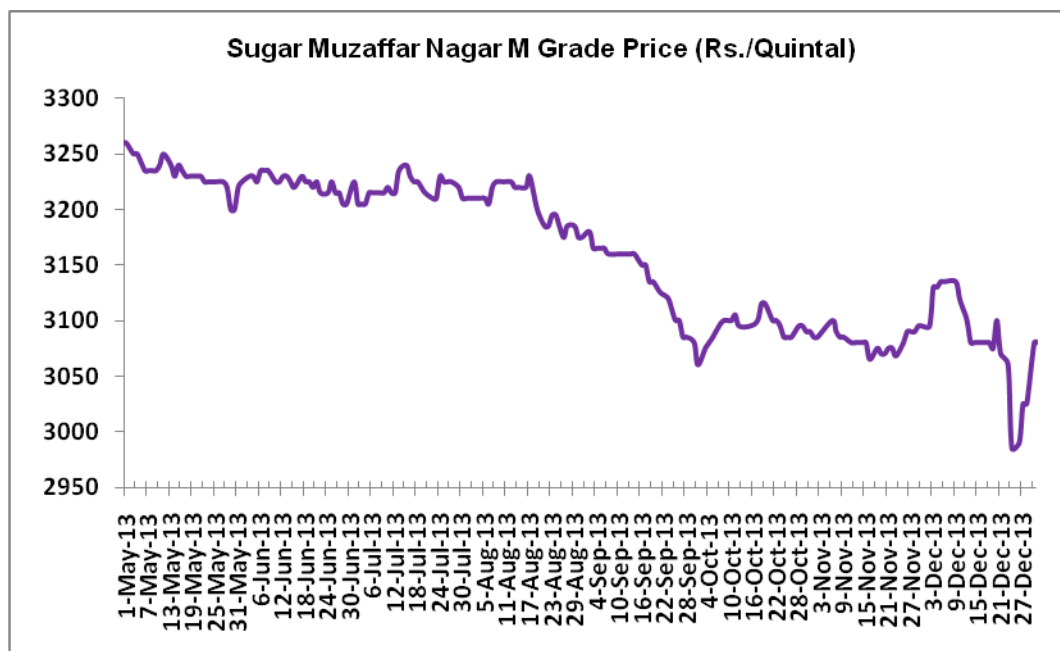


Sugar Price Trend and Outlook:

Sugar prices continue its downward movement due to lackluster trade and weak demand in spot markets.

**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.

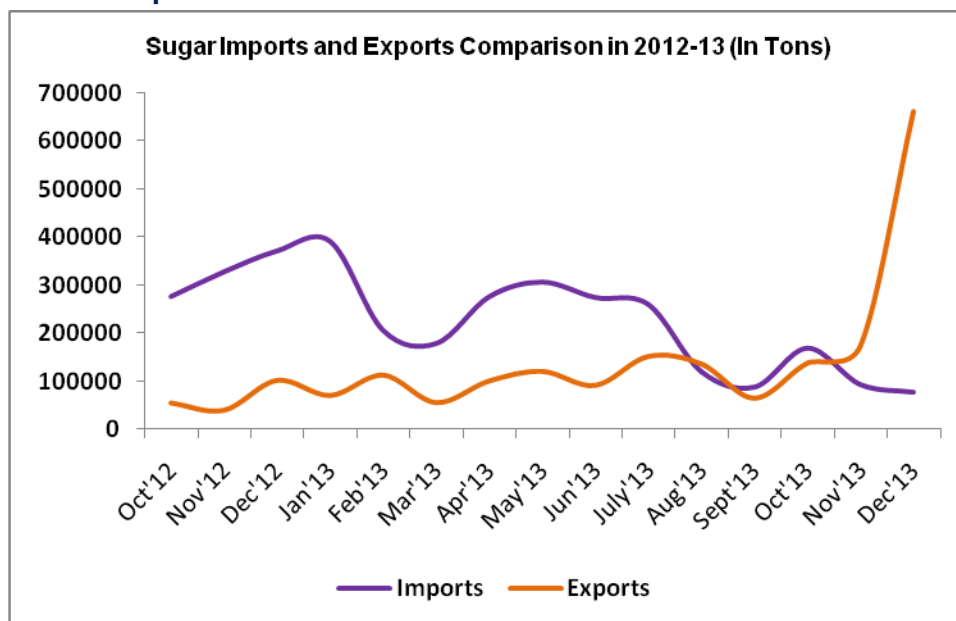
Raw Sugar Import Opportunity:

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	28th Dec-3rdJan	21th Dec-27th Dec	Change
Sugar	Delhi - Grade M	2968	2994	-26
	Delhi - Grade S	2920	2944	-24
	Delhi - Grade L	3032	3047	-15
	UP- Khatauli Grade M	3071	3026	45
	UP- Ramala Grade M	2936	2952	-16
	UP- Dhampur Grade M Ex-Mill	2975	3100	-125
	UP- Dhampur Grade S Ex-Mill	2955	3080	-125
	UP- Dhampur Grade L Ex-Mill	3025	3150	-125
	Mumbai –Grade M	3125	3147	-22
	Mumbai –Grade S	2881	2907	-26
	Kolhapur – Grade M	2900	2900	Unch
	Kolhapur – Grade S	2750	2750	Unch
	Guhawati – Grade S	3055	3055	Unch
	Shillong – Grade S	3070	3070	Unch
	Vijayawada – Grade M	3360	3380	-20
	Vijayawada- Grade S	3200	3200	Unch
	Nagpur – Grade S	3000	3000	Unch
	Kolkata – Grade M	3110	3192	-82
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2927	3100	-173
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
	Chennai - Grade S	2834	2890	-56

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		3-Jan-14	27-Dec-13	3-Dec-13	3-Jan-13
Sugar	Delhi - Grade M	2980	2990	3125	3425
	Delhi - Grade S	2900	2940	3050	3390
	Delhi - Grade L	3020	3060	-	3450
	UP- Khatauli Grade M	2990	3025	3130	-
	UP- Ramala Grade M	2900	2930	2970	3340
	UP- Dhampur Grade M Ex-Mill	3000	-	3000	-
	UP- Dhampur Grade S Ex-Mill	2980	-	2980	-
	UP- Dhampur Grade L Ex-Mill	3050	-	3050	-

Mumbai –Grade M	3110	3132	3142	3451
Mumbai –Grade S	2882	2866	2942	3311
Kolhapur – Grade M	2900	2900	2875	3250
Kolhapur – Grade S	2750	2750	2725	3175
Vijayawada – Grade M	3360	3360	3550	3650
Vijayawada- Grade S	3200	3200	3250	3550
Nagpur – Grade S	3000	3000	3000	3450
Kolkata – Grade M	3080	3140	3200	-
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	2900	NA
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	NA
Chennai - Grade S	2820	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	28th Dec-3rdJan	20th Dec-27th Dec	Change
Muzaffar Nagar	Chaku	2568	2638	-70
	Chaku (Arrival)	13250	7600	5650

	Khurpa	2408	2503	-95
	Laddoo	2580	2733	-153
	Rascut	2315	2348	-33
Hapur Maharashtra	Chaursa	2320	2397	-77
	Balti	2313	2359	-46
	Latur(Lal Variety)	2740	2640	100
Bangalore	Achhu	-	-	-
	Mudde	3150	3150	Unch
Belgaum	Mudde	2950	2850	100
Belthangadi	Yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2736	2813	-77
Gulbarga	Other (Average)	2980	2983	-3
Mahalingapura	Penti (Average)	2780	2953	-173
Mandya	Achhu (Medium)	2780	2875	-95
	Kurikatu (Medium)	2400	2400	Unch
	Other (Medium)	2400	2425	-25
	Yellow (Medium)	2740	2825	-85
Shimoga	Achhu (Average)	3260	3138	122

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		3-Jan-14	27-Dec-13	3-Dec-13	3-Jan-13
Muzaffar Nagar	Chaku	2463	2775	2425	2575
	Khurpa(New)	2413	2375	2250	2538
	Laddu(New)	2563	2625	2375	2625
	Rascut	2225	2250	2258	NR
Hapur	Chaursa	2203	2450	2188	NR
	Balti	2225	2400	2138	NR
Maharashtra	Latur(Lal Variety)	2750	2700	2500	2800
Bangalore	Achhu	NR	NR	NR	3500
	Mudde	3400	3200	3100	3600
Belgaum	Mudde	NR	2900	NR	3000
Belthangadi	Yellow (Average)	3000	3000	3100	3200
Bijapur	Achhu	2600	2700	NR	NR
Gulbarga	Other (Average)	2850	2950	3100	3000
Mahalingapura	Penti (Average)	2810	2910	2650	3090
Mandya	Achhu (Medium)	2700	2850	2750	-

	Kurikatu (Medium)	2400	2400	2400	-
	Other (Medium)	2400	2400	2400	-
	Yellow (Medium)	2650	2850	2700	-
Shimoga	Achhu (Average)	3250	3300	2850	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.

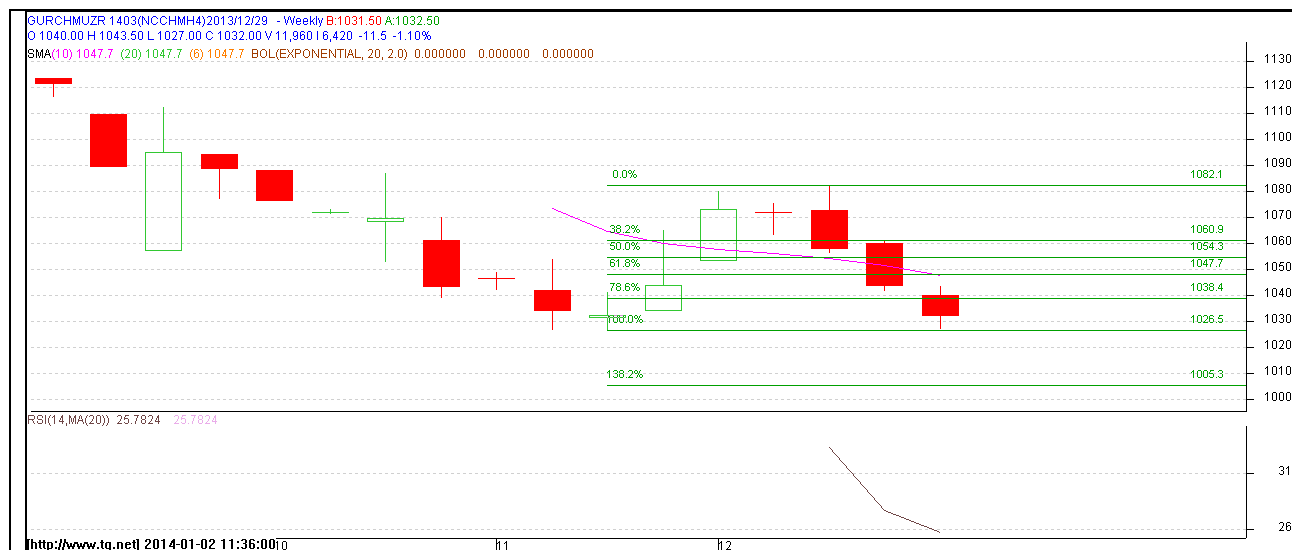
Strategy: Buy

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

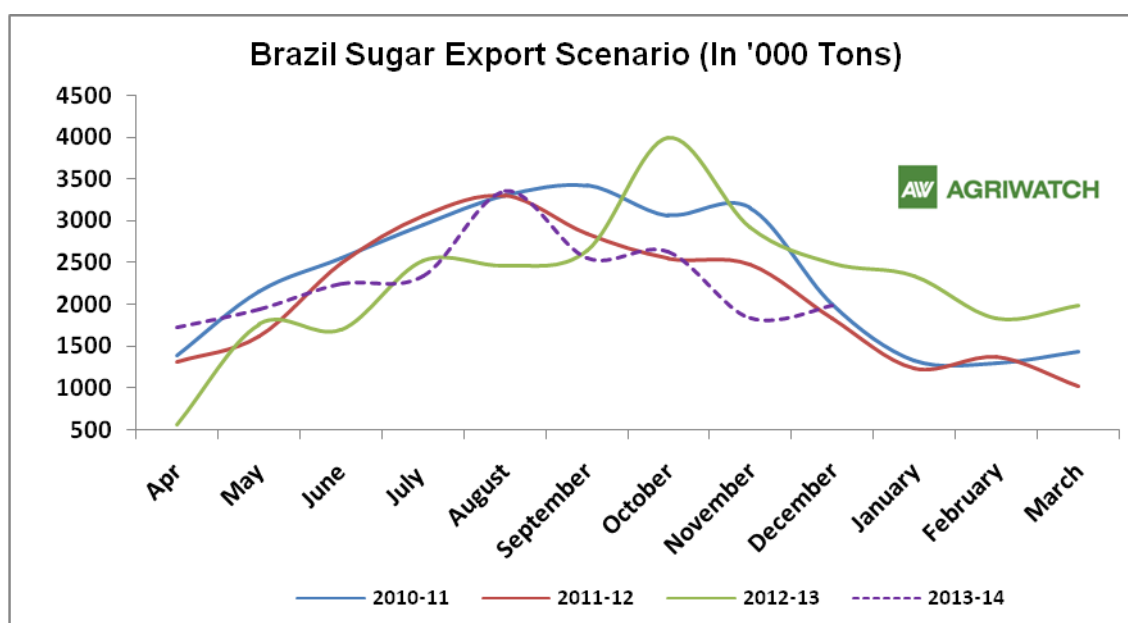
Sugar prices continue its southward movement due to higher sugar supply from Brazil. In addition to it, start of cane crushing operations by India and Thailand for 2013-14 also increase the supply of sugar in the global markets.

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

International Market News Highlights:

- 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 1.98 million tons of sugar, raw value, in December 2013 down from 2.49 million tons in the previous year.

Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. It is notable that Brazil has exported 20.59 million tons of sugar this year till November which was 21.03 million tons, raw value, last year same period.

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

International Sugar Prices (Weekly)				
	Contract Month	2-Jan-14	26-Dec-13	Change

ICE Sugar #11 (US Cent/lb)	14-Mar	16.29	16.29	Unch
	14-May	16.44	16.43	0.01
	14-Jul	16.64	16.62	0.02
LIFFE Sugar (US \$/MT)	14-Mar	445.4	443.4	2
	14-May	452.1	451	1.1
	14-Aug	458.1	456.9	1.2

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

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