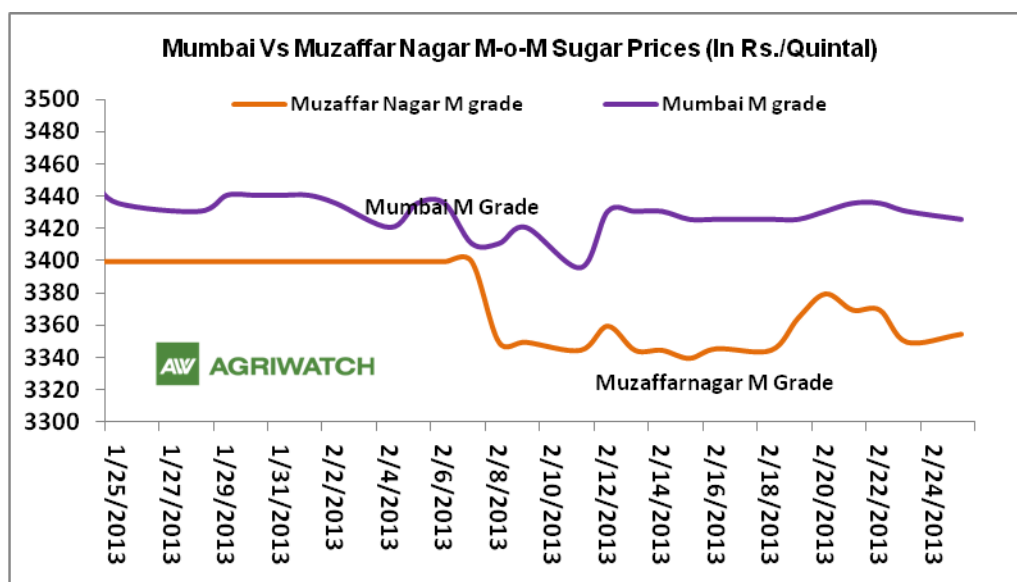


### Sugar Price Trend and Outlook:

Sugar prices traded steady to firm in key spot markets last week.

Meanwhile, Government has decided not to increase sugar import duty on both raw as well as white sugar for now. It would spread bearish sentiments on the market as expected.

As far as sugar production is concerned, Maharashtra sugar factories produce 57.83 lac tons of sugar after crushing 524.55 lac tons of cane with an average recovery of 11.03% so far. It is notable that present sugar figures already surpass ISMA's sugar production estimate for Maharashtra. This boost in sugar production figures are due to boost in cane yield thanks to rainfall in October in various Cane producing belt in Maharashtra. Now, every one is interested how much sugar millers are able to produce. According to Agriwatch sources, Maharashtra sugar mills would end their cane crushing operations till mid of March and are likely to produce 6.5 to 6.8 million tons of sugar this year



### Domestic Sugar Price Outlook:

Recently, Government decision not to increase sugar import duty would increase the selling activities in the sugar markets. We expect prices are likely to fall from present level in the coming days.

### News Highlights:

- Increasing sugar selling by millers and moderate sugar demand from upcountry buyers led the sugar prices steady in Kolhapur market as reported.
- UP has produced around 45 lac tons of sugar after crushing 505.6 lac tons of cane with an average recovery of 8.9%. Daily around 5.5 lac tons of cane has been crushed by millers in UP. Recent rainfall in the region slows the pace of harvesting as well as crushing as reported.
- Demand of sugar witnessed from Maharashtra towards MP and Rajasthan. However, Delhi market is getting sugar only from UP as reported.
- Around 7 rakes loaded with sugar is heading from TN towards Kolkata. Also, 7 rakes are loading at various centers of TN and Karnataka towards Kolkata as reported. Presently, there are no arrivals of sugar in Kolkata but huge amount of sugar heading towards this center would clearly indicates the price decline in the coming days as per our expectations.
- Around 3 rakes loaded with sugar moved towards Kolkata from Tamil Nadu at Rs 3350 delivered price as reported. Major sellers are Bannari and Thiru Arooran sugar mills.

- India has produced around 16.6 million tons of sugar till 15<sup>th</sup> February 2013 which is around 2.7% higher Y-o-Y.
- Government has removed the release order mechanism usually given by government to mills for exports. It will give a big relief to sugar millers in future. However, currently millers are not getting any export parity for sugar due to lower sugar prices at international front.
- Millers are now showing interest in release their sugar stocks in the market keeping in view the increase in sugar excise duty.

### Raw Sugar Import Opportunity:

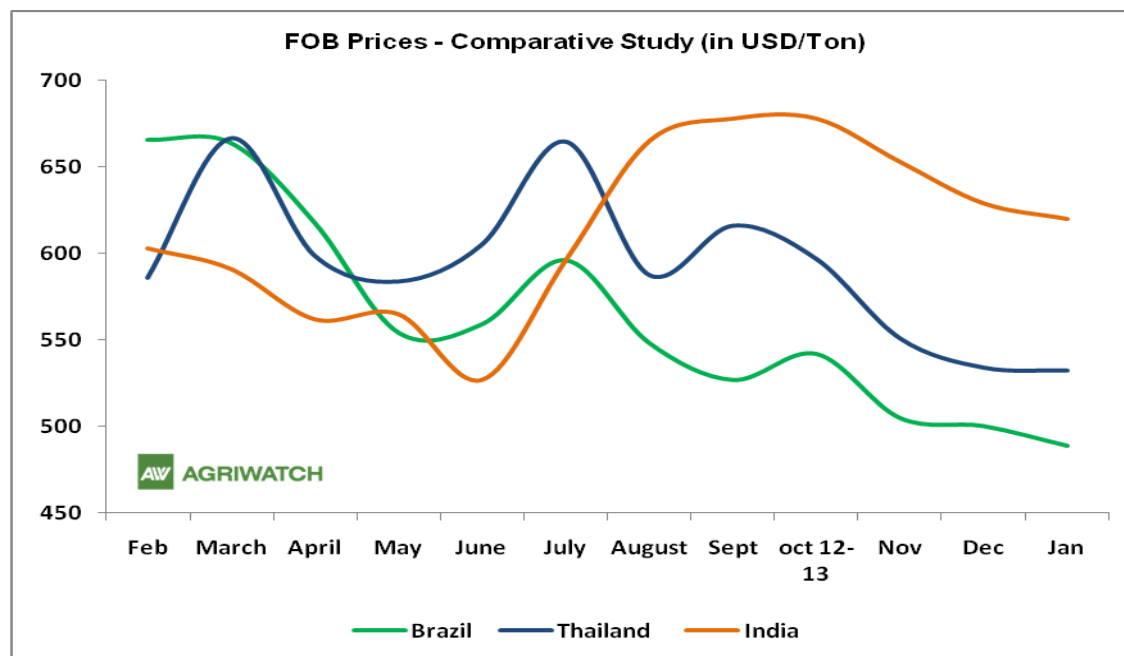
Indian indicative raw sugar CIF prices from Brazil quoted at \$506.06 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$612.8 per ton Kolhapur. It is notable that millers are now find import more profitable.

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.54.04) till 25 <sup>th</sup> February 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	506.06	505.72	

Meanwhile, vessels are waiting to load around 132700 tons of raw sugar at Brazilian ports that is bound to India, according to Williams shipping agency. It is notable that Indian refiners mainly SRS already import more than 1 million tons of raw sugar from Brazil.

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)

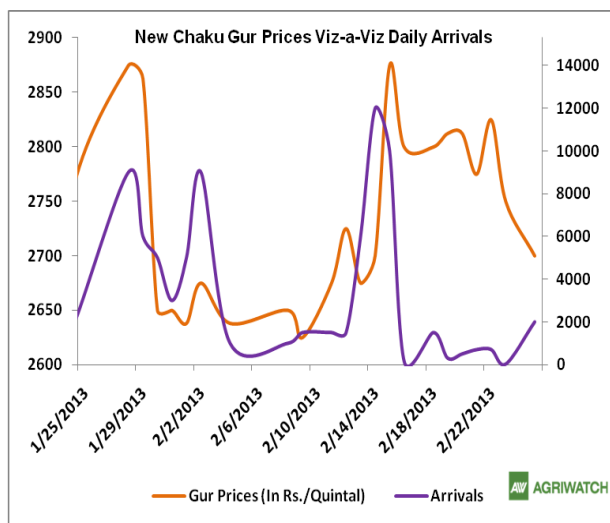
	22-Feb-13	15-Feb-13	Change
Delhi M-30	3400	3345	+55
Delhi S-30	3335	3315	+20
Muzaffar Nagar M	3370	3340	+30
Mumbai M-30	3436	3426	+10
Mumbai S-30	3246	3246	Unch
Kolhapur M-30	3175	3175	Unch
Kolhapur S-30	3075	3075	Unch
Kolkata M Variety	3500	-	-
Ambikapur (Chattishgarh) M	3201	3150	+51
Ambikapur (Chattishgarh) S	3160	3145	+15
Chennai S	3040	3000	+40
Vijayawada M-30	3600	3530	+70

### Gur Market Scenario and Outlook

Gur prices are trading weak during last week owing to increasing arrivals of gur. .

After having continuous rainfall in the region, Gur prices might get some downward correction in the coming days as gur manufacturers will supply gur in the market.

Total around 373000 bags of gur (40kg each) stored in cold storages till 25th February 2013 which are 308000 bags (40kg each) lower compared to last year same period. Out of total 373000 bags of gur, around 107000 bags of Chaku gur, 64000 bags of Rascut, 99000 bags of Papdi, 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.

<b>Gur Spot Prices (Rs/Qtl)</b>				
<b>Markets</b>	<b>Variety</b>	<b>22-Feb-13</b>	<b>15-Feb-13</b>	<b>Change</b>
Muzaffar Nagar	New Chaku	2825	2875	<b>-50</b>
	Chaku – Sukha	700	10000	<b>-9300</b>
	Khurpa	2650	2575	<b>75</b>
	Laddoo	2725	2663	<b>62</b>
Bangalore	Achhu	3000	3000	<b>Unch</b>
	Mudde	3300	3300	<b>Unch</b>
Belgaum	Mudde	3000	3000	<b>Unch</b>
Belthangadi	yellow (Average)	3300	3300	<b>Unch</b>
Bijapur	Achhu	2690	2685	<b>5</b>
Gulbarga	Other (Average)	2900	2825	<b>75</b>
Mahalingapura	Penti (Average)	2960	2940	<b>20</b>
Mandya	Achhu (Medium)	2600	2500	<b>100</b>
	Kurikatu (Medium)	2300	2300	<b>Unch</b>
	Other (Medium)	2400	2400	<b>Unch</b>
	Yellow (Medium)	2500	2450	<b>50</b>
Shimoga	Achhu (Average)	2775	2825	<b>-50</b>

Commodity: Sugar  
Contract: April

Exchange: NCDEX  
Expiry: April 20, 2013

### SUGAR (Weekly March Contract Chart)



#### Technical Commentary:

- Sugar prices are moving range bound but hovering in a downtrend as chart depicts.
- Last candlestick pattern Morubozu depicts bullishness in the prices.
- Also, RSI is hovering at oversold region.
- Decrease in prices with volume and OI support clearly indicates short buildup.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	April	3052	3095	3135	3230	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	April	<b>Sell</b>	Below 3140	3110	3095	3156

Commodity: Gur  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2013

### GUR (March Weekly Chart)



### Technical Commentary:

- After getting sharp increase, gur prices got downward correction as chart depicts.
- Breach of 23.6% retracement level would take the prices down to 38.2% retracement level i.e. Rs 1272.
- RSI is hovering at overbought region.
- Decrease in prices has supported by OI which indicates profit booking at higher level.

### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1058	1082	1103	1122	1138
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	<b>Sell</b>	Below 1285	1275	1270	1291

### International Scenario

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

Presently, Brazilian and Thai sugar are in the competition to sell more quantity of sugar in the global market which kept the prices lower.

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:

- Brazilian mills might increase the ratio for producing ethanol over sugar in the coming season starting from April 2013 as raw sugar prices (18.08 cents a pound) are trading below ethanol prices (18.11 cents a pound) which encourage the millers to go for ethanol production rather than sugar production. Forecasts for the 2013-14 ethanol/sugar ratio might go to as high as 54% due to good export demand of ethanol.
- Brazilian raw sugar premium trading at a premium of 0.15 cents to the price of March contract on the ICE Futures.
- Cane production costs in top sugar exporter Brazil have started to fall due to the prospect of a bounteous harvest and will force some of the least efficient beet growers, many of them in Eastern Europe, to switch out of sugar.
- Thai cane and sugar Corp (TCSC) will open a tender to sell 73332 tons of raw sugar. Out of total sugar quantity, company offers 53565 tons of hipol raw sugar and rest 19767 tons of J-spec raw sugar both for delivery from July 1st to 15th September 2013.

International Sugar Prices (Weekly)				
	Contract Month	21-Feb-2013	14-Feb-2013	Change
ICE Sugar #11 (US Cent/lb)	Mar-13	18.12	17.94	0.18
	May-13	17.9	17.77	0.13
	Jul-13	18.07	17.97	0.1
LIFFE Sugar (US \$/MT)	Mar-13	498	490.4	7.6
	May-13	496.9	492.5	4.4
	Aug-13	496.5	495	1.5

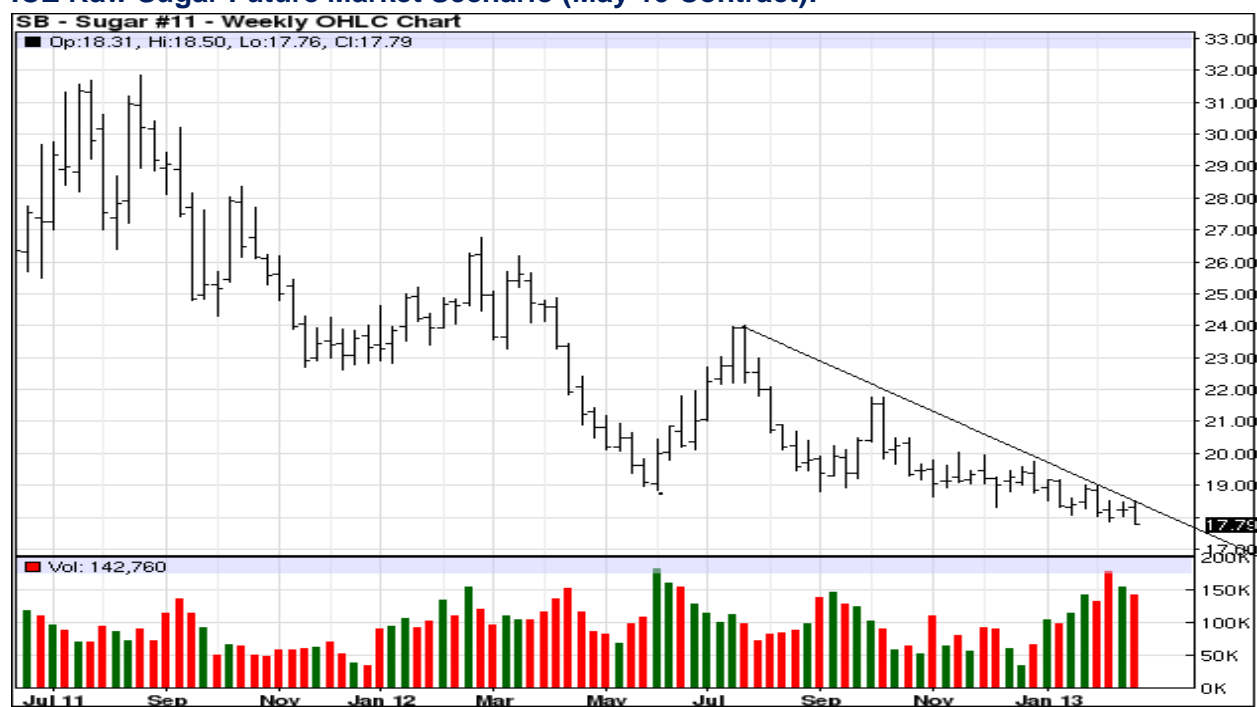
**LIFFE Future Market Sugar Scenario (May Contract):**

**Technical Commentary:**

- Sugar prices are continuously moving in a primary downtrend.
- Last candlestick suggests bullishness.
- Increase in prices has supported by OI which indicates long buildup occur in the market.
- It is advisable to market participants to made short covering at present level.
- Breach of 14 day SMA also indicates bullishness in the prices.
- However, RSI is hovering at neutral region.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'13	496.9	514



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

**Technical Commentary:**

- ICE raw sugar futures are trading in a downward trend.
- Decrease in prices has not supported by volume and OI that indicates market will consolidate from present level..
- 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)	May'13	17.90	17.80

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