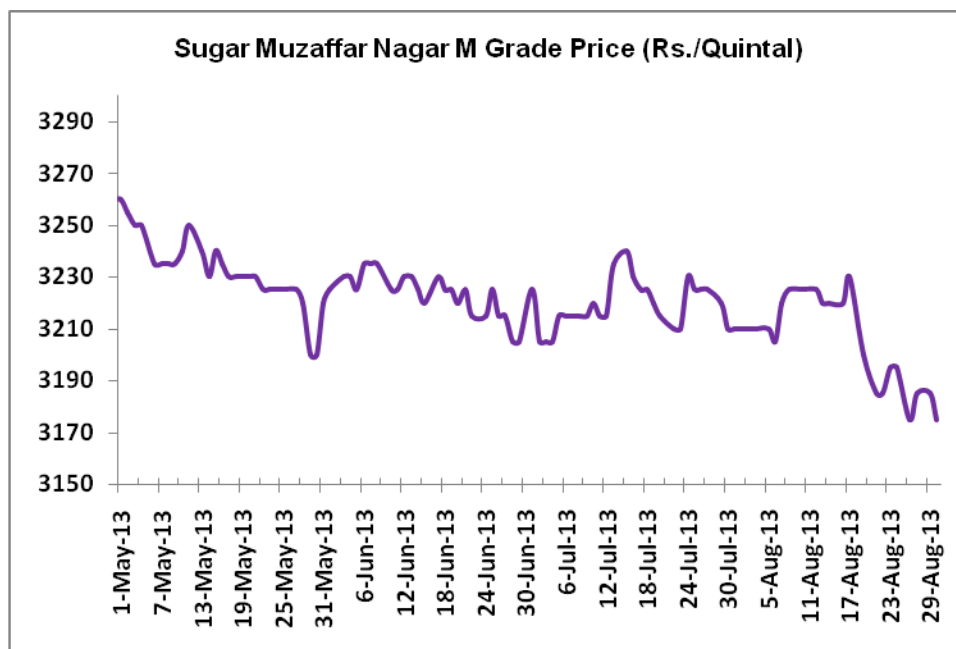


Sugar Price Trend and Outlook:

Prices of sugar are hovering in a short trading range during couple of weeks thanks to consistent sugar supply from mills and moderate demand from abroad. However, weak demand from domestic arena curb any hike in sugar prices at present.

**Domestic Sugar Price Outlook:**

Sugar prices are likely to move steady to firm tone in the coming months considering moderate festival sugar demand. In addition to it, rupee depreciation also open some window to export sugar to some Middle East countries which also support the sugar prices.

In addition to it, lower sugarcane acreage for 2013-14 marketing year compared to last year and lower sugar production estimates for 2013-14 likely to give some boost to the prices for the shorter term as expected.

News Highlights:

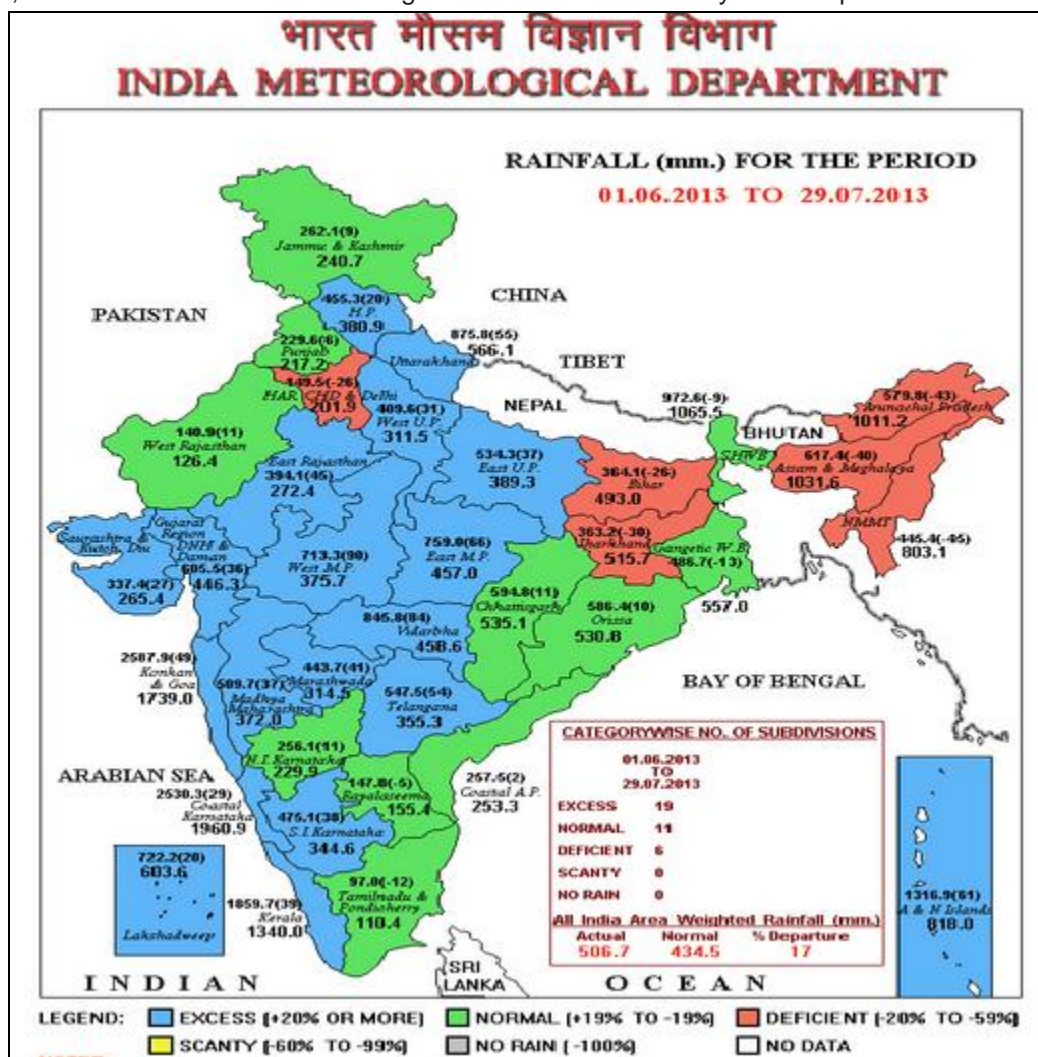
- ISMA sees India's sugar production estimate to 25 million tons for 2013-14 up from 23.7 million tons estimated earlier. Good monsoon showers in Maharashtra and Karnataka would increase the yield of the cane.
- India has exported 1.35 lac tons of sugar (both raws and whites) in August 2013. Out of total exported quantity, around 9800 tons of sugar has been re-exported under ALS scheme to Tanzania as reported.
- Sugar prices continue its upward rally in International markets owing to lower sugar surplus globally and firm demand. This recent rally would definitely give some opportunity to Indian exporters as expected.

- Millers urges government to increase sugar import duty to 30% from existing 15%. It is notable that sugar export is the only way out for millers to clear the mounting cane arrears.

Sugarcane Sowing Update:

Total around 48.5 lac hectares of sugarcane sowing has been done till 2nd August 2013. However, this year progressive sowing till last week is 3.2% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 50.1 lac hectares at same period.

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 \$518.76 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$504.78 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.61.28) till 12 th August 2013 | | | |
|--|-------------|---------------|--|
| | From Brazil | From Thailand | |
| CIF India (USD/MT) | 518.76 | - | |

Spot Sugar Prices Scenario (Weekly)

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|-----------|---|-----------------|----------|--------|
| | | 13-09-13 | 06-09-13 | |
| - | Delhi - Grade M | 3180 | 3180 | Unch |
| | Delhi - Grade S | 3110 | 3125 | -15 |
| | Delhi - Grade L | - | - | - |
| | UP- Khatauli Grade M | - | 3165 | - |
| | UP- Ramala Grade M | - | 3120 | - |
| | UP- Dhampur Grade M Ex-Mill | 3015 | 3025 | -10 |
| | UP- Dhampur Grade S Ex-Mill | 2995 | 3005 | -10 |
| | UP- Dhampur Grade L Ex-Mill | 3065 | 3075 | -10 |
| | Mumbai –Grade M | 3386 | 3296 | +90 |
| | Mumbai –Grade S | 3086 | 3076 | +10 |
| | Kolhapur – Grade M | 3025 | 3015 | +10 |
| | Kolhapur – Grade S | 2925 | 2915 | +10 |
| | Guhawati – Grade S | 3233 | 3223 | +10 |
| | Shillong – Grade S | 3245 | 3235 | +10 |
| | Vijayawada – Grade M | 3580 | 3580 | Unch |
| | Vijayawada- Grade S | 3380 | 3380 | Unch |
| | Nagpur – Grade S | 3150 | Closed | - |
| | Kolkata – Grade M | 3250 | - | - |
| | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3100 | 3100 | Unch |
| | Ambikapur (Chattisgarh)- Grade S (Without Duty) | - | - | - |
| | Chennai - Grade S | 3100 | 3080 | +20 |

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 617000 bags of gur (40kg each) stored in cold storages till 2th Sept 2013 lower from 680000 bags of gur at last year same period (40kg each). Out of total 617000 bags of gur, around 445000 bags of Chaku gur, 82564 bags of Rascut, and 93852 bags of Papdi, stored in the cold storages as reported.

Gur prices are likely to move in a range in the coming week.

| Gur Spot Price Scenario (Weekly) | | | | |
|----------------------------------|--------------------|----------|---------|--------|
| Markets | Variety | 13-09-13 | 6-09-13 | Change |
| Muzaffar Nagar | Chaku | 2855 | 2863 | -8 |
| | Khurpa | 2500 | - | - |
| | Laddu | 2800 | 2700 | +100 |
| | Rascut | 2588 | 2613 | -25 |
| Maharashtra | Latur(Lal Variety) | 3250 | 3250 | Unch |
| Bangalore | Achhu | 3000 | 3000 | Unch |
| | Mudde | 3600 | 3600 | Unch |
| Belgaum | Mudde | 2800 | 3000 | -200 |
| Belthangadi | Yellow (Average) | 2800 | 2850 | -50 |
| Bijapur | Achhu | 3200 | 3100 | +100 |
| Gulbarga | Other (Average) | 3100 | 2900 | +200 |
| Mahalingapura | Penti (Average) | 3080 | 3100 | -20 |
| Mandya | Achhu (Medium) | - | 2950 | - |
| | Kurikatu (Medium) | - | 2450 | - |
| | Other (Medium) | - | 2450 | - |
| | Yellow (Medium) | - | 2800 | - |
| Shimoga | Achhu (Average) | 3450 | 3600 | -150 |

Commodity: Sugar
Contract: Oct

Exchange: NCDEX
Expiry: Oct 20, 2013

SUGAR (Weekly October 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.
- Last candlestick depicts bullishness in the prices.

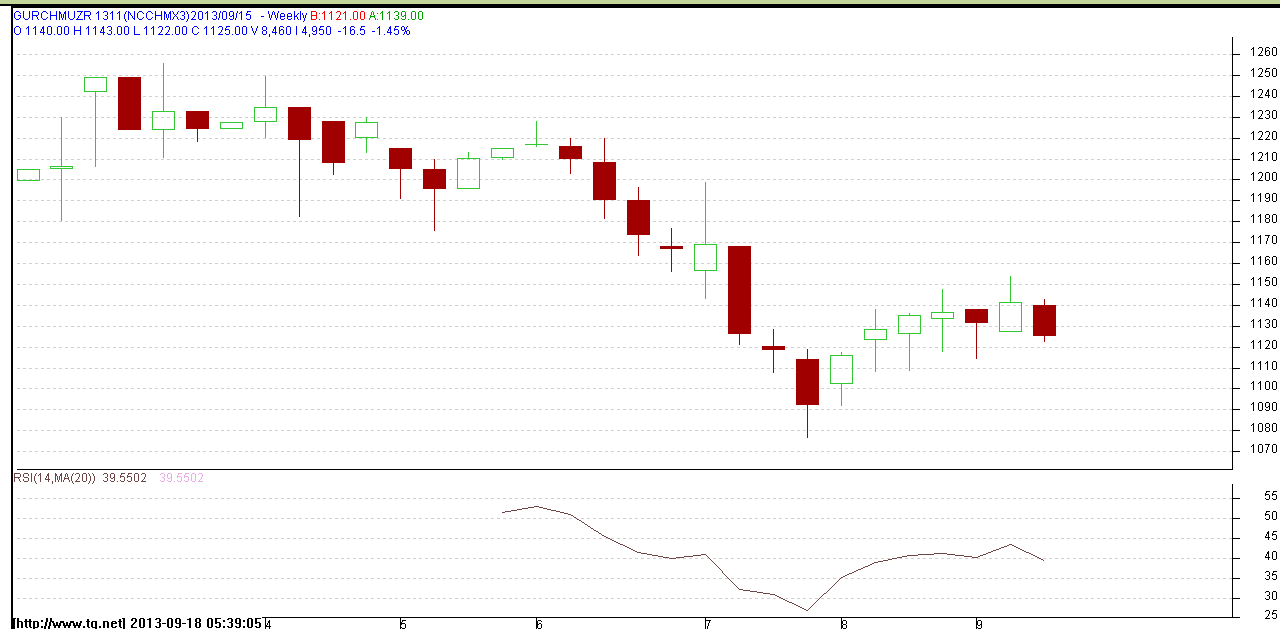
Strategy: Buy

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|------|-----------|------|------|------|
| Sugar | NCDEX | Oct | - | 2900 | 3023 | 3007 | 3066 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Oct | Buy | Near 2920 | 2970 | 2990 | 2890 |

Commodity: Gur
Contract: Nov

Exchange: NCDEX
Expiry: Nov 20, 2013

GUR (Nov Weekly Chart)



Technical Commentary:

- Gur prices are hovering in a downtrend as chart depicts.
- Prices are presently moving in a short range.
- However, RSI is hovering near to oversold region.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|-------------|-----------|--------|------|------|
| Gur | NCDEX | Nov | 1076.5 | 1108 | 1141.5 | 1154 | 1170 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Gur | NCDEX | Nov | Sell | Near 1140 | 1125 | 1118 | 1147 |

International Scenario

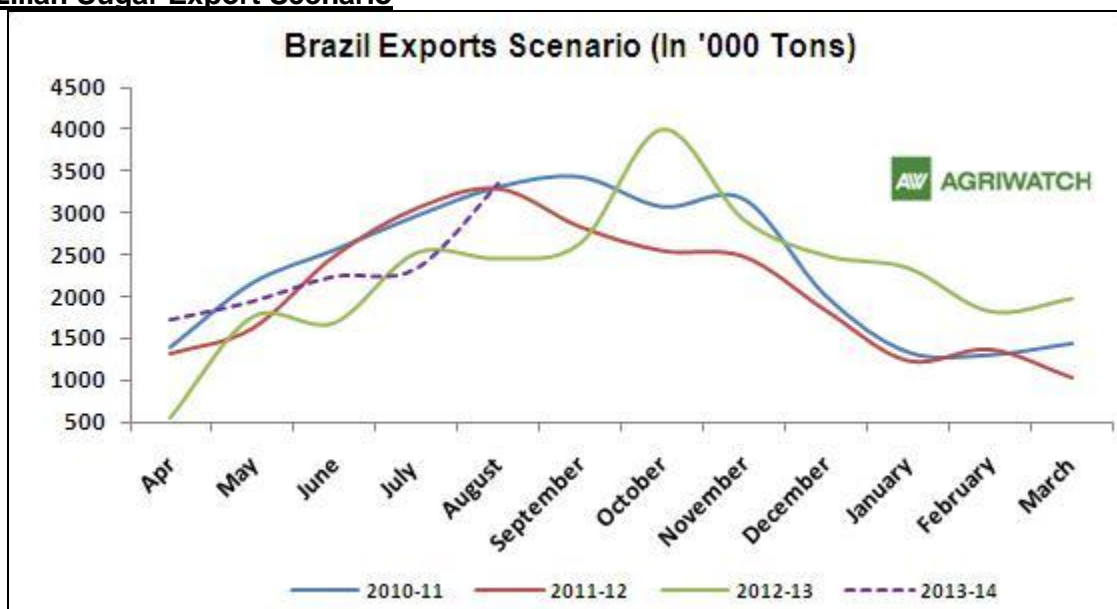
Sugar prices improved last week owing to shrink in global sugar surplus estimated by various trade houses. However, increasing sugar production estimates for India and Thailand curb any further hike in sugar prices.

We expect prices to remain stable in ICE as well as in LIFFE for the shorter term.

International Market News Highlights:

- Kingsman has projected 4.45 million tons of global sugar surplus in 2013-14 which is half compared to previous forecast done by Kingsman. It is notable that Kingsman has projected 10.7 million tons of global sugar surplus earlier. Lower sugar prices for a long period of time increase the sugar consumption is the main reason for shrinking global sugar surplus.
- Pakistan government allowed 5 lac tons of white sugar exports in October and November. However, prices are not competitive for exports from Pakistan at present which would be difficult for traders to ship the allotted quantity in the specified time period.
- Brazil has exported 3.35 million tons of sugar, raw value, in August 2013 up from 2.33 million tons in the previous month. This is the highest sugar export figure in August month in last 5 years.
- Sugar waiting at Brazilian ports to load on vessels fell by 7 percent this week compared to prior week as vessels are heading towards Indonesia and Black sea.
- Syria have to cancel tender purchase for 276000 tons of white sugar due to only one application of seller. There is huge ambiguity in the minds of traders regarding country's sanction hit payments systems.

Brazilian Sugar Export Scenario



Brazil has exported 3.35 million tons of sugar, raw value, in August 2013 up from 2.33 million tons in the previous month. This is the highest sugar export figure in August month in last 5 years.

Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. It is notable that Brazil has exported 11.58 million tons of sugar this year till August which was 8.99 million tons, raw value, last year same period.

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|-----------|--------|
| | Contract Month | 12-Sep-13 | 05-Sep-13 | Change |
| ICE Sugar #11 (US Cent/lb) | Oct-13 | 17.18 | 16.51 | 0.67 |
| | Mar-14 | 17.73 | 17.08 | 0.65 |
| | May-14 | 17.65 | 17.03 | 0.62 |
| LIFFE Sugar (US \$/MT) | Oct-13 | 492.60 | 484.9 | 7.7 |
| | Dec-13 | 486.90 | 475.5 | 11.4 |
| | Mar-13 | 488.20 | 472.5 | 15.7 |

LIFFE Future Market Sugar Scenario (Dec Contract):

Technical Commentary:

- Sugar prices are presently consolidated in a range as chart depicts.
- Prices tested 23.6% Fibonacci projection level from where market participants could book their profits. We expect prices to take downward correction.
- Increase in prices has not supported by Volume.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Dec'13 | 486.9 | 460 |

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 bearishness in the market.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Oct'13 | 17.18 | 16.75 |

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