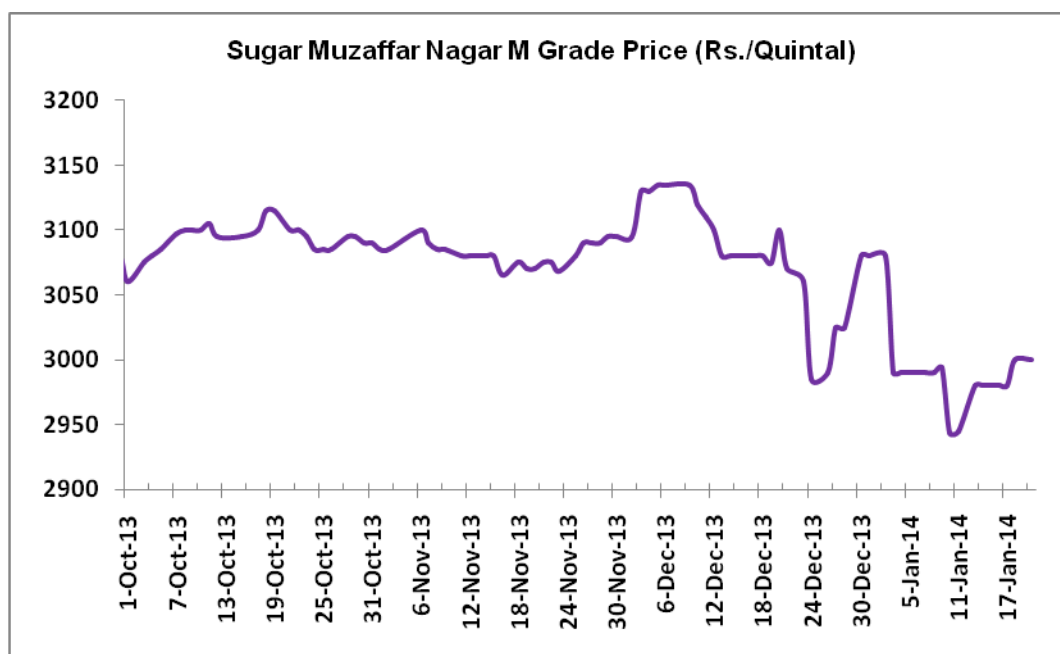


Sugar Price Trend and Outlook:

Mixed price trend recorded in key sugar spot markets last week. Increasing sugar prices in International markets and firm demand of sugar in Maharashtra wholesale markets led the sugar prices up. However, this recent hike doesn't affect much on UP sugar prices due to dull demand.

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

It is notable that India has exported around 1 million tons of sugar (mainly raws) in the current marketing year 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:

- 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.
- Government on Monday notify Rs 3300/Ton subsidy for raw sugar export
- Rake business of sugar has been reported for Pune at Rs.2660-2680 per quintal as reported.
- Sugar prices surge in International markets considering dry weather conditions in Brazil which ultimately delay the new planting of sugarcane for the next season as reported.

- Sudan was the top importers of Indian Sugar in the month of January followed by Iran and Dubai. On the other hand, highest average FOB quotes received from Jordan and Iran. Total sugar export in the month of Jan-14 is approx 2.94 lakh tonnes.
- According to industry body Indian Sugar Mills Association (ISMA), India has exported about 8.5 lakh tonnes of sugar including 4.5 lakh tonnes of raw sugar till January 31, 2014. Country has produced about 8 lakh tons of raw sugar till January 31, 2014 and expected to produce another 10 lakh tons of raw sugar in remaining months of current season.

Raw Sugar Import Opportunity:

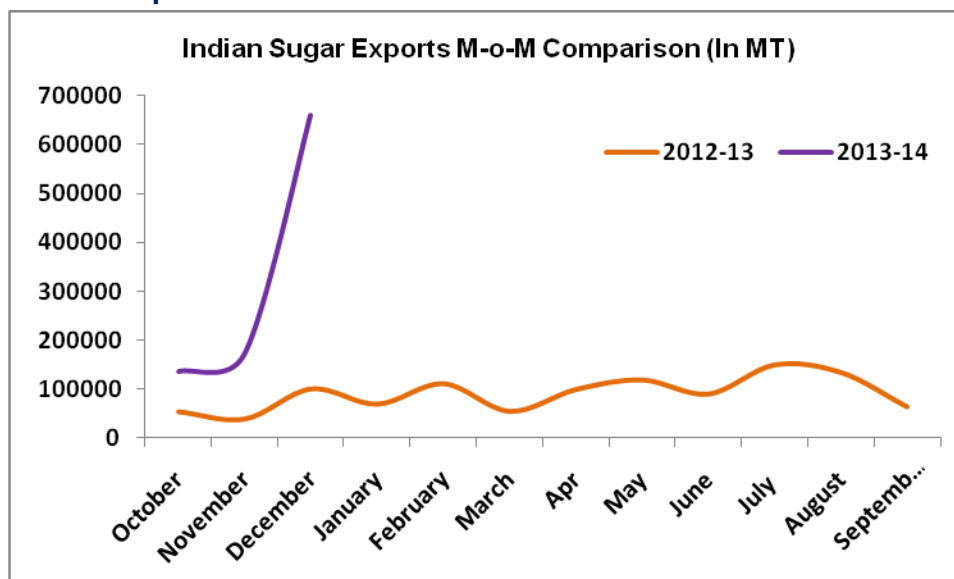
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty 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. 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	22th Feb-28th Feb	15th Feb-21th Feb	Change
Sugar	Delhi - Grade M	3004	2978	26
	Delhi - Grade S	2958	2923	35
	Delhi - Grade L	3062	3075	-13
	UP- Khatauli Grade M	3004	3170	-166
	UP- Ramala Grade M	2947	2902	45
	UP- Dhampur Grade M Ex-Mill	2994	2961	33
	UP- Dhampur Grade S Ex-Mill	2974	2941	33
	UP- Dhampur Grade L Ex-Mill	3044	3011	33
	Mumbai –Grade M	2942	2939	3
	Mumbai –Grade S	2802	2780	22
	Kolhapur – Grade M	2800	2800	Unch
	Kolhapur – Grade S	2640	2650	-10
	Guhawati – Grade S	2944	2954	-10
	Shillong – Grade S	2960	2970	-10
	Vijayawada – Grade M	3220	3220	Unch
	Vijayawada- Grade S	3120	3120	Unch
	Nagpur – Grade M	3040	3000	40
	Nagpur – Grade S	2800	2800	Unch
	Kolkata – Grade M	3054	3054	Unch
	Chennai - Grade S	2780	2780	Unch
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	3050	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	3050	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		28-Feb-14	21-Feb-14	28-Jan-	28-Feb-

				14	13
Sugar	Delhi - Grade M	3010	3000	2900	3385
	Delhi - Grade S	2950	2990	2900	3325
	Delhi - Grade L	3050	-	3015	3415
	UP- Khatauli Grade M	3015	3170	2940	3340
	UP- Ramala Grade M	2980	2910	2910	NA
	UP- Dhampur Grade M Ex-Mill	3007	2970	2900	3275
	UP- Dhampur Grade S Ex-Mill	2987	2950	2880	3255
	UP- Dhampur Grade L Ex-Mill	3057	3020	2950	3325
	Mumbai –Grade M	2942	2946	2902	3421
	Mumbai –Grade S	2806	2806	2756	3251
	Kolhapur – Grade M	2800	2800	2800	3175
	Kolhapur – Grade S	2625	2650	2625	3075
	Guhawati – Grade S	2928	2954	2928	NR
	Shillong – Grade S	2945	2970	2945	NR
	Vijayawada – Grade M	3220	3220	3250	3600
	Vijayawada- Grade S	3120	3120	3150	3500
	Nagpur – Grade M	3000	3000	3000	3410
	Nagpur – Grade S	2800	2800	2750	3310
	Kolkata – Grade M	-	3110	3060	3500
	Chennai - Grade S	2780	2780	2800	3040
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	3050	2980	3227
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	3050	2980	3215

Gur Market Scenario and Outlook

Gur prices currently moving in a range with firm tone 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	22th Feb-28th Feb	15th Feb-21th Feb	Change
Muzaffar Nagar	Chaku	2535	2553	-18
	Chaku (Arrival)	5800	3916	1884
	Khurpa	2395	2402	-7
	Laddoo	2545	2556	-11
	Rascut	2194	2162	32
Hapur Maharashtra	Chaurasa	2260	2228	32
	Balti	2279	2275	4
	Latur(Lal Variety)	2680	2600	80
Bangalore	Achhu	-	-	-
	Mudde	3000	3066	-66
Belgaum	Mudde	2650	2640	10
Belthangadi	Yellow (Average)	3110	3160	-50
Bijapur	Achhu	2475	2490	-15
Gulbarga	Other (Average)	2670	2643	27
Mahalingapura	Penti (Average)	2720	2651	69
Mandya	Achhu (Medium)	2500	2542	-42
	Kurikatu (Medium)	2350	2350	Unch
	Other (Medium)	2480	2450	30
	Yellow (Medium)	2500	2500	Unch
Shimoga	Achhu (Average)	3100	3100	Unch

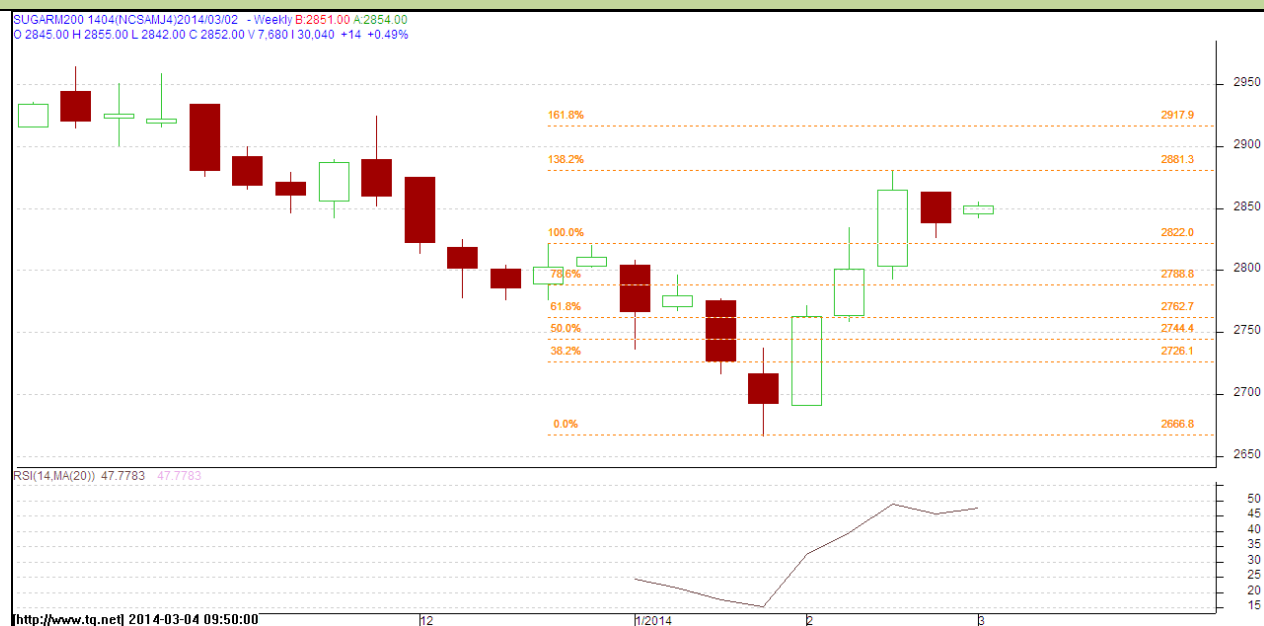
Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		28-Feb-14	21-Feb-14	28-Jan-14	28-Feb-13
Muzaffar Nagar	Chaku	2650	2500	2825	2825
	Khurpa(New)	2400	2375	2450	2613
	Laddu(New)	2650	2525	2663	2700
	Rascut	2250	2150	2250	2450
Hapur	Chaurasa	2250	2250	2525	NR
	Balti	2263	2288	2300	NR
Maharashtra	Latur(Lal Variety)	2700	2600	2650	2850
Bangalore	Achhu	-	-	-	2900
	Mudde	3000	3000	2900	3300
Belgaum	Mudde	2600	2600	2500	3000

Belthangadi	Yellow (Average)	3150	3100	3000	3300
Bijapur	Achhu	2500	2450	2500	2875
Gulbarga	Other (Average)	2750	2600	2825	2830
Mahalingapura	Penti (Average)	2740	2680	2500	2900
Mandya	Achhu (Medium)	2500	2500	2500	2600
	Kurikatu (Medium)	2350	2350	2300	2350
	Other (Medium)	2500	2450	2300	2400
	Yellow (Medium)	2500	2500	2500	2500
Shimoga	Achhu (Average)	3100	3100	3100	2775

Commodity: Sugar
Contract: April

Exchange: NCDEX
Expiry: April 20, 2013

SUGAR (Weekly April Contract Chart)



Technical Commentary:

- Sugar prices are showing upside from last couple of weeks.
- Last candlestick depicts bearishness.
- Prices are trading at higher levels from where profit booking might occur.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Apr	2667	2682	2852	2915	3073



Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Apr	Sell	Below 2853	2820	2805	2871

Commodity: Gur
Contract: Mar

Exchange: NCDEX
Expiry: March 20, 2013

GUR (March Weekly Chart)



Technical Commentary:

- Gur prices are still moving in a downtrend as chart depicts.
- However, RSI is hovering near to neutral region.
- Last candlesticks depict bearishness.
- Profit booking might occur in the coming week.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Mar	1033.5	1042	1069.5	1082	1112
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Sell	Below 1065	1055	1051	1071

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.

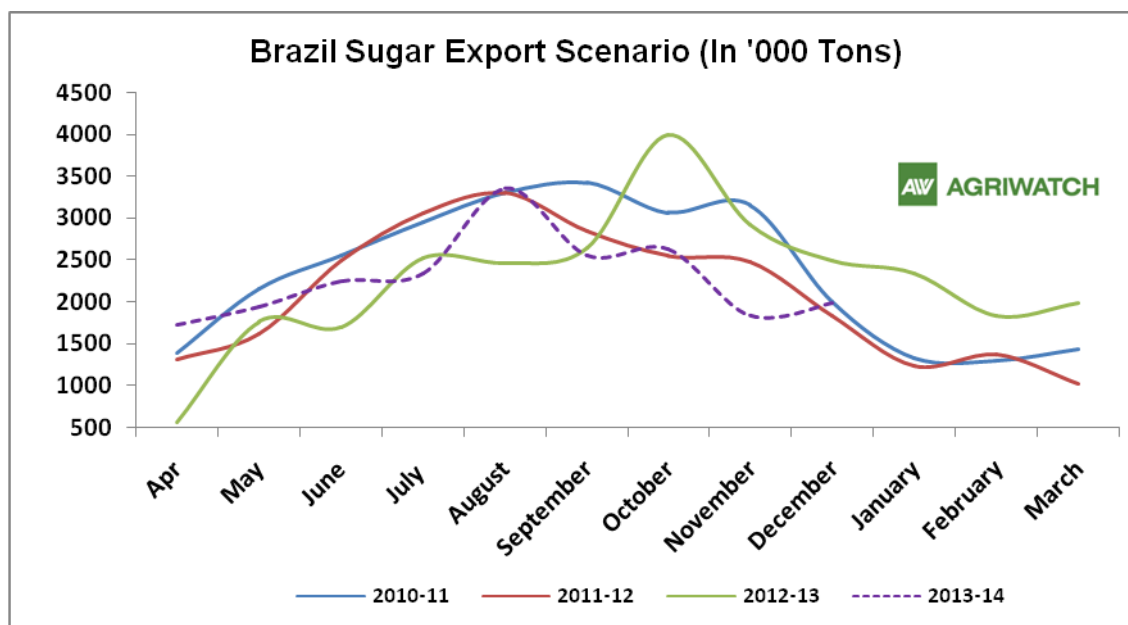
India also give tough competition to these sugar supplying countries and have exported around 0.8 million tons of sugar (mainly raws) to Asian countries from December 2013 to till date.

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.
- 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	27-Feb-14	20-Feb-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	17.44	16.33	1.11
	14-May	18.07	16.69	1.38
	14-Jul	18.08	16.94	1.14
LIFFE Sugar (US \$/MT)	14-Mar	483.5	458.4	25.1
	14-May	487.9	463.7	24.2
	14-Aug	493.0	469.5	23.5

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	418.5	439

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	15.45	15.80

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