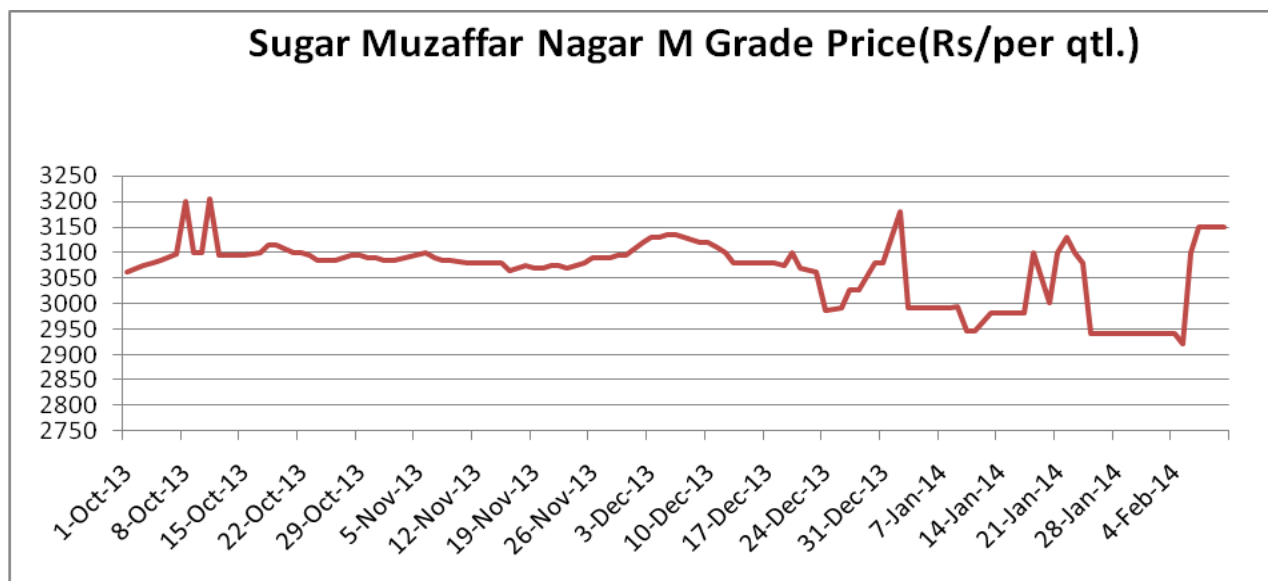


Sugar Price Trend and Outlook:

Sugar prices moved up during the week under review. Improved buying interest at lower level, expectation of higher raw sugar export subsidy(around Rs 3500 per T) and drought like condition in Brazil basically helped market to recover at recent low. Market is likely to trade steady to slightly firm this week as sentiments in the market point towards more firmness.



Domestic Sugar Price Outlook:

Sugar market seems reversing its southward trend and has improved considerably last week on the back of fresh buying interest and changed inner tone in the market. Sugar production estimate might be revised down for 2013-14 due to delayed crushing. Recent low had encouraged disparity and millers were facing difficult situation to continue crushing. Expectation of price recovery was awaited. Current improvement in price has given some respite to the millers. Prices in Muzaffarnagar market recovered from Rs 2950 to Rs 3150 per qtl.

Besides, increasing hope for cash subsidy on raw sugar supported by drought like conditions in Brazil have underpinned the market and more firmness is expected in the near and medium term.

News Highlights:

- A Cabinet Committee on Economic Affairs (CCEA) is once again expected to discuss the vexed issue subsidy for export of 4 million tonnes of raw sugar soon. Revised proposal is still under consideration.
- The food ministry have favored raising the quantum of subsidy from Rs 2,000 per tonne to around Rs 3,000 per tonne only with perspective effect.
- The CCEA had last week, deferred a decision on granting a cash subsidy for export of 4 million tonnes of raw sugar because of difference over the quantum of subsidy.

- Sugar futures posted the longest rally in almost five months as drought threatened crop yields in Brazil, the world's top producer and shipper.
- 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.

ISMA head hopes for output incentives package this week:

Abinash Verma, head of the Indian Sugar Mills Association (ISMA), said on Sunday he hoped Indian authorities would announce a sugar production incentives package to aid cash-strapped mills this week. "The assistance has to come now and it will come this week," Verma told the Platts Kingsman Dubai sugar conference.

"There is hardly any time to produce raw sugar," he added, referring to the closing period of the crush."The opportunity is there. The opportunity goes down slowly if this matter gets delayed further. Verma was referring to recent deferrals of a decision on a raw sugar production incentives package by Indian authorities. The deferrals have contributed to a recent rally in raw sugar futures from last month's 3-1/2-year low, dealers said. Indian millers hope that an incentives package will stimulate mills to export raw sugar from substantial stocks to the world market. Source :Economic Times

Brazil's Unica warns India over sugar export subsidies:

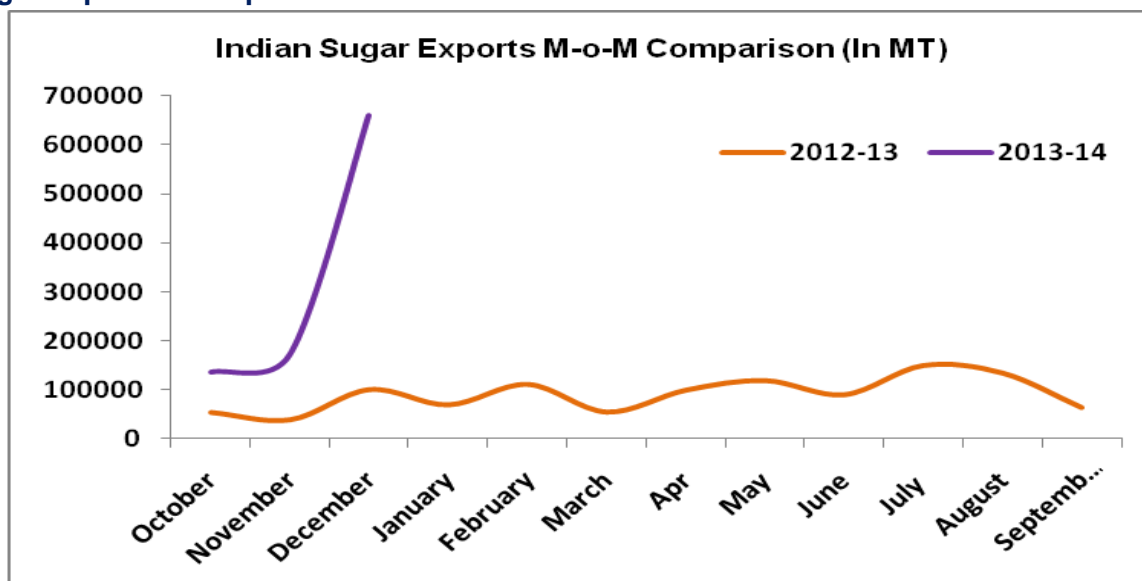
Brazil's sugar and ethanol industry association Unica has warned India will contravene World Trade Organization rules if it introduces subsidies for raw sugar exports.

Louis Dreyfus Sees Sugar Surplus Lasting on Currencies, Profits:

The global sugar surplus will extend for a fourth year in 2014-15 as cane is still more profitable than other crops and currency devaluations in producing nations help offset price drops, according to Louis Dreyfus Commodities. Sugar production will outpace consumption by 5 million metric tonnes in the season that starts Oct. 1 in most countries, Jacques Gillaux, the Geneva-based juice and sugar platform head at the company, said in an interview in Dubai today before the start of the annual Kingsman sugar conference. That compares with excess supplies of 8.5 million tons a year earlier. Source: <http://www.bloomberg.com/news>

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 cash market is expected to move northward due to lower arrival and support from sugar market. However, one sided uptrend is unlikely to continue as stock is ample again current demand. Crushing for Gur continues.

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	1st Feb-7th Feb	25th Jan-31st Jan	Change
Sugar	Delhi - Grade M	2932	2920	12
	Delhi - Grade S	2817	2865	-48
	Delhi - Grade L	2992	3008	-16
	UP- Khatauli Grade M	3010	2940	70
	UP- Ramala Grade M	2877	2891	-14
	UP- Dhampur Grade M Ex-Mill	2901	2900	1
	UP- Dhampur Grade S Ex-Mill	2881	2881	Unch
	UP- Dhampur Grade L Ex-Mill	2951	2951	Unch
	Mumbai –Grade M	2906	2912	-6
	Mumbai –Grade S	2742	2758	-16
	Kolhapur – Grade M	2775	2792	-17
	Kolhapur – Grade S	2617	2617	Unch
	Guhawati – Grade S	2920	2920	Unch
	Shillong – Grade S	2937	2937	Unch
	Vijayawada – Grade M	3227	3260	-33
	Vijayawada- Grade S	3127	3160	-33
	Nagpur – Grade M	3000	3008	-8
	Nagpur – Grade S	2750	2792	-42
	Kolkata – Grade M	3055	3059	-4
	Chennai - Grade S	2800	2800	Unch

	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3015	3000	15
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3015	2980	35

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		7-Feb-14	31-Jan-14	7-Jan-14	7-Feb-13
Sugar	Delhi - Grade M	2945	2820	2950	3370
	Delhi - Grade S	2835	2800	2900	3325
	Delhi - Grade L	2995	2990	3000	3390
	UP- Khatauli Grade M	3150	2940	2990	3400
	UP- Ramala Grade M	2870	2900	-	3320
	UP- Dhampur Grade M Ex-Mill	2910	2880	2950	NR
	UP- Dhampur Grade S Ex-Mill	2890	2860	2930	NR
	UP- Dhampur Grade L Ex-Mill	2960	2930	3000	NR
	Mumbai –Grade M	2912	2876	3090	3411
	Mumbai –Grade S	2752	2746	2876	3243
	Kolhapur – Grade M	2800	2750	2850	3175
	Kolhapur – Grade S	2650	2550	2650	3075
	Guhawati – Grade S	2954	2852	2954	NR
	Shillong – Grade S	2970	2870	2970	NR
	Vijayawada – Grade M	3220	3250	3320	3550
	Vijayawada- Grade S	3120	3150	3220	3450
	Nagpur – Grade M	3000	3000	3200	3400
	Nagpur – Grade S	2750	2750	2950	3350
	Kolkata – Grade M	3030	3035	3100	NR
	Chennai - Grade S	2800	2800	2820	3050
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	2980	3100	3150
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	2980	NA	3145

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	1st Feb-7th Feb	25th Jan-31th Jan	Change

Muzaffar Nagar	Chaku	2809	2856	-47
	Chaku (Arrival)	5167	2220	2947
	Khurpa	2479	2515	-36
	Laddoo	2640	2691	-51
	Rascut	2265	2301	-36
Hapur Maharashtra	Chaursa	2415	2570	-155
	Balti	2299	2317	-18
	Latur(Lal Variety)	2650	2658	-8
Bangalore	Achhu	-	-	-
	Mudde	3000	3067	-67
Belgaum	Mudde	2650	2650	Unch
Belthangadi	Yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2350	2480	-130
Gulbarga	Other (Average)	2650	2708	-58
Mahalingapura	Penti (Average)	2604	2576	28
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

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		7-Feb-14	31-Jan-14	7-Jan-14	7-Feb-13
Muzaffar Nagar	Chaku	2700	2913	2438	2638
	Khurpa(New)	2425	2553	2488	2600
	Laddu(New)	2575	2750	2625	2750
	Rascut	2250	2365	2175	NR
Hapur	Chaursa	2250	2563	2250	NR
	Balti	2275	2280	2225	NR
Maharashtra	Latur(Lal Variety)	2650	2650	2700	2800
Bangalore	Achhu	-	-	-	3000
	Mudde	2900	3000	3400	3300
Belgaum	Mudde	2600	3600	2800	3000
Belthangadi	Yellow (Average)	3000	3000	3000	3300
Bijapur	Achhu	2500	2500	2800	2760
Gulbarga	Other (Average)	2650	-	3000	2950

Mahalingapura	Penti (Average)	2630	2600	2760	2990
Mandya	Achhu (Medium)	-	2500	2750	2450
	Kurikatu (Medium)	-	2300	2400	2300
	Other (Medium)	-	2300	2400	2400
	Yellow (Medium)	-	2500	2700	2450
Shimoga	Achhu (Average)	3100	3250	3250	2900

Commodity: Sugar
Contract: February

Exchange: NCDEX
Expiry: Feb 20, 2013

SUGAR (Weekly February Contract Chart)



Technical Commentary:

- Sugar prices are near oversold region.
- Last candlestick depicts bullishness to continue.
- Prices are trading at lowest levels and likely to rebound upward.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Feb	2625	2650	2710	2800	2825
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Feb	Buy	Above 2715	2745	2760	2700

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 bullishness.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Mar	1005	1015	1039	1070	1080
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Buy	Above 1042	1052	1057	1036

International Scenario

International sugar market improved considerably due to prevailing fear of drought in Brazil, the top sugar exporters in the global market. However, likely cash subsidy by India on raw sugar export may dampen world market. Global market is still in surplus. The global sugar surplus will extend for a fourth year in 2014-15 as cane is still more profitable than other crops and currency devaluations in producing nations help offset price drops, according to Louis Dreyfus Commodities. Sugar production will outpace consumption by 5 million metric tonnes in the season that starts Oct. 1 in most countries. Now the situation depends on Indian export volume on the back of cash subsidy.

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.

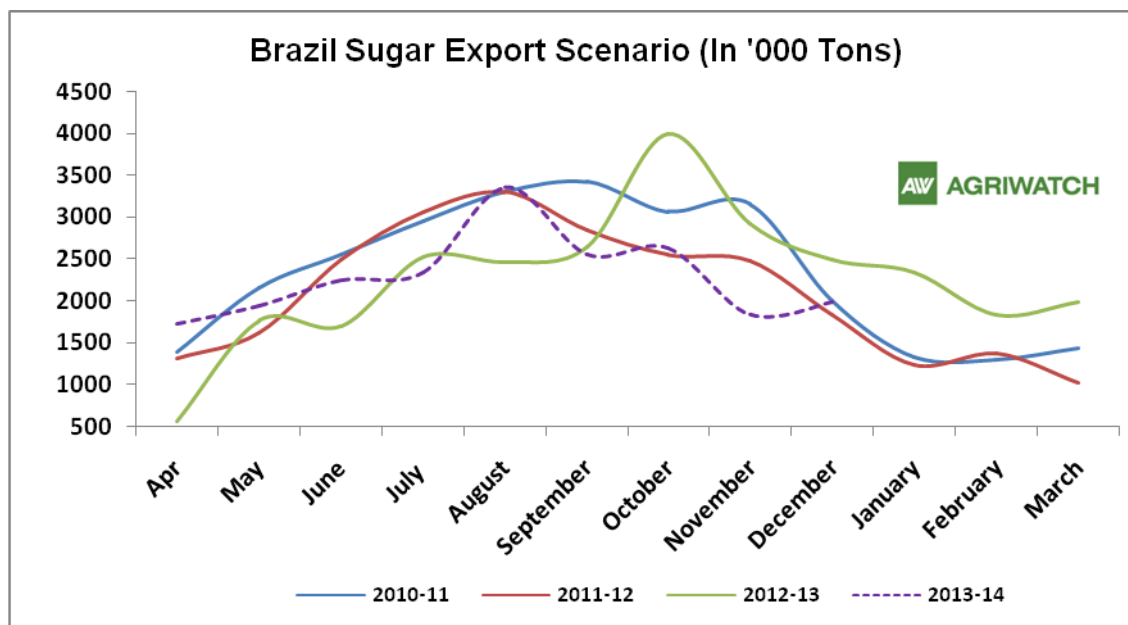
Thailand sugar production pick up pace after delay in start of can crushing operations due to rains. Thailand now also join in the race strongly to supply sugar globally. India also give tough competition to these sugar supplying countries and have exported around 0.8 million tons of sugar (mainly raws) 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, 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	10-Feb-14	6-Feb-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	15.64	15.85	-1.32
	14-May	15.93	16.12	-1.18
	14-Jul	16.26	16.41	-0.91
LIFFE Sugar (US \$/MT)	14-Mar	434.0	434.8	-0.18
	14-May	442.9	437.8	1.16
	14-Aug	451.9	447.4	1.01
			16.12	
			16.41	
			434.8	
			437.8	
			447.4	

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



Technical Commentary:

- Sugar chart formation shows slightly recovery from current level
- Market may test recent high as fundamental remains supportive..

- 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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