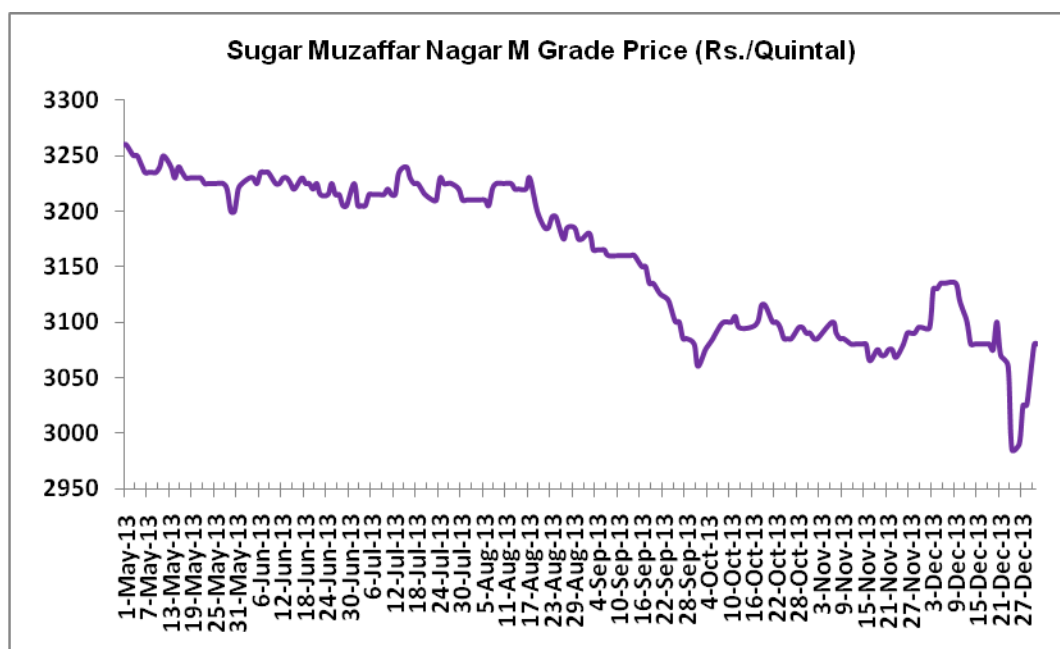


Domestic Market Recap & Price Outlook:

Prices of sugar hovering in a mixed trend as retail buying as well as export demand of sugar led the prices improved specially from central and Southern region that is near to ports. However, prices kept its bearish tone in UP markets due to sluggish demand as reported.

Meanwhile, export demand has picked up and Asian sugar buyers like Iran are importing white sugar from India at present.

Indian sugar export (mainly raw sugar) goes up near to 7 lac tons approx. in December month 2013 as reported.



Sugar Domestic Price Outlook:

Sugar prices are hovering near to its bottom levels. Weak international sentiments of sugar also led the prices lower. However, lower sugar production scenario of sugar for 2013-14 due to delay in crushing season would support the sugar prices up to certain extent.

Major Happenings in Domestic Sugar Industry:

- India's sugar production falls by 29% to 57.39 lac tons in the first three months of 2013-14 season starting from Oct. 2013 due to delay in starting of cane crushing operations by millers. Millers have produced 80.32 lac tons of sugar at same period last year.
- Reportedly, Daily on an average 5000 tons of sugar (mainly raws) exported from Indian ports.
- Egypt SIIC buys 50000 tons of raw sugar from Brazil for first week of March arrival at \$411.95 per ton on a CIF basis.

- India is offering white sugar at FOB \$467.60/Ton which is not lucrative as compared to Brazil and Thailand FOB prices. However, if government gives export subsidy to them then it would increase the sugar export from India as expected.
- UP government strictly say no to any decline in existing sugarcane prices for 2013-14 and ordered UP western and Eastern millers to run their sugar mills upto 5 to 7 December respectively. However, government also give some benefits to sugar mills by removing 2% entry tax levied on sugar mills and to waive off interest subvention.
- Government approved the guidelines for bailout package of Rs. 6600 crore to the sugar industry so that millers can clear the sugarcane arrears. It is notable that sugar millers are suffering from recent crash in sugar prices in both domestic as well in International markets which put them in great trouble to clear cane arrears. Prices of sugar this year declined by 15% Y-o-Y basis while it is down by 20% for raw sugar in ICE exchange. Higher degree of decline in sugar prices especially in International Raw sugar market (ICE) compared to domestic markets unable Indian exporters to export sugar due to disparity. Just opposite to it, sugar refiners like Shree renuka sugars import raw sugar at cheaper rates from its Brazilian units which also curb any hike in sugar prices.
- Millers are now seeking for export subsidy from government as top sugar producing nations like Brazil and Thailand snatch the export opportunity from Indian exporters due to lower prices quoted by them. If government gives export subsidy to millers then they can able to export sugar to some sugar importing nations like Sri lanka, Bangladesh and Iran.
- India has exported 12 lac tons of sugar in 2012-13, according to Food Minister.

Raw Sugar Import Opportunity:

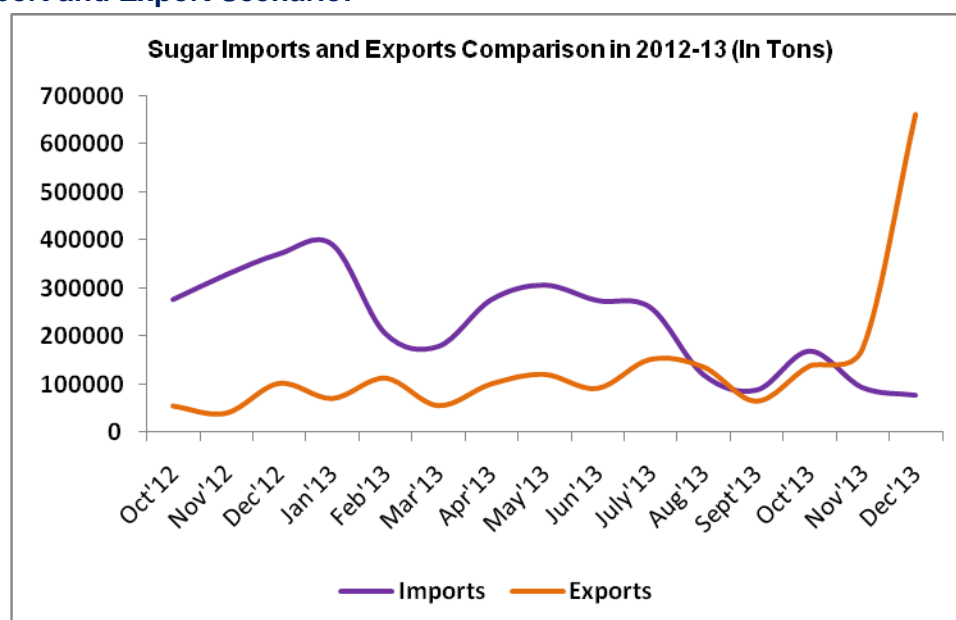
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty to 15% also dampen the possibility of import.

Indian indicative raw sugar CIF prices from Brazil quoted at \$499.60 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$467.60 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.63.57) till 31 th December 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	499.60	-	

Sugar Import and Export Scenario:



India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 10-15% sugar import duty (on both raws and whites).

As far as sugar imports are concerned, India imported 3.07 million tons of raw as well as white sugar and exported around 1.2 million tons of sugar in 2012-13 marketing year (Oct-Sept).

However, recent months export figures changed sentiments with huge shipments volumes of sugar have been exported towards various Asian countries like Sri Lanka.

We estimate total sugar exports likely to reach 2.5-3 million tons from India in 2013-14 marketing year.

Sugar Balance Sheet (Domestic):

		Estimated Balance sheet	
	Qty in lakh Ton	2012-13	2013-14E
A	Opening Sugar stock	28.6	58.89
B	Estimated sugar production	251.4	250.4
C	Imports	30.79	0
D	Estimated sugar availability	310.79	309.29
E	Total Export	10.90	20
G	Total Available for domestic consumption (D-E)	299.89	289.29
H	Estimates sugar consumption	241	246
I	Ending Stock	58.89	43.29

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario Monthly (Average)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		December-13	November-13	
Sugar	Delhi - Grade M	3048	3114	-66
	Delhi - Grade S	2981	3053	-72
	Delhi - Grade L	3043	3148	-105
	UP- Khatauli Grade M	3080	3082	-2
	UP- Ramala Grade M	2960	3054	-94
	UP- Dhampur Grade M Ex-Mill	3056	3048	8
	UP- Dhampur Grade S Ex-Mill	2504	3028	-524
	UP- Dhampur Grade L Ex-Mill	2574	3098	-524
	Mumbai –Grade M	3167	3203	-36
	Mumbai –Grade S	2924	2923	1
	Kolhapur – Grade M	2901	2887	14
	Kolhapur – Grade S	2746	2760	-14
	Guhawati – Grade S	3051	3020	31
	Shillong – Grade S	3066	3080	-14
	Vijayawada – Grade M	3472	3534	-62
	Vijayawada- Grade S	3229	3250	-21
	Nagpur – Grade S	3000	3208	-208
	Kolkata – Grade M	3223	3021	202
	Chennai - Grade S	3100	3166	-66

Spot Sugar Prices Scenario					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		27-Dec-13	20-Dec-13	27-Nov-13	27-Dec-12
Sugar	Delhi - Grade M	2990	3020	3125	3480
	Delhi - Grade S	2940	2950	3040	3420
	Delhi - Grade L	3060	NA	-	3510
	UP- Khatauli Grade M	3025	3100	-	-
	UP- Ramala Grade M	2930	2970	2980	3160
	UP- Dhampur Grade M Ex-Mill	-	3100	2950	-
	UP- Dhampur Grade S Ex-Mill	-	3080	2930	-
	UP- Dhampur Grade L Ex-Mill	-	3150	3000	NA

Mumbai –Grade M	3132	3158	3226	3496
Mumbai –Grade S	2866	2942	2936	3326
Kolhapur – Grade M	2900	2900	2875	3280
Kolhapur – Grade S	2750	2750	2750	3180
Vijayawada – Grade M	3360	3400	3550	3660
Vijayawada- Grade S	3200	3200	3250	3530
Nagpur – Grade S	3000	3000	3000	3450
Kolkata – Grade M	3170	3200	-	3570
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	3100	NA
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	NA
Chennai - Grade S	2890	2890	2900	3150

Gur Market Scenario and Outlook

Gur prices moved in a range during the month owing to weak arrivals and moderate demand.

Meanwhile, expected late crushing operations by millers in UP and Maharashtra might urge farmers to divert their cane towards gur making. Weak lifting of gur by Rajasthan and Gujarat also curb any hike in prices of gur.

We expect prices to remain in range with weak tone for the coming month.

Gur Spot Prices Scenario Monthly (Average)				
Markets	Variety	December-13	November-13	Change
Muzaffar Nagar	Chaku	2505	2523	-18
	Chaku (Arrival)	11130	11636	-506
	Khurpa	2362	2348	14
	Laddu	2542	2512	30
	Rascut	2301	2518	-217
Maharashtra	Latur(Lal Variety)	2604	2745	-141
Bangalore	Achhu	3300	3529	-229
	Mudde	3171	3612	-441
Belgaum	Mudde	2874	2913	-39
Belthangadi	Yellow (Average)	3032	3006	26
Bijapur	Achhu	2879	2913	-34
Gulbarga	Other (Average)	3080	3105	-25
Mahalingapura	Penti (Average)	2885	2831	54
Mandya	Achhu (Medium)	2820	2789	31
	Kurikatu (Medium)	2402	2464	-62

	Other (Medium)	2427	2497	-70
	Yellow (Medium)	2759	2756	3
Shimoga	Achhu (Average)	2969	3258	-289

Spot Jaggery(Gur) Prices Scenario					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		27-Dec-13	20-Dec-13	27-Nov-13	27-Dec-12
Muzaffar Nagar	Chaku	2775	2628	2375	2750
	Khurpa(New)	2375	2500	2200	2575
	Laddu(New)	2625	2525	2400	2700
	Rascut	2250	2350	NA	NA
Hapur	Chaurasa	2450	2375	NR	NR
	Balti	2400	2280	NR	NR
Maharashtra	Latur(Lal Variety)	2700	2550	2600	2825
Bangalore	Achhu	NR	NR	3500	3400
	Mudde	3200	3000	NR	3500
Belgaum	Mudde	2900	2700	3000	3000
Belthangadi	Yellow (Average)	3000	-	3000	3200
Bijapur	Achhu	2700	3000	NR	3090
Gulbarga	Other (Average)	2950	3050	3150	2950
Mahalingapura	Penti (Average)	2910	2950	2580	3110
Mandya	Achhu (Medium)	2850	2950	2750	2750
	Kurikatu (Medium)	2400	2400	2400	2450
	Other (Medium)	2400	2450	2400	2550
	Yellow (Medium)	2850	2850	2700	2750
Shimoga	Achhu (Average)	3300	3100	3200	3150

Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGAR Continuous Chart (C1)

Technical Commentary:

- Prices are hovering at bottom level as chart depicts.
- RSI is moving at oversold region.
- Last candlestick depicts bearishness.
- However, decrease in prices haven't supported by volume and OI.



Strategy: Buy from mentioned support level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2517	2680	2899	3033	3130
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1 Chart	Buy	Above 2740	2900	2980	2900

Commodity: Gur
Contract: Continuous Chart

Exchange: NCDEX

GUR Continuous Chart (C1)

Technical Commentary:

- Prices still hovering at downtrend.
- RSI is moving near to neutral region.
- Prices have breach the upward channel and now heading towards 138.2% retracement level.



Strategy: Sell from entry level is advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	C1 Chart	875	944	1037	1056.5	1119
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	C1 Chart	Sell	Below 1030	1005	990	1098

Sugar International Price Scenario:

Sugar International prices are moving in a weak tone during the month ended December 2013. Continuous sugar supply by Brazil in the global markets and start of cane crushing operations by Thailand millers also curb any hike in sugar prices.

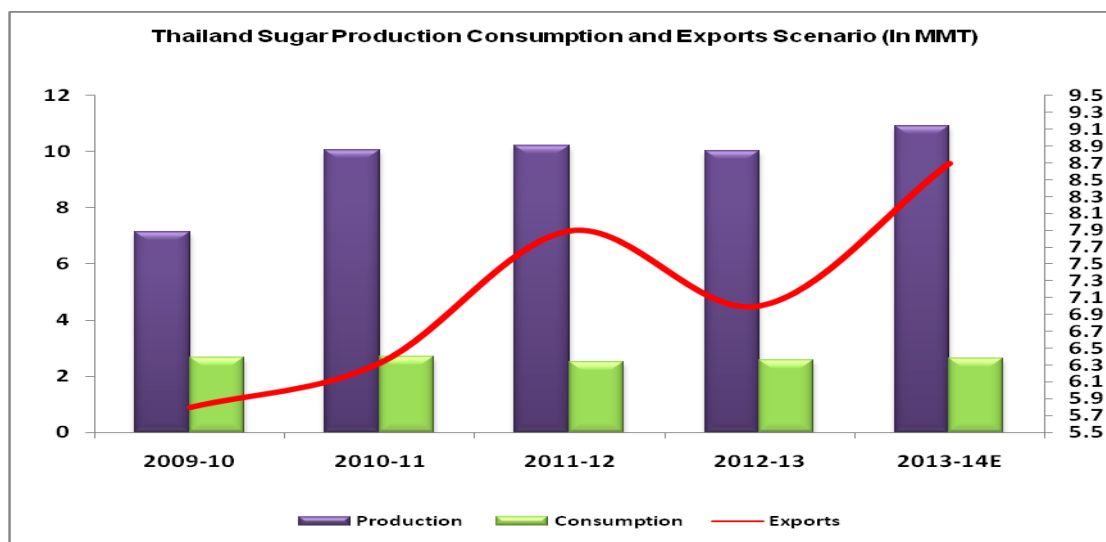
We expect prices to remain in a range to weak tone in the coming month in ICE raw sugar futures market. However, prices should take an upward technical correction in LIFFE white sugar futures contract in the coming month as expected.

World Sugar Markets:

Thailand:

Thailand is likely to produce record 11 million tons of sugar in 2013-14 which is higher than 10.02 million tons of sugar produced by Thai mills 2012-13.

Export Front: Recently, Thailand government increase the domestic sugar consumption quota to 2.665 million tons this year up from 2.5 million tons in 2012-13. With increase in sugar consumption figures, only 8.35 million tons of sugar available for export. It is notable that Thailand has exported 7.48 million tons of sugar in 2012-13. It is notable that Thailand contributes 14% of the total world sugar exports.



Brazil: Trade houses see Brazil sugar output could reach 40.4 million tons for 2013-14 which is higher from 38.6. Million tons produced in 2012-13. However, sugar production likely to fall further thanks to recent frost which damage 1/5 of the standing cane crop as reported. Brazil likely to export 29.3 million tons in 2013-14 up by 1.65 million tons compared to last year.

As far as consumption is concerned, Brazil consumes 11.26 million tons of sugar.

Pakistan: Pakistan sugar output likely to rise by 20% to 6 million tons in 2013-14 up from 5 million tons sugar output in 2012-13. Increase in cane prices by government urge farmers to plant more sugarcane in

their respective fields. Pakistan has exported 1.2 million tons of sugar in 2012-13. We expect sugar export likely to reach around 1.5 million in 2013-14.

India: India has produced 25.1 million tons of sugar in 2012-13 and exported around 1 million tons of sugar considering very less opportunity of export. Presently, India is exporting sugar to Middle east countries.

India white sugar FOB is quoted at \$467 per ton Kolhapur basis as reported. We expect prices to remain strong for medium to long term.

Indonesia: Indonesia become the one the biggest raw sugar importer. Indonesia normally imports 2.5 to 3 million tons of raw sugar from Thailand and Brazil. Meanwhile, it overall consumption capacity stood at 5 million tons (2.8 in beverage industry and 2.2 million tons in direct human consumption).

Sri Lanka: India recently got the opportunity to sell sugar to Sri Lanka as Lower ending stock position of sugar in Pakistan presently give a golden opportunity to Indian exporters. Earlier, Sri Lanka is getting sugar from Pakistan at cheaper rates. However, the export scope is limited from India.

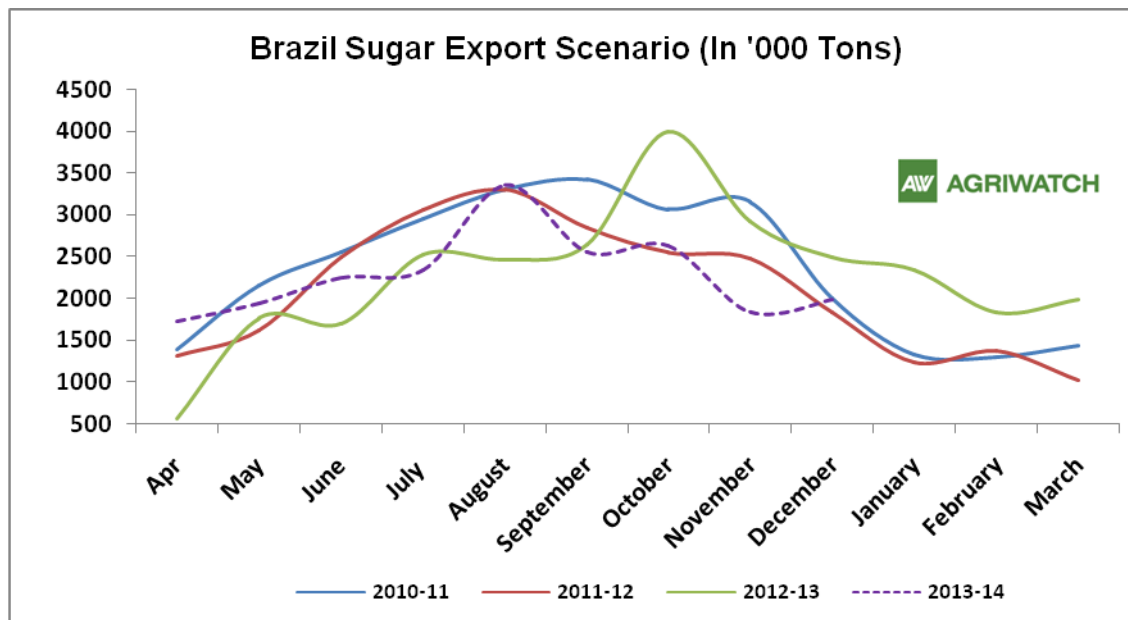
Middle East Countries: Countries like Saudi Arabia, UAE, and Syria have increased their sugar purchase. These countries also installed refineries in their respective regions and always interested buying raw sugar. Major markets of these countries are Thailand and India.

Others: Russia, China, Malaysia, India (Re-export through ALS)

International Market News Highlights:

- Thai raw sugar premium remained steady this week and trading at 65 to 70 points over ICE raw sugar futures contract. Usually, Thai raw sugar premium improved with decrease in ICE raw sugar prices. But due to start of cane crushing season in Thailand and India releasing its excess sugar in the Asian markets stop the traders to increase the premiums at present.
- Thailand sugar mills have crushed 11.04 million tons of cane till 19th December which is still down from 12.07 million tons crushed by millers at the same period last year. Mills crushed less cane due to 10 days delay in starting up the sugar mills.
- Egypt SIIC buys 50000 tons of raw sugar from Brazil for first week of March arrival at \$411.95 per ton on a CIF basis.

Brazilian Sugar Export Scenario



Brazil has exported 1.98 million tons of sugar, raw value, in December 2013 down from 2.49 million tons in the previous year.

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 20.59 million tons of sugar this year till November which was 21.03 million tons, raw value, last year same period.

It is expected that sugar exports from Brazil likely to decrease in the coming months considering lower sugar production estimates by various trade houses compared to sugar production estimated earlier.

International Sugar Prices (Weekly)				
	Contract Month	30-Dec-13	29-Nov-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	16.38	17.15	-0.77
	14-May	16.52	17.24	-0.72
	14-Jul	16.69	17.30	-0.61
LIFFE Sugar (US \$/MT)	14-Mar	446.00	469.70	-23.7
	14-May	453.50	474.40	-20.9
	14-Aug	459.50	477.20	-17.7

ICE Raw Sugar Future Market Monthly Scenario (March 2014 Contract)



(Monthly Chart)

Technical Commentary:

- ICE raw sugar futures are moving downwards as chart depicts.
- Last candlestick depicts bearishness.
- However, decrease in prices has not supported by volume and OI.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'14	16.38	15.5

LIFFE Sugar Future Market Monthly Scenario (March Contract Chart):



(Mar Weekly Chart)

Technical Commentary:

- Prices are moving in a falling channel and recently tested its trend line support level as chart depicts.
- Prices hovering in a range between \$440 to 550, breach of mentioned levels either side will give the price a new direction.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Mar'14	446	480

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