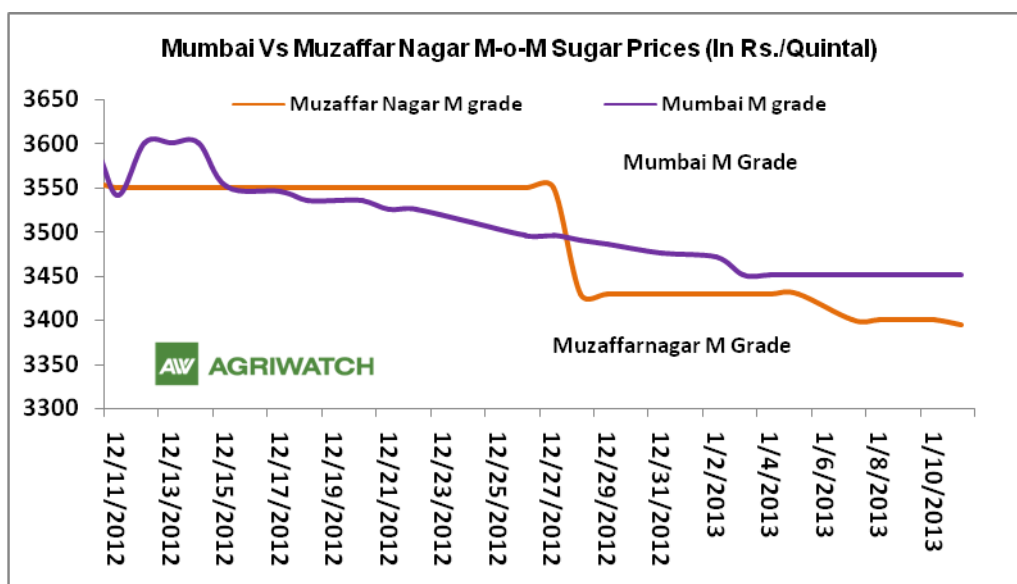


Sugar Price Trend and Outlook:

Sugar prices are continuously moving downwards. Dull demand and weak international prices sentiments weighed on to the sugar prices in domestic arena. In addition to it, increasing import from overseas led the sugar prices decline.

Recently, government intention not to increase sugar import duty on both raw and white sugar also broke the market sentiments.

Meanwhile, increasing raw sugar imports by India in this season weakens the prospects of further increase in sugar prices in near term supported by weak international sugar prices.



Domestic Sugar Price Outlook:

Sugar prices not seems bullish at all at this moment as weak international sugar prices weighed on the domestic sugar. Also, consistent raw sugar import from Brazil also dampen the possibilities of any rise in sugar prices.

News Highlights:

- Presently, government is not in a mood to hike import duty on both raw as well as white sugar, as per the news sources. This news might depress the sugar prices further in spot as well in future market.
- Declining sugar prices in International arena gives domestic refineries an opportunity to make profit by importing cheap raw sugar and refined it which become cheaper compared to domestic sugar prices.
- Indian indicative raw sugar CIF prices from Brazil quoted at \$518.75 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$613.75 per ton Kolhapur. It is notable that millers are now find import more profitable.
- Farmers association demands hike in sugar import duty upto 60% from present 10% as increasing sugar imports weakens the sugar prices and raise difficulties in front of millers and eventually they are unable to pay cane payments to farmers.
- Premium of Rs 150 per quintal is applicable for Delhi delivery centre from Sugar May 2013 contract onwards. The May 2013 contract is getting launched today.

- Maharashtra mills had crushed 28.45 million tons of cane and produce around 2.96 million tons of sugar with an average recovery of 10.42%. It is notable that mills have produce 2.87 million tons of sugar last year same period as reported.

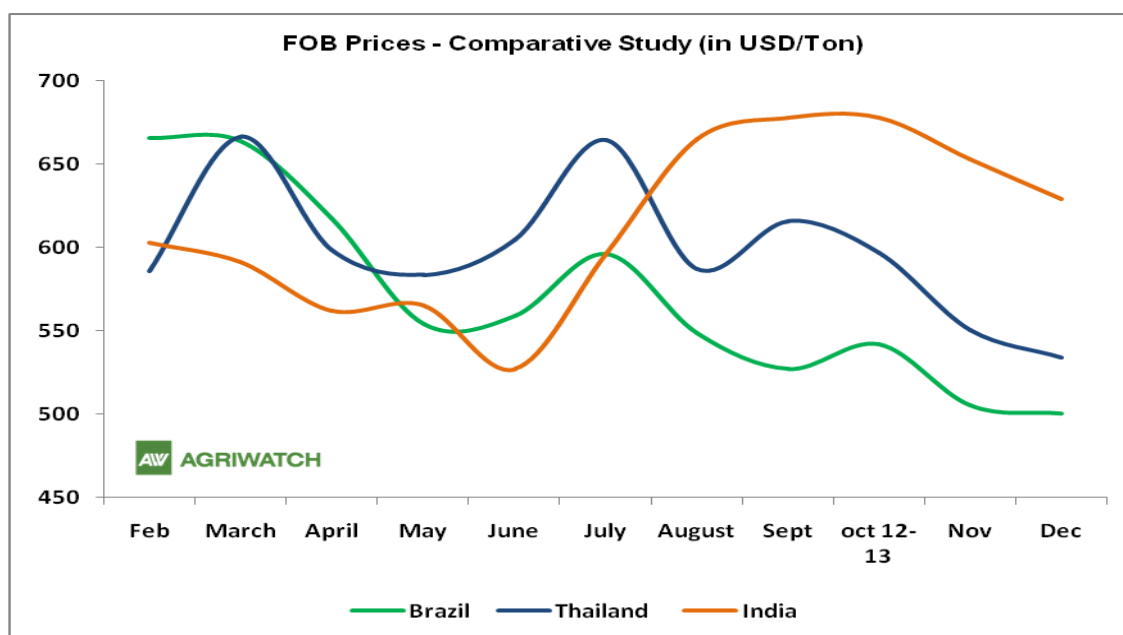
Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$518.75 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$613.75 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:

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.54.99) till 4th January 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	518.75	532.16	

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.



Spot Sugar Prices Scenario (Weekly)

	11-Jan-13	04-Jan-13	Change
Delhi M-30	3400	3425	-25
Delhi S-30	3360	3375	-15
Muzaffar Nagar M	3395	-	-
Mumbai M-30	3451	3450	+1
Mumbai S-30	3292	3311	-19
Kolhapur M-30	3200	3220	-20
Kolhapur S-30	3125	3150	-25
Kolkata M Variety	-	-	-
Chennai S	3100	3125	-25
Vijayawada M-30	3600	3650	-50

Gur Market Scenario and Outlook

Gur prices are falling like anything in Muzaffar nagar market owing to dull demand and consistent gur arrivals.

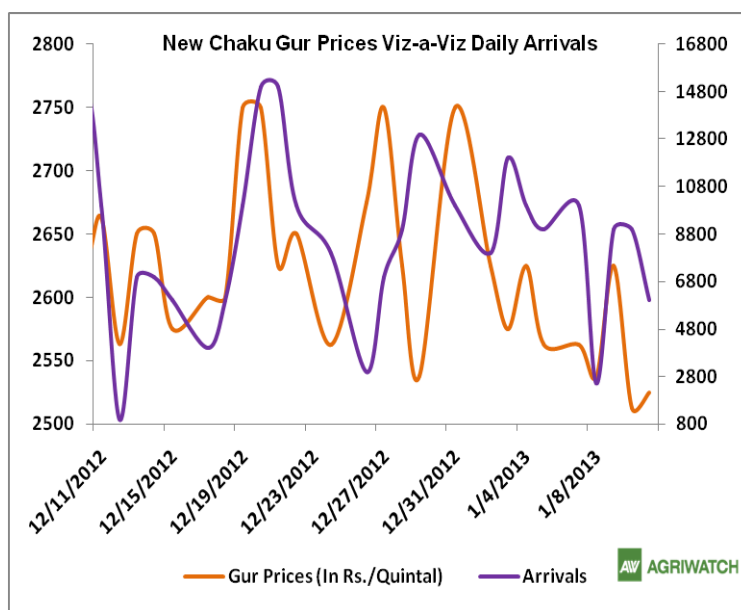
It is notable that some sugar mills might withdraw cane crushing in this marketing year owing to lower sugar prices so ultimately that cane would be diverted towards gur making which might also dampen the possibilities of increase in gur prices in near future.

Also, farmers have to harvest sugarcane and empty their respective fields for fresh sowing of wheat.

This week around 55500 bags of chaku gur (each 40 kg) arrived in the gur Muzaffar nagar market.

As far as stock position is concerned, around 281000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 7th Jan 2013, which are 11000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 111000 bags of Chaku variety gur stock stored in Cold storages as reported.

Meanwhile, we are expecting a sharp hike in gur prices after Makar Sakranti due to expected demand. Also, lower cane production in Maharashtra kept the gur production at lower side this year.

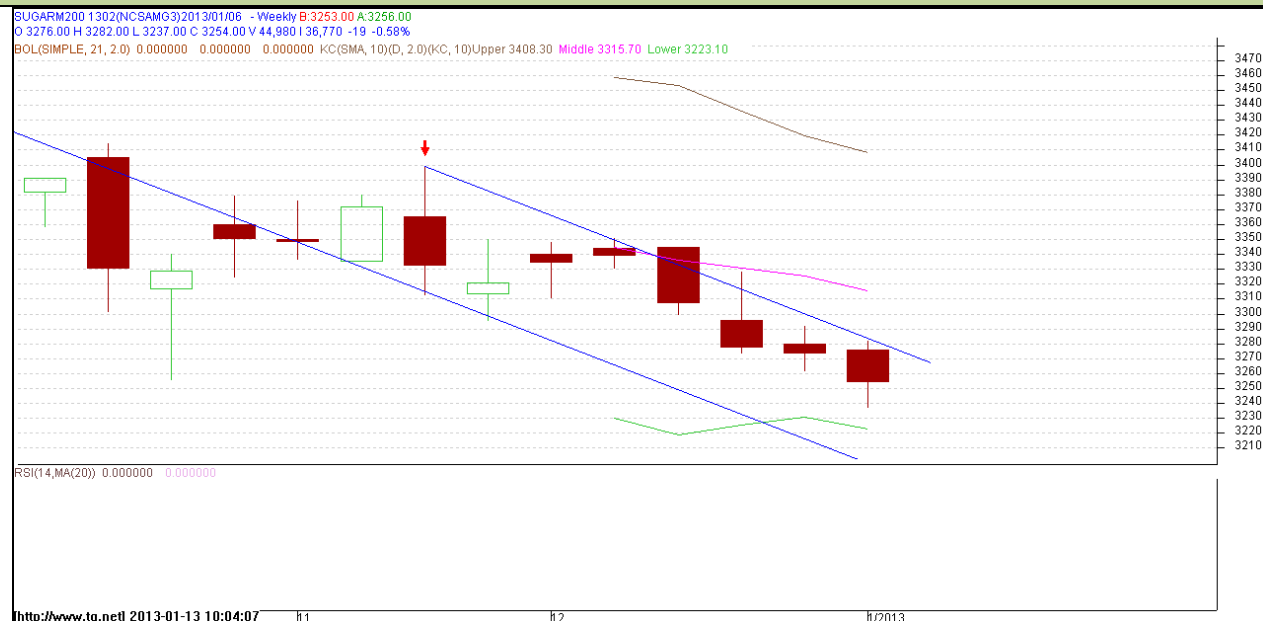


Gur Spot Prices (Rs/Qtl)				
Markets	Variety	11-Jan-13	04-Jan-13	Change
Muzaffar Nagar	New Chaku	2525	2625	-100
	Chaku – Sukha	6000	10000	-4000
	Khurpa	2563	2563	Unch
	Laddoo	2650	2638	12
Bangalore	Achhu	3500	3500	Unch
	Mudde	3600	3600	Unch
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3200	3200	Unch
Bijapur	Achhu	2915	3050	-135
Gulbarga	Other (Average)	2910	3000	-90
Mahalingapura	Penti (Average)	3150	3050	100
Mandya\	Achhu (Medium)	2700	2750	-50
	Kurikatu (Medium)	2450	2400	50
	Other (Medium)	2450	2450	Unch
	Yellow (Medium)	2700	2700	Unch
Shimoga	Achhu (Average)	3090	3100	-10

Commodity: Sugar
Contract: February

Exchange: NCDEX
Expiry: February 20, 2012

SUGAR (Weekly February Contract Chart)



Technical Commentary:

- Sugar prices are moving in a downward channel as chart depicts.
- Decrease in prices has supported by volume and OI which indicates short buildup occurs in the market.
- Last candlestick suggests bearishness in the market.

Strategy: Sell

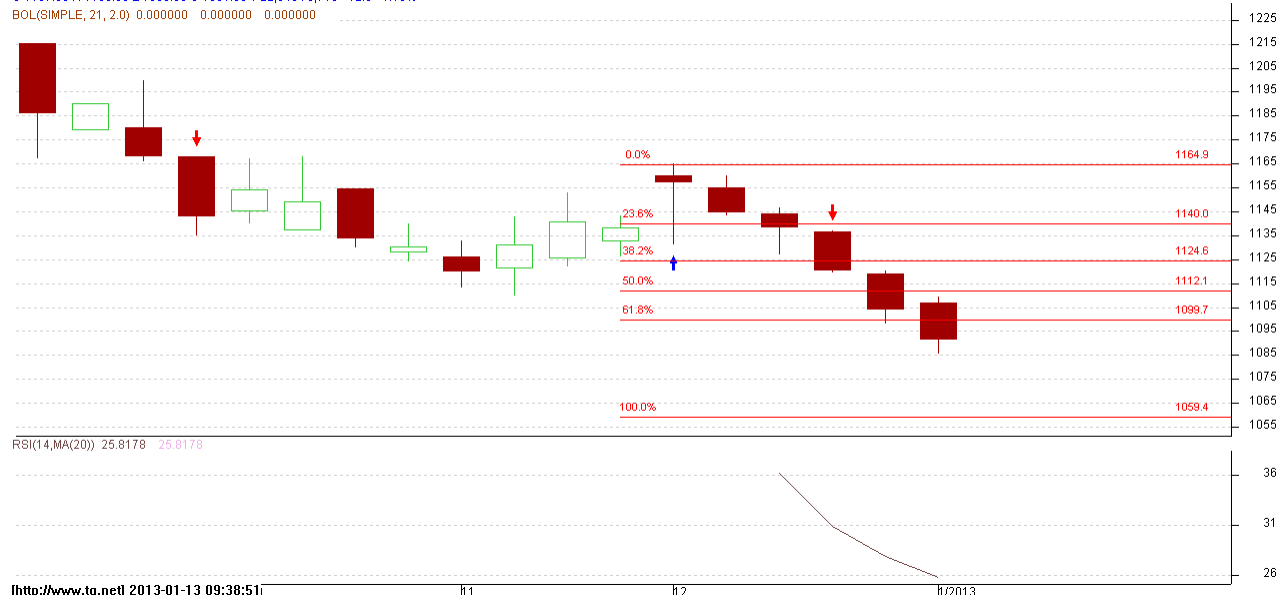
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Feb	3160	3220	3254	3315	3378
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Feb	Sell	Below 3270	3240	3225	3285

Commodity: Gur
Contract: February

Exchange: NCDEX
Expiry: February 20, 2012

GUR (February Weekly Chart)

GURCHMUZR 1303(NCCHMH3)2013/01/06 - Weekly B:1090.50 A:1092.00
O 1107.00 H 1109.50 L 1085.50 C 1091.50 V 22,340 I8,710 -12.5 -1.13%
BOL(SIMPLE, 21, 2.0) 0.000000 0.000000 0.000000



Technical Commentary:

- Gur prices are moving in a downward channel as chart depicts
- RSI is moving at oversold region.
- Prices should test lower keltner's channel line in the coming week.
- Decrease in prices has supported by volume and OI which shows strength of short participants increases in the market.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Feb	1058	1082	1091.5	1122	1138
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Feb	Sell	Below 1098	1090	1086	1102

International Scenario

International raw as well as white sugar prices moving downwards due to lackluster trade.

However, Thailand low cane yield might give some respite to the prices but would not reverse the downward trend of sugar prices for sure.

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:

- Thai sugar premium stood at 75 points over New York's ICE sugar futures but likely to slip in the coming week owing to improved supply and tough competition from Brazil.
- Czarnikow hikes its global sugar surplus prediction to 7.8 million tons from previous forecast of 7.1 million tons for 2012-13 owing to lower rate of sugar consumption growth.
- Brazil Center South cane crop rising to 600 million tons in 2013/14 season compared to estimate 520 million tons cane production in 2012/13, according to local analyst Safras & Mercado. Higher sugar production figures this year from Brazil keep the sugar prices down in international arena presently.
- Thailand likely to miss expected sugar production forecast of 9.4 million tons owing to lower yields from cane. Now, trade houses are estimating 9.0 to 9.2 million tons sugar production estimate for 2012-13.

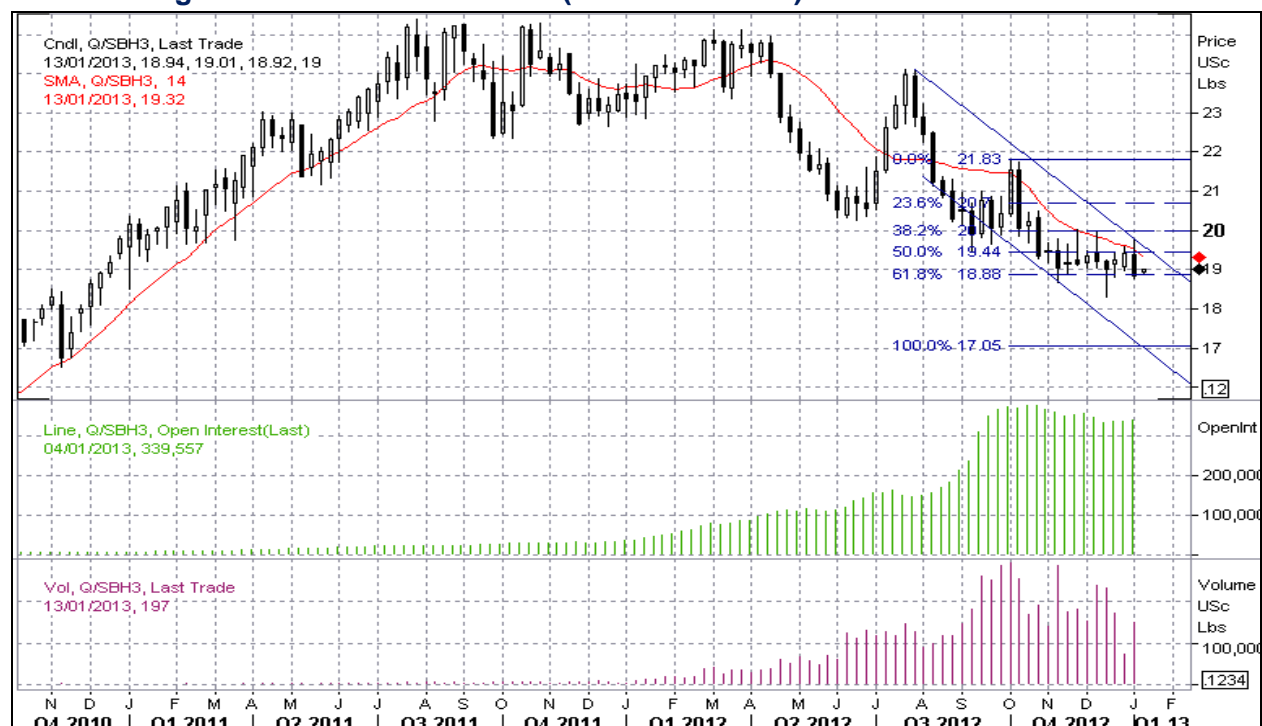
International Sugar Prices (Weekly)				
	Contract Month	10-Jan-2013	03-Jan-2013	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	18.96	19.1	-0.14
	May-13	19.21	19.23	-0.02
	Jul-13	19.5	19.4	0.1
LIFFE Sugar (US \$/MT)	Mar-13	512.5	514.6	-2.1
	May-13	519.7	519.9	-0.2
	Aug-13	525.1	523.4	1.7

LIFFE Future Market Sugar Scenario (March Contract):

Technical Commentary:

- As per our previous call, prices test exactly \$535 level and then came downwards.
- Last candlestick suggests bulls not sustained at higher levels.
- Prices are hovering in a range between \$499 to \$533, breach of levels either side would give the prices a new direction.
- After testing 61.8% Fibonacci projection level or \$535 level, it again moving downwards and breach of \$508 level would take the prices down to \$499 in the coming week.
- It is advisable to market participants to sell from present level and can make short covering at \$499.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	510.40	499

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

Technical Commentary:

- ICE raw sugar futures are trading in a downward trend and presently consolidates.
- Decrease in prices has supported by volume and OI.
- Market participants should sell from 19 cents/lb level

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'13	18.85	18.50

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