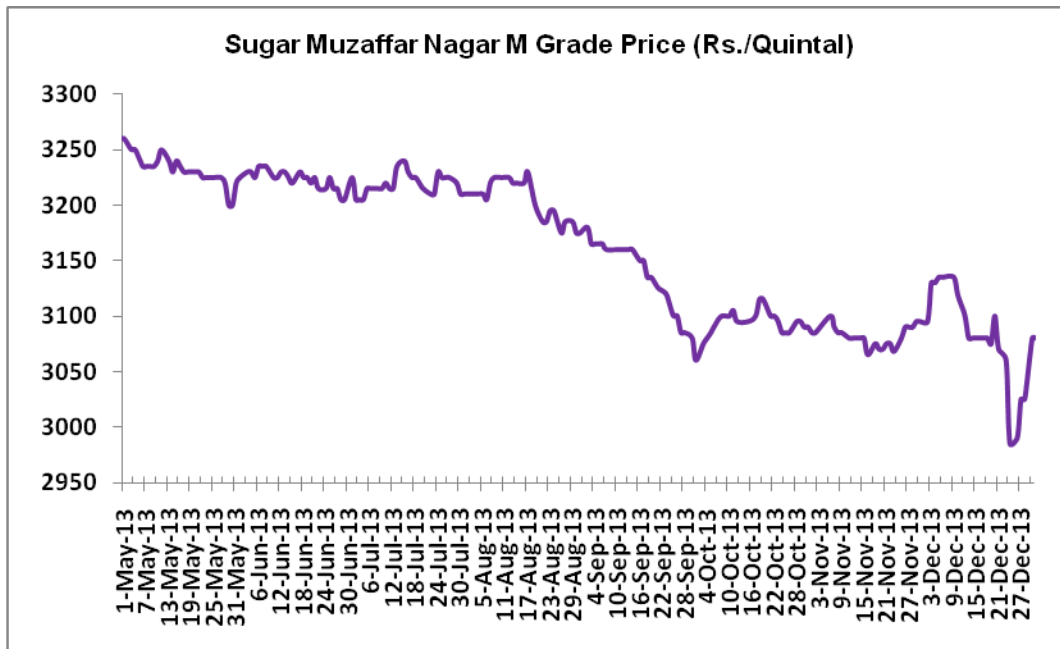


Sugar Price Trend and Outlook:

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

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

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



Domestic Sugar Price Outlook:

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

News Highlights:

- Government approved the guidelines for bailout package of Rs. 6600 crore to the sugar industry so that millers can clear the sugarcane arrears. It is notable that sugar millers are suffering from recent crash in sugar prices in both domestic as well in International markets which put them in great trouble to clear cane arrears. Prices of sugar this year declined by 15% Y-o-Y basis while it is down by 20% for raw sugar in ICE exchange. Higher degree of decline in sugar prices especially in International Raw sugar market (ICE) compared to domestic markets unable Indian exporters to export sugar due to disparity. Just opposite to it, sugar refiners like Shree renuka sugars import raw sugar at cheaper rates from its Brazilian units which also curb any hike in sugar prices.

- Millers are now seeking for export subsidy from government as top sugar producing nations like Brazil and Thailand snatch the export opportunity from Indian exporters due to lower prices quoted by them. If government gives export subsidy to millers then they can able to export sugar to some sugar importing nations like Sri Lanka, Bangladesh and Iran.
- India has produced 24.24 lac tons of sugar till 15th December which is around 50% down compared to sugar produced last year same period, according to ISMA.
- India has exported 80000 tons of sugar in the second week of December which takes the total sugar exports to 6.6 lac tons in December 2013 till date.

Raw Sugar Import Opportunity:

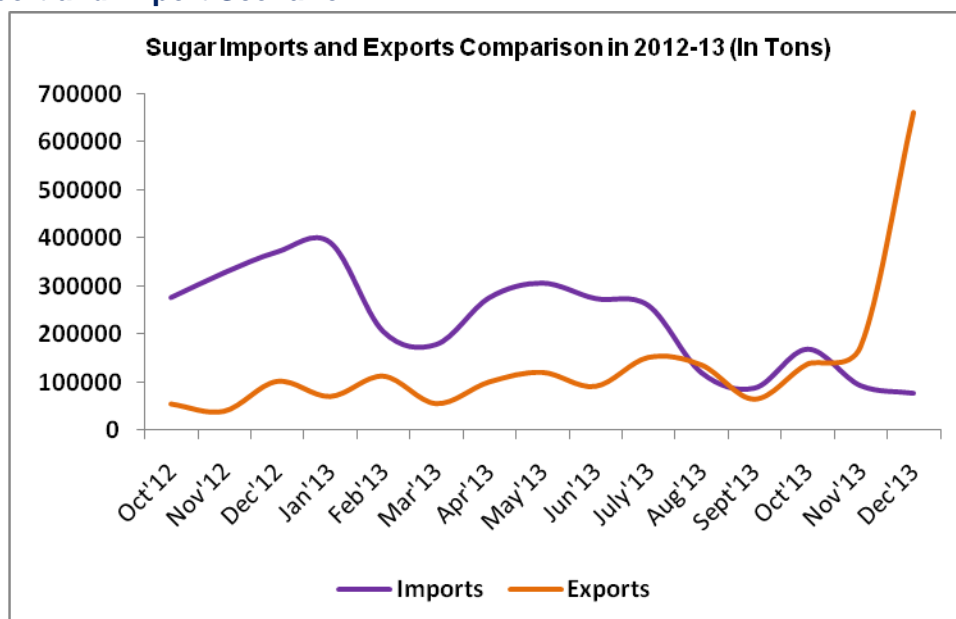
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty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

Indian indicative raw sugar CIF prices from Brazil quoted at \$499.60 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$467.60 per ton Kolhapur based.

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

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.63.57) till 31 th December 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	499.60	-	

Sugar Import and Export Scenario:



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

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

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

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

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	21th Dec-27th Dec	14th Dec-20th Dec	Change
Sugar	Delhi - Grade M	2994	3035	-41
	Delhi - Grade S	2944	2958	-14
	Delhi - Grade L	3047	-	-
	UP- Khatauli Grade M	3026	3083	-57
	UP- Ramala Grade M	2952	2970	-18
	UP- Dhampur Grade M Ex-Mill	3100	3100	Unch
	UP- Dhampur Grade S Ex-Mill	3080	3080	Unch
	UP- Dhampur Grade L Ex-Mill	3150	3150	Unch
	Mumbai –Grade M	3147	3181	-34
	Mumbai –Grade S	2907	2942	-35
	Kolhapur – Grade M	2900	2892	8
	Kolhapur – Grade S	2750	2750	Unch
	Guhawati – Grade S	3055	3010	45
	Shillong – Grade S	3070	3070	Unch
	Vijayawada – Grade M	3380	3455	-75
	Vijayawada- Grade S	3200	3228	-28
	Nagpur – Grade S	3000	3000	Unch
	Kolkata – Grade M	3192	3235	-43
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
Chennai - Grade S	2890	2890	Unch	

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		27-Dec-13	20-Dec-13	27-Nov-13	27-Dec-12
Sugar	Delhi - Grade M	2990	3020	3125	3480
	Delhi - Grade S	2940	2950	3040	3420
	Delhi - Grade L	3060	NA	-	3510
	UP- Khatauli Grade M	3025	3100	-	-
	UP- Ramala Grade M	2930	2970	2980	3160
	UP- Dhampur Grade M Ex-Mill	-	3100	2950	-
	UP- Dhampur Grade S Ex-Mill	-	3080	2930	-
	UP- Dhampur Grade L Ex-Mill	-	3150	3000	NA
	Mumbai –Grade M	3132	3158	3226	3496
	Mumbai –Grade S	2866	2942	2936	3326
	Kolhapur – Grade M	2900	2900	2875	3280
	Kolhapur – Grade S	2750	2750	2750	3180
	Vijayawada – Grade M	3360	3400	3550	3660
	Vijayawada- Grade S	3200	3200	3250	3530
	Nagpur – Grade S	3000	3000	3000	3450
	Kolkata – Grade M	3170	3200	-	3570
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	3100	NA
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	NA
	Chennai - Grade S	2890	2890	2900	3150

Gur Market Scenario and Outlook

Gur prices currently moving in a range at present. Starting of sugar mills in UP and increase in demand in winter season also curb any decline in gur prices.

As far as gur stock position are concerned, Total around 210505 bags of 40 kg each of gur stored in warehouses presently which are lower by 70190 bags compared to last year same period gur stock position in warehouses.

However, overall price sentiments of gur are weak owing to higher gur production estimate this year.

Prices of gur are likely to move up in the shorter period as expected.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	20th Dec-27th Dec	14th Dec-20th Dec	Change
Muzaffar Nagar	Chaku	2638	2515	123
	Chaku (Arrival)	7600	9167	-1567
	Khurpa	2503	2363	140
	Laddoo	2733	2529	204
	Rascut	2348	2307	41
Hapur Maharashtra	Chaursa	2397	2321	76
	Balti	2359	2267	92
	Latur(Lal Variety)	2640	2550	90
Bangalore	Achhu	-	-	-
	Mudde	3150	3120	30
Belgaum	Mudde	2850	2740	110
Belthangadi	Yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2813	2936	-123
Gulbarga	Other (Average)	2983	3100	-117
Mahalingapura	Penti (Average)	2953	2966	-13
Mandya	Achhu (Medium)	2875	2892	-17
	Kurikatu (Medium)	2400	2408	-8
	Other (Medium)	2425	2458	-33
	Yellow (Medium)	2825	2791	34
Shimoga	Achhu (Average)	3138	2943	195

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		27-Dec-13	20-Dec-13	27-Nov-13	27-Dec-12
Muzaffar Nagar	Chaku	2775	2628	2375	2750
	Khurpa(New)	2375	2500	2200	2575
	Laddu(New)	2625	2525	2400	2700
	Rascut	2250	2350	NA	NA
Hapur	Chaursa	2450	2375	NR	NR
	Balti	2400	2280	NR	NR
Maharashtra	Latur(Lal Variety)	2700	2550	2600	2825
Bangalore	Achhu	NR	NR	3500	3400

	Mudde	3200	3000	NR	3500
Belgaum	Mudde	2900	2700	3000	3000
Belthangadi	Yellow (Average)	3000	-	3000	3200
Bijapur	Achhu	2700	3000	NR	3090
Gulbarga	Other (Average)	2950	3050	3150	2950
Mahalingapura	Penti (Average)	2910	2950	2580	3110
Mandya	Achhu (Medium)	2850	2950	2750	2750
	Kurikatu (Medium)	2400	2400	2400	2450
	Other (Medium)	2400	2450	2400	2550
	Yellow (Medium)	2850	2850	2700	2750
Shimoga	Achhu (Average)	3300	3100	3200	3150

Commodity: Sugar
Contract: January

Exchange: NCDEX
Expiry: Jan 20, 2013

SUGAR (Weekly January Contract Chart)



Technical Commentary:

- Sugar prices are hovering at oversold region and still moving in a downtrend.
- Last candlestick depicts bearishness.
- Prices are likely to test 78.6% retracement after tested its low levels.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jan	2630	2722	2803	2878	2915
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jan	Buy	Above 2800	2820	2830	2788

Commodity: Gur
Contract: Mar

Exchange: NCDEX
Expiry: March 20, 2013

GUR (March Weekly Chart)



Technical Commentary:

- Gur prices are hovering in a uptrend as chart depicts.
- However, RSI is hovering at oversold region.
- Last candlesticks depict bearishness.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Mar	1005	1017	1043.5	1067.5	1082.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Sell	Below 1040	1030	1025	1046

International Scenario

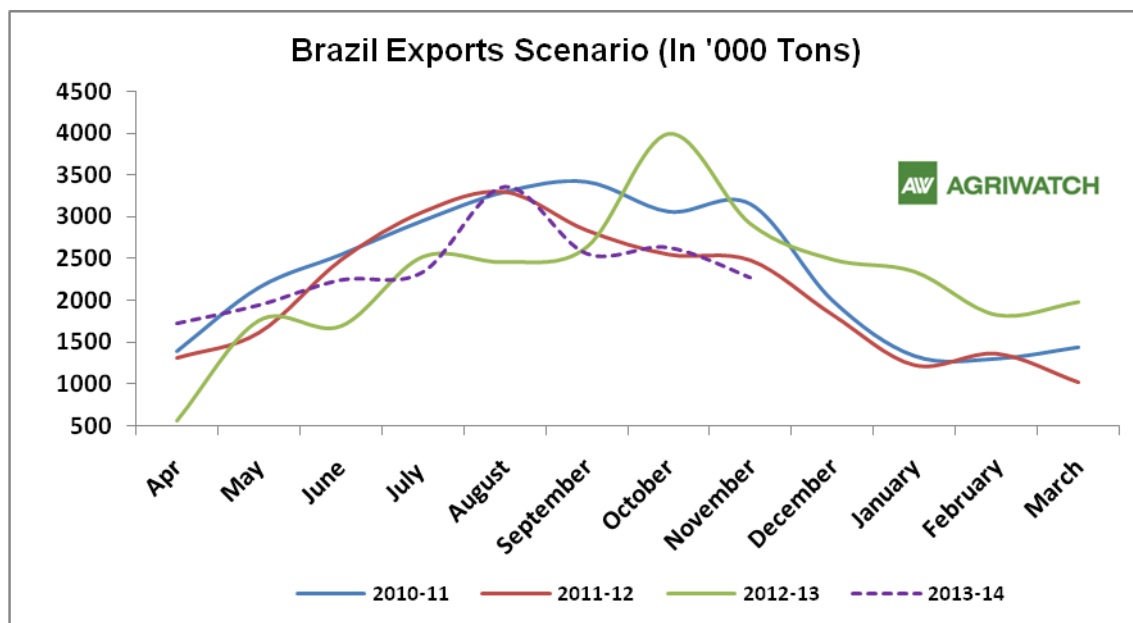
Sugar prices continue its southward movement due to higher sugar supply from Brazil. In addition to it, start of cane crushing operations by India and Thailand for 2013-14 also increase the supply of sugar in the global markets.

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

International Market News Highlights:

- Brazil has exported 2.26 million tons of sugar in November 2013 which is down from 2.62 million tons in the previous month.
- Thai raw sugar premium remained steady this week and trading at 65 to 70 points over ICE raw sugar futures contract. Usually, Thai raw sugar premium improved with decrease in ICE raw sugar prices. But due to start of cane crushing season in Thailand and India releasing its excess sugar in the Asian markets stop the traders to increase the premiums at present.
- Thailand has finally started its cane crushing operations for 2013-14 season after delay due to rainfall. Thai mills have crushed 479000 tons of cane so far which is down from 2.2 million tons cane crushed by millers at last year same period.

Brazilian Sugar Export Scenario



Brazil has exported 2.26 million tons of sugar, raw value, in November 2013 marginally down from 2.91 million tons in the previous year.

Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. It is notable that Brazil has exported 19.04 million tons of sugar this year till November which was 18.54 million tons, raw value, last year same period.

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

International Sugar Prices (Weekly)				
	Contract Month	26-Dec-13	19-Dec-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	16.29	16.15	0.14
	14-May	16.43	16.29	0.14
	14-Jul	16.62	16.45	0.17
LIFFE Sugar (US \$/MT)	14-Mar	443.4	438.8	4.6
	14-May	451	446.7	4.3
	14-Aug	456.9	452.9	4

LIFFE Future Market Sugar Scenario (Mar'14 Contract):



Technical Commentary:

- Sugar prices are presently hovering in a downtrend as chart depicts.
- Decrease in prices has not supported by Volume and OI.
- After testing its support level i.e. \$436, prices should rebound due to profit bookings and prices are likely to move up to \$450 per ton as expected.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	443.4	450

ICE Raw Sugar Future Market Scenario (Mar'14 Contract):



Technical Commentary:

- ICE raw sugar futures are trading in a downward channel. However, trying to rebound from present level.
- Prices already breach its immediate support level i.e. 16.73 which also lying over 100% retracement level and now it is heading towards its next support level i.e. 15.42.
- Last candlestick depicts bearishness in the market.
- However, decrease in prices has not supported by OI and Volume.
Strategy: Buy at current levels and prices are likely to test its next resistance i.e. 16.50 cents per lb.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'14	16.29	16.50

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>
© 2012 Indian Agribusiness Systems Pvt Ltd.