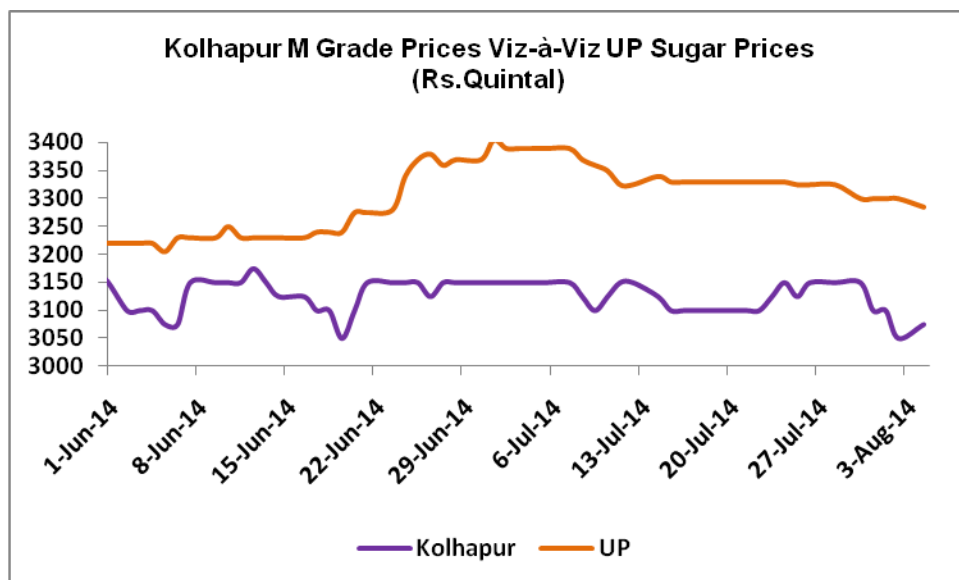


Domestic Market Recap & Price Outlook:

Prices of sugar traded in a weak tone from last couple of weeks. Sluggish demand at current rates and rejection of increase in import duty on sugar to 40% from existing 15% led the sugar prices down.

Meanwhile, Sugarcane sowing has started and till date around 46.42 lac hectares of sugarcane has been cultivated.



Price Outlook:

Sugar prices likely to take a dip considering decreasing international sugar prices and govt. interventions to curb hike in essential commodities.

Sugar Domestic Price Outlook:

Sugar price are likely to move in a range with weak tone due to weak demand from domestic as well export front. If prices of sugar international market improved then only there is any possibility in increase in prices of sugar in domestic market.

Major Happenings in Domestic Sugar Industry:

- The net sown area under sugarcane cultivation has increased to 46.42 lakh hectares in India till August 1, 2014 for 2015-16 marketing year.
- Sugar prices declined by 1% this week ended 1st August 2014 in Muzaffar Nagar spot market. Weak spot demand, continuous supply pressure from Brazil and Thailand and initial higher sugar production estimate for 2014-15 influence the prices.
- Kolkata (big consuming center of sugar) got 47 rakes of sugar from various sourcing centers like UP and Maharashtra in the period between 15th July to 31st July 2014 as reported.
- India is offering sugar FOB prices at \$500-510 per ton which is comparatively higher compared to Brazil and Thailand sugar FOB prices i.e. \$434 and \$437.70 per ton respectively.
- Sugar future traded low amid ample supply both in domestic as well as international market coincided along heavy rainfall in western India. However, the demand is expected to boost marginally amidst arrival of festival season in India
- The Legislative Council had sanctioned the Karnataka Sugarcane (Regulation of Purchase and Supply) (Amendment) Bill 2014 in the assembly. The bill primarily focuses upon restructuring and reformation of Sugarcane Control Board in the state alongside the provision of additional power to the board. According to the news sources, farmers will get first cane payment immediately and second payment based on the revenue sharing basis after 14 days.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$522 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$500 per ton Kolhapur based. Recently, government decide to give Sugar export subsidy on raws to Rs 3300 per ton, which ultimately increase sugar export figures in the year ahead.

On International front, Brazil sugar FOB prices quoted at \$439.5/ 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.60.80) till 4 th Aug 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$439.50	\$470	\$500

Sugar Import and Export Scenario:

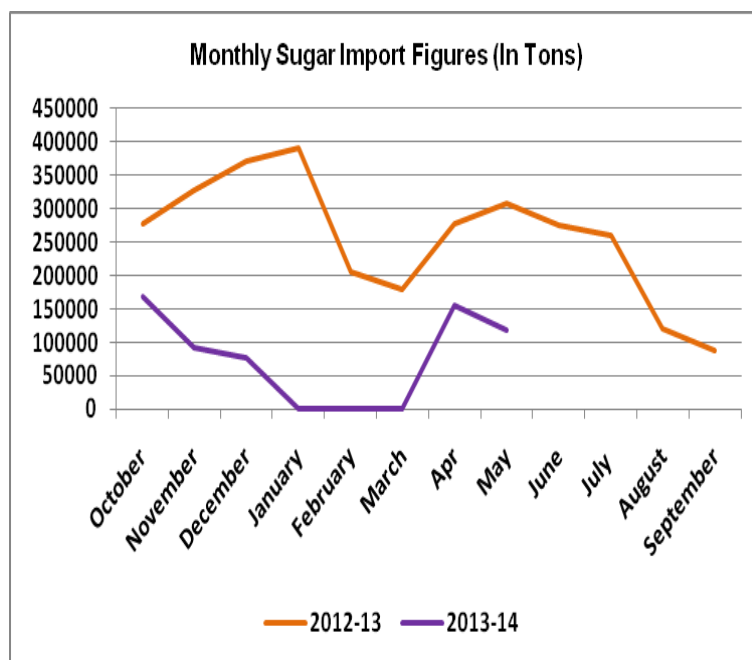
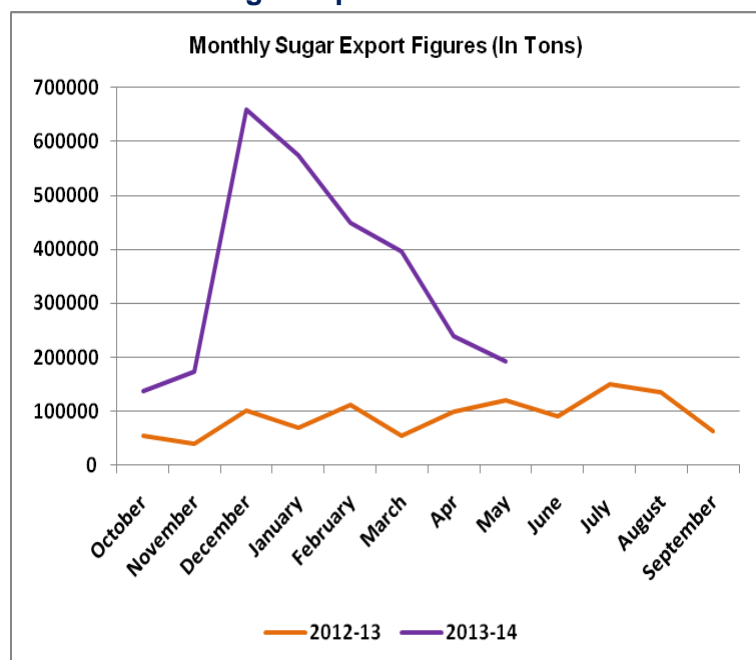
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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 3 million tons from India in 2013-14 marketing year. Till date, India has exported 2.8 million tons of sugar as reported.

India Sugar Export Scenario:



Indian sugar exports decline M-o-M basis due to continuous supply of sugar by Brazilian mills in global market which remove export parity for Indian exporters. Also, recent sharp rise in domestic sugar prices and strong rupee also the major influencing factors which reduce the sugar shipments M-o-M.

It is notable that India exported around 1.93 lac tons of sugar (both raws and whites) which is up by 62% Y-o-Y but decline by 19% compared to April month sugar exports.

India has exported around 2.8 million tons of sugar till May 2014 which was around 0.65 million tons sugar exported at the same period last year.

As far as sugar imports are concerned, it is increasing from last couple of months due to weak international sugar prices which enable Indian sugar refiners like Shree Renuka sugars, EID Parry to import raw sugar.

In the month of May, India imported around 1.17 lac tons of sugar (mainly raws) which is down by 24% compared to sugar imported in April.

In total, India imported 6.13 lac tons of sugar till May in 2013-14. However, at the same period last year, India imported around 2.33 million tons of sugar (mainly raws).

Sugar Domestic Balance Sheet

Qty in lakh Ton	Estimated Balance sheet	
	2012-13	2013-14
Opening Sugar stock	28.6	58.89
Estimated sugar production	251.4	245
Imports (IBIS)	30.79	10
Estimated sugar availability	310.79	313.89
Total Export (IBIS)	10.90	30
Total Available for domestic consumption (D-E)	299.89	283.89
Estimated sugar consumption	241	245
Ending Stock	58.89	38.89

India is likely to produce 24.5 million tons of sugar in 2013-14 which is lower by 6 lac tons compared to last year.

However, sugar exports likely to pick up in this marketing year due to sugar deficit globally. We estimate India is likely to export around 30 lac tons of sugar.

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario Monthly				
Commodity	Centre	Prices (Rs/Qtl)		Change
		14-Jul	14-Jun	
Sugar	Delhi - Grade M	3383	3304	79
	Delhi - Grade S	3293	3239	54
	Delhi - Grade L	3365	3358	7
	UP- Khatauli Grade M	3432	3374	58
	UP- Ramala Grade M	3309	3225	84
	UP- Dhampur Grade M Ex-Mill	3319	3231	88
	UP- Dhampur Grade S Ex-Mill	3299	3211	88
	UP- Dhampur Grade L Ex-Mill	3369	3281	88
	Mumbai –Grade M	3339	3279	60
	Mumbai –Grade S	3187	3133	54
	Kolhapur – Grade M	3128	3126	2
	Kolhapur – Grade S	2991	2990	1
	Guhawati – Grade S	3300	3299	1
	Shillong – Grade S	3311	3310	1
	Vijayawada – Grade M	3605	3571	34
	Vijayawada- Grade S	3473	3444	29
	Nagpur – Grade M	3350	3288	62
	Nagpur – Grade S	3181	3152	29
	Kolkata – Grade M	3354	3339	15
	Chennai - Grade S	3162	3091	71
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3136	3050	86
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2988	2998	-10

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		31-Jul-14	24-Jul-14	30-Jun-14	30-Jul-13
Sugar	Delhi - Grade M	3320	3350	3450	3250
	Delhi - Grade S	3230	3300	3350	3200
	Delhi - Grade L	NA	NA	3365	3265
	UP- Khatauli Grade M	3400	3435	3430	3210
	UP- Ramala Grade M	3280	3300	NA	3150

UP- Dhampur Grade M Ex-Mill	3325	3340	3200	3100
UP- Dhampur Grade S Ex-Mill	3305	3320	3180	3080
UP- Dhampur Grade L Ex-Mill	3375	3390	3250	3150
Mumbai –Grade M	3326	3336	3336	3276
Mumbai –Grade S	3192	3186	3176	3108
Kolhapur – Grade M	3100	3150	3150	3050
Kolhapur – Grade S	2950	3000	3000	2950
Guhawati – Grade S	3258	3308	3309	NA
Shillong – Grade S	3270	3320	3320	NA
Vijayawada – Grade M	3550	3580	3620	3550
Vijayawada- Grade S	3450	3460	3480	3400
Nagpur – Grade M	3350	3350	3350	3250
Nagpur – Grade S	3150	3150	3200	3150
Kolkata – Grade M	3305	3360	3430	3360
Chennai - Grade S	3100	3150	3180	3075
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3125	3125	3150	3100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	2985	3100

Gur Market Scenario and Outlook

Gur prices are moving in a range to weak tone last month. Decreasing gap of gur stock position which earlier curb major hike in gur prices. In addition to it, lower sugar prices also make gur sentiments dull last month.

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	14-Jul	14-Jun	Change
Muzaffar Nagar	Chaku	3037	3006	31
	Chaku (Arrival-Sum)	-	22300	-
	Khurpa	2916	2822	94
	Laddu	3173	3127	46
	Rascut	2908	2699	209
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3131	3000	131
Bangalore	Achhu	NA	NA	-

	Mudde	3718	3621	97
Belgaum	Mudde	2902	2911	-9
Belthangadi	Yellow (Average)	3302	3182	120
Bijapur	Achhu	2897	2708	189
Gulbarga	Other (Average)	3189	3156	33
Mahalingapura	Penti (Average)	3007	2969	38
Mandya	Achhu (Medium)	2446	2345	101
	Kurikatu (Medium)	2284	2200	84
	Other (Medium)	2356	2300	56
	Yellow (Medium)	2400	2273	127
Shimoga	Achhu (Average)	3452	3400	52

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		31-Jul-14	24-Jul-14	30-Jun-14	30-Jul-13
Muzaffar Nagar	Chaku	3037	3063	3025	2900
	Khurpa(New)	2850	2950	2900	2700
	Laddu(New)	3200	3188	3150	2800
	Rascut	2900	2850	2775	2650
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	3100	3100	3100	3225
Bangalore	Achhu	NA	NA	NA	3100
	Mudde	3700	3800	3600	3200
Belgaum	Mudde	3000	3000	2700	3200
Belthangadi	Yellow (Average)	3400	3400	3100	2800
Bijapur	Achhu	2935	NA	NA	NA
Gulbarga	Other (Average)	3300	3300	NA	2900
Mahalingapura	Penti (Average)	3080	3080	2990	3190
Mandya	Achhu (Medium)	2450	2400	2450	2950
	Kurikatu (Medium)	2350	2350	2200	2500
	Other (Medium)	2400	2400	2300	2500
	Yellow (Medium)	2450	2400	2350	2900
Shimoga	Achhu (Average)	3500	3400	3400	3400

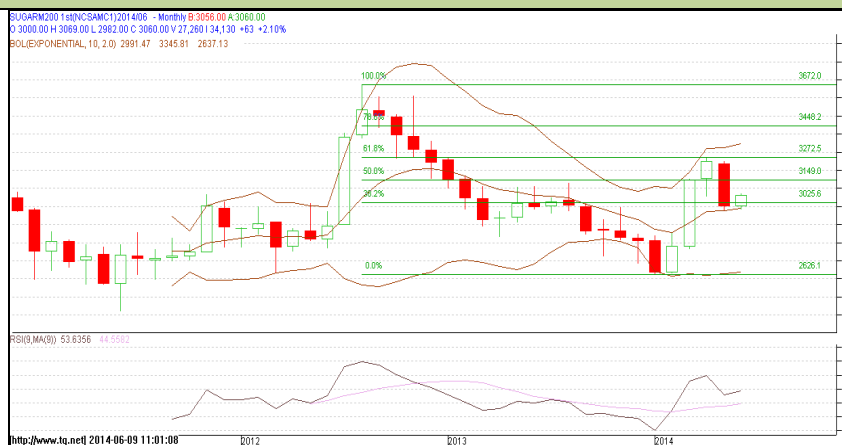
Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGAR Continuous Chart (C1)

Technical Commentary:

- Prices are showing some upward correction from here and likely to take resistance at Rs 3150-3200.
- Breach of Rs 3200 level would take the prices down to Rs 3372.
- However, overall trend remained downwards.



Strategy: We advise market participants to Buy.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	-	2845	2997	3265	3372
Intraday Trade Call			Call	Entry	Call	Entry	T1
Sugar	NCDEX	C1 Chart	Buy	Above 3000	3150	3175	2910

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% fibonacci 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	1200	1266	1348
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	C1 Chart	Sell	Below 1205	1175	1160	1225

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
- **Thailand** Weather & Climate, Crop Updates
- **Other news & analysis**
- **Technical Analysis** Sugar #5 LIFFE & Sugar #11 NYC

Global News in brief

- According to reports out of western Africa, Nigeria is making large strides towards being a net exporter of sugar and ethanol in the coming 3 years. In particular the central state of Kogi has the ability to produce around 100 tons of sugar and ethanol in the coming 18-36 months. Making it one of the main sugar producing countries in western Africa.
- The beginning of July arrived with a hedge funds and speculative traders raising their net long positions in futures and options by circa 80,000 contracts making it the largest bullish transformation since 2006.
- As of July 02nd 2014, the EPA (Environmental Protection Agency) of the United States approved Cellulosic biofuels blends, which are poised to make up the major portion of the new fuel standards.
- Moving towards the middle of July and the new Indian administration made strides to improving their domestic market by lifting the quantitative ceiling on for organic sugar exports. Essentially, with this new governmental change will help the only two sugar mills in the country to sell what is a higher cost on production than traditional sugar.
- The ISMA (Indian Sugar Mills Association) confirmed that for the 2014/15 season, the annual Indian output of sugar is likely to expand through to an additional 4% from the current levels. The new estimate reflects higher yields in Maharashtra and Karnataka in particular, which also offsets lower yields in Uttar Pradesh and Tamil Nadu will allow for the price to change to the levels of approximately 253 lakh tonnes of sugar for the 2014/15 season.
- Finally, news out of the Thailand... According to the Office of the Cane & Sugar board of Thailand mentioned on the 17th of July that some much so is the profitability for producing sugar that a typically high profit crop in rice has been playing second-fiddle to that of sugar in the last few months. In a telephone interview with a well-known news agency, the Secretary General confirmed that "With the quota for domestic consumption set to remain at 2.5 million tons in 2014/15, the country will be able to export approximately 9.5 million tons next year from the 8.8 exported last year. The production is said to increase 12 million tons of raw sugar from a record 105 million metric tons of cane crushed. Last season Thailand crushed 103.67 million tons and produced 11.29 million tons of raw sugar.
- In what was a busy buying month for the Chinese commodity market in general, the continuation of international commodities didn't stop when sugar was considered. According to reports out

from the Chinese government. China officially imported 83,111 tons of sugar for the month of June, approximately 50% less than May 2014, but almost double than June 2013.

- The American Sugar Alliance, have filled new subsidy allegations in their duty case against the Mexican sugar industry. The new allegations which were filled on July 24th and sent to the US Department of Commerce (DOC) concluded evidence that export subsidies are fuelling a flood of cheap and low quality standard Mexican grade shipments into the US which are subsequently hurting and injuring the US sugar farmers and processors.

India



Weather and Climate

Comparing the rainfall from the month prior and considering that the months of June through to September are historically monsoon months, the average rainfall levels for the month of July were as we would've expected for a month which usually proves to show one of the highest levels of rainfall throughout the Indian monsoon months.

Having said that, the second half of July showed a decrease in rainfall levels from the first half in the majority of the major producing states; as shown in more detail below, this was not enough to keep levels below averages month however.

- **Total rainfall data for India within the first half of the month came in at 84.08 mm against 75 mm for normal levels. A similar pattern was seen in the second half of the month; 93.58 versus 78.00mm.**

Looking into regional data we can deliver the following values for the major cane and sugar producing regions:

- First two weeks of Indian rainfall

UTTAR PADESH

In the first month UP rainfall was some way below what the expectation had been a few months prior, the IMD gave official releases as: 64.42% below the normal averages for the first 5 days of the month, eventually increasing a completing a full 2weeks of rainfall which topped historical averages.

MAHARAHSTRA

A an official reading of a fairly weakened accumulation of rainfall for the first week in Maharashtra, the most interesting reading in the first two weeks came in on the 03rd of July. Rainfall accumulated only 6.8 mm, 94% below historical averages.

KARNATAKA

There was a slight deficit in the state of Karnataka's average rainfall levels from the 07th 15th of a mere 3%. However if we revert back from the 01st of the month to the 07th, there was a total recorded deficit of 64%

- Second half of the month

The overall weather in the country became a lot more humid in the second half of the month. Overall rainfall levels performed a lot more historical-consistent to that of the first half of the month – 20.10% higher than forecasts.

UTTAR PRADESH

Looking through the lenses of a weighted average index, Uttar Pradesh reached 83.6 mm of rainfall on an average basis, 25.46% above what was expected.

MAHARASHTRA

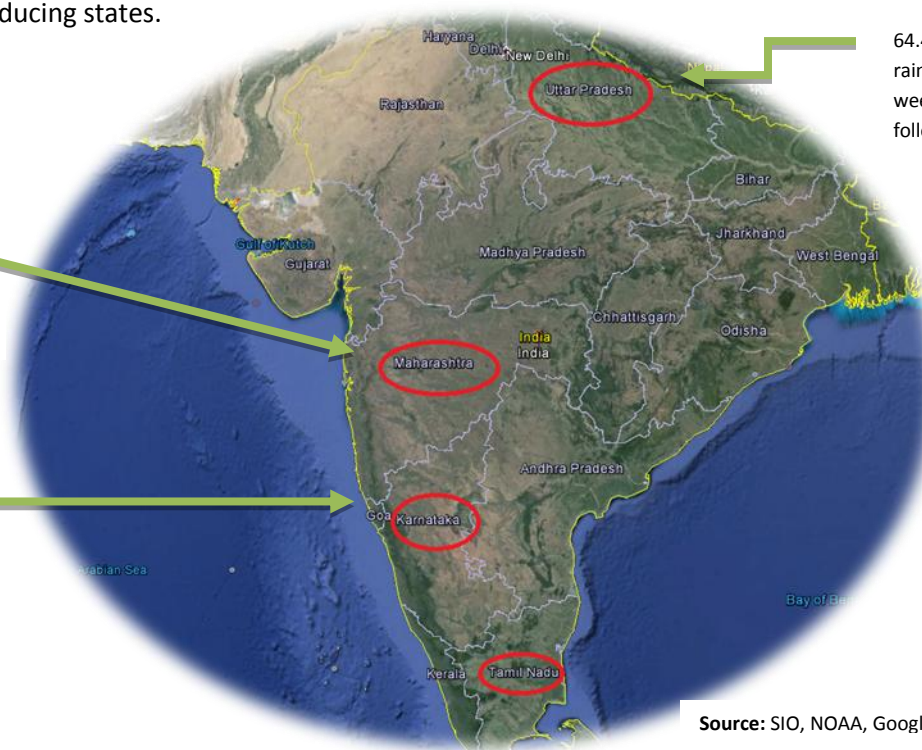
Maharashtra gave an accumulated average of rainfall of 142.00 mm, or 35.43% above expectation. This was the largest increases versus expectations for the final 2 weeks of July throughout the main producing regions.

KARNATAKA

Whilst increases weren't as large as those seen in Uttar Pradesh or Maharashtra, Karnataka still followed suit; accumulated rainfall for the last 2 weeks was at 133.5 mm or 7.68% above what initial forecasts had expected.



= main producing states.

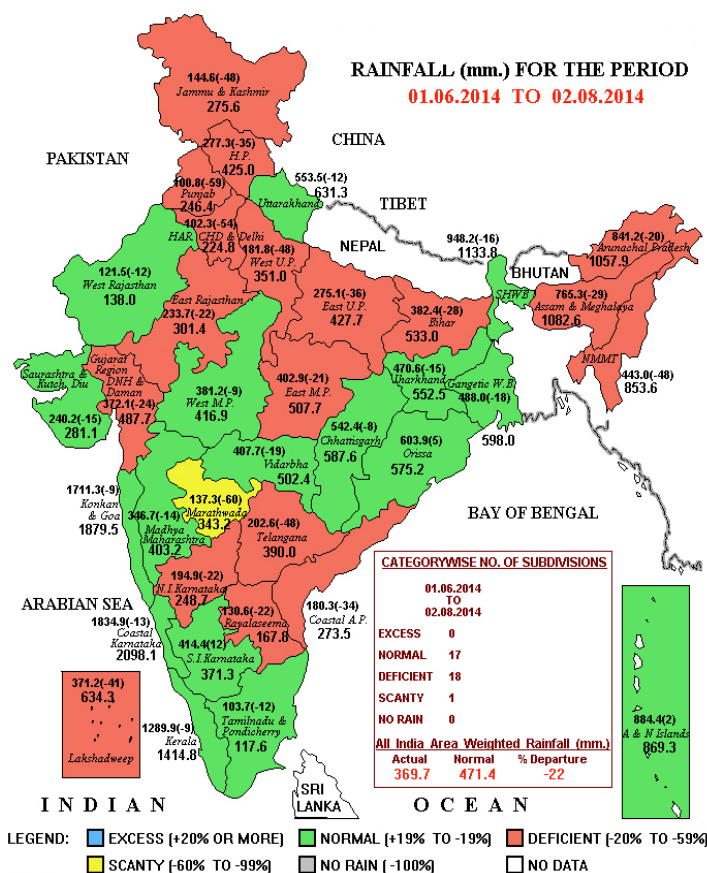
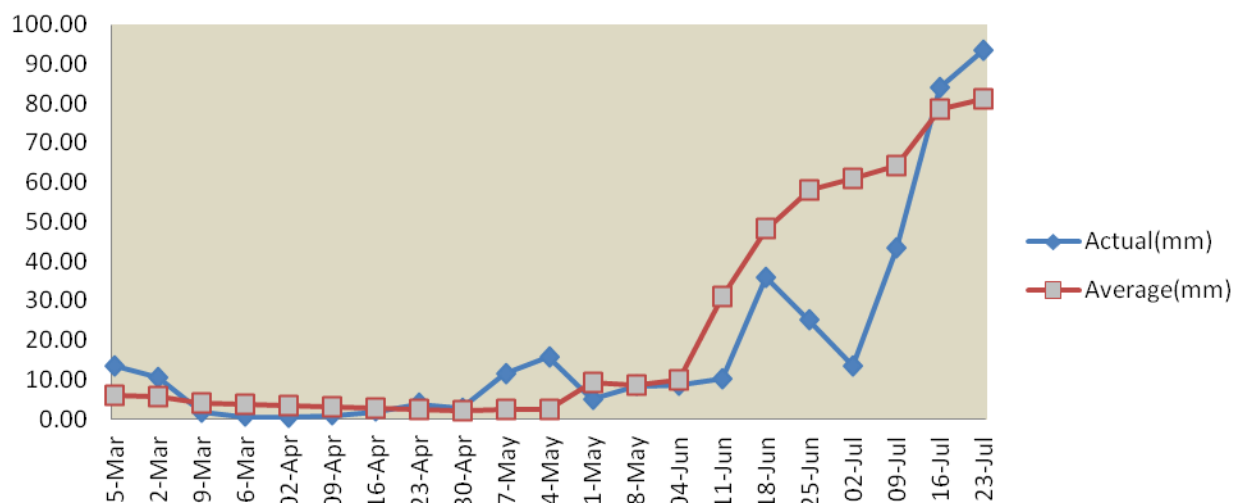


64.42% below averages
rainfall levels for the first 2
weeks. 25.46% above for the
following 2 weeks of July

A weak start to the month, with 94%
average rainfall levels below estimates. The
second half of the month levels were
35.43% above

Similar scenes to Maharashtra
in the first 2 weeks; 94% below
averages, yet the recovery was
far worse in the second half of
the month; 7.68% above
forecasts

Indian Rainfall Averages versus Actual



Hot, humid conditions caused a bit of stir earlier the month. Late rains didn't help the summer crops of cane and others, as typically during a key monsoon season, they arrive sometime earlier. Looking at Uttar Pradesh, reports from the 21st of July in particular showed that there was a consensus amongst farmers that if rains continued to be slow to arrive and hit the levels which the IMD and other international weather agencies expected, cane losses could leave overall sugar content levels at 8% in cane; versus an average of 11% for the prior year. Looking deeper into what seems to be a systemic decrease of the cane industry in the last 2 seasons in India, partly caused by credit woes, payment failures on to farmers by cane mills and now the threat of weather/rainfall levels that are adding more fuel unto the flame, our understanding is that farmers in major regions will look towards higher profitable crops. Summer crops such as Soybeans and Bananas, whereby the specific weather conditions in cane growth do not need to be adhered to in order to see high yielding inventories, will eventually begin to phase-in as the changing diets of international net import nations such as China are becoming soybean friendly and in bananas where by profits can be up to twice as much as cane. The big question is, with in Indians still consuming a large part of their cane produce, will the demand shift into other crops be short-lived?

Crop Updates

Maharashtra:

- Cane crop in Maharashtra affected in some parts like Sangli and Kolhapur due to heavy rainfall. The 18 month standing crop which is going to be harvested in December 2014 is currently tilting due to airflow and rainfall. According to cane officials in the mills, cane likely to lose 10-15% yield this time for 2014-15 harvesting year.
- At present, around 28-30 internodes are there in Adsali standing crop with total height of around 10-12 feet. Other crops like Turmeric, pomegranate (Substitute crop of Cane) damaged due to recent rainfall in these areas as reported. Also, Cane is affected by Mahwa named disease in some parts of Maharashtra.
- Meanwhile, farmers have started planting Adsali crop for 2015-16 and reportedly acreage is increasing due to less water availability during Soybean planting last month which urge farmers to shift their cropping pattern more towards cane specially in South west Maharashtra.

Uttar Pradesh:

- The cane crop in Uttar Pradesh seems good at present as moderate rainfall support the cane yield. It is notable that cane yield is indirectly proportionate to heavy rainfall which means higher than normal rainfall reduce cane yield due to water logging conditions as UP is totally irrigated area.
- Meanwhile, cane recently completed its key tillering stage and entering into the growth stage. As far as height is concerned, it is about 5-6 feet as reported.

News

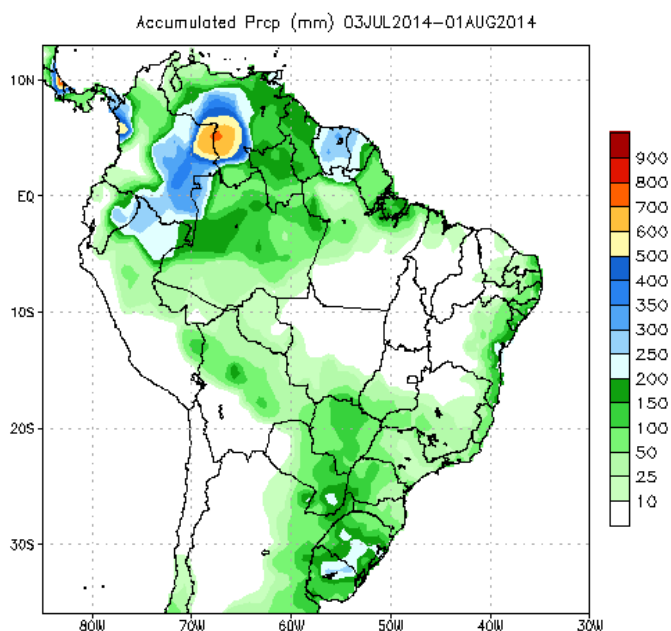
- The government of Uttar Pradesh has moved to a new stage in insuring that mills are up to date with payments by issues 52 notices to 43 sugar mills within the state. The move by the government, made on July 15th coincides with the Rs 6,737 crore that is still owed by mills to growers. As much as 75 mills in the state have accrued profits of 1,780 crore to date.
- The Indian Sugar Mills Association released a statement earlier on in July stating that the Indian output of sugar for the 2014/15 season is expected to grow by 4 percent from the 2013/14 season. According to the ISMA, UP and Tamil Nadu are showing lower yield levels, for Maharashtra and Karnataka, higher acreage in particular is offsetting the lows in the two other key producing states. They also mentioned that in the new season the total sugarcane acreage will be approximately 2% lower than the year prior, which equates to approximately 53 lakh hectares.
- In a move which was praised by the majority of farmers, a series of sugar and cane organizations have come together to discuss and brainstorm the issues and opportunities within the sugar

industry of India. A series of extraordinary figures were released following the interior discussions such as; despite the state of Uttar Pradesh being the largest sugarcane state in the country, it only averaged 59 tons/ha yields versus 100 tons/ha in Tamil Nadu, Maharashtra and Karnataka.

Brazil



Weather & Climate



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis

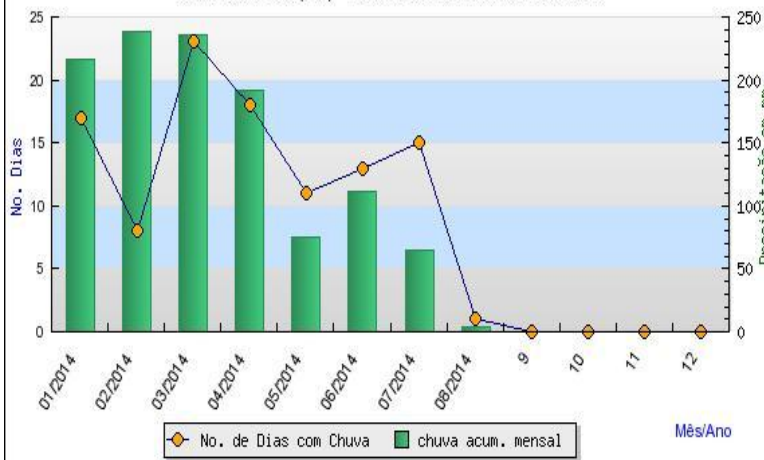
Center-south region of Mato Grosso looked fairly unchanged with relation to the accumulated precipitation from the map shown from the sugar analysis report last month. Southern Goiás saw a slight decrease in accumulated precipitation with the majority of the precipitation arriving in at 75 mm.

The biggest change month-on-month came perhaps in the state of Mato Grosso do Sul where northern areas of the state saw lower levels of accumulated precipitation averaged at 120 mm versus an average for last month at 200 mm.

Source: **NOAA.gov**

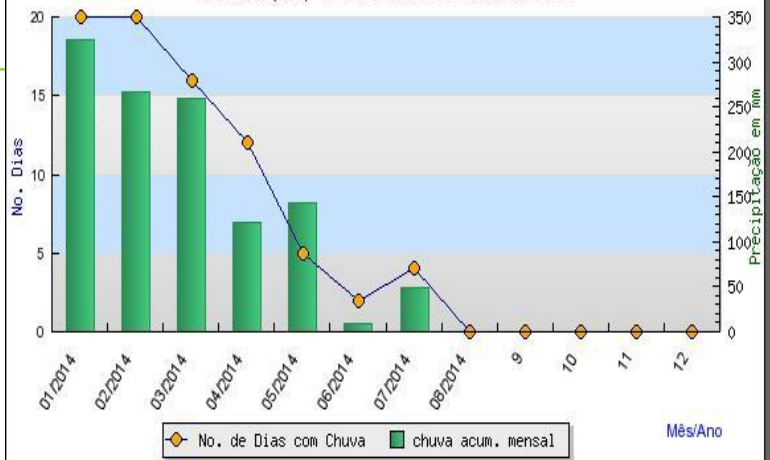
Instituto Nacional de Meteorologia - INMET

Chuva Acumulada Mensal X Nº de Dias com Chuva
PARANAGUA (PR) - Para o Ano: 2014 até 3/8/2014



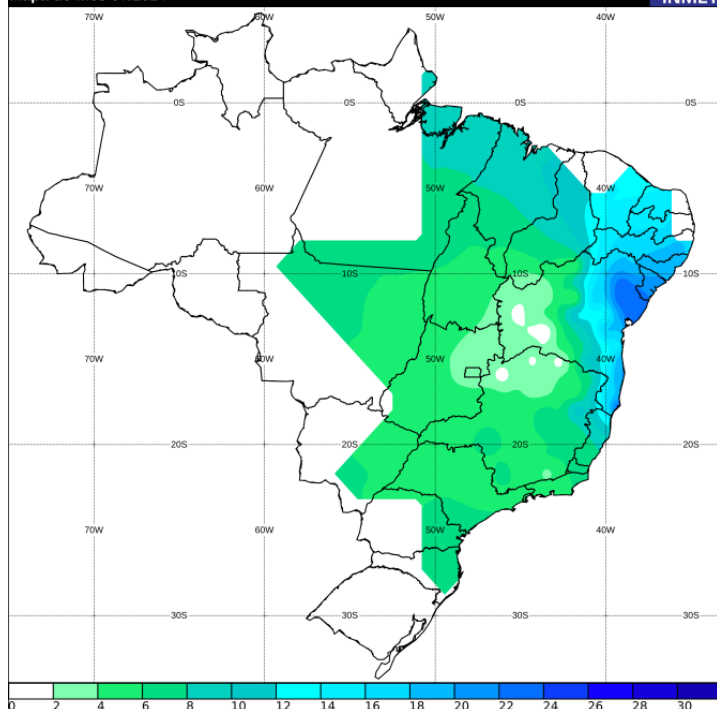
Instituto Nacional de Meteorologia - INMET

Chuva Acumulada Mensal X Nº de Dias com Chuva
CUIABA (MT) - Para o Ano: 2014 até 3/8/2014



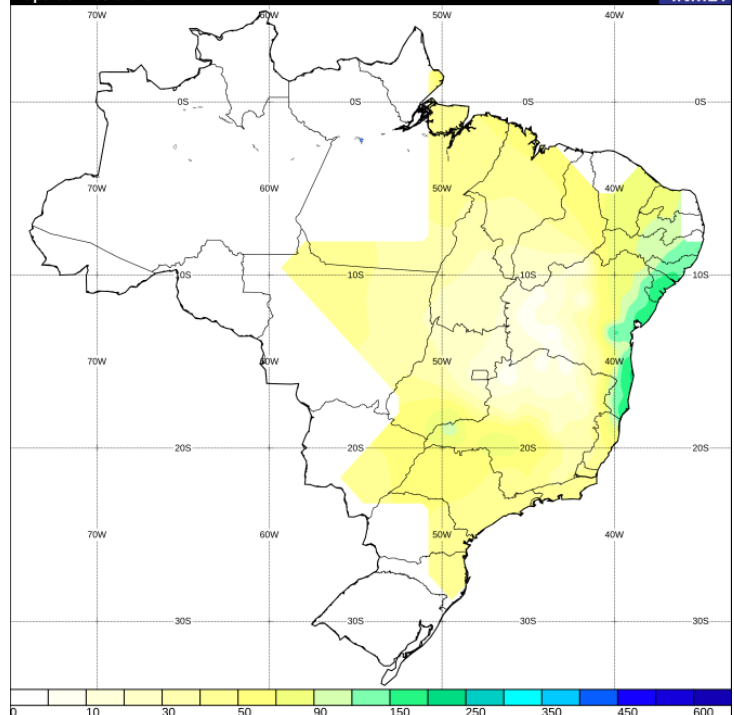
Our focus on the key producing states has led us to two states; Paraná and Mato Grosso where the number of days (No. Dias) of accumulated rainfall (Chuva Acumulada) were both below averages as shown above. Relatedly, the last 5 days of July brought a series of rainfall waves into the center-south regions which helped to offset the lower accumulated precipitation and rainfall levels seen in the 25 or so first days of July.

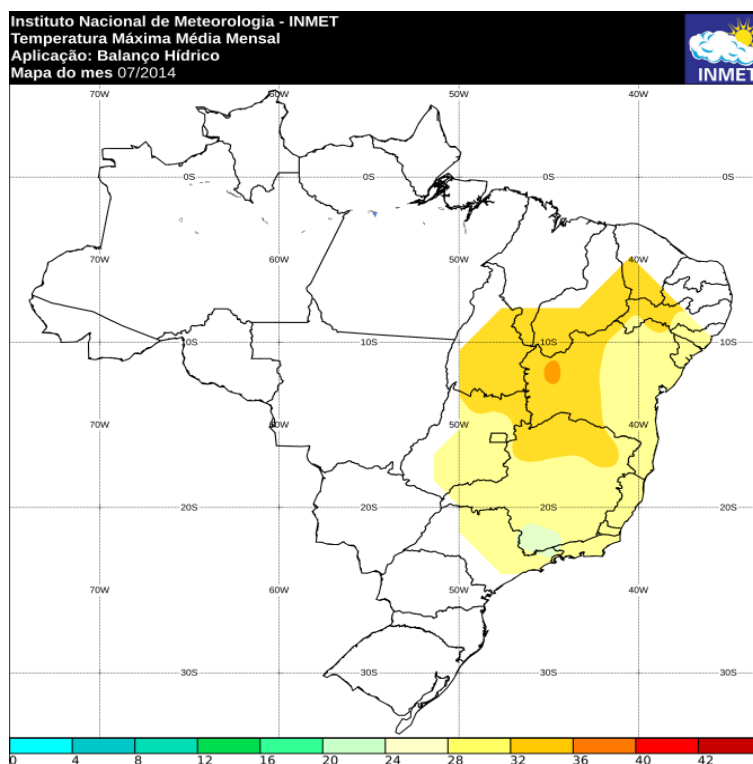
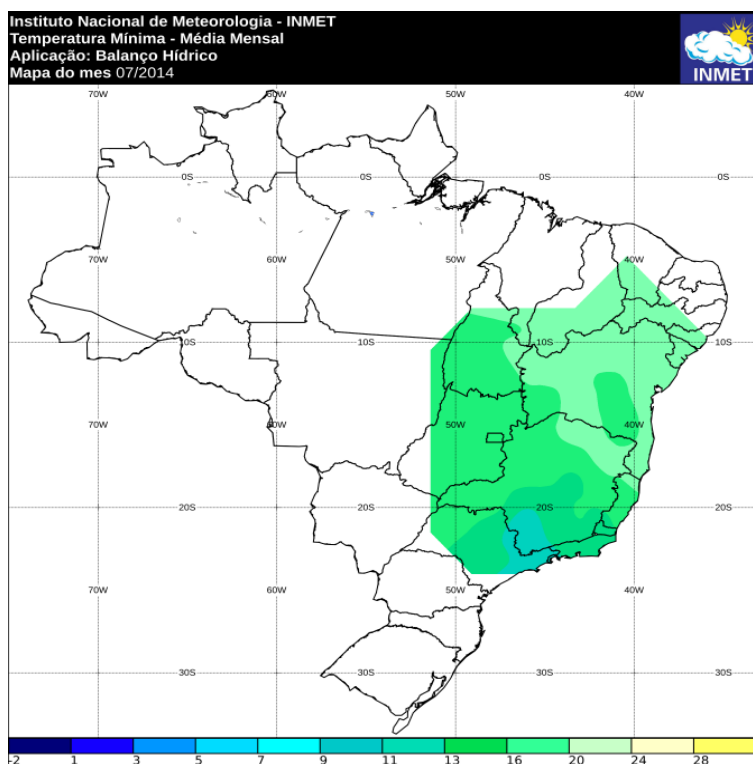
Instituto Nacional de Meteorologia - INMET
Número de dias com Chuva
Aplicação: Balanço Hídrico
Mapa do mes 07/2014



Weather throughout the center-south regions have been blighted by inconsistency of monthly daily rainfall. It has not allowed for the development of sugarcane plantations in this time of the year, there have been above average levels of days lost of crushing due to the rainfall levels in June and the first 3 weeks of July. In the state of São Paulo in particular there is key water deficiency which indicates to us that the amount of water which the soil-plant system ceases to drive evapotranspiration.

Instituto Nacional de Meteorologia - INMET
Chuva Acumulada Mensal
Aplicação: Balanço Hídrico
Mapa do mes 07/2014





Source: INMET.gov.br

Crop Updates

- The drought within the center south states of Mato Grosso, São Paulo and Paraná will be felt in the coming months as this now indicates that there will more than likely be an elevated concentration within cane. With the supply and demand dynamics playing a central role for the center-south of the Brazilian cane crop there is a lower cane yield and higher TRS levels in cane.
- Our agronomy focus from Brazil indicates that the desiccated cane crop has played-out and more likely the focus will be to stem the losses in other cane-used areas, in order to offset any losses accrued by lower yields and the lack of crushing days.
- Following these agronomical clarifications, the TRS levels in cane have changed along with cane crushing. Furthermore, the total volume of cane available to be crushed is considerably lower, explanatory through the drier days which have caused a series of simultaneous conciliations within the Brazilian sugarcane industry. The volume of cane is lower and a result the levels of vegetal contaminations which are included as actual cane when delivered to mills has increased to just over 8.5% from average levels of 6.78%.
- Higher cane infestation from insects and pests has been apparent, most of which are leafhopper and roothopper which are increased due to the warmer weather conditions.



- Production of cane in the state of São Paulo had decreased for nighty from the first day of July, passing through to the sixteenth of July by 2.8%, this was in comparison to the first sixteen days of July for the 2013/14 season
- A similar story was observed in the reference to the whole center-south states up until the sixteenth of July; the cane producing lost ground for the current season against 2014/15 by 3.98%.

Equivalent Prices

The July 02nd, 16th and 29th showed variances in price equivalencies from Indian Wholesale sugar (Vashi) to Brazilian wholesale, both indicated in \$ USD per 50kg sack.

Fortnightly price ranges (per %) over the course of July 2014 month were as follows.

- Indian Vashi: **-0.01% through to -0.64%**
- Brazilian Wholesale: **-2.70% through to -1.20%**

As of July 02nd 2014	(per 100kg) INR	(per Ton) US\$	As of July 16h 2014	(per 100kg) INR	(per Ton) US\$
Indian Vashi Wholesale Market	3166	527.01	Indian Vashi Wholesale Market	3165.65	526.47
	(per 50kg) R\$	(per 50kg) US\$		(per 50kg) R\$	(per 50kg) US\$
Crystal Brazilian Sugar Wholesale (Per 50kg) R\$	49.47	22.43	Crystal Brazilian Sugar Wholesale (Per 50kg) R\$	48.13	21.69

As of July 29th 2014	(per 100kg) INR	(per Ton) US\$
Indian Vashi Wholesale Market	3145.10	523.01
	(per 50kg) R\$	(per 50kg) US\$
Crystal Brazilian Sugar Wholesale (Per 50kg) R\$	47.55	21.32

Ethanol Updates

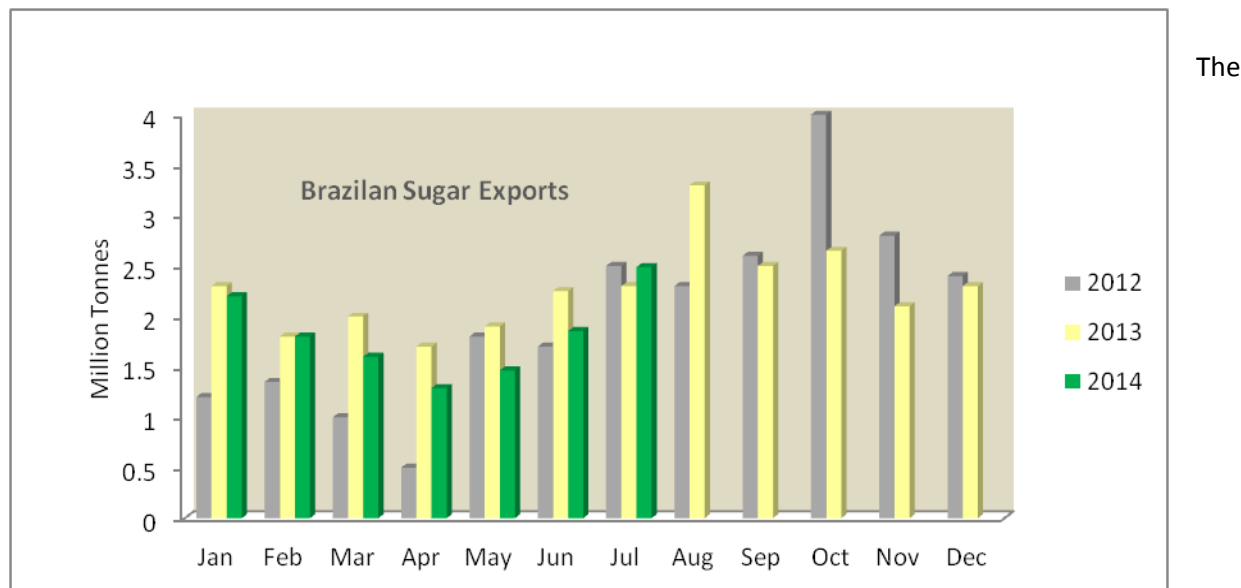
Historical Comparative Prices of Ethanol Blends in Sao Paulo State -Hydrous		
Date	Price (R\$) Litre	Price (USD \$) Litre
28/07 - 01/08/2014	1.2035	0.5358
21/07 - 25/07/2014	1.2055	0.5429
14/07 - 18/07/2014	1.2358	0.5548
07/07 - 11/07/2014	1.2424	0.5597
30/06 - 04/07/2014	1.2378	0.5591
23/06 - 27/06/2014	1.2251	0.5545
16/06 - 20/06/2014	1.2216	0.5458
09/06 - 13/06/2014	1.2156	0.5449
02/06 - 06/06/2014	1.2071	0.5319
26/05 - 30/05/2014	1.1939	0.5348
19/05 - 23/05/2014	1.2020	0.5427
12/05 - 16/05/2014	1.1917	0.5380
05/05 - 09/05/2014	1.1871	0.5337
28/04 - 02/05/2014	1.2568	0.5639
21/04 - 25/04/2014	1.3558	0.6077
14/04 - 17/04/2014	1.4193	0.6354
07/04 - 11/04/2014	1.3066	0.5917
31/03 - 04/04/2014	1.3037	0.5752
24/03 - 28/03/2014	1.3881	0.6053
17/03 - 21/03/2014	1.4241	0.6088
10/03 - 14/03/2014	1.4305	0.6066
03/03 - 07/03/2014	1.4368	0.6171
24/02 - 28/02/2014	1.4382	0.6146
17/02 - 21/02/2014	1.4148	0.5944
10/02 - 14/02/2014	1.3805	0.5741
03/02 - 07/02/2014	1.3225	0.5506
27/01 - 31/01/2014	1.2861	0.5306
20/01 - 24/01/2014	1.2837	0.5409
13/01 - 17/01/2014	1.2889	0.5471
06/01 - 10/01/2014	1.2844	0.5395
30/12 - 03/01/2014	1.2835	0.5406

Historical Comparative Prices of Ethanol Blends in Sao Paulo State -Anhydrous		
Date	Price (R\$) Litre	Price (USD \$) Litre
28/07 - 01/08/2014	1.3367	0.5950
21/07 - 25/07/2014	1.3650	0.6147
14/07 - 18/07/2014	1.3666	0.6135
07/07 - 11/07/2014	1.3637	0.6143
30/06 - 04/07/2014	1.3525	0.6109
23/06 - 27/06/2014	1.3405	0.6068
16/06 - 20/06/2014	1.3331	0.5956
09/06 - 13/06/2014	1.3245	0.5937
02/06 - 06/06/2014	1.3237	0.5832
26/05 - 30/05/2014	1.3383	0.5995
19/05 - 23/05/2014	1.3347	0.6026
12/05 - 16/05/2014	1.3298	0.6003
05/05 - 09/05/2014	1.4019	0.6303
28/04 - 02/05/2014	1.5176	0.6809
21/04 - 25/04/2014	1.5383	0.6895
14/04 - 17/04/2014	1.5317	0.6857
07/04 - 11/04/2014	1.5299	0.6928
31/03 - 04/04/2014	1.5845	0.6991
24/03 - 28/03/2014	1.5792	0.6886
17/03 - 21/03/2014	1.5977	0.6830
10/03 - 14/03/2014	1.5884	0.6736
03/03 - 07/03/2014	1.5491	0.6653
24/02 - 28/02/2014	1.5447	0.6601
17/02 - 21/02/2014	1.5348	0.6448
10/02 - 14/02/2014	1.5184	0.6315
03/02 - 07/02/2014	1.4917	0.6211
27/01 - 31/01/2014	1.4733	0.6079
20/01 - 24/01/2014	1.4672	0.6182
13/01 - 17/01/2014	1.4606	0.6200
06/01 - 10/01/2014	1.4582	0.6125
30/12 - 03/01/2014	1.4422	0.6074

Source: UDOP/Agriwatch Pvt. Ltd

With recent month-on-month prices trading at higher levels than the same time the month prior, this has been replicated through the domestic inventories. They have seen a considerable decrease in the renewal of them. We can highlight that at present the wave of credit flow issues is also consistently playing-out within the ethanol industry as well as the sugarcane industry in Brazil. Many plants are desperate for cash values; however despite this, they are pressing forward with strategic ways of maintaining stock at above average levels, which serves them well during the final quarter of the year when agricultural losses tend to be at their highest and thus inventories/supplies lower.

Sugar Exports



recent July export data released by the MDIC (Ministério de Desenvolvimento, Indústria e Comércio) that this was increase of 34% from the month prior.

Thailand

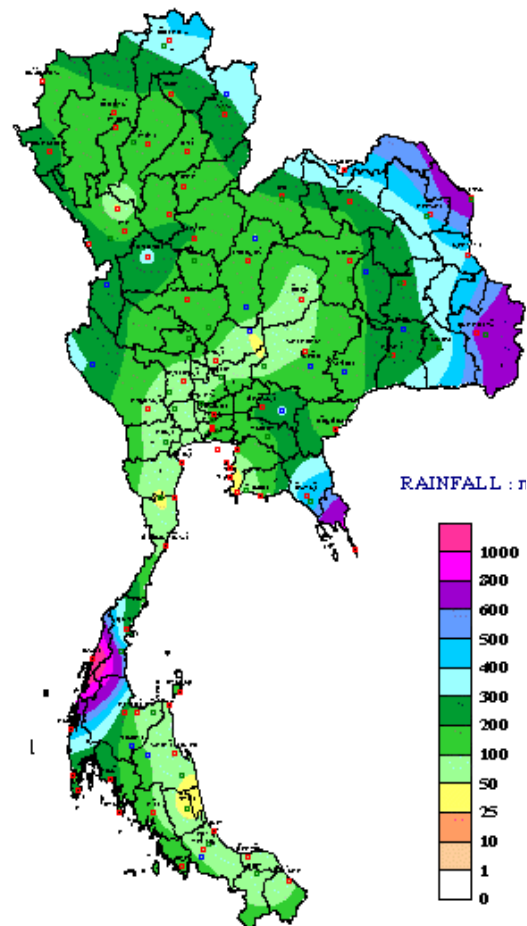


Reports out of Thailand during the last 10 days of the month of July were better than the month prior and significantly better than the May/April months also. The new 30 days will be crucial to the Thai development of their cane crops, still there have been reports that the El Niño weather front is going to be less strong than first anticipated, still there seems to be a lack of concentration from farmers when the discussion turns to threats and ways of mitigation against El Niño.

- According to the NOAA, there is still a high chance of El Niño to still cross the south east Asian nation, anything from 60-75% being the percentage of possible occurrence.
- There is however positive news, with drier conditions taking place, the sucrose levels has increased more than initially anticipated.

July Monthly Rainfall

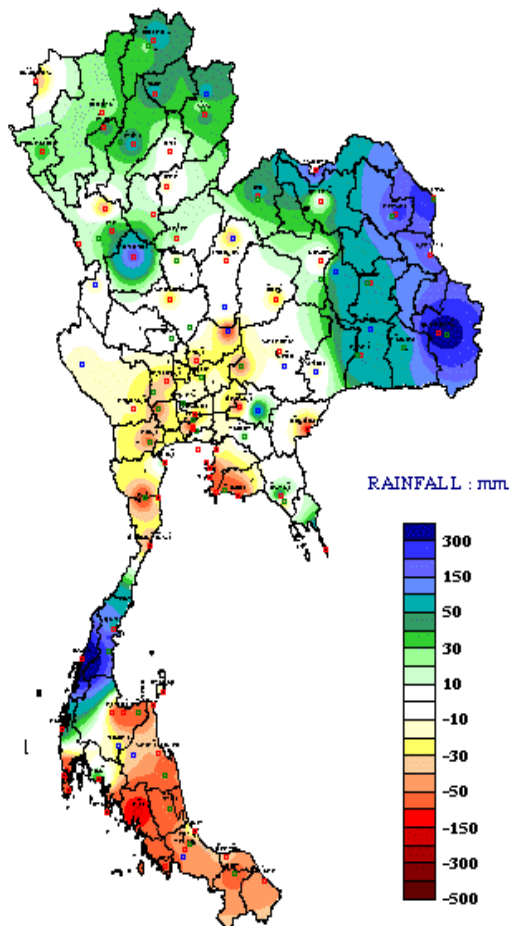
TOTAL MONTHLY RAINFALL
FROM 1-31 กรกฎาคม 2014



THAI METEOROLOGICAL DEPARTMENT

July Departure from Normal

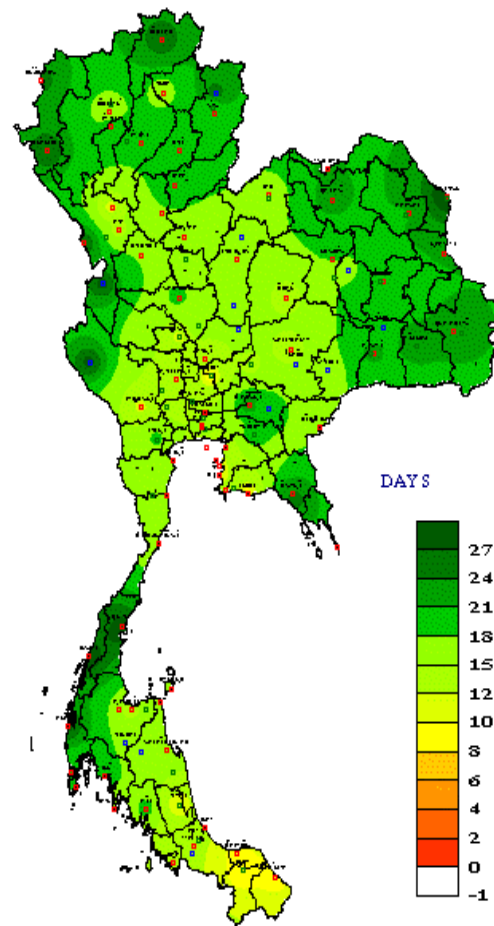
DEPARTURE FROM NORMAL
FROM 1-31 กรกฎาคม



THAI METEOROLOGICAL DEPARTMENT

July Number of Raindays

NUMBER OF RAINY DAYS
FROM 1-31 กรกฎาคม 2014



THAI METEOROLOGICAL DEPARTMENT

Other News and Analysis

- As of the 14th of July, the United States Department of Agriculture (USDA) lowered the estimates for global sugar inventories. The highlighted that an 11.89% connection between final stocks and the domestic market consumption should be observed for the United States.
- Weather across the gulf has also had its say on Mexican cane grades for the month of July. The yields touched just over 80 tons for the month of July against 79.11 for the prior month.

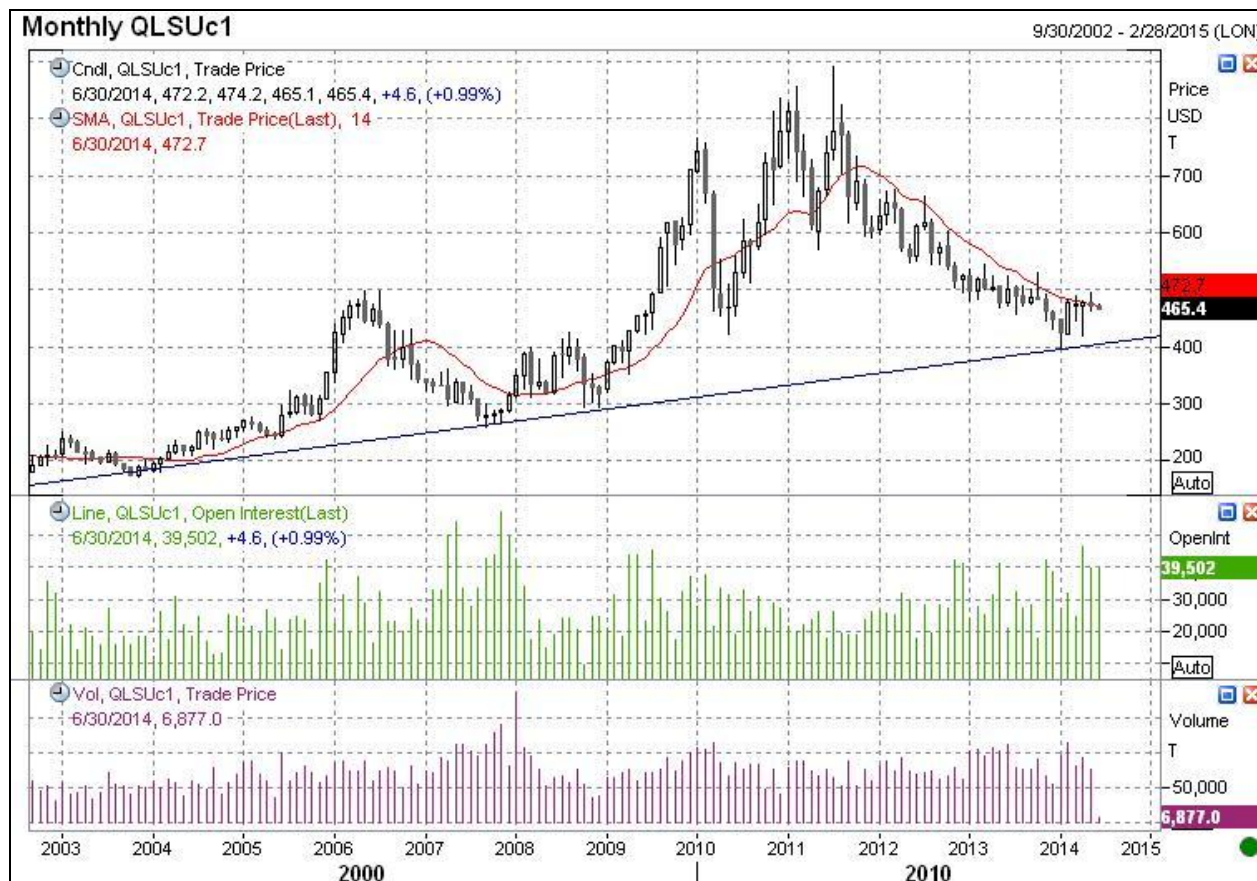
- As of the 04th August in Santos, Brazil a fire caused a mill owned by Sugar Company Cosan SA destroyed just over 15,000 mt of sugar, although it's not thought to have caused a dent in the profit of Cosan. It did however manage to move sugar futures on the *ICE Exchange* by 5.6% on the back of the news during the day.

Technical Futures Sugar 11#

As of 4th **Aug 2014** ICE Raw sugar prices settled at 16.85 cents per. 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 16.07 which also lying over its support trend line. On the upper side, 18.46 and 19.75 cents per lbs are the resistance levels.



Source: Reuters Eikon



Source: Reuters Eikon

As of **4th Aug 2014** Prices of Refined Sugar London exchange traded at \$481.1 per ton. Here, prices got support at \$448 per ton if breach then it could test \$399. On the northward direction, \$520 & \$534 per ton are the next resistance levels.

International Sugar Prices (Weekly)				
	Contract Month	31-Jul-14	27-Jun-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	16.46	16.85	-0.39
	15-Mar	18.25	18.32	-0.07
	15-May	18.46	19.49	-1.03
LIFFE Sugar (US \$/MT)	14-Oct	437.7	481.1	-43.4
	14-Dec	452.6	486	-33.4
	14-Mar	471	497.1	-26.1

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