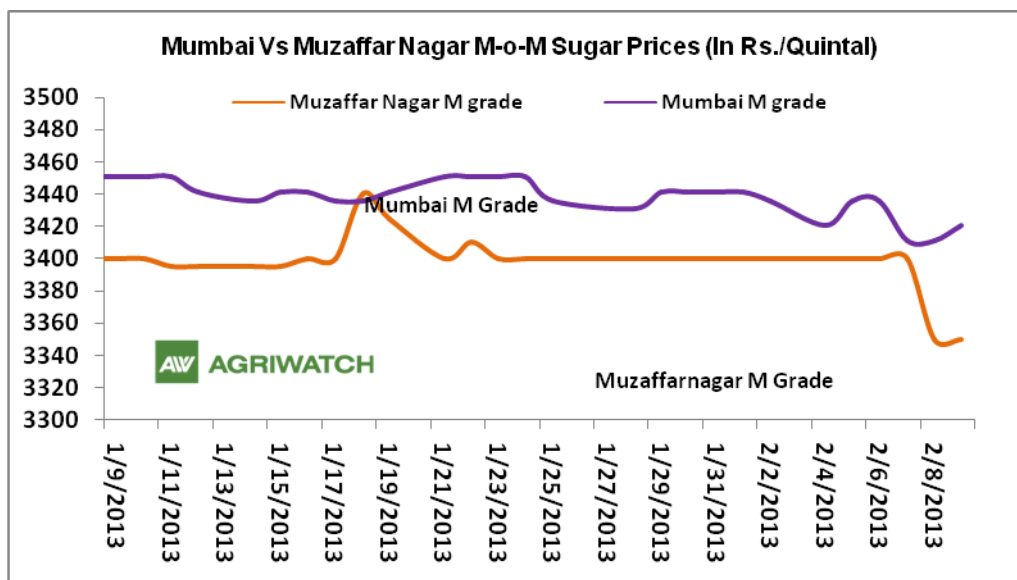


Sugar Price Trend and Outlook:

Sugar prices continue its bearish trend this week in most of the spot markets.

Meanwhile, government is thinking to give some respite to the millers by announcing some policy changes like time extension for sugar quota, non-conversion of unsold sugar into levy sugar. In addition to it, thinking to decontrol sugar industry before budget.

However, presently strong Rupee and weak international prices of sugar increase the opportunity for local sugar refineries to import raw sugar from Brazil which dampen the sugar prices in domestic arena.



Domestic Sugar Price Outlook:

Sugar prices are catching volatility presently and expected downfall in the prices occurred in the last 6-7 days. Now, government would play a vital role here as food ministry is seeking approval of decontrol of sugar sector from cabinet, if it approves it then sugar prices should rebound from present level.

News Highlights:

- UP has produced 3.72 million tons of sugar after crushing 43 million tons of cane with an average recovery of 8.86% till 31st January 2013.
- Food ministry is seeking approval from cabinet regarding decontrolling sugar sector. This is the first time that government is showing such bold attitude towards reforms in sugar sector. After rumors of this news, sugar stocks rebound like anything in stock markets. Also, sugar prices also get some correction in NCDEX. Presently, sugar industry is suffering from over-regulation by government and ultimate benefactors are the sugar millers.
- Government has estimate sugarcane production to 334.54 million tons for 2012-13 in its second advance estimate.
- Government would take decision over decontrolling sugar industry before budget, according to K V Thomas.
- Maharashtra millers have produce 52.2 lac tons of sugar after crushing 477.69 lac tons of sugarcane with an average recovery of 10.93% as reported.

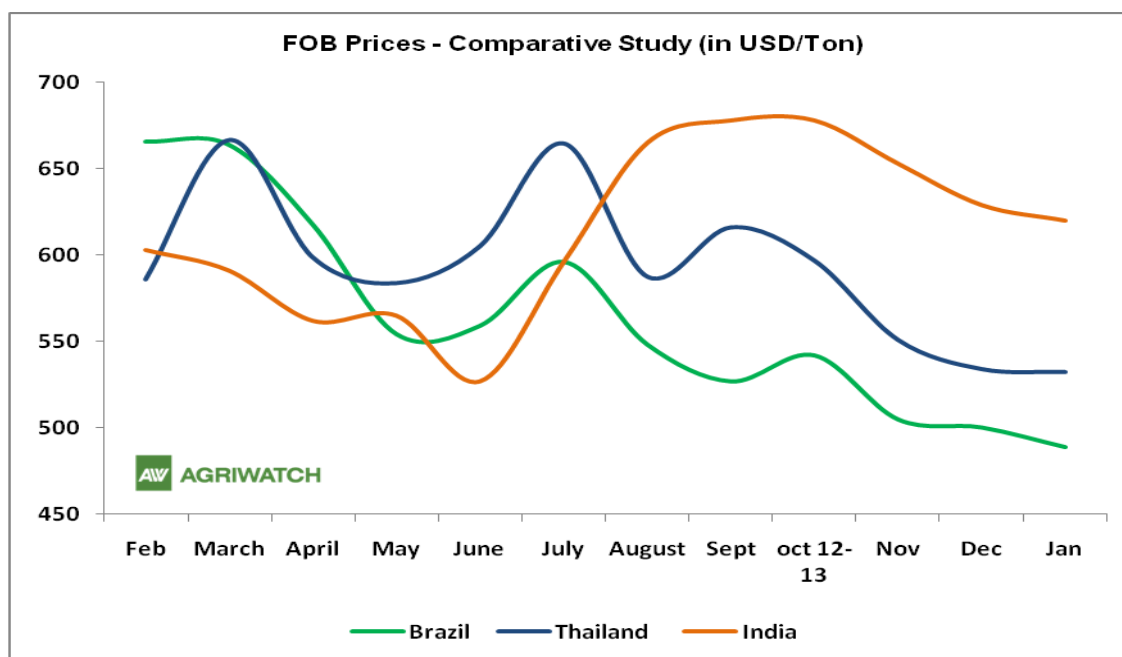
Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$520.13 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$628.19 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.52.93) till 4 th February 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	520.13	527.96	

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.



Spot Sugar Prices Scenario (Weekly)

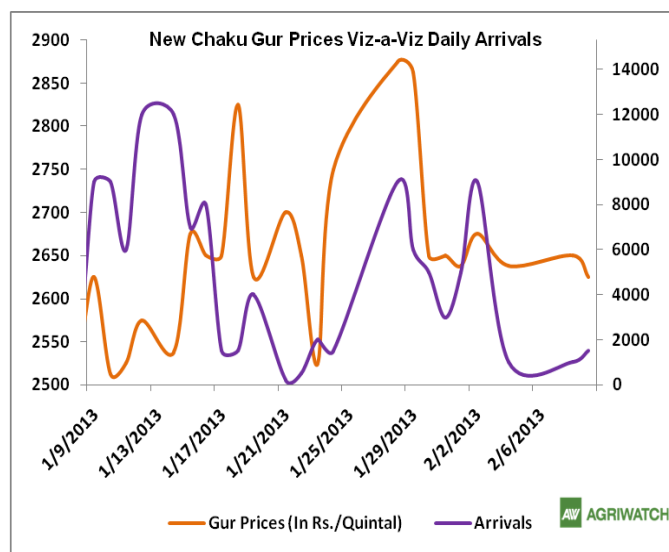
	08-Feb-13	01-Feb-13	Change
Delhi M-30	3375	3400	-25
Delhi S-30	3320	3350	-30
Muzaffar Nagar M	3350	3400	-50
Mumbai M-30	3411	3441	-30
Mumbai S-30	3243	3276	-33
Kolhapur M-30	3200	3220	-20
Kolhapur S-30	3100	3120	-20
Kolkata M Variety	-	-	-
Chennai S	3040	3100	-60
Vijayawada M-30	3550	3570	-20

Gur Market Scenario and Outlook

Gur prices are moving range bound at present.

Gur prices might get some downward correction in the coming days as gur manufacturers are not able to supply gur in the market owing to continuous rainfall in the region and good amount of arrivals would hit the market in the coming days which might take the prices downward for the short term.

As far as stock position of gur is concerned, total around 339000 bags of gur (40kg each) stored in Muzaffar nagar cold storages till 4th February 2013 which are 123000 bags (40kg each) lower compared to last year same period. Out of total 339000 bags of gur, around 145000 bags of Chaku gur, 59000 bags of Rascut, 99000 bags of Papdi, and 1500 bags of Khurpa stored in the cold storages as reported.



Gur prices are likely to move in a range with weak tone in the coming week owing to increase in gur arrivals after consistent rainfall in the region which hampers the gur production and arrivals in the market last week.

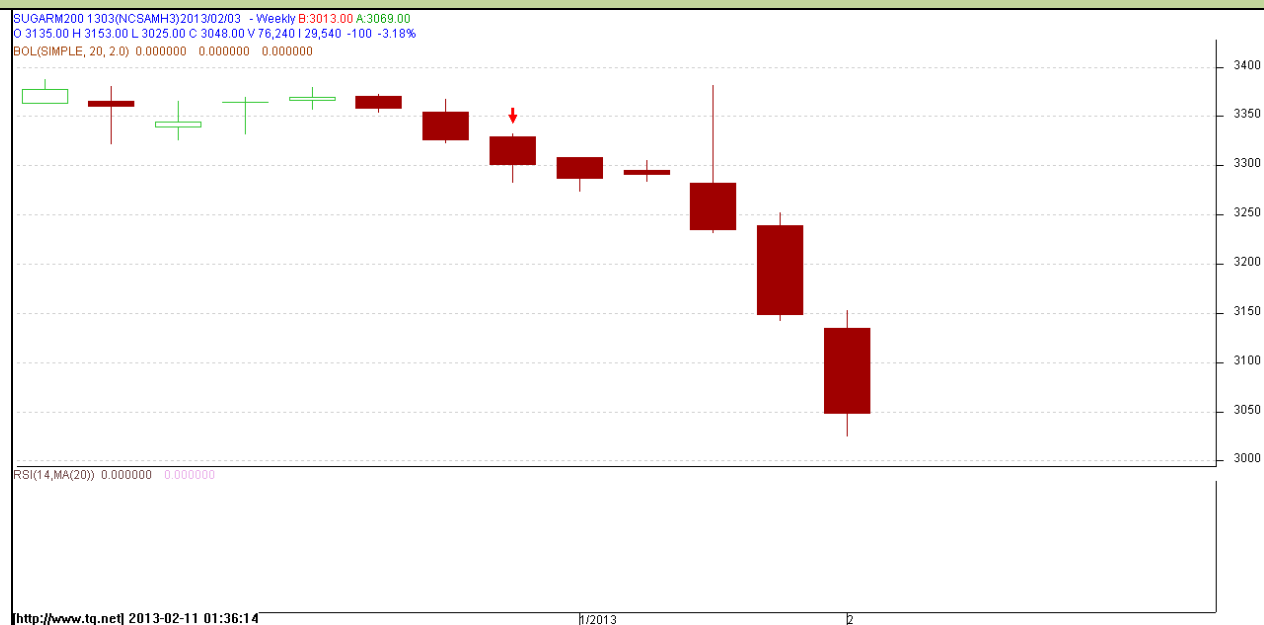
Gur Spot Prices (Rs/Qtl)				
Markets	Variety	08-Feb-13	01-Feb-13	Change
Muzaffar Nagar	New Chaku	2650	2638	12
	Chaku – Sukha	1000	5000	-4000
	Khurpa	2575	2638	-63
	Laddoo	2650	2788	-138
Bangalore	Achhu	3000	3000	Unch
	Mudde	3300	3300	Unch
Belgaum	Mudde	3000	3000	Unch
Belthangadi	yellow (Average)	3300	3200	100
Bijapur	Achhu	2775	-	-
Gulbarga	Other (Average)	3000	2830	170
Mahalingapura	Penti (Average)	2990	3000	-10
Mandya\	Achhu (Medium)	2450	2500	-50
	Kurikatu (Medium)	2300	2350	-50
	Other (Medium)	2400	2300	100
	Yellow (Medium)	2450	2500	-50
Shimoga	Achhu (Average)	2850	2975	-125



Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: March 20, 2012

SUGAR (Weekly March Contract Chart)



Technical Commentary:

- Sugar prices are moving in a downward channel as chart depicts.
- Last candlestick suggests bearishness in the market.
- However, RSI is hovering at oversold region.

Strategy: Sell

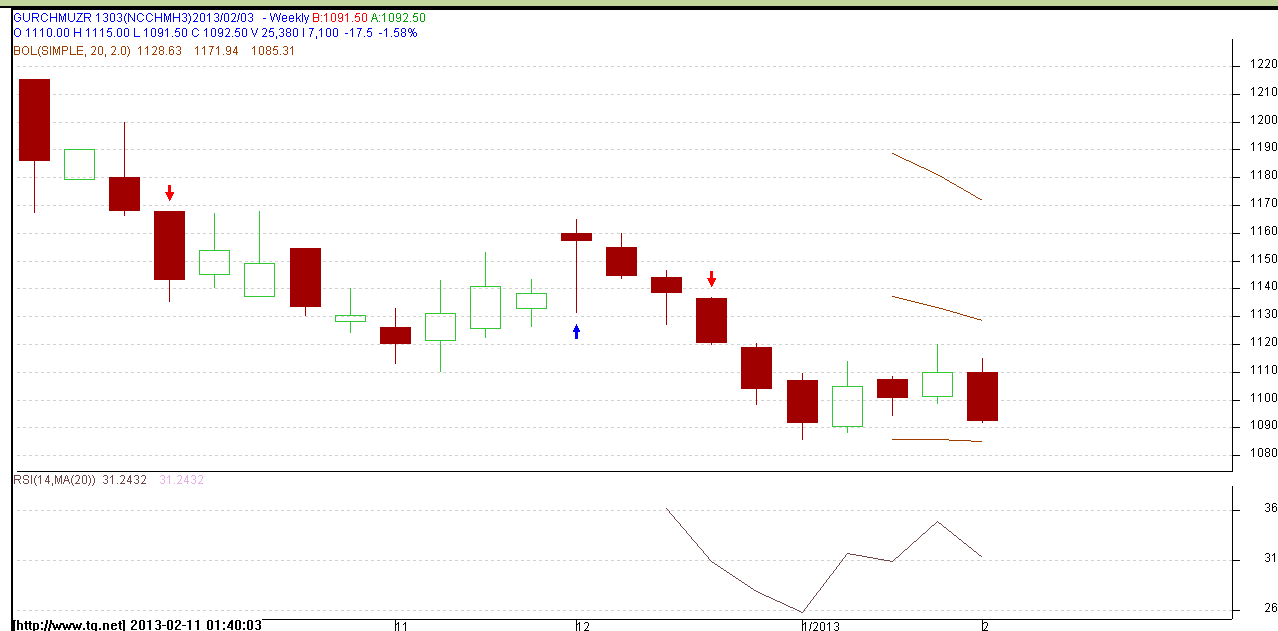
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	March	2908	3005	3048	3155	3210
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	March	Sell	Below 3060	3020	3005	3080



Commodity: Gur
Contract: March

Exchange: NCDEX
Expiry: March 20, 2012

GUR (March Weekly Chart)



Technical Commentary:

- Gur prices are moving in a downward channel as chart depicts
- RSI is moving near to oversold region.
- 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	March	1058	1082	1092.5	1122	1138
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	March	Sell	Below 1096	1086	1082	1102

International Scenario

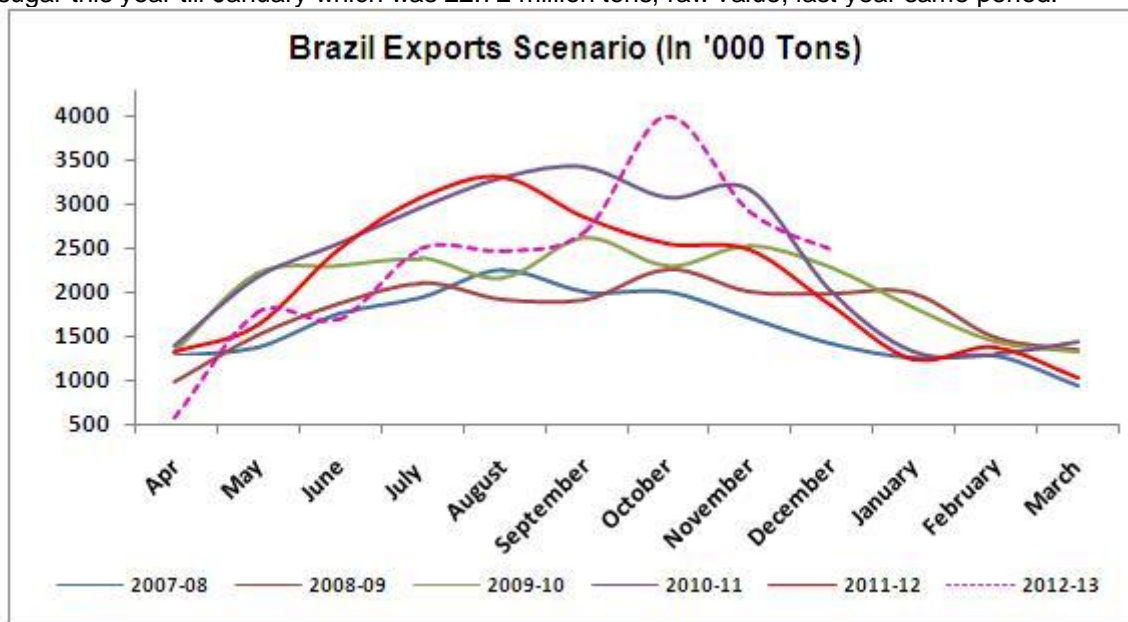
International raw as well as white sugar prices moving downwards due to weak demand and excess sugar production globally.

Good cane crushing reports from Thailand and higher sugar production figures from Brazil led the sugar prices down for ICE as well as LIFFE sugar prices.

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:

- Thailand produced 5.06 million tons of sugar, raw value, till 5th February down from 5.107 million tons sugar produced last year same period. It is notable that daily around 90000 tons of sugar produced by mills in Thailand.
- Global sugar output could slide in 2013-14 keeping in view drastic crash in sugar prices which could hamper the incentives to farmers from cane. It is notable that sugar prices are hovering near to cost of production level in the most of sugar exporting countries as reported.
- Russia raw sugar imports fell to 520300 tons in 2012 from 2.33 million tons imported in 2011 (Jan- Dec period). Major reason for decline in raw sugar import by Russia is good production figures of sugar beet.
- Brazil exported 2.346 million tons of sugar, raw value, in January up from 2.491 million tons in November and up from 1.231 million tons sugar exported last year same period. Extended period of crushing thanks to dry weather conditions help millers to produce record sugar production and allow them to ship exported surplus. In addition to it, Brazil has exported only 23.39 million tons of sugar this year till January which was 22.72 million tons, raw value, last year same period.



International Sugar Prices (Weekly)				
	Contract Month	07-Feb-2013	31-Jan-2013	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	18.16	18.78	-0.62
	May-13	18.2	18.84	-0.64
	Jul-13	18.46	19.14	-0.68
LIFFE Sugar (US \$/MT)	Mar-13	490.4	499.4	-9
	May-13	496.9	509.2	-12.3
	Aug-13	500.9	514	-13.1

LIFFE Future Market Sugar Scenario (March Contract):



Technical Commentary:

- Sugar prices are continuously moving in a primary downtrend.
- Last candlestick suggests bearishness.
- Breach of \$484 would take the prices down to \$470, which is its next support level.
- It is advisable to market participants to made short selling from present level

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	490.4	470

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 present level

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'13	18.16	17.90

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