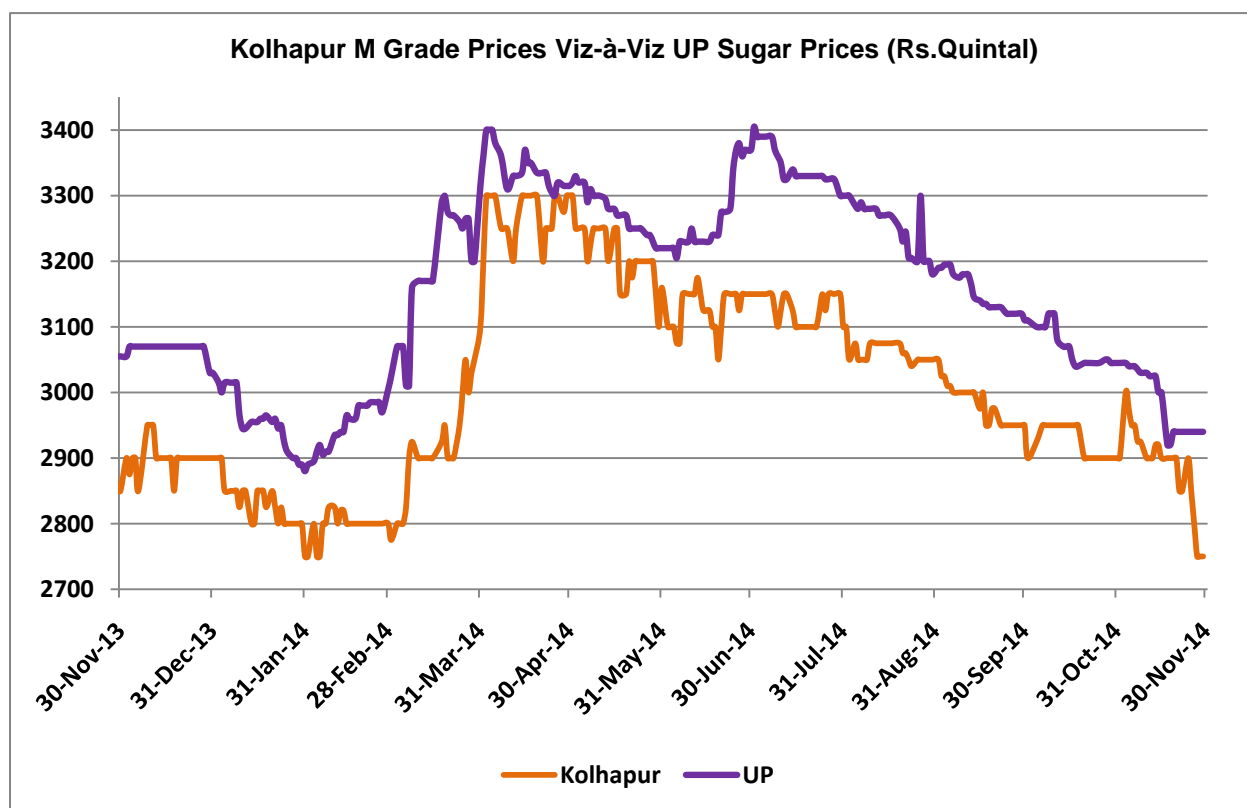


Domestic Market Recap & Price Outlook:

Sugar prices dropped sharply this month as selling pressure increased and producers started selling old stocks at lower rates. In addition, higher Indian sugar production estimates for 2014-15 and weak international sugar prices further landed support to the prevailing downtrend.

Prices in benchmark Kolhapur market fell down to its nine month low amid sluggish domestic demand and stock of unsold sugar in the godowns. Similarly, prices in Uttar Pradesh market too hovered in a range of Rs 2920- Rs 3045 per quintal last month.



Price Outlook:

Sugar prices are currently trading low and had even touched the lowest possible level this month. However, the situation is expected to turn upside down as Brazil is almost done with the cane crushing and is likely to divert the remaining cane towards ethanol production.

Major Happenings in Domestic Sugar Industry:

- India produced 17.81 lakh tons of sugar till 30th Nov, 2014 which was 56% higher than the quantity produced during the same period last year. Similarly, the country also saw an upsurge in the number of crushing units from 262 (in 2013) to 287 (in 2014) for the same duration.
- Cane crushing started in U.P and the state had churned around 196.86 lakh quintal of sugarcane to produce 16.91 lakh quintal of sugar till 02nd Dec, 2014. Not only this, the cane recovery rate in U.P had also improved from 7.48% in 2013 to 8.59% in 2014.
- Sugar production in Maharashtra for 2014-15 ((till 02nd Dec, 2014) stands out at 112 lakh quintal which is 115% more than the production made last year during same time. Notably, the state crushed 130 lakh quintal of sugarcane this season ((till 02nd Dec, 2014) with an average recovery rate of 9.4%.
- 31 sugar mills in Karnataka churned around 3.36 lakh tons of sugar this year (as on 30th Nov, 2014) compared to 3.28 lakh tons of sugar a year back. Crushing had also started recently in states like Gujarat which had produced around 1.6 lakh tons of sugar till 30th Nov, 2014. Notably, 17 sugar mills from the state participated in the crushing process and the number is likely to increase with the progress in season.
- U.P govt. declared cane SAP of Rs 280/quintal (normal variety), Rs 290/quintal (early ripening variety) and Rs 275/quintal (late variety) for marketing year 2014-15; which are similar to the rate fixed last year. The govt. had also made it compulsory for the millers to pay the first installment of Rs 240/quintal within 14 days of procurement while the remaining amount needs to be paid within three months of completion of crushing..
- Sugarcane SAP in Punjab had been raised to Rs 285/quintal (normal variety), Rs 295/quintal (early ripening variety) and Rs 280/quintal (late variety) for MY 2014-15. Notably, the revision (of Rs 5/quintal on all variety) had been made after considering farmers' plea of rising input cost in production.
- Sugarcane SAP in Uttarakhand for this marketing year 2014-15 was declared at Rs 285/quintal for normal variety and Rs 295/quintal for early variety. Notably, the state last revised its cane SAP in 2012-13 (from Rs 250- Rs 285), after which no change in prices had been made so far.
- Tamil Nadu govt. had exempted purchase tax on sugarcane but imposed an additional 5% VAT on sugar. The act is likely to hurt the local millers who are already facing a stiff price competition from the adjoining areas (amid better recovery and lower cost of production) and draught condition in the state. Reportedly, sugar production in the state declined 43% from 25.99 lakh tons in 2006-07 to 14.73 lakh tons in 2013-14.
- As per the data released by govt., India is expected to produce around 25.04 million tons of sugar for 2014-15, which is 2% higher than the figure achieved last year. Similarly, states govt. of the country turned around with a calculated figure of 25.5 million tons at the national level. While, sugar industry body ISMA projected the production to lay in between 25-25.5 million tons for 2014-15.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$512.20 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$448.19 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$417.50/ Ton.

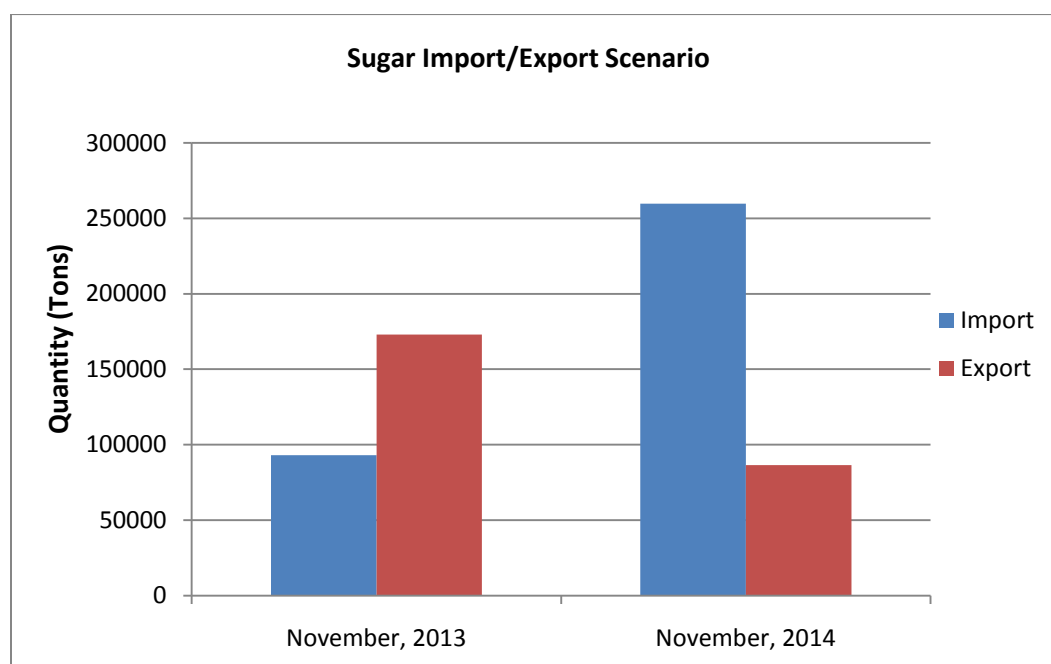
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.61.52) till 01 st Dec, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$417.50	\$429.50/414.50	\$448.19

Sugar Import and Export Scenario:

Indian sugar export declined by 50% from 1.73 lakh tons in Nov, 2013 to 0.87 lakh tons this year in Nov, 2014. This was primarily because the domestic producer here stopped producing raw sugar amid looming uncertainty over govt. export subsidy.

Reportedly, India exported 47.1, 8.8 and 7.3 thousand tons of sugar this month to Sudan, Djibouti and UAE respectively.



On the other hand, India imported record level sugar this month as the weak Brazilian real attracted a major chunk of buyers (including India) to purchase in abundance. To make a note, India imported 2.59 lakh tons of sugar this month which is 179% higher than the imports made last year in November.

Sugar Domestic Balance Sheet:

Qty in lakh Ton	Estimated Balance sheet	
	2013-14	2014-15
Opening Sugar stock	58.89	39.94
Estimated sugar production	245	249
Imports (IBIS)	13.86	3.93
Estimated sugar availability	317.75	292.87
Total Export (IBIS)	32.81	1.66
Total Available for domestic consumption (D-E)	284.94	291.21
Estimates sugar consumption	245	250.39
Ending Stock	39.94	40.82

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario Monthly (Average)				
Commodity	Centre	29-Nov-14	31-Oct-14	Change
Sugar	Delhi - Grade M	2997	3126	-129
	Delhi - Grade S	2951	3074	-123
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3097	3210	-113
	UP- Ramala Grade M	2949	3028	-79
	UP- Dhampur Grade M Ex-Mill	2910	3065	-155
	UP- Dhampur Grade S Ex-Mill	2890	3045	-155
	UP- Dhampur Grade L Ex-Mill	2960	3115	-155
	Mumbai –Grade M	3164	3161	3
	Mumbai –Grade S	2927	3038	-111
	Kolhapur – Grade M	2888	2926	-38
	Kolhapur – Grade S	2785	2826	-41
	Guhawati – Grade S	3091	3086	5
	Shillong – Grade S	3105	3133	-28
	Vijayawada – Grade M	3417	3478	-61
	Vijayawada- Grade S	3269	3378	-109
	Nagpur – Grade M	3150	3270	-120
	Nagpur – Grade S	2983	3105	-122
	Kolkata – Grade M	3098	3236	-138
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2915	3161	-246
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3161	3135	26
	Chennai - Grade S	3135	2970	165

Gur Market Scenario and Outlook

Gur prices witness sharp decline due to good stock availability in the Maharashtra markets. It is notable that cane has diverted more towards gur production in Pune and Sangli area this year. In addition to it, market participants are expecting early arrivals of gur for the next marketing year which drive the prices southwards in the medium term.

Thus, prices of gur are likely to deteriorate in the months ahead.

Spot Jaggery(Gur) Prices Scenario (Monthly):

Gur Spot Prices Scenario Monthly (Average)				
Markets	Variety	29-Nov-14	31-Oct-14	Change
Muzaffar Nagar	Chaku	2411	2971	-560
	Chaku(Arrival-Sum)	83000	77000	6000
	Khurpa	2249	2600	-351
	Laddu	2398	2747	-349
	Rascut	NA	2361	-
Hapur	Chaurasa	2167	2461	-294
	Balti	2105	2452	-347
Maharashtra	Latur(Lal Variety)	2646	2897	-251
Bangalore	Achhu	NA	NA	-
	Mudde	4149	4213	-64
Belgaum	Mudde	2735	2800	-65
Belthangadi	Yellow (Average)	3211	3232	-21
Bijapur	Achhu	2696	2893	-197
Gulbarga	Other (Average)	2851	3070	-219
Mahalingapura	Penti (Average)	2751	2931	-181
Mandya	Achhu (Medium)	2783	3109	-327
	Kurikatu (Medium)	2380	2680	-300
	Other (Medium)	2430	2677	-247
	Yellow (Medium)	2753	3024	-272
Shimoga	Achhu (Average)	3182	3278	-96

Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGAR Continuous Chart (C1)

Technical Commentary:

- Sugar prices are falling but are expected to improve with price ranging in between Rs2800-2900.
- Breach of Rs 2810 level would take the prices up to Rs 2850.
- The last candlestick depicts bearishness in the market.



Strategy: We advise market participants to Buy.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2570	2630	2734	2855	2890
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1 Chart	Buy	Above 2730	2810	2850	2682

Commodity: Gur
Contract: Continuous Chart

Exchange: NCDEX

GUR Continuous Chart (C1)

Technical Commentary:

- Gur prices are trending downwards.
- RSI is moving up near to neutral region.
- Prices, volume and O.I are declining indicating consolidation in the market.
- Last candlestick depicts bearishness in the market.



Strategy: We advise market participants to Sell

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	C1 Chart	885.5	940.5	953	1065.5	1120
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	C1 Chart	Sell	Below 950	910	900	1020.5

International Focus- Agriwatch

International Scenario

International sugar prices remained subdued amid ample supplies and higher stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

International Market News Highlights:

- Brazilian govt. had sanctioned its bio fuel law for increasing ethanol blending in petrol (from 25% to 27.5%) after meeting the required standard sticks of zero harmful effect of blending .Notably; the country had announced the law this year with the only condition laid that it shouldn't create any adverse impact, either on the environment or to the car's engine.
With such a governmental step, it is expected that the demand for ethanol will soon rise in the country giving its way for diversification of sugarcane towards ethanol production and thereby leaving less cane for sugar production.
- As per the UNICA report, sugar production in Brazil's centre-south region declined 42% from 2.08 million tons (last two weeks of October) to 1.21 million tons in the first two weeks of November. This was due to the severe draught faced by Brazil in early 2014 that resulted into fastening of harvesting process and lesser cane availability by the season end.
- Brazil exported 1.74 million tons of raw sugar in November, 2014 which is 5% less than the export made last year in November. Similarly, the country saw a 17% fall in exports from October's figure due to an early wrap up of cane crushing by most of the mills in the region.
- Raw sugar price surges high in the international market amid lower productivity from the largest cane producer, Brazil that is facing the dual problem of draught and early closure of mills in the country. Reportedly, Brazil's main central south region produced only 2.05 MMT of sugar in the second half of October compared to 2.47 MMT last year in 2013.
- Sugar production in Thailand is expected to range in between 10- 11 million tons for MY 2014-15 against a record high of 11.3 million tons the previous year. Hot and humid climate condition coupled with scanty rainfall this year cited cues for this fall in expectation.

Technical Futures Sugar 11#

As of **01st Dec 2014**, ICE Raw sugar prices settled at 15.59 cents per lbs. On monthly chart, 15.39 cents is the immediate support level, breach of the mentioned level would take the prices down to 14.66 which also lying below its support trend line.

On the upper side, 16.20 and 17.10 cents per lbs are the resistance levels.



Source: Reuters Eikon



Source: Reuters Eikon

As of **01st Dec, 2014**, Prices of Refined Sugar London exchange traded at \$406.9 per ton. Here, prices got support at \$400.8 per ton if breach then it could test \$392.6. On the northward direction, \$435.4 & \$466.7 per ton are the next resistance levels.

International Sugar Prices (Monthly)				
	Contract Month	28-Nov-14	30-Oct-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	15.59	17.3	-1.71
	15-May	15.96	16.3	-0.34
	15-Jul	16.18	16.59	-0.41
LIFFE Sugar (US \$/MT)	14-Dec	446.3	453.5	-7.2
	15-Mar	406.9	427.6	-20.7
	15-May	417.4	426.9	-9.5

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