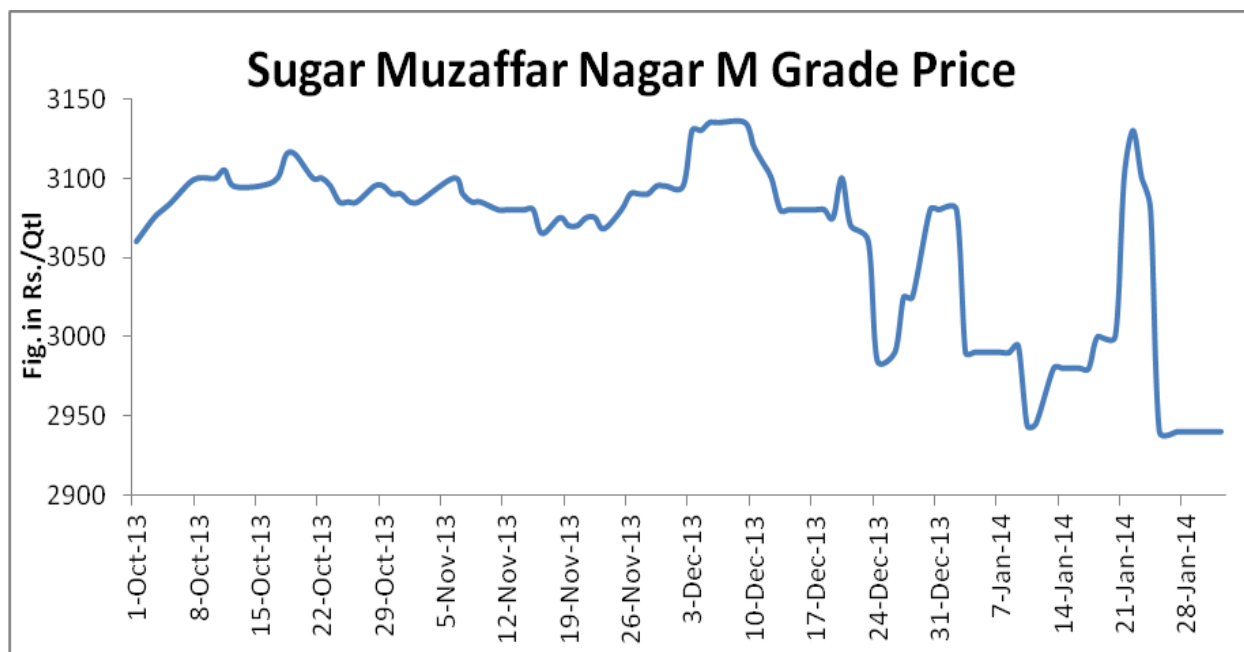


Sugar Price Trend and Outlook:

Sugar prices move in the down ward direction due to fresh arrival in major markets and we expect market will likely to move bearish in the week ahead.



Domestic Sugar Price Outlook:

Sugar prices broke all its support level from last year and currently moving in the range of Rs. 2940-2950/qtl. 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:

- The Cabinet Committee on Economic Affairs (CCEA) is likely to consider on 4 February a proposal to give a cash subsidy of Rs 2,000 per tonne for raw sugar exports.
- Economic losses suffered by the sugar mills Centre The relief package of Rs 800 crore is set to. 40 million tonnes of raw sugar mills - at the rate of Rs 2,000 a tonne on export of sugar to incentive compensation plans.
- Ministry for 2014-15 marketing season starting next October Reedy Fair & Remunerative Price (FRP) fixed at Rs 10 to Rs 220 per quintal is proposed.
- 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.

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:

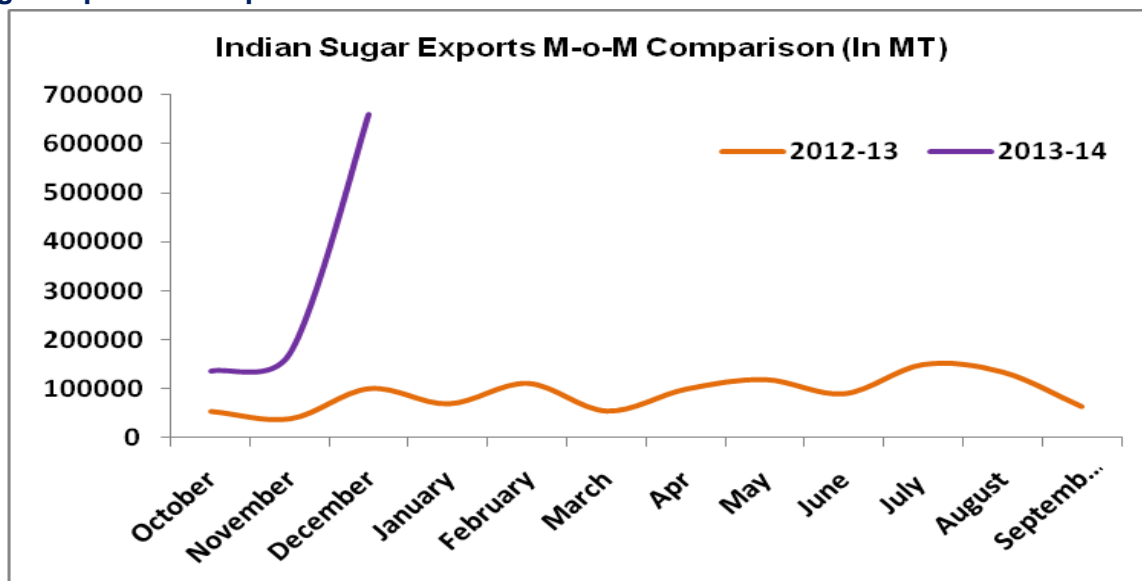
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty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

Gur Market Scenario and Outlook

Gur prices are currently moving in the positive territory, due to lower arrival due to bad weather 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.

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

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	25th Jan-31th Jan	18th Jan-24th Jan	Change
Sugar	Delhi - Grade M	2920	2962	-42
	Delhi - Grade S	2865	2869	-4

Delhi - Grade L	3008	2993	15
UP- Khatauli Grade M	2940	3085	-145
UP- Ramala Grade M	2891	2905	-14
UP- Dhampur Grade M Ex-Mill	2900	2945	-45
UP- Dhampur Grade S Ex-Mill	2881	2925	-44
UP- Dhampur Grade L Ex-Mill	2951	2995	-44
Mumbai –Grade M	2912	3001	-89
Mumbai –Grade S	2758	2817	-59
Kolhapur – Grade M	2792	2821	-29
Kolhapur – Grade S	2617	2663	-46
Guhawati – Grade S	2920	2966	-46
Shillong – Grade S	2937	2983	-46
Vijayawada – Grade M	3260	3290	-30
Vijayawada- Grade S	3160	3190	-30
Nagpur – Grade M	3008	3150	-142
Nagpur – Grade S	2792	2900	-108
Kolkata – Grade M	3059	3055	4
Chennai - Grade S	2800	2798	2
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3000	3100	-100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	2980	NA	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		31-Jan-14	24-Jan-14	31-Dec-13	31-Jan-13
Sugar	Delhi - Grade M	2820	2980	2900	3400
	Delhi - Grade S	2800	2900	2920	3360
	Delhi - Grade L	2990	-	3050	3430
	UP- Khatauli Grade M	2940	3080	3080	3400
	UP- Ramala Grade M	2900	2910	2920	3300
	UP- Dhampur Grade M Ex-Mill	2880	2930	2950	NR
	UP- Dhampur Grade S Ex-Mill	2860	2910	2930	NR
	UP- Dhampur Grade L Ex-Mill	2930	2980	3000	NR
	Mumbai –Grade M	2876	2982	3126	3441
	Mumbai –Grade S	2746	2788	2882	3288
	Kolhapur – Grade M	2750	2800	2900	3225
	Kolhapur – Grade S	2550	2650	2750	3125

	Guhawati – Grade S	2852	2954	3055	NR
	Shillong – Grade S	2870	2970	3070	NR
	Vijayawada – Grade M	3250	3280	3360	3570
	Vijayawada- Grade S	3150	3180	3200	3470
	Nagpur – Grade M	3000	3100	3200	3450
	Nagpur – Grade S	2750	2900	3000	3400
	Kolkata – Grade M	3035	3100	3110	NR
	Chennai - Grade S	2800	2790	2820	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2980	3100	3100	3150
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2980	NA	NA	3145

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	25th Jan-31th Jan	18th Jan-24th Jan	Change
Muzaffar Nagar	Chaku	2856	2533	323
	Chaku (Arrival)	2220	633	1587
	Khurpa	2515	2413	102
	Laddoo	2691	2700	-9
	Rascut	2301	2250	51
Hapur Maharashtra	Chaurasa	2570	2355	215
	Balti	2317	2200	117
	Latur(Lal Variety)	2658	2600	58
Bangalore	Achhu	3067	3400	-333
	Mudde	2960	3400	-440
Belgaum	Mudde	3000	2900	100
Belthangadi	Yellow (Average)	2480	3117	-637
Bijapur	Achhu	2708	2625	83
Gulbarga	Other (Average)	2708	2925	-217
Mahalingapura	Penti (Average)	2578	2500	78
Mandya	Achhu (Medium)	2525	2608	-83
	Kurikatu (Medium)	2300	2342	-42
	Other (Medium)	2317	2367	-50
	Yellow (Medium)	2525	2600	-75



Shimoga	Achhu (Average)	3150	3100	50
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Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		31-Jan-14	24-Jan-14	31-Dec-13	31-Jan-13
Muzaffar Nagar	Chaku	2913	2550	2750	2650
	Khurpa(New)	2553	2425	2500	2638
	Laddu(New)	2750	2600	2600	2750
	Rascut	2365	2250	2538	NR
Hapur	Chaurasa	2563	2315	2427	NR
	Balti	2280	2200	2350	NR
Maharashtra	Latur(Lal Variety)	2650	2600	2750	2800
Bangalore	Achhu	-	NR	-	3000
	Mudde	3000	3400	3200	3300
Belgaum	Mudde	3600	2900	2900	3000
Belthangadi	Yellow (Average)	3000	3150	3000	3200
Bijapur	Achhu	2500	2600	2930	-
Gulbarga	Other (Average)	-	2850	2950	2830
Mahalingapura	Penti (Average)	2600	2550	2760	3000
Mandya	Achhu (Medium)	2500	2600	2800	2500
	Kurikatu (Medium)	2300	2350	2400	2350
	Other (Medium)	2300	2300	2400	2300
	Yellow (Medium)	2500	2600	2750	2500
Shimoga	Achhu (Average)	3250	3100	3250	2975

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 rebound upward.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Feb	-	2600	2643	2741	2778
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Feb	Buy	Above 2635	2639	2643	2632

Commodity: Gur
Contract: Mar

Exchange: NCDEX
Expiry: March 20, 2013

GUR (March Weekly Chart)



Technical Commentary:

- Gur prices are trying to move upward as chart depicts.
- However, RSI is hovering at oversold region.
- Last candlesticks depict bearishness.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Mar	1000	1003	1018	1043	1052
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Buy	Above 1015	1018	1022	1012

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 up from last trading session and settle at 15.55 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.

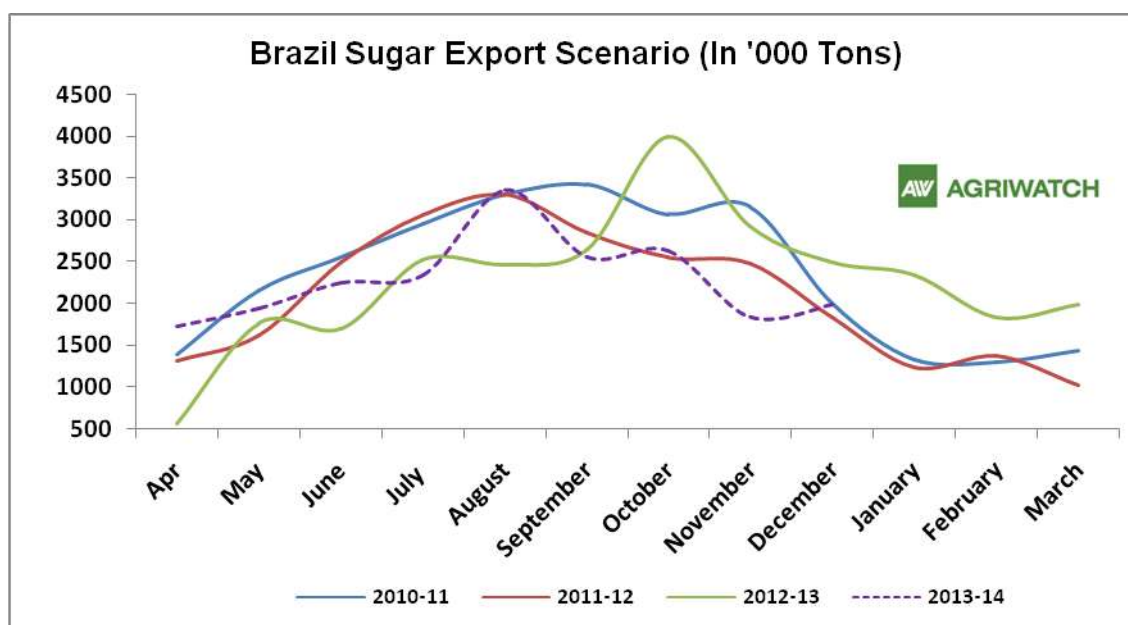
Thailand sugar production pick up pace after delay in start of cane crushing operations due to rains. Thailand now also join in the race strongly to supply sugar globally. India also give tough competition to these sugar supplying countries and have exported around 0.8 million tons of sugar (mainly raws) 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, the world's largest sugar producer, is boosting shipments to China, fueling speculation that demand in the world's second-biggest importer of the raw sweetener will exceed forecasts for a second year.
- Mexico's 2013/14 sugarcane crush continues to speed up as the industry produced 251,197 tonnes of sugar, tel quel, in the week to January 25, up from 230,711 in the previous week, Agriculture Ministry data showed. This brought total sugar production in the season-to-date to 1.545 million tonnes, marginally ahead of the five-year average but down significantly from 2.102 mln in last year's record crush.
- 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.

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	30-Jan-14	23-Jan-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	14.99	15.04	-0.05
	14-May	15.2	15.26	-0.06
	14-Jul	15.53	15.58	-0.05
LIFFE Sugar (US \$/MT)	14-Mar	409.3	405.3	4
	14-May	417.4	417.5	-0.1
	14-Aug	427.1	428.4	-1.3

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



Technical Commentary:

- Sugar prices are presently hovering in a uptrend as chart depicts.
- increase in prices has not supported OI depicts short covering.
- 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	15.55	15.35

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

Technical Commentary:

- LIFEE raw sugar futures are trading in the 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	1,785	1,788

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