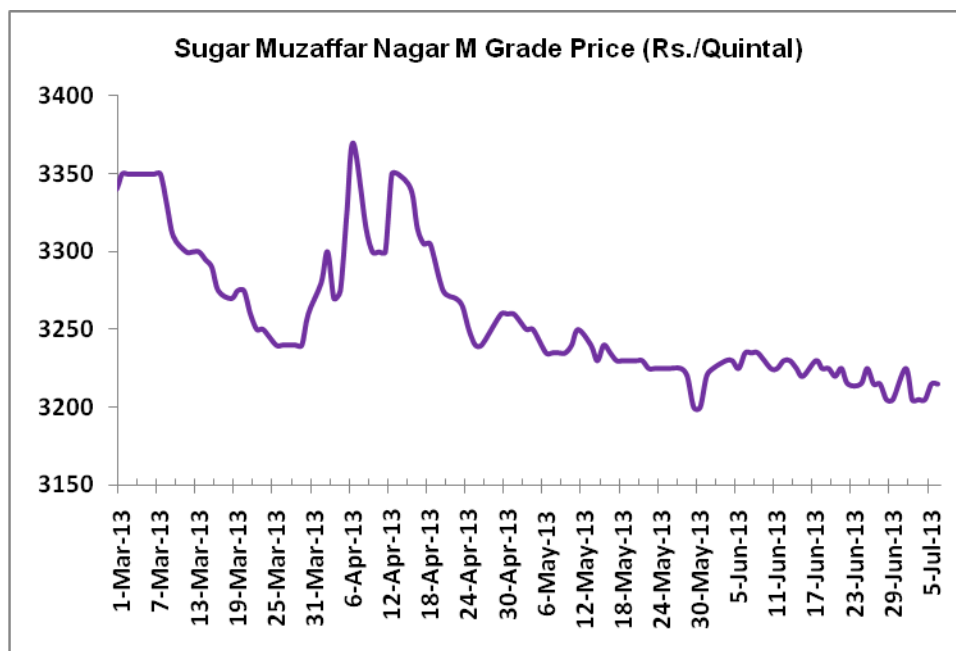


Sugar Price Trend and Outlook:

Sugar prices made its bottom due to increasing raw sugar import from Brazil. Reportedly, around 2 million tons of sugar has been imported (mainly by Renuka Sugars) by India from Brazil. However, recent hike in sugar import duty from 10 to 15 percent by government remove the import parity. In addition to it, weak rupee increase the sugar export parity for Indian refiners and they export refined sugar to Middle east countries.



Domestic Sugar Price Outlook:

We expect sugar prices would improve in the coming months considering increase in sugar export and upcoming sugar festive demand. Also, lower sugar production estimate for 2013-14 also support the prices in the long run.

News Highlights:

- Around 80000 tons of white sugar and 82000 tons of raw sugar has been exported in June 2013. White sugar mainly exported to Middle east countries and Sri Lanka loaded from Mundra and Tuticorin port. As far as raw sugar export is concerned, it is re-exported under ALS scheme to countries like Tanzania and Kenya from Chennai and JNPT port.
- Government has decided to increase the sugar import duty to 15% from 10% to curb further imports of sugar from overseas. It is notable that India has imported around 2 million tons of raw sugar from overseas especially from Brazil till June starting from Oct in 2012-13 marketing year.
- Indian trade houses and refiners continue sugar import shipments from Brazil considering import parity despite of depreciation of Rupee. However, recent hike in sugar import duty from 10 percent to 15 percent might discourage the refiners due to disparity. In addition to it, increasing sugar prices in International arena from last couple of weeks dampen the sugar import possibilities as expected.
- India has imported 2.74 lac tons of raw sugar in June month mainly from Brazil which is lower from 3.06 lac tons of raw sugar imported (mainly from Brazil) in May 2013. Imported raw sugar mainly landed at Kolkata and Kandla port as reported

- Opposition is trying to pressurize UP government to increase the SAP for next marketing year to Rs 400 per quintal.
- Maharashtra mills have quoted higher prices compared to prior day considering upcoming festive demand as well as export demand.
- UP millers, which are suffering from lower demand and lower prices and profitability, are now seeking some help from government to save sugar industry. It is notable that year on year increase in sugarcane prices increase the cost of production of sugar. In the meantime, prices of sugar crash like any thing in domestic arena thanks to lower demand as upcountry buyers are purchasing sugar from Maharashtra due to better parity.
- Western UP and Haryana might get rainfall in the coming week that would help the standing sugarcane crop.

Sugarcane Sowing Update:

Total around 47.73 lac hectares of sugarcane sowing has been done till 28th June 2013. However, this year progressive sowing till last week is 4% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 49.35 lac hectares till last week.



As satellite picture shows, till last week around 20% excess rainfall has been recorded in key sugarcane growing belt except eastern and central part of Maharashtra which receive normal rainfall this year till date.

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 \$462.09 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$528.09 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.60.69) till 5 th July 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	462.09	519.51	

India has imported 2.74 lac tons of raw sugar in June month mainly from Brazil which is lower from 3.06 lac tons of raw sugar imported (mainly from Brazil) in May 2013. Imported raw sugar mainly landed at Kolkata and Kandla port as reported

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Prices (Rs/Qtl)		Change
		12-Jul-13	19-July-13	
Sugar	Delhi - Grade M	3240	3250	10
	Delhi - Grade S	3210	3200	-10
	Delhi - Grade L	3300	3290	-10
	UP- Khatauli Grade M	3215	3220	5
	UP- Ramala Grade M	3160	3170	10
	UP- Dhampur Grade M Ex-Mill	3080	3100	20
	UP- Dhampur Grade S Ex-Mill	3060	3080	20
	UP- Dhampur Grade L Ex-Mill	3160	3150	-10
	Mumbai –Grade M	3266	3272	6
	Mumbai –Grade S	3126	3132	6
	Kolhapur – Grade M	3075	3050	-25
	Kolhapur – Grade S	2975	2950	-25
	Vijayawada – Grade M	3600	3580	-20
	Vijayawada- Grade S	3450	3430	-20
	Nagpur – Grade S	3300	3250	-50
	Kolkata – Grade M	3400	3200	-200

	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	0
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3100	3100	0
	Chennai - Grade S	3100	3100	0

Gur Market Scenario and Outlook

Gur prices are moving in a range with weak tone 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 1148500 bags of gur (40kg each) stored in cold storages till 8th July 2013 lower from 1197500 bags of gur at last year same period (40kg each). Out of total 1148500 bags of gur, around 711300 bags of Chaku gur, 125000 bags of Rascut, and 180000 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 Price Scenario (Weekly)				
Markets	Variety	12-Jul-13	19-July-13	Change
Muzaffar Nagar	Chaku	3025	2900	-125
	Khurpa	2800	2600	-200
	Laddu	2800	3000	200
	Rascut	3000	2675	-325
Maharashtra	Latur(Lal Variety)	3275	3250	-25
Bangalore	Achhu	3000	3100	100
	Mudde	3000	3200	200
Belgaum	Mudde	3200	3000	-200
Belthangadi	Yellow (Average)	3000	2600	-400
Bijapur	Achhu	2800	3350	550
Gulbarga	Other (Average)	3200	2950	-250
Mahalingapura	Penti (Average)	3100	3160	60
Mandya	Achhu (Medium)	3160	3000	-160
	Kurikatu (Medium)	3000	2500	-500
	Other (Medium)	2500	2550	50
	Yellow (Medium)	2500	2900	400
Shimoga	Achhu (Average)	2900	3400	500



Commodity: Sugar
Contract: August

Exchange: NCDEX
Expiry: August 20, 2013

SUGAR (Weekly Aug Contract Chart)



Technical Commentary:

- Sugar prices are showing some upward strength as chart depicts.
- Prices are hovering in range between Rs 2950 to Rs 3118, breach of the mentioned level either side would give the sugar prices a new direction.
- Prices might get support at Rs 3003 which is its immediate support level.
- Last candlestick depicts bullishness in the prices.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	August	-	3001	3065	3136	3178
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	August	Buy	Near 3055	3100	3120	3030

Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20, 2013

GUR (July Weekly Chart)



Technical Commentary:

- Gur prices are hovering in a downtrend as chart depicts.
- Last candlestick depicts bearishness.
- However, RSI is hovering near to oversold region.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1175	1181.5	1196	1245.5	1265
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Buy	Near 1200	1220	1230	1189

International Scenario

Prices of sugar consolidate in International arena due to consistent sugar supply from Brazil and increasing sugar demand from Middle east countries due to Ramadan. In addition to it, wet weather conditions in Brazil also offset the bearish impact on sugar prices.

We expect prices of sugar should move in a range to firm tone in the coming week in ICE as well as LIFFE.

International Market News Highlights:

- Brazil sugar production likely to decline owing to higher cane diversion towards ethanol production. It is noticeable that crude oil prices are hovering at higher levels which urge Brazil millers to go for ethanol production rather than producing sugar considering higher ethanol demand.
- Sugar production in Thailand may climb by 10% to a record 11 million tonnes in 2013/14 (November to October) as yields increase, according to the Thai Sugar Millers Corp.
- Brazil sugar export rise to 2.24 million tons in June up from 1.941 million tons in the previous month.

International Sugar Prices (Weekly)				
	Contract Month	11-Jul-13	18-July-13	Change
ICE Sugar #11 (US Cent/lb)	Oct-13	16.1	16.18	0.08
	Mar-14	16.9	16.9	Unch
	May-14	16.89	16.83	-0.06
LIFFE Sugar (US \$/MT)	Oct-13	461.9	463.9	2
	Dec-13	461.8	460.7	-1.1
	Mar-13	465.4	463.6	-1.8

LIFFE Future Market Sugar Scenario (Aug Contract):



Technical Commentary:

- Sugar prices are presently consolidate in a range as chart depicts.
- Last candlestick suggests bullishness.
- Prices tested 61.8% fibonnaci projection level and close at 78.6% level. We expect prices likely to continue its upward correction in the coming week.
- Increase in prices has supported by OI.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'13	463.9	475

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



Technical Commentary:

- ICE raw sugar futures are trading in a downward channel. However, trying to rebound from present level.
- Last candlestick depicts bullishness in the market.
- Market participants should make profit booking at 16.54 cents/lbs level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'13	16.18	16.54



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