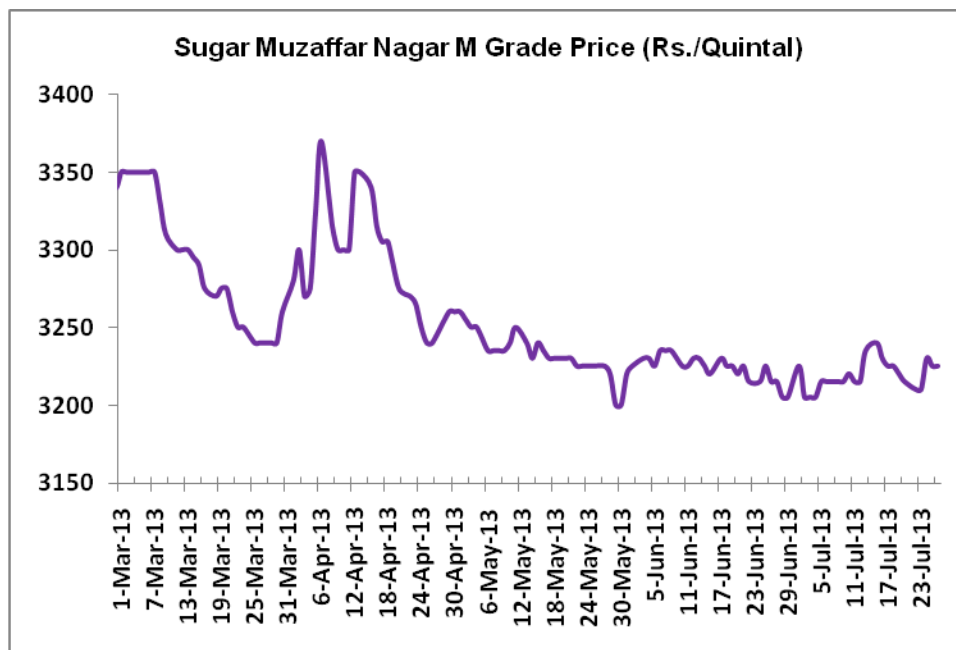


Sugar Price Trend and Outlook:

Sugar prices are moving in a range as markets could not find adequate cues to decide the price direction.



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.

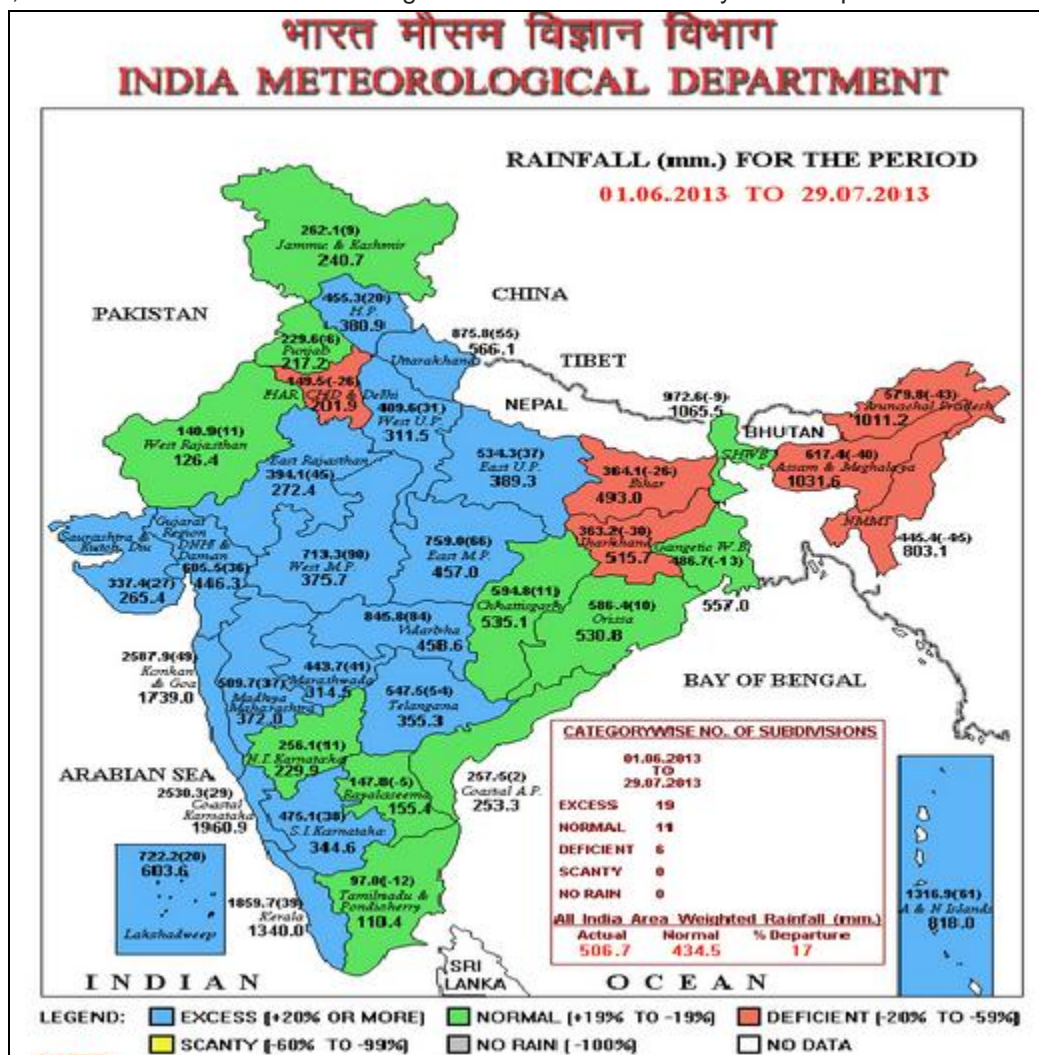
News Highlights:

- Indian millers are not ready to sell sugar below \$480 per ton, according to trade sources. It is notable that depreciating rupee and increasing sugar demand due to Ramadan give Indian exporters some window to export sugar.
- Sugar prices made its bottom due to increasing raw sugar import from Brazil. Reported, 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.
- A fall in the value of INR and Ramdan demand have enhanced sugar exports at a time when the freeing up of state controls have led to a rise in supplies and a fall in prices. Mills have committed around 1.5 lakh tonne of sugar for export to neighboring countries. Thanks to a good demand from West Asian countries due to the ongoing month of Ramzan, Indian traders are offering sugar in the international market in the range of \$500 per tonne. Last month, around 69,000 tonne of sugar was exported by India.

Sugarcane Sowing Update:

Total around 48.48 lac hectares of sugarcane sowing has been done till 26th July 2013. However, this year progressive sowing till last week is 3.1% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 50.04 lac hectares till last week.

However, excessive rainfall in West UP region would affect the cane yield as reported.



As satellite picture shows, till last week around 20% excess rainfall has been recorded in key sugarcane growing belt.

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 5th 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 |
|--------------|---|-----------------|------------|--------|
| | | 26-Jul-13 | 19-July-13 | |
| Sugar | Delhi - Grade M | 3240 | 3250 | -10 |
| | Delhi - Grade S | 3205 | 3200 | 5 |
| | Delhi - Grade L | 3290 | 3290 | Unch |
| | UP- Khatauli Grade M | 3225 | 3220 | 5 |
| | UP- Ramala Grade M | 3170 | 3170 | 0 |
| | UP- Dhampur Grade M Ex-Mill | 3100 | 3100 | 0 |
| | UP- Dhampur Grade S Ex-Mill | 3080 | 3080 | 0 |
| | UP- Dhampur Grade L Ex-Mill | 3150 | 3150 | 0 |
| | Mumbai –Grade M | 3286 | 3272 | 14 |
| | Mumbai –Grade S | 3086 | 3132 | -46 |
| | Kolhapur – Grade M | 3050 | 3050 | 0 |
| | Kolhapur – Grade S | 2950 | 2950 | 0 |
| | Vijayawada – Grade M | 3550 | 3580 | -30 |
| | Vijayawada- Grade S | 3400 | 3430 | -30 |
| | Nagpur – Grade S | 3200 | 3250 | -50 |
| | Kolkata – Grade M | 3150 | 3200 | -50 |
| | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3315 | 3100 | 215 |
| | 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 997000 bags of gur (40kg each) stored in cold storages till 29th July 2013 lower from 1032000 bags of gur at last year same period (40kg each). Out of total 997000 bags of gur, around 635000 bags of Chaku gur, 115000 bags of Rascut, and 114000 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 | 26-07-13 | 19-July-13 | Change |
| Muzaffar Nagar | Chaku | 2925 | 2900 | 25 |
| | Khurpa | 2700 | 2600 | 100 |
| | Laddu | - | 3000 | - |
| | Rascut | 2700 | 2675 | 25 |
| Maharashtra | Latur(Lal Variety) | 3250 | 3250 | 0 |
| Bangalore | Achhu | 3100 | 3100 | Unch |
| | Mudde | 3100 | 3200 | -100 |
| Belgaum | Mudde | 3200 | 3000 | 200 |
| Belthangadi | Yellow (Average) | 3000 | 2600 | 400 |
| Bijapur | Achhu | 2600 | 3350 | -750 |
| Gulbarga | Other (Average) | 3250 | 2950 | 300 |
| Mahalingapura | Penti (Average) | 3050 | 3160 | -110 |
| Mandya | Achhu (Medium) | 3180 | 3000 | 180 |
| | Kurikatu (Medium) | 2950 | 2500 | 450 |
| | Other (Medium) | 2500 | 2550 | -50 |
| | Yellow (Medium) | 2500 | 2900 | -400 |
| Shimoga | Achhu (Average) | 2950 | 3400 | -450 |

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.

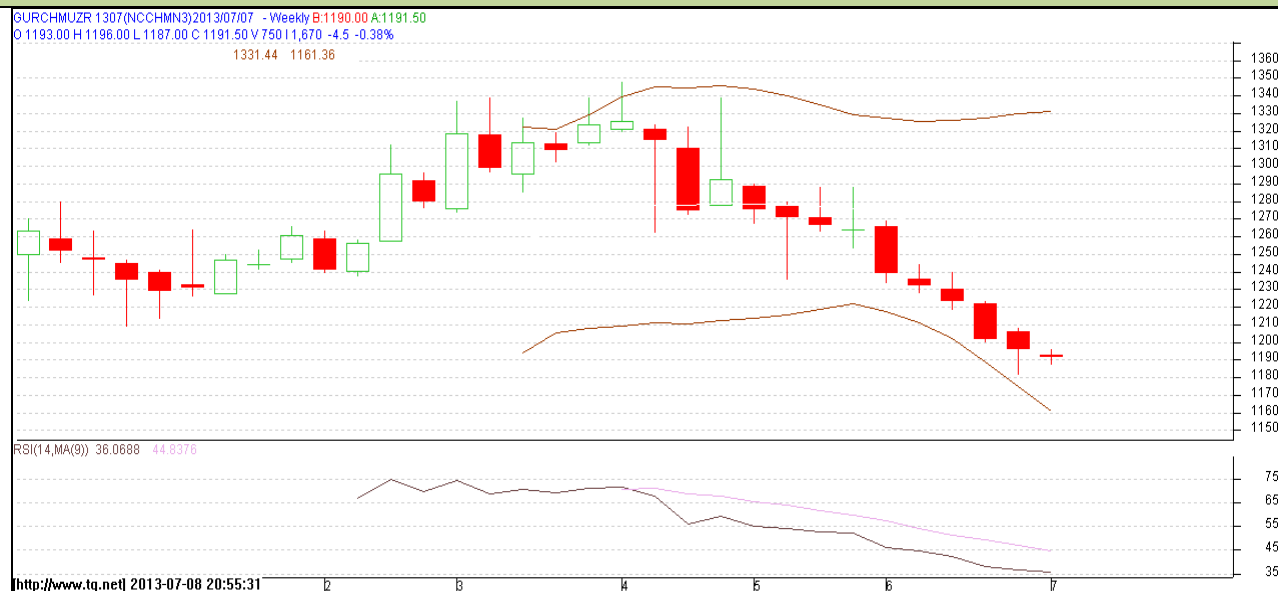
Strategy: Buy

| 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 3020 | 3050 | 3065 | 3002 |

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:

- 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.
- Various trade houses sees present ICE raw sugar future prices made a bottom level which clearly shows a bullish view on sugar. We also expect prices of sugar would increase from here owing to increasing ethanol production diverted from sugar by Brazilian millers.
- 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.
- Russia will increase its raw sugar imports by at least 85% in the 2013/14 marketing year starting on August 1, as its own beet sugar output is expected to fall. The country will import at least 850,000 tonnes of raw sugar in 2013/14 compared with about 460,000 tonnes this year.

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|------------|--------|
| | Contract Month | 25-Jul-13 | 18-July-13 | Change |
| ICE Sugar #11 (US Cent/lb) | Oct-13 | 16.39 | 16.18 | +0.21 |
| | Mar-14 | 17.03 | 16.9 | +0.13 |
| | May-14 | 16.95 | 16.83 | +0.12 |
| LIFFE Sugar (US \$/MT) | Oct-13 | 477.10 | 463.9 | +13.2 |
| | Dec-13 | 469.10 | 460.7 | +8.4 |
| | Mar-13 | 468.8 | 463.6 | +5.2 |

LIFFE Future Market Sugar Scenario (Oct 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) | Oct'13 | 477.10 | 490 |

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 | 16.39 | 16.54 |

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