

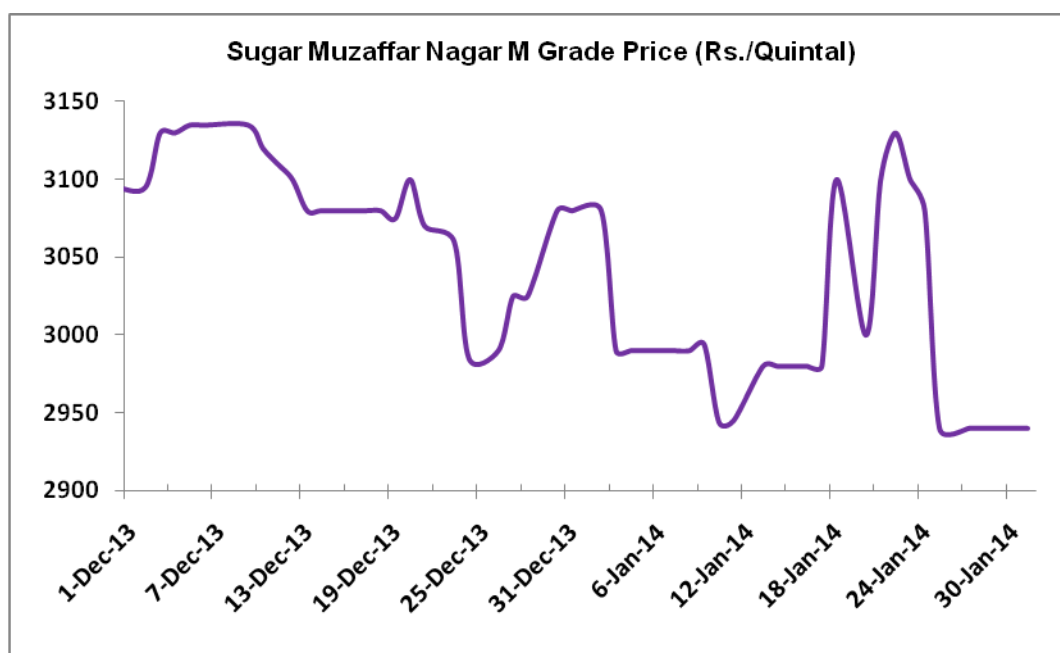
Domestic Market Recap & Price Outlook:

Sugar prices declined sharply during last month. Dull demand and sugarcane crushing picking up pace led the prices downwards.

Notably, Millers are trying to get benefits slowly from government. Millers are likely to get export subsidy from government in the coming months which would give some respite to the millers.

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 17% to 115.4 lac tons in the first four months of 2013-14 season starting from Oct. 2013 due to delay in starting of cane crushing operations by millers. Millers have produced 138.5 lac tons of sugar at same period last year.
- International sugar prices downfall left Indian sugar exporters in chaos and are now looking at government to give some export subsidy to export excess sugar to some Asian countries.

- Maharashtra has produced 22.34 lac tons of sugar till 31st December 2013 after crushing 21.8 million tons of cane with an average recovery of 10.22%.
- Western UP mills got lesser recovery at present which is lower than last year. It is notable that UP mills are getting 8.75% recovery after crushing sugarcane in their region.
- Government notifies norms for sugar mills to get interest free loans.
- Reportedly, Daily on an average 5000 tons of sugar (mainly raws) exported from Indian ports.

Raw Sugar Import Opportunity:

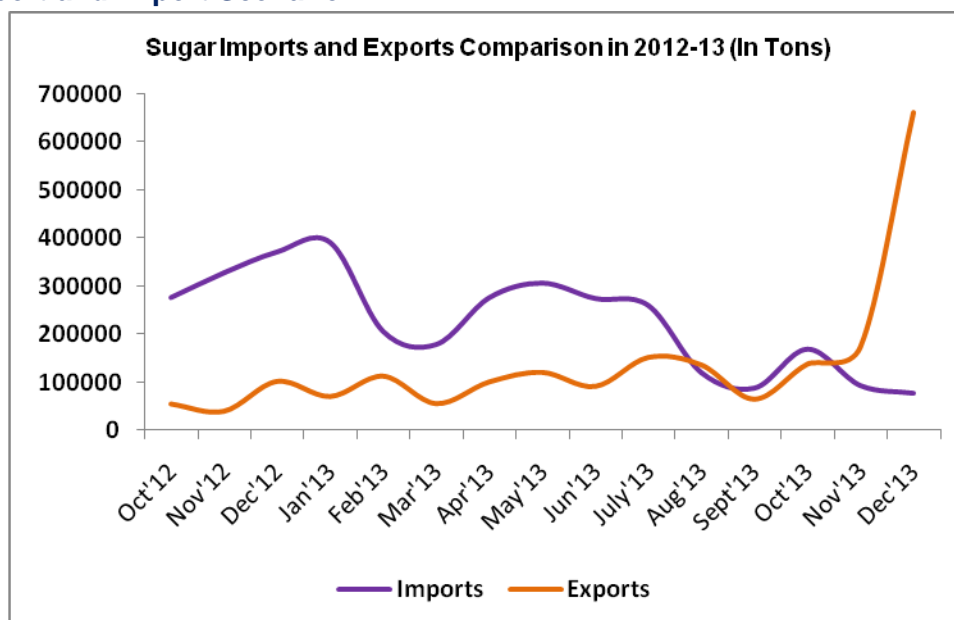
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty 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
		January-2014	December-2013	
Sugar	Delhi - Grade M	3048	3048	Unch
	Delhi - Grade S	2868	2981	-113
	Delhi - Grade L	3001	3043	-42
	UP- Khatauli Grade M	3003	3080	-77
	UP- Ramala Grade M	2908	2960	-52
	UP- Dhampur Grade M Ex-Mill	2944	3056	-112
	UP- Dhampur Grade S Ex-Mill	2924	-	-
	UP- Dhampur Grade L Ex-Mill	2994	-	-
	Mumbai –Grade M	3024	3167	-143
	Mumbai –Grade S	2826	2924	-98
	Kolhapur – Grade M	2830	2901	-71
	Kolhapur – Grade S	2663	2746	-83
	Guhawati – Grade S	2863	3051	-188
	Shillong – Grade S	2881	3066	-185

	Vijayawada – Grade M	3297	3472	-175
	Vijayawada- Grade S	3190	3229	-39
	Nagpur – Grade S	2890	3000	-110
	Kolkata – Grade M	3083	3223	-140
	Chennai - Grade S	2806	2890	-84

Spot Sugar Prices Scenario					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		31-Jan-14	24-Jan-14	31-Dec-13	31-Jan-13
Sugar	Delhi - Grade M	2820	2980	2900	3400
	Delhi - Grade S	2800	2900	2920	3360
	Delhi - Grade L	2990	-	3050	3430
	UP- Khatauli Grade M	2940	3080	3080	3400
	UP- Ramala Grade M	2900	2910	2920	3300
	UP- Dhampur Grade M Ex-Mill	2880	2930	2950	NR
	UP- Dhampur Grade S Ex-Mill	2860	2910	2930	NR
	UP- Dhampur Grade L Ex-Mill	2930	2980	3000	NR
	Mumbai –Grade M	2876	2982	3126	3441
	Mumbai –Grade S	2746	2788	2882	3288
	Kolhapur – Grade M	2750	2800	2900	3225
	Kolhapur – Grade S	2550	2650	2750	3125
	Vijayawada – Grade M	2852	2954	3055	NR
	Vijayawada- Grade S	2870	2970	3070	NR
	Nagpur – Grade S	3250	3280	3360	3570
	Kolkata – Grade M	3150	3180	3200	3470
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3000	3100	3200	3450
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2750	2900	3000	3400
	Chennai - Grade S	3035	3100	3110	NR

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	January-2014	December-2013	Change
Muzaffar Nagar	Chaku	2557	2505	52
	Chaku (Arrival)	5909	11130	-5221
	Khurpa	2419	2362	57
	Laddu	2616	2542	74
	Rascut	2225	2301	-76
Maharashtra	Latur(Lal Variety)	2646	2604	42
Bangalore	Achhu	3400	3300	100
	Mudde	3289	3171	118
Belgaum	Mudde	2811	2874	-63
Belthangadi	Yellow (Average)	3045	3032	13
Bijapur	Achhu	2579	2879	-300
Gulbarga	Other (Average)	2850	3080	-230
Mahalingapura	Penti (Average)	2654	2885	-231
Mandya	Achhu (Medium)	2627	2820	-193
	Kurikatu (Medium)	2356	2402	-46
	Other (Medium)	2360	2427	-67
	Yellow (Medium)	2619	2759	-140
Shimoga	Achhu (Average)	3104	2969	135

Spot Jaggery(Gur) Prices Scenario					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		31-Jan-14	24-Jan-14	31-Dec-13	31-Jan-13
Muzaffar Nagar	Chaku	2913	2550	2750	2650
	Khurpa(New)	2553	2425	2500	2638
	Laddu(New)	2750	2600	2600	2750
	Rascut	2365	2250	2538	NR
Hapur	Chaurasa	2563	2315	2427	NR
	Balti	2280	2200	2350	NR
Maharashtra	Latur(Lal Variety)	2650	2600	2750	2800
Bangalore	Achhu	-	NR	-	3000
	Mudde	3000	3400	3200	3300
Belgaum	Mudde	3600	2900	2900	3000
Belthangadi	Yellow (Average)	3000	3150	3000	3200
Bijapur	Achhu	2500	2600	2930	-
Gulbarga	Other (Average)	-	2850	2950	2830

Mahalingapura	Penti (Average)	2600	2550	2760	3000
Mandya	Achhu (Medium)	2500	2600	2800	2500
	Kurikatu (Medium)	2300	2350	2400	2350
	Other (Medium)	2300	2300	2400	2300
	Yellow (Medium)	2500	2600	2750	2500
Shimoga	Achhu (Average)	3250	3100	3250	2975

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: Sell from mentioned support level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	-	2550	2633	2825	2860
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1 Chart	Sell	Below 2730	2630	2580	2790

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 prices continue its southward movement due to higher sugar supply from Brazil. In addition to it, start of cane crushing operations by India and Thailand for 2013-14 also increase the supply of sugar in the global markets.

ICE Raw Sugar Futures of March contract tumbled down to its three and half year low level and settle at 15.48 cents a pound. Global sugar surplus estimates by various trade houses like USDA, ISO and consistent sugar supply from Brazil led the prices down.

Weak Brazilian Real Support Sugar Exports

Consistent Brazilian Sugar supply in the global markets become the major influencing factor which drove the market downwards. Weak Brazilian real and higher sugar production urge manufacturers and exporters of sugar to increase the sugar shipments to various countries. In 2012-13, India has imported around 3 million tons of sugar (mainly raw sugar for re-export) mainly from Brazil.



Supply Shipments Started from Thailand and India.

Thailand sugar production pick up pace after delay in start of can crushing operations due to rains. Thailand now also join in the race strongly to supply sugar globally. India also give tough competition to these sugar supplying countries and have exported around 0.8 million tons of sugar (mainly raws) to Asian countries from December 2013 to till date.

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

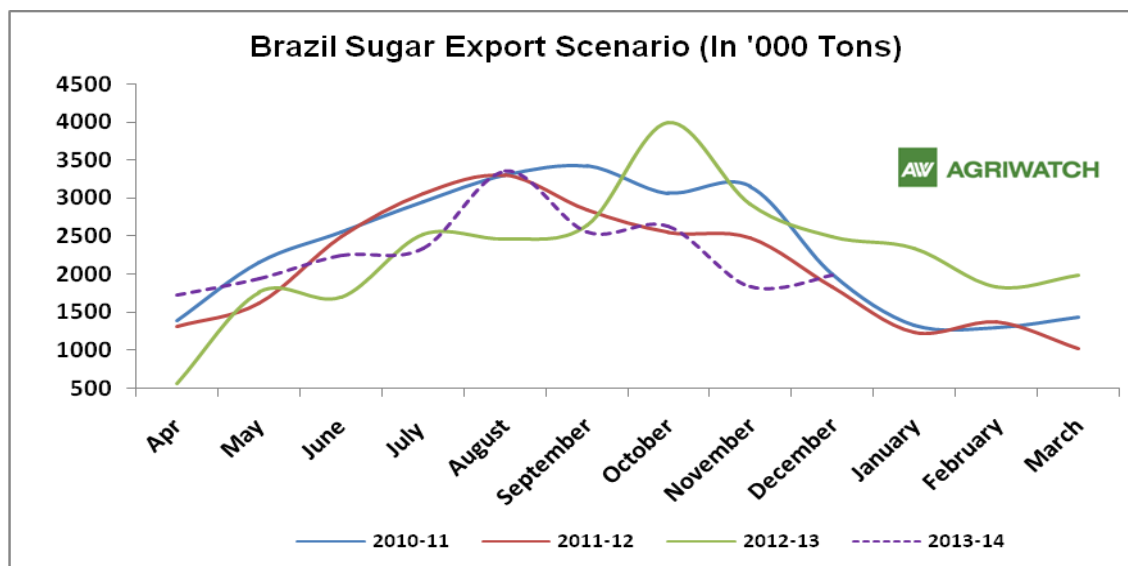
International Market News Highlights:

- Thailand has finally started its cane crushing operations for 2013-14 season after delay due to rainfall. Thai mills have crushed 479000 tons of cane so far which is down from 2.2 million tons cane crushed by millers at last year same period.
- Indonesia will allow imports of 3.05 million tonnes of raw sugar this year, an industry ministry official said on Thursday, mostly unchanged from 3.019 mln tonnes allocated a year ago.
- Brazilian sugar and ethanol mills will feel the effects of hot and dry weather on the main centre-south cane crop primarily in the last six months of 2014, local weather forecaster Somar said this week. In a weekly report on the centre-south cane belt, which accounts for 90% of sugar and ethanol output in Brazil, Somar agro-meteorologist Marco Antonio dos Santos said it was too early to quantify losses and that soil moisture levels until now were relatively favourable for cane.
- Australia's sugar industry, has avoided major damage from a cyclone that swept across main growing regions earlier on Friday. So far there had been no reports of wide-scale damage to the cane growing regions in the path of the cyclone, though the full impact will not become clear until

growers are able to venture back into the fields, according to the sector's representative group Canegrowers.

- Indonesian Sugar production in the week ended January 12 amounted to 88,000 tonnes, raw value, down from 96,000 tonnes produced in the same week a year ago. This brought cumulative production so far in the 2013/14 season (September/August) to 1.092 mln tonnes, down from 1.180 mln tonnes in 2012/13.

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-Jan-14	23-Jan-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	14.99	15.04	-0.05
	14-May	15.2	15.26	-0.06
	14-Jul	15.53	15.58	-0.05
LIFFE Sugar (US \$/MT)	14-Mar	409.3	405.3	4
	14-May	417.4	417.5	-0.1
	14-Aug	427.1	428.4	-1.3

ICE Raw Sugar Future Market Monthly Scenario (Continuous C1 Chart)



(Monthly Continuous Chart)

Technical Commentary:

- ICE raw sugar futures are moving in a downtrend.
- However, prices are getting support from trend line.
- Last candlestick depicts bullishness.
- However, breach of the lower levels would take the prices down to 14.11.
- Also, RSI is moving upwards after testing oversold region.
- **Strategy: Buy raw sugar at Current market prices with a stop loss near to its recent lows.**

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Continuous	14.99	17.40

LIFFE Sugar Future Market Monthly Scenario (Continuous Chart):



(Continuous Chart)

Technical Commentary:

- Sugar prices are getting support from trendline and likely to improve in the coming month up to \$480 per ton which also lying over 61.8% retracement level.
- However, Breach of the recent lows by downside would take the prices down to \$331 per ton.
- **Strategy:** Buy at current market price with a stop loss near to recent lows.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Continuous	409.3	480

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