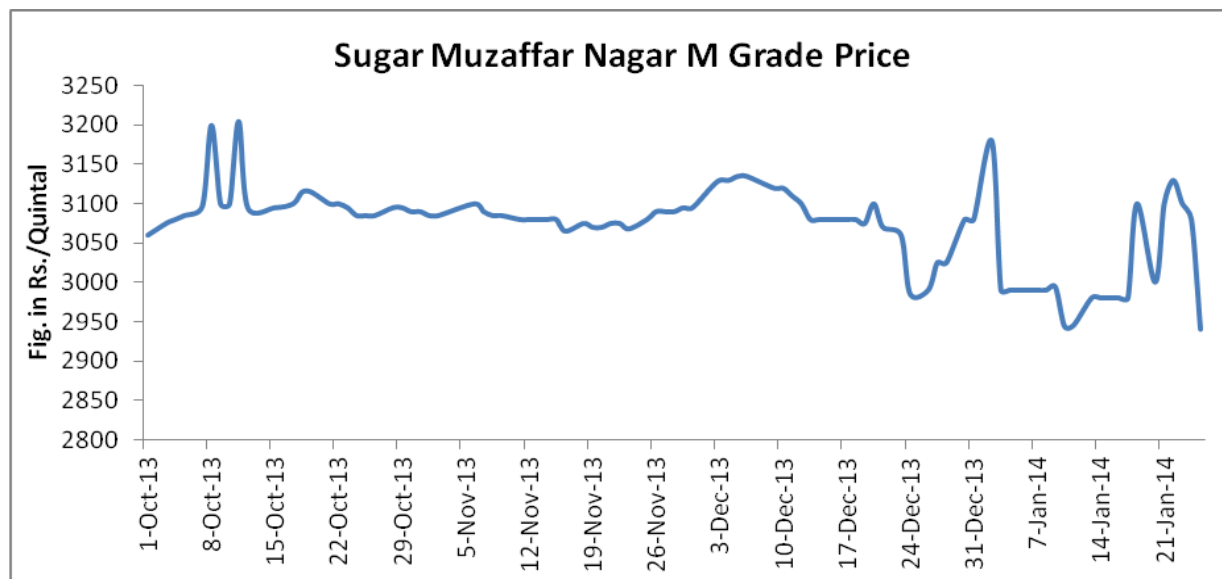


**Sugar Price Trend and Outlook:**

Sugar spot prices are continues move towards southward due to peak arrival at this time and supported by lower quotes offer by major overseas countries.

Meanwhile, government gives export subsidy to sugar mills on export of raw sugar, which gives substantial amount of relief to sugar mills.

**Domestic Sugar Price Outlook:**

Sugar prices are moving near to its bottom levels. Weak international sentiments of sugar also led the lower price. 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:**

- India's sugar production falls by 21% to 85.5 lac tons in the first 3.5 months of 2013-14 season starting from Oct. 2013 till 15th January due to delay in starting of cane crushing operations by millers. Millers have produced 108 lac tons of sugar at same period last year.
- Sugar output in Karnataka was 1.6 mt, with 58 mills crushing. Last year till date, 56 mills were under operating and had produced about two mt of sugar.
- Andhra's sugar output was 0.39 mt, after crushing 4.15 mt of cane, with 9.28 per cent recovery. In all, 33 mills are operational against 35 last year.
- Haryana sugar mills have produced 9 lac quintals of sugar after crushing 114.55 lac quintals of sugarcane till date.

- Western UP mills got lesser recovery at present, which is lower than last year. It is notable that UP mills are getting 8.75% recovery after crushing sugarcane in their region.
- Government notifies norms for sugar mills to get interest free loans.
- Reportedly, Daily on an average 5000 tons of sugar (mainly raws) exported from Indian ports.

### Sugar Production Major Statewide:-



Source:-ISMA

This year sugar production in major states shows lower production which results overall sugar production is down in India. Maharashtra is down about 18% from previous year followed by Uttar Pradesh and Karnataka with downfall of 28% and 20% respectively.

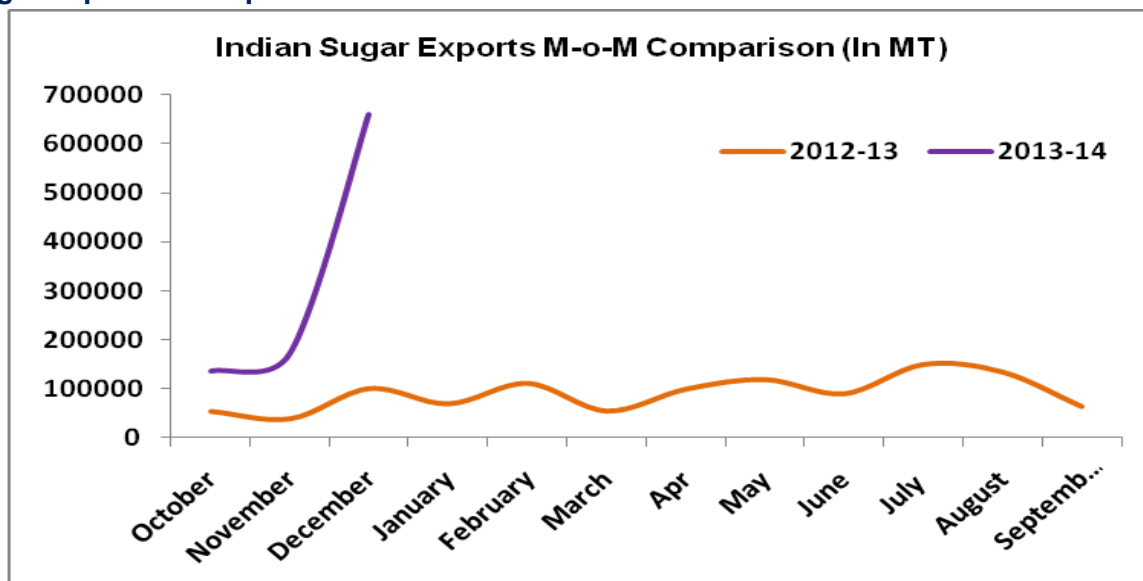
### Raw Sugar Import Opportunity:

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.62.72) till 27 <sup>th</sup> Jan 2014		
	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. It is notable that India has exported 8 lac tons of sugar (both raws and whites) in December month 2013-14 as reported.

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	18th Jan-24th Jan	11th Jan-17th Jan	Change
Sugar	Delhi - Grade M	2962	2922	40
	Delhi - Grade S	2869	2848	21
	Delhi - Grade L	2993	3000	-7
	UP- Khatauli Grade M	3085	2974	111
	UP- Ramala Grade M	2905	2912	-7
	UP- Dhampur Grade M Ex-Mill	2945	2951	-6
	UP- Dhampur Grade S Ex-Mill	2925	2931	-6
	UP- Dhampur Grade L Ex-Mill	2995	3001	-6
	Mumbai –Grade M	3001	3061	-60

Mumbai –Grade S	2817	2848	<b>-31</b>
Kolhapur – Grade M	2821	2842	<b>-21</b>
Kolhapur – Grade S	2663	2683	<b>-20</b>
Guhawati – Grade S	2966	2560	<b>406</b>
Shillong – Grade S	2983	2598	<b>385</b>
Vijayawada – Grade M	3290	3300	<b>-10</b>
Vijayawada- Grade S	3190	3200	<b>-10</b>
Nagpur – Grade S	2900	2900	<b>Unch</b>
Kolkata – Grade M	3055	3108	<b>-53</b>
Chennai - Grade S	2798	2800	<b>-2</b>
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	<b>Unch</b>
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	<b>-</b>

<b>Spot Sugar Prices Scenario (Weekly)</b>					
<b>Commo dity</b>	<b>Centre</b>	<b>Today</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
		<b>24-Jan-14</b>	<b>17-Jan-14</b>	<b>24-Dec-13</b>	<b>24-Jan-13</b>
<b>Sugar</b>	Delhi - Grade M	2980	2950	2990	3380
	Delhi - Grade S	2900	2840	2950	3360
	Delhi - Grade L	-	2990	3040	3405
	UP- Khatauli Grade M	3080	2980	2985	3400
	UP- Ramala Grade M	2910	2910	2960	3300
	UP- Dhampur Grade M Ex-Mill	2930	2970	3100	-
	UP- Dhampur Grade S Ex-Mill	2910	2950	3080	-
	UP- Dhampur Grade L Ex-Mill	2980	3020	3150	-
	Mumbai –Grade M	2982	3036	3152	3451
	Mumbai –Grade S	2788	2832	2932	3271
	Kolhapur – Grade M	2800	2850	2900	3225
	Kolhapur – Grade S	2650	2650	2750	3125
	Vijayawada – Grade M	3280	3300	3380	3590
	Vijayawada- Grade S	3180	3200	3200	3490
	Nagpur – Grade S	2900	2900	3200	3400
	Kolkata – Grade M	3100	3065	3000	-
	Chennai - Grade S	2790	2800	2890	3150
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	3100	3141
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	3136

**Gur Market Scenario and Outlook**

Gur prices are currently moving in the positive territory, due to lower arrival from major market and firm domestic demand mainly in northern India.

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 slightly up in the shorter period as expected.

**Spot Jaggery (Gur) Prices Scenario (Weekly)**

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	18th Jan-24th Jan	11th Jan-17th Jan	Change
<b>Muzaffar Nagar</b>	Chaku	2533	2467	66
	Chaku (Arrival)	633	4167	-3534
	Khurpa	2413	2346	67
	Laddoo	2700	2567	133
	Rascut	2250	2208	42
<b>Hapur Maharashtra</b>	Chaursa	2355	2275	80
	Balti	2200	2195	5
	Latur(Lal Variety)	2600	2588	12
<b>Bangalore</b>	Achhu	3400	3400	Unch
	Mudde	3400	3400	Unch
<b>Belgaum</b>	Mudde	2900	2625	275
<b>Belthangadi</b>	Yellow (Average)	3117	3075	42
<b>Bijapur</b>	Achhu	2625	2476	149
<b>Gulbarga</b>	Other (Average)	2925	2813	112
<b>Mahalingapura</b>	Penti (Average)	2500	2663	-163
<b>Mandya</b>	Achhu (Medium)	2650	2608	42
	Kurikatu (Medium)	2375	2342	33
	Other (Medium)	2338	2367	-29
	Yellow (Medium)	2638	2600	38
<b>Shimoga</b>	Achhu (Average)	3033	3100	-67

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		24-Jan-14	17-Jan-14	24-Dec-13	24-Jan-13
<b>Muzaffar Nagar</b>	Chaku	2550	2550	2725	2750
	Khurpa(New)	2425	2425	2625	2660
	Laddu(New)	2600	2600	2950	2775
	Rascut	2250	2250	2375	NR
<b>Hapur</b>	Chaurasa	2315	2315	2413	NR
	Balti	2200	2200	2320	NR
<b>Maharashtra</b>	Latur(Lal Variety)	2600	2600	2700	2800
<b>Bangalore</b>	Achhu	NR	NR	-	3500
	Mudde	3400	3400	3200	3600
<b>Belgaum</b>	Mudde	2900	2900	2900	3100
<b>Belthangadi</b>	Yellow (Average)	3150	3150	3000	NR
<b>Bijapur</b>	Achhu	2600	2600	2700	2800
<b>Gulbarga</b>	Other (Average)	2850	2850	-	3060
<b>Mahalingapura</b>	Penti (Average)	2550	2550	2980	2950
<b>Mandya</b>	Achhu (Medium)	2600	2600	2850	2650
	Kurikatu (Medium)	2350	2350	2400	2400
	Other (Medium)	2300	2300	2450	2400
	Yellow (Medium)	2600	2600	2800	2600
<b>Shimoga</b>	Achhu (Average)	3100	3100	3050	3000

Commodity: Sugar  
Contract: February

Exchange: NCDEX  
Expiry: Feb 20, 2013

### SUGAR (Weekly February Contract Chart)



#### Technical Commentary:

- Sugar prices are hovering at oversold region and still moving in a downtrend.
- Last candlestick depicts bearishness.
- Prices are trading at lowest levels and likely to move down further.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Feb	2600	2650	2696	2758	2784
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Feb	<b>Sell</b>	Below 2692	2680	2672	2710

Commodity: Gur  
Contract: Mar

Exchange: NCDEX  
Expiry: March 20, 2013

### GUR (March Weekly Chart)



#### Technical Commentary:

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

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Mar	1000	1003	1019	1043	1052
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Buy	Above 1013	1016	1020	1009



### 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.

ICE Raw Sugar Futures of March contract tumbled down to its three and half year low level and settle at 15.48 cents a pound. Global sugar surplus estimates by various trade houses like USDA, ISO and consistent sugar supply from Brazil led the prices down.

### Weak Brazilian Real Support Sugar Exports

Consistent Brazilian Sugar supply in the global markets become the major influencing factor which drove the market downwards. Weak Brazilian real and higher sugar production urge manufacturers and exporters of sugar to increase the sugar shipments to various countries. In 2012-13, India has imported around 3 million tons of sugar (mainly raw sugar for re-export) mainly from Brazil.



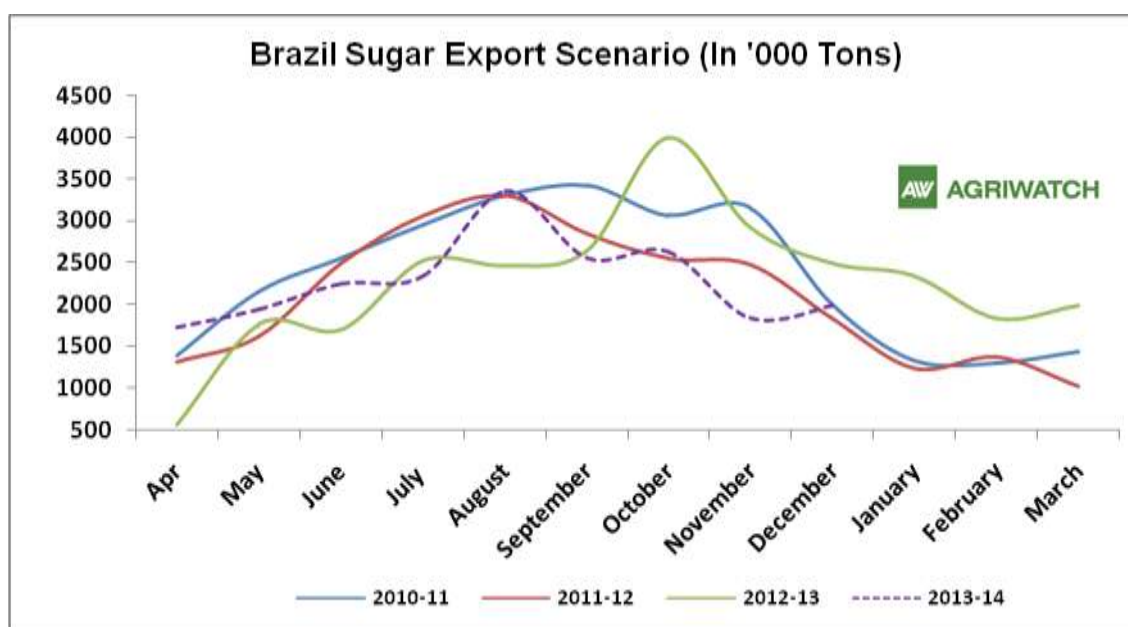
### Supply Shipments Started from Thailand and India.

Thailand sugar production pick up pace after delay in start of can crushing operations due to rains. Thailand now also join in the race strongly to supply sugar globally. India also give tough competition to these sugar supplying countries and have exported around 0.8 million tons of sugar (mainly raws) to Asian countries from December 2013 to till date.

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

**International Market News Highlights:**

- Brazil sugar millers have diverted sugarcane to make ethanol over sugar with a ratio of 54:46 respectively keeping in view decreasing sugar prices globally, according to UNICA.
- The U.S. Department of Agriculture (USDA) estimates 2012/13 sugar production at 8.977 million short tons, raw value (STRV), comprised of 5.078 million STRV of beet sugar and 3.899 million STRV of raw cane sugar.
- Thailand has finally started its cane crushing operations for 2013-14 seasons 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	23-Jan-14	16-Jan-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	15.04	15.45	-0.41
	14-May	15.26	15.62	-0.36
	14-Jul	15.58	15.86	-0.28
LIFFE Sugar (US \$/MT)	14-Mar	405.3	418.5	-13.2
	14-May	417.5	429.4	-11.9
	14-Aug	428.4	437.1	-8.7

### ICE 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 OI depicts short build up.
- After testing its support level i.e. 14.4, prices should rebound due to profit bookings and prices are likely to move up to 16.0 per ton as expected.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar (US Cent/lb)	Mar'13	15.11	15.30

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

**Technical Commentary:**

- LIFEE raw sugar futures are trading in an upward channel.
  - Last candlestick depicts bullishness in the market.
  - Increase in prices has supported by OI and Volume depicts long build up.
- Strategy: Buy at current levels and prices are likely to test its next resistance i.e. 18,000 \$ .

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFEE Sugar #11 (US \$/MT)	Mar'14	1,777	1,786

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