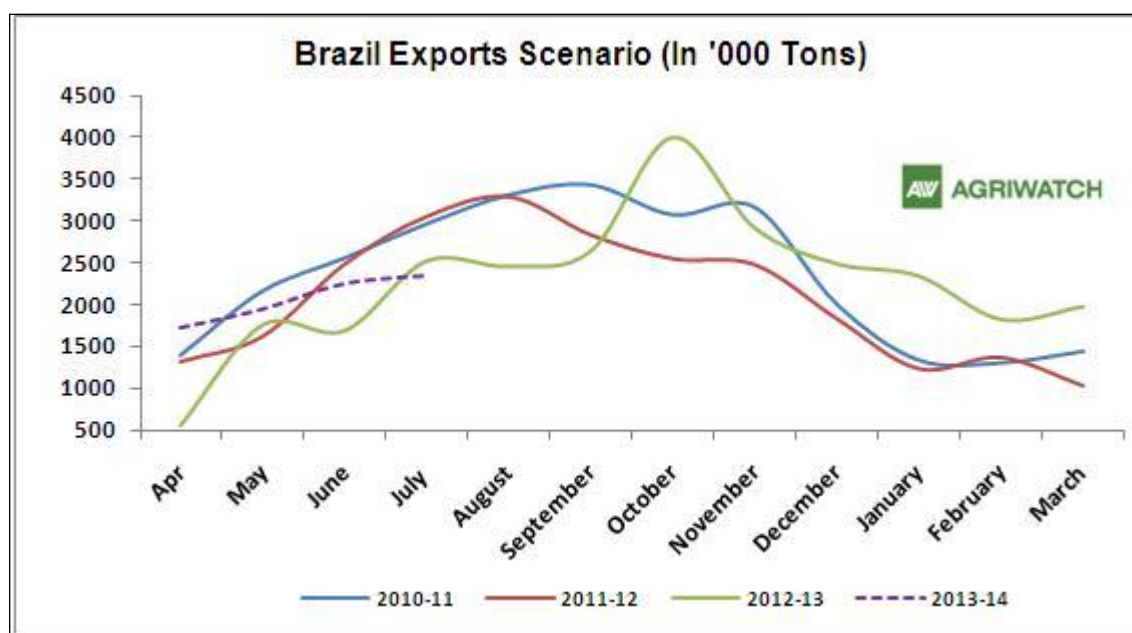
Middle East Countries: Countries like Saudi Arabia, UAE, and Syria have increased their sugar purchase. These countries also installed refineries in their respective regions and always interested buying raw sugar. Major markets of these countries are Thailand and India.

Others: Russia, China, Malaysia, India (Re-export through ALS)

International Market News Highlights:

- Czarnikow sees 49% decline in global sugar surplus than previously forecast due to increase in sugar demand. Now it sees only 2 million tons sugar surplus globally.
- Brazil's Dataagro now forecast 34.18 million tons of sugar for 2013-14.
- Brazil dry spell in first half of August month gives boost to cane harvest and crush in Center South Region. Millers have crushed 46.33 million tons of cane which is 4.7% higher compared to last year same period.
- China sugar imports rise up by 25% to 504000 tons, raw value, in July 2013 compared to last year same period. July sugar imports takes the total Chinese sugar imports to 2.5 million tons in the first ten months which was 3.1 million tons a year earlier.

Brazilian Sugar Export Scenario



Brazil has exported 2.33 million tons of sugar, raw value, in July 2013 up marginally from 2.24 in the previous month.

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 8.2 million tons of sugar this year till July which was 6.5 million tons, raw value, last year same period.

International Sugar Prices (Weekly)				
	Contract Month	30.8.2013	30.7.2013	Change
ICE Sugar #11 (US Cent/lb)	13-Oct	16.34	16.93	-0.59
	14-Mar	16.88	17.45	-0.57
	14-Mar	16.82	17.29	-0.47
LIFFE Sugar (US \$/MT)	13-Oct	477.90	489.20	-11.3
	13-Dec	472.40	480.00	-7.6
	14-Mar	469.10	478.50	-9.4

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	16.34	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	477.90	540

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