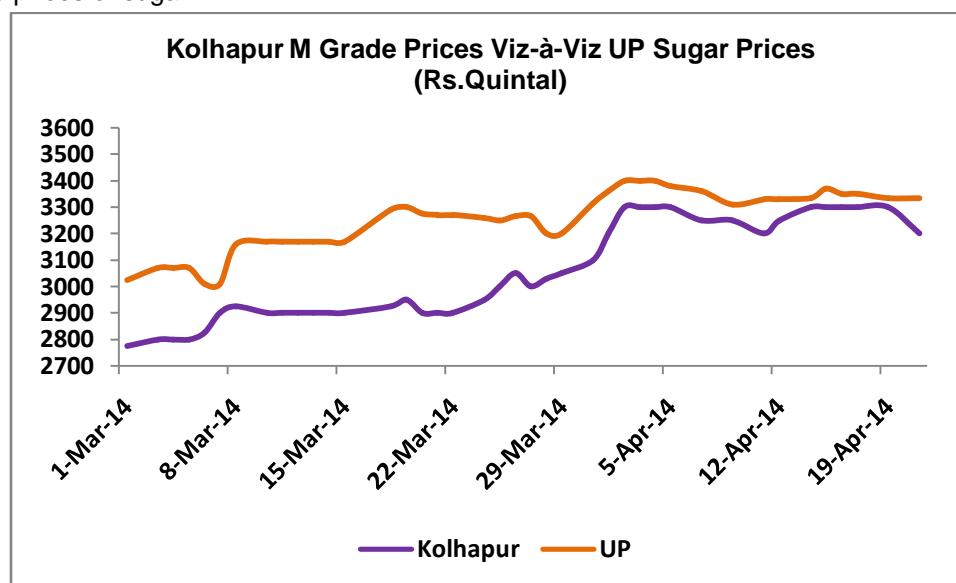


Domestic Market Recap & Price Outlook:

Prices of sugar surged sharply last month due to heavy buying by traders and stockists from key physical markets as reported. In addition to it, punters also pull the market up over lower sugar production scenario for 2013-14.

Meanwhile, more than estimated sugar production by Karnataka and Maharashtra mills change the scenario

However, market participants seem to take some profit bookings at higher levels. In addition to it, exporters are trying to release sugar stocks in the domestic markets only due to lower parity would depress the prices of sugar.



Meanwhile, now export demand of sugar has weakened due to lower sugar export parity as prices of sugar in domestic market have surged sharply. In the meantime, sugar prices in International markets take a downward correction.

Sugar Domestic Price Outlook:

Market is presently in a mood to take some profit bookings at current levels. International markets are also not supportive for sugar prices. Reportedly Shree Renuka sugars again started import raw sugar at current rates.

Major Happenings in Domestic Sugar Industry:

- Sugarcane planting likely to get affected due to recent rainfall. It is notable that farmers plant sugarcane after getting wheat harvest generally during April. However, recent precipitation in wheat harvesting regions delays wheat harvesting as well as sugarcane sowing by 10-15 days.
- Sugar Trade: Company bought 500 MT of ICUMSA 45 sugar from Thailand for USD 529 per MT on CIF north east African port as reported.
- Brazilian millers are offering ICUMSA 45 to red sea buyers at USD 545 but no trade reported at these levels.
- Farmers have started new sugarcane planting as wheat harvesting starts.
- At rake loading front, Delhi has got around 1 rakes of sugar from Maharashtra last week. A rake loaded with sugar has been reported from Maharashtra to Delhi at Rs. 3250/Quintal on FOR Basis. However, there are no rakes business reported destination to Delhi center till 27th April 2014.
- Reportedly, Shree Renuka Sugars started imported raw sugar from Brazil at current levels due to import parity of raw sugar.
- Indian exporters are now releasing sugar stocks in the domestic market which led the prices downwards.
- India produced 23.15 million tons of sugar till 15th April 2014 which is down by 4% compared to previous same period.

Trade Scenario of Sugar

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$519.80 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$520 per ton Kolhapur based. Recently, government provides Sugar export subsidy on raws of Rs 3300 per ton, which ultimately gives boost to sugar export in the coming months as expected.

On International front, dry weather conditions in Brazil support the sugar prices in International markets and dampens the possibilities of increase in sugar exports from Brazil. Brazil sugar FOB prices are quoting \$463.5/ Ton.

Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.60.27) till 21 th April 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$463.75	-\$464	\$495.30

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 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. Till date, India has exported 1.5 million tons of sugar as reported.

Rake Business from Sourcing Destinations:

At rake loading front, Delhi has got around 14 rakes of sugar from Maharashtra in the previous month. As on 3rd April, a rake loaded with sugar has been reported from Sangli to Delhi at Rs. 3370/Quintal on FOR Basis. Also, a rake loaded with sugar reached Delhi from Sangli at FOR Rs. 3290 per quintal on 1st April.

Reportedly, Maharashtra traders are selling sugar mainly to Rajasthan, Haryana, Punjab and Gujarat at present. Also, around 6 rakes of sugar reached from Maharashtra towards UP last month as reported.

India Sugar Production Scenario:

India is likely to produce 24.2-24.5 million tons of sugar in 2013-14 which is less compared to 25.14 million tons sugar produced in 2012-13.

India produced 23.15 million tons of sugar till 15th April 2014 which is down from 24.07 million tons sugar produced at the same period last year, according to Industry association ISMA. Lower cane yield and recovery of sugar from cane especially in UP led the production decline.

If we consider present sugar production figure compared to last year, sugar production likely to reach 24.2-24.5 million tons in the present marketing year till September 2014.

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario Monthly				
Commodity	Centre	Prices (Rs/Qtl)		Change
		April-14	March-14	
Sugar	Delhi - Grade M	3363	3249	114
	Delhi - Grade S	3295	3142	153
	Delhi - Grade L	3417	3287	130
	UP- Khatauli Grade M	3447	3215	232

	UP- Ramala Grade M	3344	3136	208
	UP- Dhampur Grade M Ex-Mill	3335	3154	181
	UP- Dhampur Grade S Ex-Mill	3315	3134	181
	UP- Dhampur Grade L Ex-Mill	3385	3204	181
	Mumbai –Grade M	3476	3094	382
	Mumbai –Grade S	3294	2937	357
	Kolhapur – Grade M	3274	2920	354
	Kolhapur – Grade S	3137	2801	336
	Guhawati – Grade S	3309	3107	202
	Shillong – Grade S	3320	3121	199
	Vijayawada – Grade M	3703	3397	306
	Vijayawada- Grade S	3524	3225	299
	Nagpur – Grade S	3461	3130	331
	Kolkata – Grade M	3291	2980	311
	Chennai - Grade S	3410	3274	136
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3242	2937	305
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3042	2979	63

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		2-May-14	25-Apr-14	2-Apr-14	2-May-13
Sugar	Delhi - Grade M	3290	3340	3410	3290
	Delhi - Grade S	3240	3285	3400	3210
	Delhi - Grade L	3340	3400	3460	3310
	UP- Khatauli Grade M	3250	NR	3560	3250
	UP- Ramala Grade M	3350	3360	3400	3230
	UP- Dhampur Grade M Ex-Mill	3310	3320	3300	3120
	UP- Dhampur Grade S Ex-Mill	3290	3300	3280	3100
	UP- Dhampur Grade L Ex-Mill	3360	3370	3350	3170
	Mumbai –Grade M	3476	3476	3362	3381
	Mumbai –Grade S	3302	3312	3206	3182
	Kolhapur – Grade M	3250	3300	3200	3025
	Kolhapur – Grade S	3100	3150	3050	2925
	Guhawati – Grade S	3410	3461	3360	NR
	Shillong – Grade S	3420	3470	3370	NR
	Vijayawada – Grade M	3650	3680	3650	3520
	Vijayawada- Grade S	3530	3550	3450	3420

	Nagpur – Grade M	3450	3450	3450	NR
	Nagpur – Grade S	3300	3300	3250	NR
	Kolkata – Grade M	3475	3430	3270	3370
	Chennai - Grade S	3175	3200	3100	3050
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3200	3200	2925	3015
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3175	3175	2915	3000

Gur Market Scenario and Outlook

Gur prices are moving in a range to firm tone last month. However, decreasing gap of gur stock position which earlier was higher might depress the prices of gur in the coming month.

As on 7th April, Total around 803000 bags of 40 kg each of gur stored in warehouses presently which are lower compared to 983000 bags stored last year at same period in warehouses. Out of total gur stocks, 422000 bags of Chaku, 48000 bags of Rascut, 157000 bags of Papdi and 18000 bags of Khurpa gur stored in cold storages.

Prices of gur are likely to move in the range with weak tone in the shorter to medium period due to increasing gur stock in the cold storage as expected.

Gur Spot Prices Scenario (Monthly-Average)				
Markets	Variety	April-14	March-14	Change
Muzaffar Nagar	Chaku	2746	2685	61
	Chaku (Arrival-Sum)	177500	180000	-2500
	Khurpa	2606	2478	128
	Laddu	2761	2621	140
	Rascut	2332	2337	-5
Hapur	Chaurasa	2409	2334	75
	Balti	2431	2378	53
Maharashtra	Latur(Lal Variety)	2970	2850	120
Bangalore	Achhu	2900	3033	-133
	Mudde	3091	3055	36
Belgaum	Mudde	3000	2721	279
Belthangadi	Yellow (Average)	3198	3218	-20
Bijapur	Achhu	2806	2643	163
Gulbarga	Other (Average)	2788	2667	121
Mahalingapura	Penti (Average)	2991	2855	136
Mandya	Achhu (Medium)	2532	2615	-83
	Kurikatu (Medium)	2200	2313	-113

	Other (Medium)	2400	2522	-122
	Yellow (Medium)	2453	2554	-101
Shimoga	Achhu (Average)	3495	2934	561

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		2-May-14	25-Apr-14	2-Apr-14	2-May-13
Muzaffar Nagar	Chaku	3200	2775	2625	3075
	Khurpa(New)	2875	2325	2525	2850
	Laddu(New)	3000	2625	2675	3025
	Rascut	2425	2750	2250	2750
Hapur	Chaurasa	2600	2500	2338	NR
	Balti	2600	2488	2400	NR
Maharashtra	Latur(Lal Variety)	3000	3000	3000	3075
Bangalore	Achhu	NR	NR	NR	3000
	Mudde	NR	3000	3100	3200
Belgaum	Mudde	NR	3100	3000	3000
Belthangadi	Yellow (Average)	NR	3200	3300	3400
Bijapur	Achhu	NR	3000	2750	2950
Gulbarga	Other (Average)	NR	2950	2800	2950
Mahalingapura	Penti (Average)	NR	2840	2940	3080
Mandya	Achhu (Medium)	NR	2450	2600	3000
	Kurikatu (Medium)	NR	2200	2200	2550
	Other (Medium)	NR	2350	2500	2500
	Yellow (Medium)	NR	2350	2550	2900
Shimoga	Achhu (Average)	NR	3400	3400	3325

Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGAR Continuous Chart (C1)

Technical Commentary:

- Prices are showing some upward correction as chart depicts. But not able to breach its immediate resistance level i.e. Rs 3270 per quintal.
- However, Increase in prices has supported by volume and OI which indicates speculators increase their holdings in sugar last month.
- Breach of Rs 3054 level would take the prices down to Rs 2975 which also lying over 18 day SMA.



Strategy: We advise market participants to Sell from near support level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2935	3022	3248	3270	3444
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1 Chart	Sell	Below 3200	3100	3075	3260

Commodity: Gur
Contract: Continuous Chart

Exchange: NCDEX

GUR Continuous Chart (C1)

Technical Commentary:

- Gur prices are getting upward correction after sharp decline.
- RSI is moving up near to neutral region.
- Decrease in prices along with increase in OI suggests bearishness in the prices.
- Prices not able to breach 78.6% fibonnaci retracement level.
- Last candlestick depicts indecision in the prices.



Strategy: Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	C1 Chart	1111	1156	1232	1266	1348
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	C1 Chart	Sell	Below 1230	1200	1185	1245

International Focus- Agriwatch

Highlights:

Global News in brief

- India Weather & Climate, Crop Updates & News
- Brazil Weather & Climate, Crop Updates, Equivalent Prices, Ethanol Updates, Sugar Exports & Company News
- Thailand Weather & Climate, Crop Updates
- Other news & analysis
- Technical Analysis Sugar #5 LIFFE & Sugar #11 NYC

Global News in Brief

- As we reported in our April 2014 report; The Indian government was to begin an export subsidy of Rs 3300/ton which provides an extra incentive to export cane outside of the country. However recent reports have shown that the government has yet to confirm a subsidy for the key months of April and May, which many have seen as a hindrance towards the once positive sentiment of exporters and mills following on from the announcement on February 28th 2014. According to the *Indian Sugar Mills Association* the Indian government will also review the proposed subsidy during in what has been a trying year for the INR currency depreciation versus the USD, yet increasing the inevitability of cheaper Indian global sugar supplies due to the depreciation of the Rupee. In comparison, over the course of a monthly period gradual appreciation has been witnessed with a steady 2.08% from March 31st to April 23rd 2014 - still, leading a question in regards to; how the government is prepared for the increase in global sugar demand against an appreciation of national currency, resulting in a higher dependency on such subsidies.
- Scarce monthly exports from Thailand have prompted the casual opening of cane entries for Brazilian and southern Asian such as Indian and Pakistan across to international buyers. April and March saw the figures in the low thousands for monthly exports across to China from Thailand as they struggle to combat against the threat of weather and climate inconsistency which has somewhat hampered what was once predicted to be a "record year" for both cane crushing and sugar exports. In March in particular, according to *The Office of Cane and Sugar Board* (OCSB), only 6,500 of raw Thai sugar was exported into the world's second largest importer of sugar compared to 290,000 tonnes from Brazil. In our view, Thailand sugar (raw) prices are still competitive versus Indian and Brazilian counterparts, yet where we seem to see a loss mounting for the South East Asian country is within the quality of cane and subsequently sugar produced. With the halting of a crushing process halfway through March, and a lower yield p/acreage resulting in lesser TRS levels seems to be the ultimate factor when discussing current competitive price outcomes versus Brazil and India.
- As of the 25th April 2014, Bunge Ltd announced via their Brazilian head, Pedro Parente that they are in the process of securing a new route for the sole purpose of grains and sugar. Being in the ethanol sector for some 7 years, Bunge see this as a step in the right direction since the hike in international prices and a subsidy within gasoline mandates from the Brazilian government reduced the competitiveness of their primary ethanol business.
- The president of UNICA, Elizabeth Farina has openly criticized the governments' handling of easily accessible credit lines for those larger corporations who are already storing up to 8% of

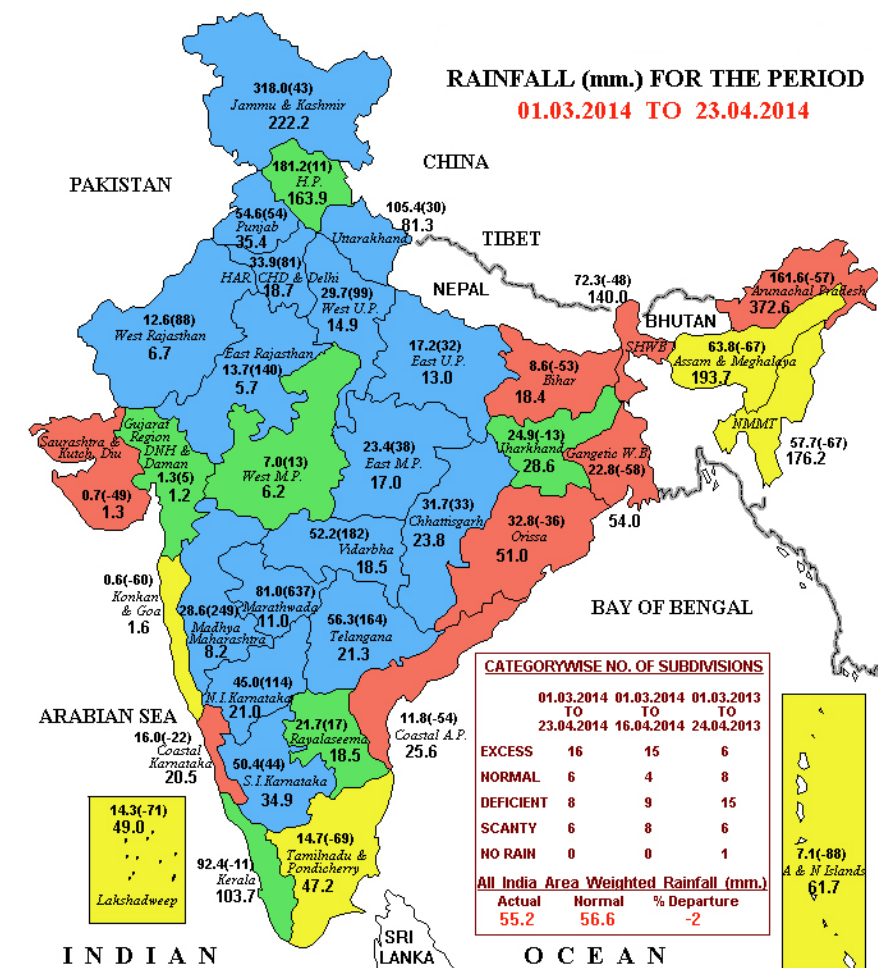
ethanol each year such as distilleries, large companies focused on the commercialization of ethanol whom are signed as member of the ANP (*Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*), explaining that such lines of credit are fundamental to allow feasibility across areas such as cane plantations and the recovering of productive from within them for locals, which will also guarantee a balance of food and energy growth within the internal and external marketplace.

India



Weather and Climate

RAINFALL (mm.) FOR THE PERIOD 01.03.2014 TO 23.04.2014



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)
Source: IMD (Indian Meteorological Department) NO DATA

NOTES:

- (a) Rainfall figures are based on operational data.
(b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

According to the *Indian Meteorology Department*, the pre-monsoon month of April 2014 is the wettest on record over the past 2 years. We have observed that the pre-monsoon /summer seasons range between March, April and May at which point lower pressure results in thunderstorms occurring within the northerly regions.

However this year in particular could potentially trigger a double-edged sword in response to projected record cane-crushing and sugar output, coupled with the wettest pre-monsoon months we've seen since April 2011. Focusing on the four major producing states of Uttar Pradesh, Maharashtra, Karnataka & Tamil Nadu, all are experiencing above normal levels of rainfall versus April 2013 & 2012. For the next 4 weeks all focus will be on the South Western states such as Tamil Nadu & Karnataka in particular, as they are typically the first of the major states to experience excessive downpours and potential threats of flooding. Gradually over the course of mid-July, lower pressure typically forms across the north eastern areas and spreads across the majority of the country.

Historical Examples:

- East Uttar Pradesh 2013 +56 - Excess ■
West Uttar Pradesh 2013 -68 - Scanty ■

East Uttar Pradesh 2012 -18 - Normal ■
West Uttar Pradesh 2012 +42 - Excess ■

Maharashtra 2013 -35 - Deficient ■
Maharashtra 2012 +34 - Excess ■

Reports out of Pune, India during the first week of April point to a pre-monsoon season which is likely to be “significantly wetter than normal”. Notably the IMD have clarified that the El Niño conditions are to expand throughout the drying-up period of rains during what it being projected as a hindrance for summer planting for farmers which would result in drying June through to September seasons and wetter mid-April through to the end of May- based on these outlooks we can see that the pre-monsoon months have already fallen in-line with these long-ranged estimates.

Considering that the production of cane is spread across northern and south-easterly irrigated states, the general consensus is that among government officials is that the El Niño weather patterns will not affect the 2014/15 season. We predict that with ease of credit/loans for mills and producers being considerably put in the global spotlight over the last 2 months- which will decrease the threat of insurance should conditions worsen- already above average sub soil moisture levels are being witnessed in the key producing states (which is a likelihood for continuation); if El Niño is to bring a warmer climate, based on these series we expect the 2014/15 production to be in line with projections. Still, total sucrose and fructose levels can be considerably affected by the abnormal weather conditions, as both hotter and above average rainfall stages will not allow for crystallisation for sugar in the plant. If this occurs, we foresee a shift from white to less commercialised raw sugar production out of India.

Traders and mills consider such climatic and weather projections as pivotal towards their annual cane growth-per acreage figures given that such data is difficult to ascertain without specialist knowledge and equipment. In spite of this we expect a revision from the meteorology department to take place closer to the middle of June where it'll become more accessible for the IMD and agricultural focused data will be significantly more accurate.

Comparative rainfall distribution percentage (cumulative) of sub-divisions incl. All of India

PRE-MONSOON SEASON 2014- Performance Since 01st March to 23rd April 2014						
Sort	23rd April 2014	24th April 2013	25th April 2012	20th April 2011	21st April 2010	22nd April 2009
Excess	16	6	6	9	3	4
Normal	6	8	7	6	4	5
Deficient	8	15	14	15	8	8
Scanty	6	6	9	4	19	18
No Rain	0	1	0	2	2	1
All India % Dep	-2%	-34%	-27%	-12%	-36%	-41%

Data: IMD (Indian Meteorology Department)

Increased performance of pre-monsoon levels against the last 5 years could play into the hands of a record annual projection for production of sugar for 2014/15. Agronomist studies have shown that in order for cane to germinate, produce sufficient levels of fructose, sucrose and thrive throughout the total season, the total water levels which are required will need to come from monsoon related showers to keep the BCM (billion cubic meter) requirements within the range of 80-100bcm. Some 75% of the total rainfall needed for quality conditions within southern-west states is brought through the South West monsoon, thus signifying its importance.

Crop Updates

Our April agronomic tour and empirical investigations of canfields and mills has provided us with an indication that farmers within Maharashtra are increasing a series of sugarcane crops in their respective fields by 10-15%. The state-wide cane per acreage increases has been driven by water availability helped by rains and precipitation above the average levels, particularly within reservoirs where cane crops can thrive.

Meanwhile, despite the fact that mills in Maharashtra paid a lower year-on-year price for cane from values given by farmers, these farmers were able to uncover that cane crops within the region are trading higher than other substitute crops such as wheat, jowar, paddy & onion. This is particularly evident within the south of Maharashtra where the transition has not been made into other crops as the south remains the main sugarcane belt; allowing for a more lucrative domestic price than conventional grains and soft commodities.

In Uttar Pradesh provided us with a potential surprise for this time of the year and so far as cane sowing is concerned for the 2014/15. Looking beyond this, the acreage per cane crop looks inevitable for declines with the range of 10-15% due to the mounting of arrears from the previous year which, unfortunately are still not being paid to farmers- thus lowering farmer incomes and causing the *production function* to slow, resulting in lesser re-investments for this season.

In our view the overall Indian sugarcane acreage is likely to remain on course for similar figures as the season prior with an increased acreage in Maharashtra and Karnataka, offsetting declines in cane acreage in the country's biggest growing belt, Uttar Pradesh. Only insofar as we still believe that is far too early to estimate solid figures out of UP, given that cane planting still continues at present.

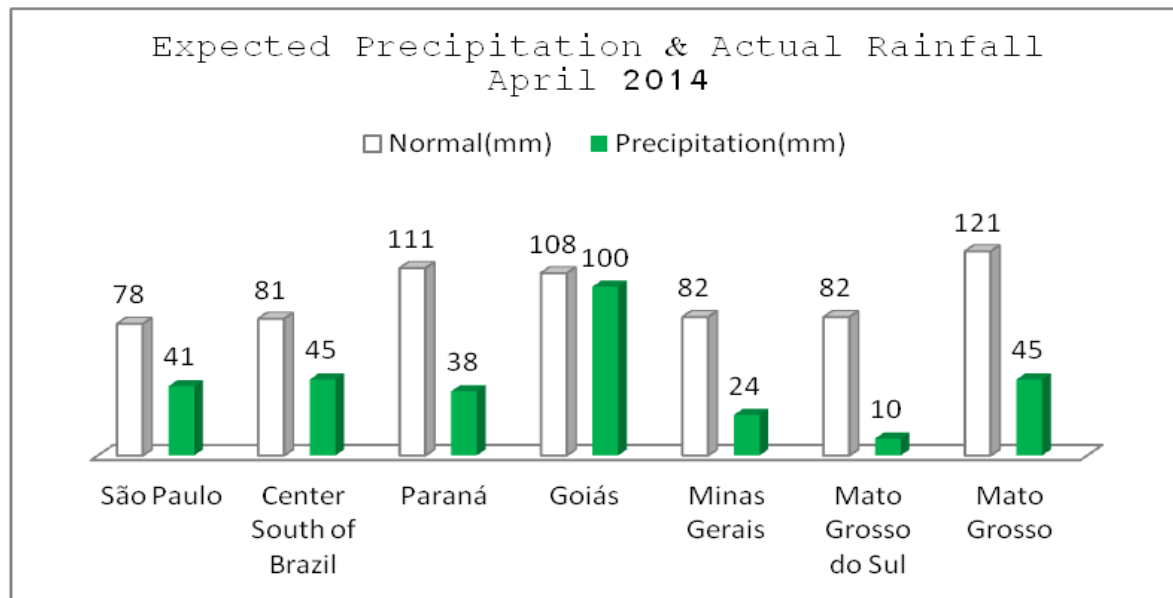
News

- According to the United States Department of Agriculture (USDA) bureau located in Delhi a weaker than expected Indian sugar export is to be witnessed next season with higher local prices, increased domestic demand and an export trend which would point to a annual decrease in total export to around 1.8 mmt.
- The CIFA (Consortium of Indian Farmers Associations) gathered together in the week of April 21st to voice their concerns over the lack of support from the current government and their cabinet ministers' for cane producers in particular. We mentioned above that some arrears had yet been paid to farmers within Uttar Pradesh, resulting in the lack of reinvestment for the following season; whilst the CIFA have insisted that the current government include their proposed suggestions for a better managed cane industry in the 16th Lok Sabha election for those farmers and producers who are often represented by CIFA to stand better chances of benefiting from sugar export policies.

Brazil

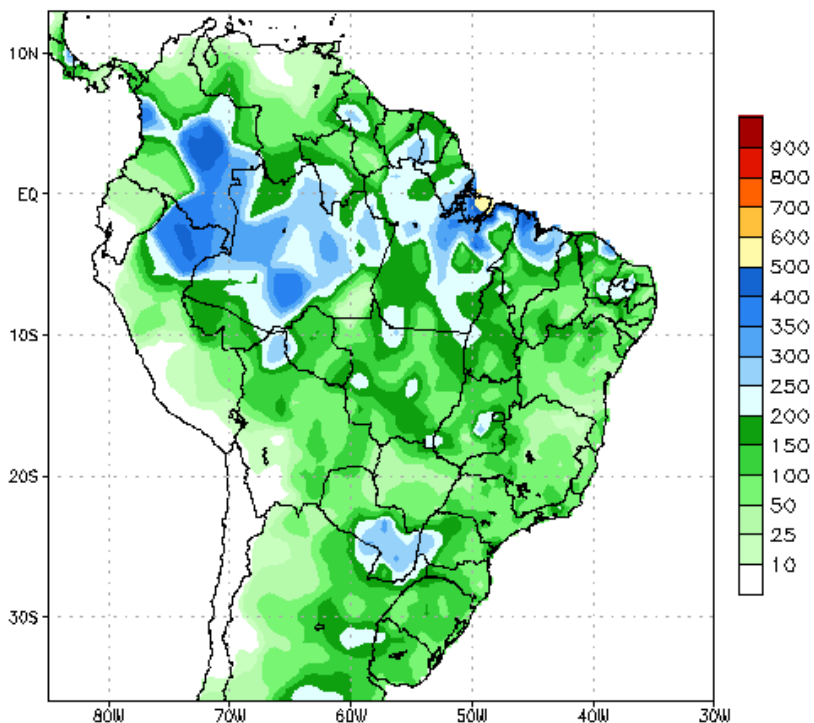


Weather & Climate



In the mid month of April, Brazil had experienced sporadic moments of rainfall, particularly in the first 14 days, nevertheless it resulted in limited impacts for farmers and sugarcane production as the hot and dry weather which saturated crops earlier in January returned. Failures in lack of sprouting were visible at the

Accumulated Prep (mm) 30MAR2014–28APR2014



back end of March through to the early weeks of April, attributed to the lack of rainfall particularly within the south-east of São Paulo, particularly in Piracicaba where accumulated precipitation has been ranging between 30- 45 mm versus average accumulated precipitation of 145 mm in São Jose de Rio Preto and 135 mm in Araçatuba.

Our research along with the *National Oceanic and Atmospheric Association* (NOAA), the possibilities of El Niño occurring are between 45-70%- giving it a higher probability that what we initially anticipated just a few weeks ago. The intensity will still be lower than expected, yet it looks set to occur between the months of July through to September; with high possibilities of rainfall reversals as a result of El Niño, this will most certainly cause the overall cane quality of the 2014/15 season to worsen and trim down durability of cane fields during

the last 4 months of the season, as typically the soil moisture levels are at their highest.

Given that precipitation and irrigated areas are key for cane growth, particularly within the tropics, we have to realize official forecasts and predictions from Brazil's national meteorology department, for not only the month of April but also the further two or three months ahead. Examining the data below we can conclude that if levels of precipitation and ground moisture play-out as expected within the coming months of May and June it'll increase the likelihood for subsequent sucrose levels becoming lower- being felt later within the crushing period- also increasing the usage of ripeners to combat against immature internodal sucrose levels that should consist of a minimum 16% and a 80% minimum percentage for purity within a cane crop.

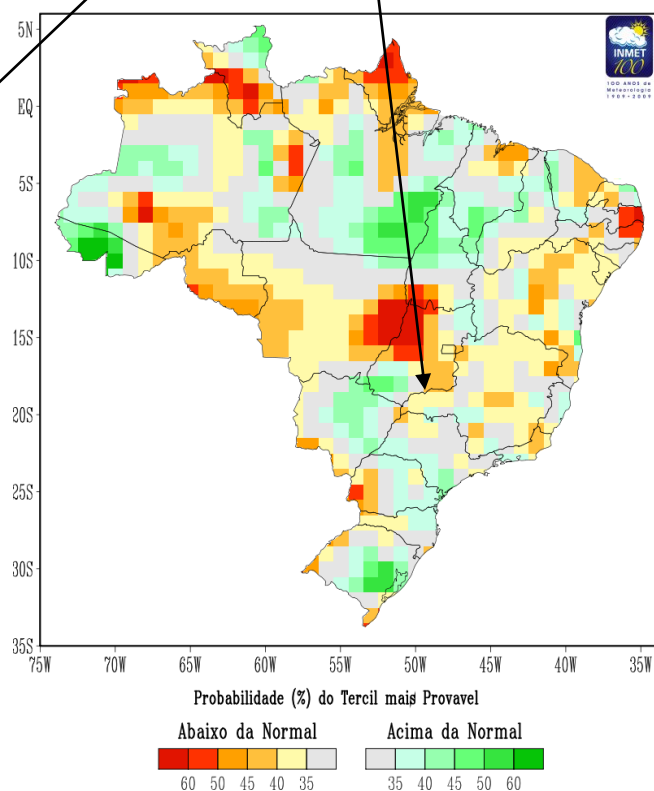
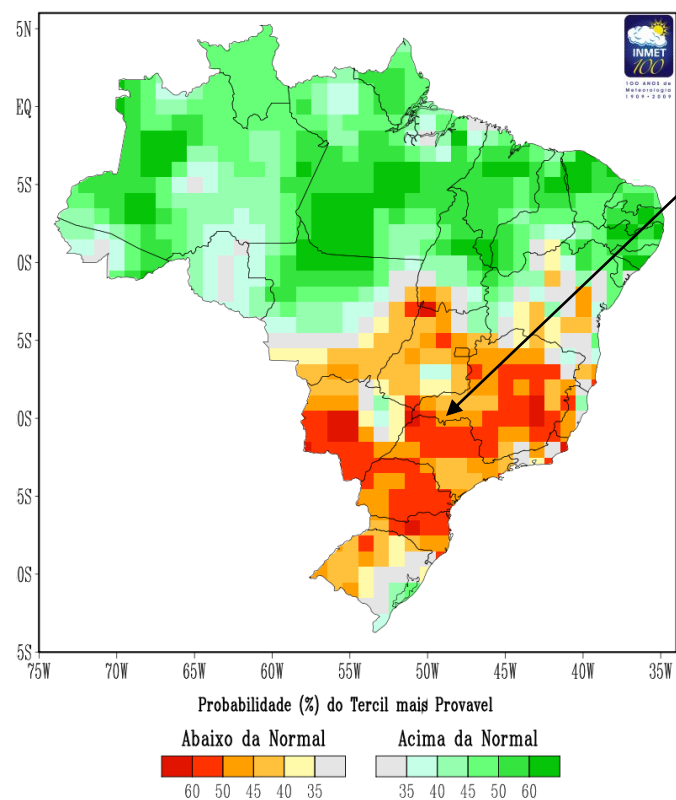
If ripeners are to be introduced more than usual following the unfavourable weather and climate conditions we expect the following relationships to coincide with the cane crops being treated particularly with those with the **Glyphosate** blend, still in Brazil the most common ripeners continues to be **Trinexapac-ethyl**:

- A 8.4%- 12% decrease in stalk weight/kg
- Fibers increasing in the range of 0.2% - 1.1%
- TRS averages (g/kg) increasing up to 10%
- Cane yields decreasing in the region of 8.5% -15% (kg/ha)

Shown as below normal ('Abaixo da Normal') the emphasis should be in the center south regions in particular where clearly the above normal precipitation is averaging 50% against 35% for April 2013.

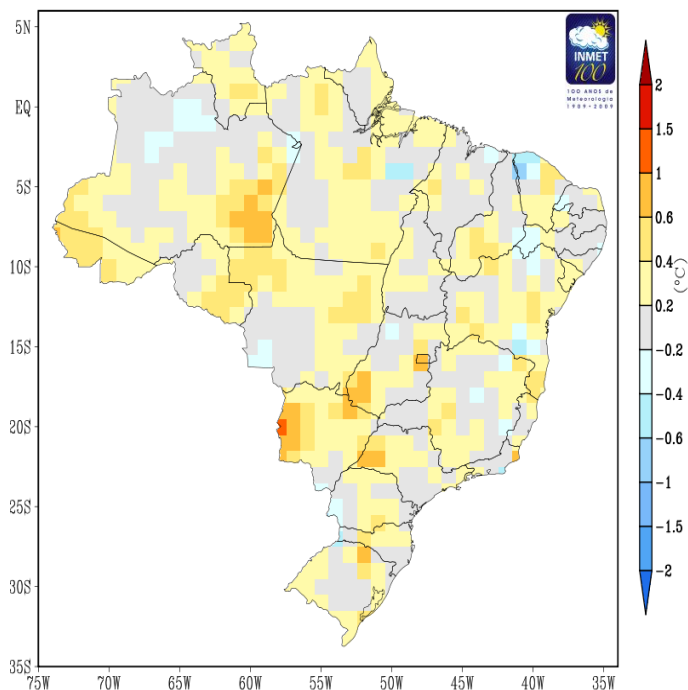
PREVISÃO PROBABILÍSTICA DE PRECIPITAÇÃO
ATUALIZAÇÃO - ABRIL/2014

PREVISÃO PROBABILÍSTICA DE PRECIPITAÇÃO
ATUALIZAÇÃO - ABRIL/2013

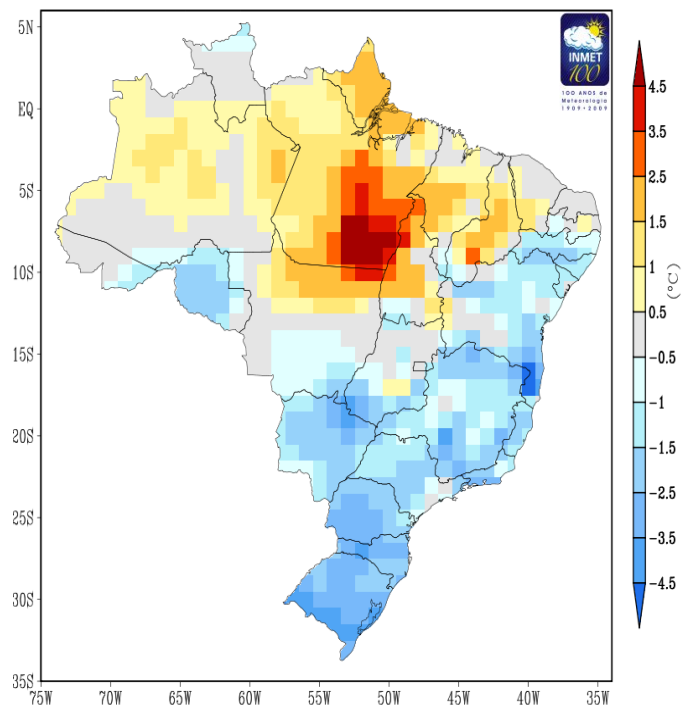


It's a similar story with average temperatures ('Temperatura Media') in and around the key center south producing states. Unfortunately, the comparisons with April 2013 have indicated that the largest change in temperature took place in São Paulo State; Paraná & Rio Grande do Sul. In Paraná in particular we observed temperatures at a steady average of 2.5°C in April- comprising of a temperature which fell in-line with monthly averages- yet for this year, we've seen a significant change up to 1.5°C.

PREVISÃO DE ANOMALIAS DE TEMPERATURA MEDIA
 ATUALIZAÇÃO - ABRIL/2014



PREVISÃO DE ANOMALIAS DE TEMPERATURA MEDIA
 ATUALIZAÇÃO - ABRIL/2013



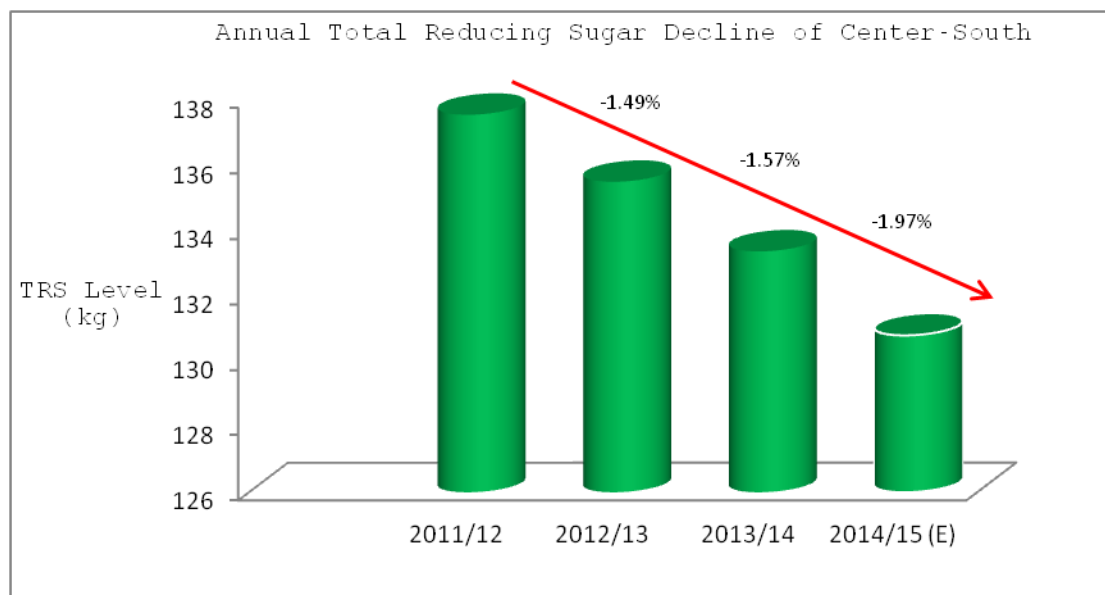
Crop Updates

Just like the sub-tropical in Indian, we've now officially seen the back of the 2013/14 harvest season for Brazil; focus will now be for 2014/15 and beyond.

In the last 5 weeks, the current weather conditions have obviously been putting pressure unto new season planting protocols as producers look towards the first 10 days of May, particularly in the center-south. Looking beyond this, our agronomical views have witnessed that as of March 20th through to the end of April, 85% of center-south region mills had already begun cane crushing. As we mentioned in the weather and climate section of the report, whilst adding ripeners may somewhat lower fibers and very rarely producers' cane yields, they are purposely added to increase sucrose levels; over the course of April reports out of São Paulo, Mato Grosso and Paraná indicated that most producers were applying ripeners in 100% of areas to be harvested at the beginning of the 2014/15 crop season.

Effects of pests can cause a series of problems for cane producers over the course of the whole season; in the past 3 weeks we've had notification of high weed infestation in predominantly cane borer and leafhopper. Many canefields are also concerned with beetle infestations partly due to the lack of good organization in combating and controlling of such pests.

In São Paulo state we've witnessed very high weed infestation, which has unfortunately provided protection for pests such as nematodes. The result of such infestation has resulted in obvious losses to yields, projected losses in operational yields and most importantly the actual cane which stands within the canefields becomes less likely to have longevity of life, which increases the chances of producers' renewing cane than normal.



Data: UNICA /Agriwatch Pvt. Ltd

In TRS levels we are estimating for this year, a decrease from 133.37 to 130.80, a decrease of -1.97% from the previous year, in our April 2014 report we examined the average TRS level for 2013/14 at 133.50, today we've produced our estimate for 2014/15. We've observed these levels and our estimate based on the following reasons:

- The rains which are predicted to arrive
- An economic profitable phase playing out within the surface-energy versus sugar producing industry in the country, which favours cogeneration projects. As a result, corporations with ample crushing capacity will favour the highly, more profitable, straw from cane strategy (**Bagasse**) which then gives birth to a lower focus on sugar content crushing, rather more fiber –based on the cogeneration energy production.

Mills were closely observing 'ag' yields within April as the general consensus stood between 8-20% declines depending of various regions within the country.

In terms of production, considering all of the negative factors which are outweighing the positive trends we expect 2014/15 to show an annual center-south production of sugarcane to be 571mmt and the northern regions of Pernambuco & Alagoas producing 50mmt, concluding a total Brazilian sugarcane production of 621mmt. Out of the total production we foresee an annual sugar production stocks at 33.8mmt of the total area of Brazil.

April Heat Map 2014 Estimated Annual Brazilian Cane Production = 571MMT

46.75%	within Levels Sucrose Sugar	34.13	34.21	34.28	34.37	34.45	34.52	34.60
46.50%		33.95	34.03	34.10	34.16	34.26	34.33	34.42
46.25%		33.76	33.85	33.92	34.00	34.08	34.15	34.23
46.00%		33.58	33.66	33.73	33.80	34.07	33.97	34.05
45.75%		33.40	33.48	33.55	33.63	33.70	33.79	33.86
45.50%		33.21	33.30	33.37	33.45	33.52	33.60	33.67
45.25%		33.03	33.11	33.18	32.23	33.34	33.42	33.49
Average Yield (kg TRS/t)		131.00	131.30	131.9	132.2	131.2	132.50	132.80

Equivalent Prices

The 04TH of April, 16th and 30th showed variances in price equivalencies from Indian Wholesale sugar (Vashi) & Brazilian wholesale.

Fortnightly price ranges (per %) over the course of April are as follows:

- Indian Vashi -1.54% through to +0.33%
- Brazilian Wholesale -0.095% through to +0.34%

As of April 04th 2014	(per 100kg) INR	(per Ton) US\$
Indian Vashi Wholesale Market	3301.00	552.25
	(per 50kg) R\$	(per 50kg) US\$
Crystal Brazilian Sugar Wholesale (Per 50kg) R\$	52.48	23.46

As of April 30th 2014	(per 100kg) INR	(per Ton) US\$
Indian Vashi Wholesale Market	3261.00	541.65
	(per 50kg) R\$	(per 50kg) US\$
Crystal Brazilian Sugar Wholesale (Per 50kg) R\$	52.51	23.56

As of April 16h 2014	(per 100kg) INR	(per Ton) US\$
Indian Vashi Wholesale Market	3250.00	539.50
	(per 50kg) R\$	(per 50kg) US\$
Crystal Brazilian Sugar Wholesale (Per 50kg) R\$	52.43	23.53

Data: ISMA/UDOP/Consecana

Ethanol Updates

Historical Comparative Prices of Ethanol Blends in Sao Paulo State -Hydrous		
Date	Price (R\$) Litre	Price (USD \$) Litre
21/04 - 25/04/2014	13,558	0,6077
14/04 - 17/04/2014	14,193	0,6354
07/04 - 11/04/2014	13,066	0,5917
31/03 - 04/04/2014	13,037	0,5752
24/03 - 28/03/2014	13,881	0,6053
17/03 - 21/03/2014	14,241	0,6088
10/03 - 14/03/2014	14,305	0,6066
03/03 - 07/03/2014	14,368	0,6171
24/02 - 28/02/2014	14,382	0,6146
17/02 - 21/02/2014	14,148	0,5944
10/02 - 14/02/2014	13,805	0,5741
03/02 - 07/02/2014	13,225	0,5506
27/01 - 31/01/2014	12,861	0,5306
20/01 - 24/01/2014	12,837	0,5409
13/01 - 17/01/2014	12,889	0,5471
06/01 - 10/01/2014	12,844	0,5395
30/12 - 03/01/2014	12,835	0,5406

Historical Comparative Prices of Ethanol Blends in Sao Paulo State -Anhydrous		
Date	Price (R\$) Litre	Price (USD \$) Litre
21/04 - 25/04/2014	15,383	0,6895
14/04 - 17/04/2014	15,317	0,6857
07/04 - 11/04/2014	15,299	0,6928
31/03 - 04/04/2014	15,845	0,6991
24/03 - 28/03/2014	15,792	0,6886
17/03 - 21/03/2014	15,977	0,6830
10/03 - 14/03/2014	15,884	0,6736
03/03 - 07/03/2014	15,491	0,6653
24/02 - 28/02/2014	15,447	0,6601
17/02 - 21/02/2014	15,348	0,6448
10/02 - 14/02/2014	15,184	0,6315
03/02 - 07/02/2014	14,917	0,6211
27/01 - 31/01/2014	14,733	0,6079
20/01 - 24/01/2014	14,672	0,6182
13/01 - 17/01/2014	14,606	0,6200
06/01 - 10/01/2014	14,582	0,6125
30/12 - 03/01/2014	14,422	0,6074

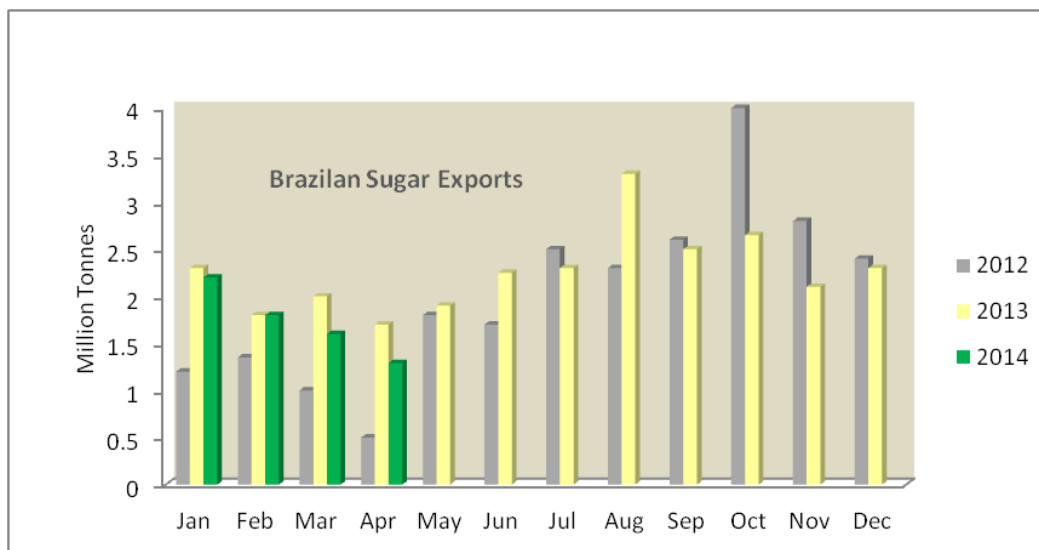
Data: UDOP

The Brazilian sugar and ethanol industry association have forecasted a steady increase in the value of cane which is to be produced from this seasons cane harvest. Whilst we have forecasted a sugarcane crush of 571mmt for the 2014/15 season, the association have theirs at 580mmt for the same period, whilst also detailing that a benchmark of 56% of total cane will be transformed into ethanol usage for fuel purposes- an increase of 1.66% from the previous MY. With this figure, expectations from traders within Brazil suspect an increase of 1.2% on the amount of litres produced. Yet, we expect the annual increase in litres to show a figure somewhere within the range of 1.8 to 2.0% higher than the year prior.

Sugar Exports

Our view is the following:

Relatedly, with the PIS/COFINS tax-break due to resume pre April 2013 levels at the end of December 2015, producers and mills will look to monopolize possible price gains from ethanol production, as it'll be the only full year, whereby they'll be in a position to take full advantage of such tax breaks. Furthermore, the presidential elections will also take place from June to October this year, with the probability of a new government and there new laws becoming changed within the agribusiness, energy & bio sectors. Finally, we've recently analysed the amount of TRS in cane over the course of the past three seasons, estimating that, for this 2014/15 MY a fall of approximately 130.80 TRS which would signify a sentiment geared towards cane-based ethanol and energy rather than sugar. At the same time Brazil, neither India nor any of the leading producing nations seem to be under threat to produce and export more sugar unto the global market, strengthened by the recent global surplus of sugar stocks.



Data: Ministério de Desenvolvimento, Indústria e Comércio (MDIC)

Company News

- News out of Brazil on May 01st 2014- According to the company CEO Soren Schroder, Bunge are looking to maximise profits and values to their shareholders in response the company's sugar and ethanol units had a combined operational loss of \$64M, reported on the first Thursday of the

month. Many believe that times will only continue to get worse for Bunge as globally, they'll be fighting against the new conglomerate of Cargill and Copersucar. Schroder also attempted to put future investor sentiments at ease, confirming that the company is "searching activity within alternative strategies of sugarcane within Brazil" and that "this will become more evident during the crushing period" of cane.

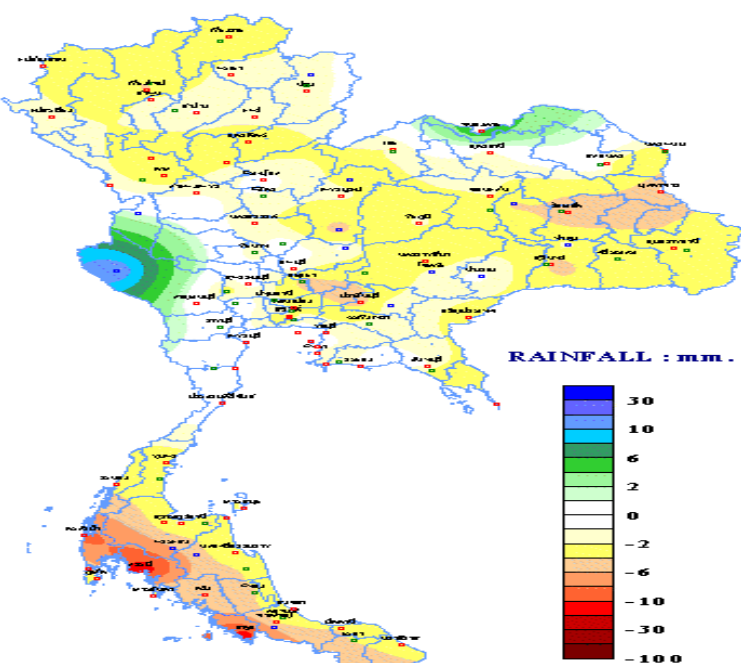
- Raízen, the second largest energy company within Brazil (by revenue), often represented-well through its sugar and ethanol business ventures have announced as of May 01st 2014 that they'll enter into a partnership with Sapore to open one hundred restaurants within the coming five years. The move has been hailed as a new search to increase Raízen's footprint into related sectors, especially those involved within the food industry.
- UNICA (União da Indústria de Cana-de-Açúcar) will increase their presidential standings as ex-agricultural minister Roberto Rodrigues is set to work alongside current president Elizabeth Farina during the end of May. Both will feel that they'll have a better chance collectively to introduce proposed ideas relating to subsidies in front of the current Rousseff administration that refuses to enter into debates with such ethanol producers due their lack of adherence towards ideas of ending gasoline subsidies in the country.

Thailand



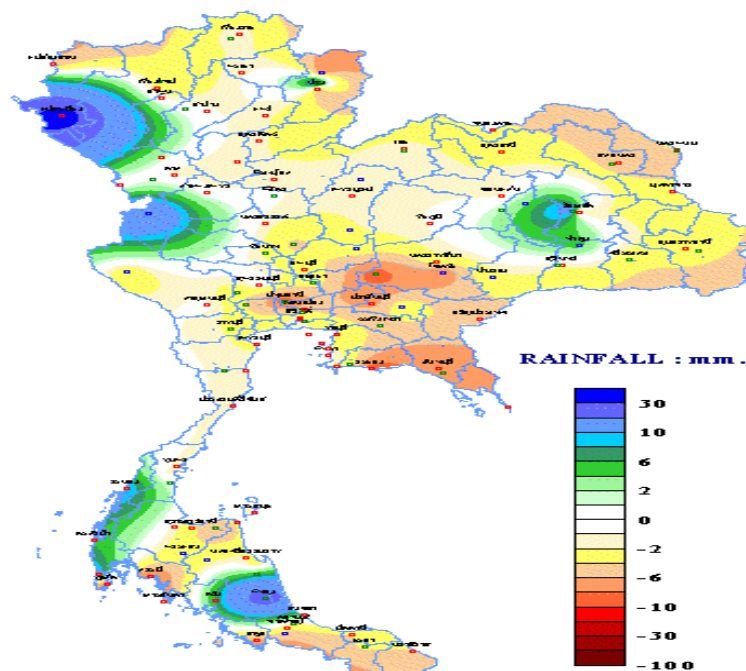
El Niño looks to play havoc unto Thai sugarcane as well as Indian and Brazil. The United States Department of Agriculture bureau stationed in Bangkok released their first estimate regarding the Thai crop for 2014/15, stating that the unpredictability that such climatic conditions can spring unto countries should not be over looked. They also cut the South-East Asian giant's annual sugar production to 10.37mmt from 11.37mmt. With the Thailand Meteorology Department providing a forecast for below average precipitation and rainfall for the coming months- seen most in the July- in central, southern and eastern (including coastal) areas the main producing states of Thailand look to be somewhat under threat from El Niño. The monitoring of weather conditions at present cannot tell us too much about what lies ahead yet it's important to look at present conditions for assistance relating to possible early or late planting. For Thailand the normal planting season consists of a shorter window than Brazil and Indian: only June through to July and again in November. Below we see the **20th April 2013** against **21st April 2014**; already below normal temperatures are occurring.

DEPARTURE FROM NORMAL
20 APRIL



THAI METEOROLOGICAL DEPARTMENT

DEPARTURE FROM NORMAL
21 APRIL



THAI METEOROLOGICAL DEPARTMENT

Crop Updates

Thailand Sugarcane Historical Data			
*All information, excluding forecast (f) is as of April 20th 2014			
Data Indicated per ton	13/14	14/15 (f)	Percentage (%)
Sugar Production-Raw	11,142,840	10,800,950	-3.07%
Sugar Production- Total	10,988,719	9,009,230	-18.01%
White	1,200,000	910,560	-24.12%
Raw	7,870,756	6,808,320	-13.50%
Refined	1,725,600	1,100,850	-36.20%
Rose	192,363	189,500	-1.48%
Total Cane Crushing	97,623,653	N/A	0.00%
Fresh	34,285,476	N/A	0.00%
Burnt	63,338,177	N/A	0.00%

Data: Office of the Cane and Sugar Board (OSCB)

Our forecast for the lowered production, and cane crushing is closely linked to the El Niño movements inward on the country come the second half of the season. At present it remains a challenge for us to forecast or estimate the crushing capacity of mills during what is predicted to be a long 2014/15 season ahead. Thailand has one of the oldest mill/state ratios out of the top four global producers, this only increases our view that some mills may struggle and possibly close come part way through the once forecasted record season.

Other News and Analysis

- April 01st brought the beginning of the new season in Brazil, as it hasn't gone unnoticed as UNICA and mills in the center-south reported that sugar output has risen afar of the 100% mark, to 540,000 tonnes as we found out on April 20th 2014.
- The battle against cheap sugar dumped into the U.S market by Mexican counterparts continues to heat up as the closely guarded U.S sugar industry released a statement on April 18th via the Commerce Department stating that they'd launch an official probe into the allegations of Mexican misuse and possible breaking rules stipulated within the North American Free Trade Agreement, which allows for cheaper, yet sometimes higher-graded sugar to enter into the U.S from Mexico and vice-versa. Reports have indicated that as a result of negligence from the Mexican exports, fructose exports into the country may become decreased as the United States will look to punish Mexican farmers with anti-dumping duties on the free imports Mexico is allowed to take advantage of.
- Time seems to be running out for Caribbean sugar mills as their 3-year agreement with Lyle & Tate is now entering the second year, with only 12 months remaining on a contract that has seen the SAC (Sugar Association of the Caribbean) benefit from vendor prices of USD\$ 894/T. A move toward production of sugar by-produce such as molasses and ethanol could prompt high prices to continue and negotiation between the two parties to remain strong.

Technical Futures Sugar 11#

As of **30th April 2014** ICE Raw sugar prices settled at 17.24 cents per lbs after testing its 14 day SMA i.e. 17.00 cents. Prices are currently hovering at pretty crucial level. On monthly chart, 16.58 cents is the immediate support level, breach of the mentioned level would take the prices down to 15.50 which also lying over its support trend line.

On the upper side, 19 and 20.16 cents per lbs are the resistance levels.



Source: Reuters Eikon



Source: Reuters Eikon

As of **30th April 2014** Prices of Refined Sugar London exchange traded at \$457 per ton. Here, prices got support at \$444.5 per ton if breach then it could test \$418 which also lying over its support trend line. On the northward direction, \$501.9 & \$530.9 per ton are the next resistance levels.

With decrease in price along with volume and OI, prices likely to move in a consolidation phase with weak tone as expected.

International Sugar Prices (Weekly)				
	Contract Month	30-Apr-14	28-Mar-14	Change
ICE Sugar #11 (US Cent/lb)	14-May	17.24	17.77	-0.53
	14-Jul	17.72	18.13	-0.41
	14-Oct	18.35	18.55	-0.2
LIFFE Sugar (US \$/MT)	14-May	457.1	478.00	-20.9
	14-Aug	467.5	488.90	-21.4
	14-Oct	476.0	494.20	-18.2

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