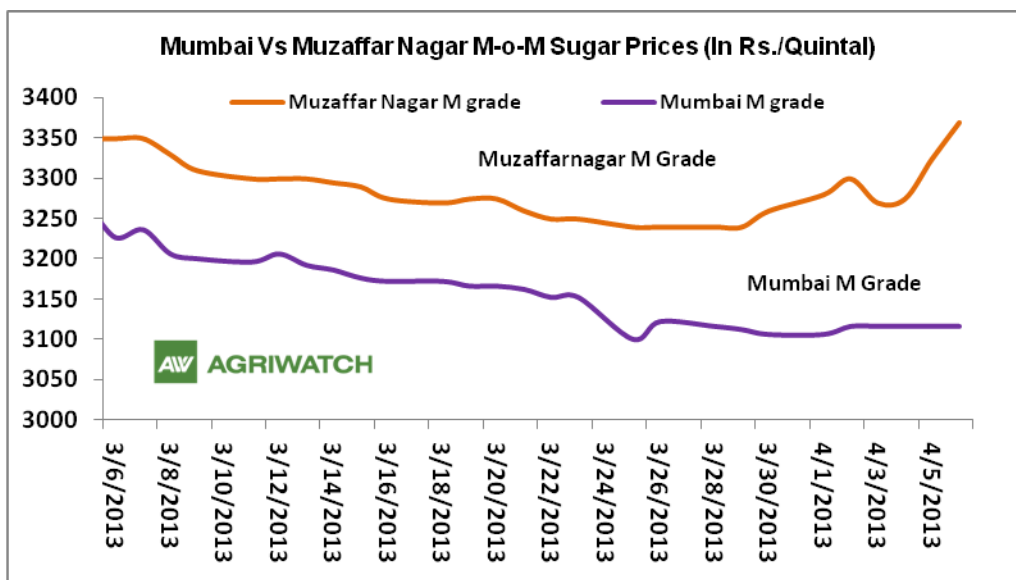


### Sugar Price Trend and Outlook:

Sugar prices improved during the week ended 6<sup>th</sup> April 2013. Sugar decontrol by government and increase in sugar prices by millers for new sale of sugar tender led the sugar prices increased.



### Domestic Sugar Price Outlook:

Sugar prices likely to remain in range with weak tone despite of sugar decontrol by government. Higher quantity of sugar available with millers and higher quota for next 6 months might curb any hike in the prices of sugar for now.

### News Highlights:

- Millers got freedom to sell sugar in the open market without any monthly restrictions. This is a positive step from government and would give some respite to the millers which are struggling with downfall of sugar prices. Presently, sugar millers are selling sugar below cost of production as reported.
- National sugar co-operative factories sees around 25 million tons of sugar production for 2012-13. Late revival of sugar production by Maharashtra mills give some boost to the sugar production in Maharashtra state. It is notable that sugar production reached 8 million tons till date in Maharashtra which was earlier estimated at 6.3 million tons by Maharashtra state government.
- Meanwhile, Indian sugar millers produce around 23 million tons of sugar till 31st March 2013. Out of total production, Maharashtra sugar production reached 7.7 million tons till 31st March which is around 4 percent lower compared to last year same period.
- Indian sugar premium trading at \$30 per ton this week up from \$25 per ton.

## Sugar Decontrol: Detailed Analysis

Government recently give huge respite to millers by giving partial decontrol of sugar industry on 4<sup>th</sup> April 2013. Here are some points:

### Levy Sugar Mechanism Abolished

Government abolish levy sugar mechanism in which mills have to contribute 10% of its sugar output in PDS at subsidized rate.

Now, under new rule, state governments will have to procure sugar for PDS from mills at market rate. However, BPL families would get sugar at the same subsidized rates. The Central Government will provide a subsidy to the State governments for the difference between the PDS retail price

### Removal of Monthly Sugar Quota

Government removes monthly sugar quota mechanism. It means mills now have to sell sugar in the open market in six months according to their parity.

Earlier, government decide how much sugar mills have to sell sugar in a particular month which sometimes give prices a shock in the domestic markets and hurt millers profit which ultimately make it difficult for them to give cane arrears to farmers.

### Raw Sugar Import Opportunity:

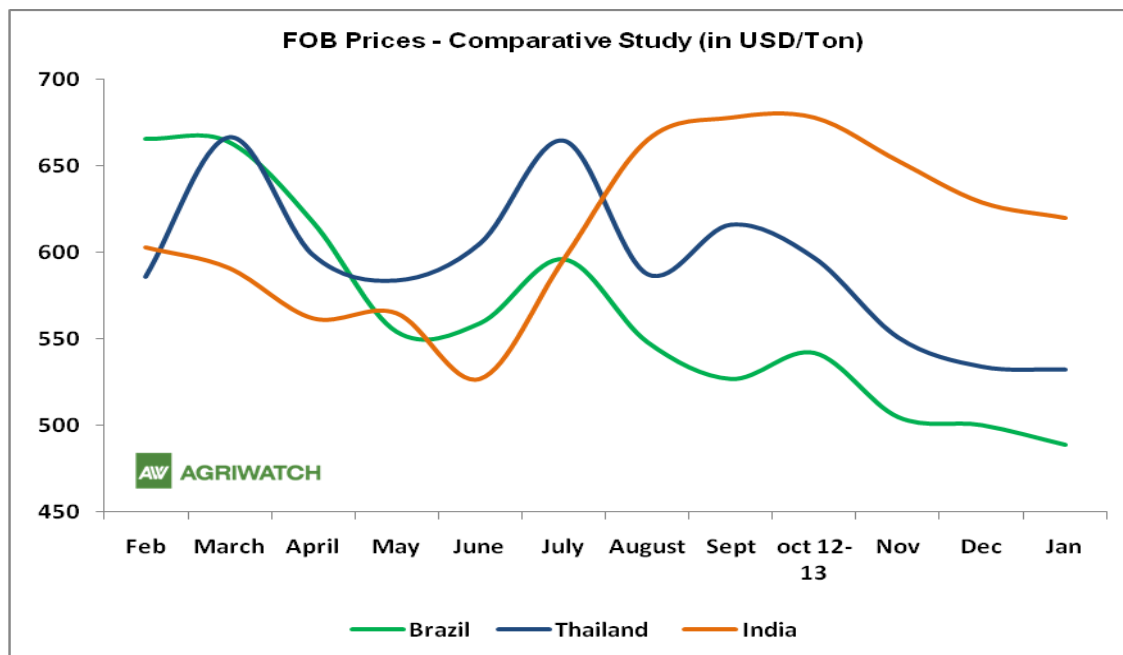
Indian sugar refiners again got opportunity to import raw sugar from Thailand and Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets take the prices to parity in case of sugar imports.

Indian indicative raw sugar CIF prices from Thailand quoted at \$496.08 per ton (including 10% import duty) and Indian domestic refined sugar prices quoted at \$572.76 per ton at Kolhapur.

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.54.56) till 8 <sup>th</sup> April 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	506.62	496.08	

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)

Commodity	Centre	Prices (Rs/Qtl)		Change
		05-Apr-13	29-Mar-13	
Sugar	Delhi - Grade M	3340	3260	80
	Delhi - Grade S	3330	3210	120
	Delhi - Grade L	3385	3270	115
	UP- Khatauli Grade M	3325	3240	85
	UP- Ramala Grade M	3230	3200	30
	UP- Dhampur Grade M Ex-Mill	3200	3190	10
	UP- Dhampur Grade S Ex-Mill	3180	3170	10
	UP- Dhampur Grade L Ex-Mill	3250	3240	10
	Mumbai –Grade M	3296	3291	5
	Mumbai –Grade S	3116	3112	4
	Kolhapur – Grade M	3050	3000	50
	Kolhapur – Grade S	2950	2900	50
	Vijayawada – Grade M	3550	3480	70
	Vijayawada- Grade S	3450	3380	70
	Nagpur – Grade S	-	3220	-
	Kolkata – Grade M	3280	-	-
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	-	-	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	-	3115	-
	Chennai - Grade S	3125	2960	165

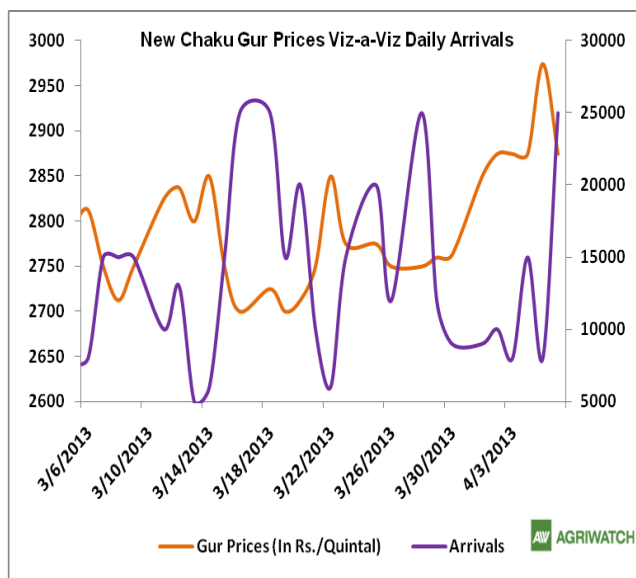
### Gur Market Scenario and Outlook

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 876000 bags of gur (40kg each) stored in cold storages till 1st April 2013 lower from 1289000 bags of gur at last year same period (40kg each). Out of total 876000 bags of gur, around 487000 bags of Chaku gur, 142000 bags of Rascut, and 185000 bags of Papdi, stored in the cold storages as reported.

Gur prices are likely to move in a range with firm tone in the coming week owing to lower gur stock.

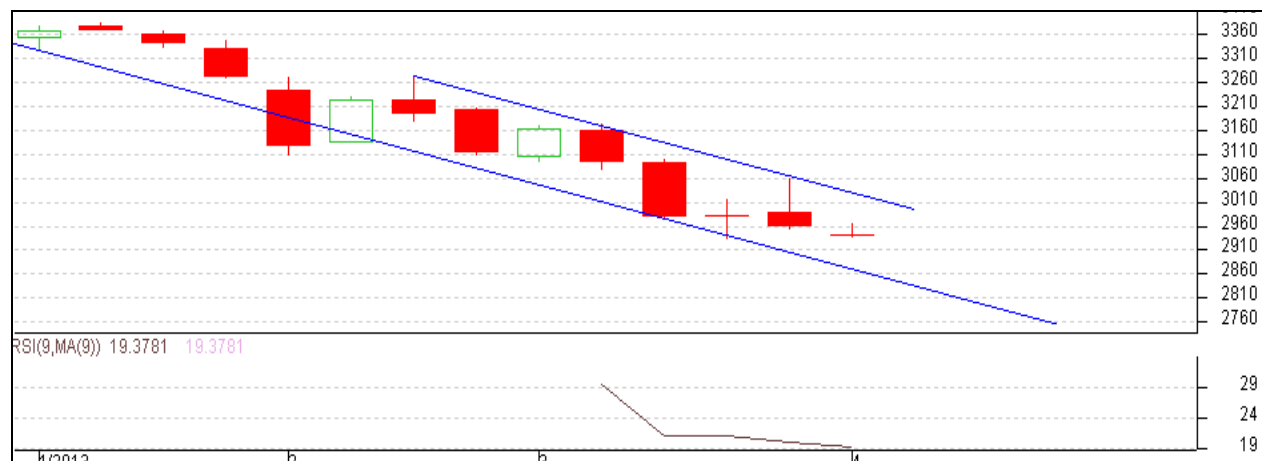


Gur Spot Prices (Rs/Qtl)				
Markets	Variety	05-Apr-13	29-Mar-13	
Muzaffar Nagar	New Chaku	2975	2760	215
	Arrivals	8000	12000	-4000
	Khurpa	2725	2588	137
	Laddoo	2925	2713	212
Bangalore	Achhu	2650	2563	87
	Mudde	3200	3150	50
Belgaum	Mudde	-	-	-
Belthangadi	yellow (Average)	3100	-	-
Bijapur	Achhu	3300	-	-
Gulbarga	Other (Average)	3000	-	-
Mahalingapura	Penti (Average)	3000	-	-
Mandya	Achhu (Medium)	3100	-	-
	Kurikatu (Medium)	2925	-	-
	Other (Medium)	2980	-	-
	Yellow (Medium)	2950	-	-
Shimoga	Achhu (Average)	2750	-	-

Commodity: Sugar  
Contract: May

Exchange: NCDEX  
Expiry: May 20, 2013

### SUGAR (Weekly May Contract Chart)



#### Technical Commentary:

- Sugar prices are moving in a downtrend as chart depicts.
- Last candlestick shows that prices not sustain at higher levels.
- However, RSI is hovering at oversold region.
- Decrease in prices has supported by OI which indicates short buildup.

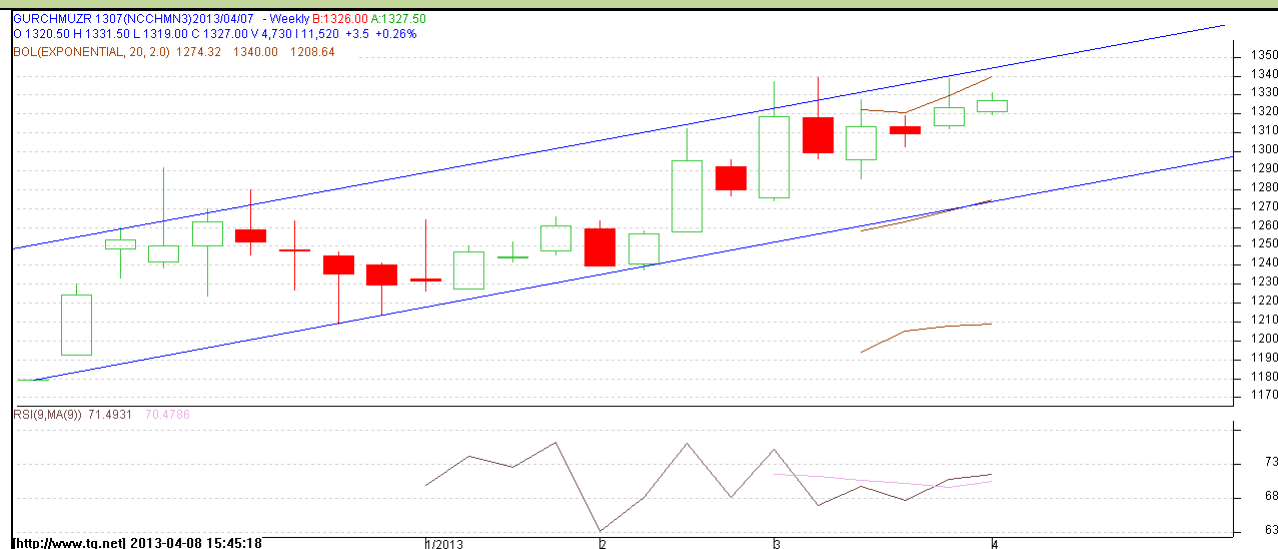
#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	2850	2890	2958	2980	3060
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	<b>Sell</b>	Below 2958	2930	2920	2968

Commodity: Gur  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2013

### GUR (July Weekly Chart)



### Technical Commentary:

- Gur prices are moving in an upward channel as chart depicts.
- Last candlestick shows that prices are bullish.
- Increase in prices has supported by OI which indicates fresh buying in the gur market.
- However, RSI is hovering near to overbought region.

### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1303	1313	1323.5	1350	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1324	1340	1348	1302

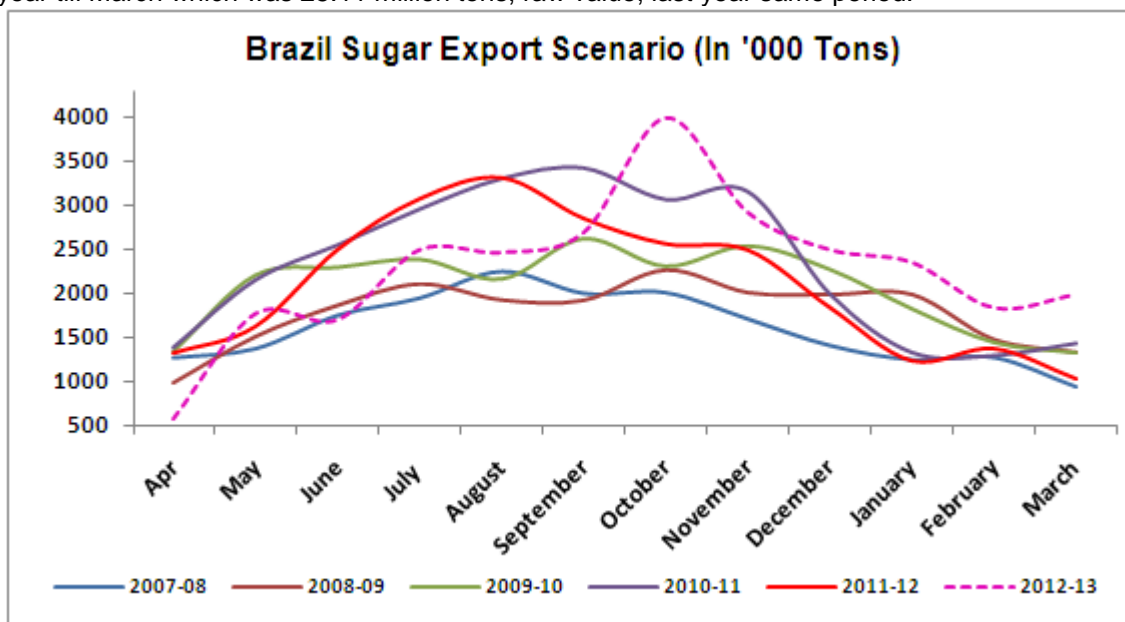
## International Scenario

International sugar prices declined this week owing to start of sugarcane harvesting for this season in Brazil. In addition to it, higher sugar production over expectation by Thai mills also depress the sugar prices in International arena.

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:

- Sugar prices tumble down in International sugar markets due to start of new sugarcane harvesting in Brazil for 2013-14 season.
- Thailand made 9.5 million tons of sugar in 2012-13 season that is higher than previous expectations. Out of total sugar production made by Thai mills, 6.5 million tons are raws and rest are whites.
- Thai raw sugar premium stood at 100 points over May ICE raw sugar future contract.
- Thai raw sugar is in demand presently due to increase in freight from Brazil to Asian countries by \$5 per ton which led the buyers of Asia like Indonesia and China had divert their buying concentration towards Thailand from Brazil.
- Cuban raw sugar production is 17% behind schedule toward a target of 1.7 million tonnes, official media said over the weekend, putting in doubt hopes to increase output 20% over the previous season.
- Brazil has exported 1.981 million tons of sugar in March 2013 which is up by almost double. Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. Brazil has exported only 27.20 million tons of sugar this year till March which was 25.11 million tons, raw value, last year same period.



International Sugar Prices (Weekly)				
	Contract Month	04-Apr-13	28-Mar-13	Change
ICE Sugar #11 (US Cent/lb)	May-13	17.67	17.66	0.01
	Jul-13	17.69	17.7	-0.01
	Oct-13	18.06	18.15	-0.09
LIFFE Sugar (US \$/MT)	May-13	504.4	503.3	1.1
	Aug-13	489.9	494.2	-4.3
	Oct-13	490.6	494.3	-3.7

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



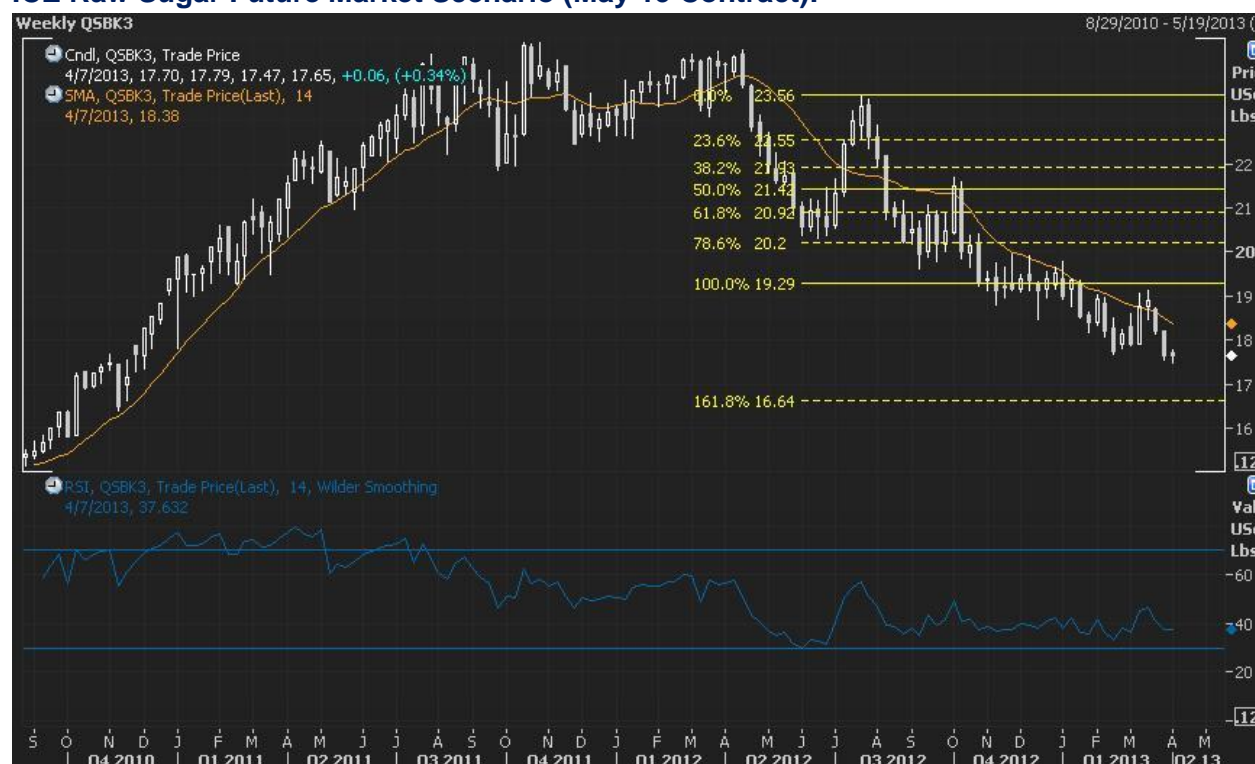
### Technical Commentary:

- Sugar prices are continuously moving in a primary downtrend.
- Last candlestick suggests bullishness.
- Decrease in prices has not supported by OI which indicates consolidation in the market.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'13	504.4	480



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



### Technical Commentary:

- ICE raw sugar futures are trading in a downward channel.
- Increase in prices has not supported by volume and OI that indicates market is weak.
- Last candlestick depicts bearishness in the market.
- Market participants should make profit booking at 17.00 cents/lbs level

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'13	17.67	17.00

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