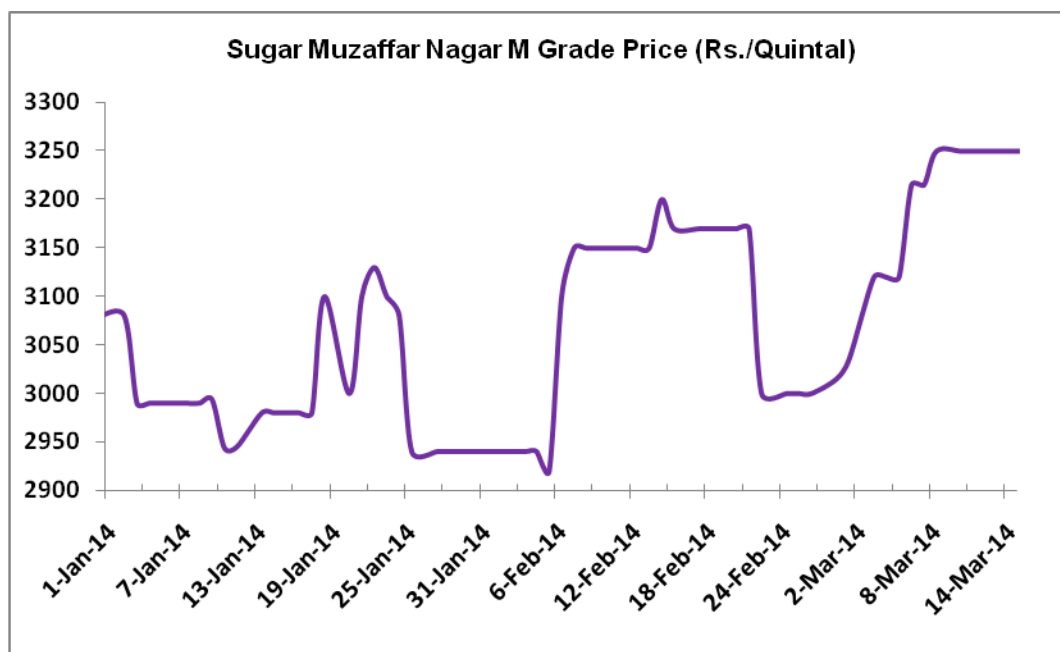


### Sugar Price Trend and Outlook:

Prices of sugar seems bullish at present considering lower sugar production estimate for 2013-14 and good export demand. Meanwhile, prices are consolidating at the later half of the week that indicates that traders are booking their profits at higher levels.



### News Highlights:

- India sugar exports increase to Iran due to lower sugar exported from Brazil on M-o-M basis. According to traders, India has exported around 3.15 lac tons of sugar to Iran in Dec-March period.
- Recent rainfall in Western Uttar Pradesh reduces the overall recovery of sugar from cane. It is notable that some mills in UP got lower than 8% on date as reported.
- ISMA revise its sugar production estimate down to 23.8 million tons for 2013-14 from 25 million tons estimated earlier.
- Short covering in sugar market is likely to take place in the coming days after sharp surge in sugar prices from recent lows.
- Maharashtra mills daily average crush is around 470000 tons as reported.

### Raw Sugar Import Opportunity:

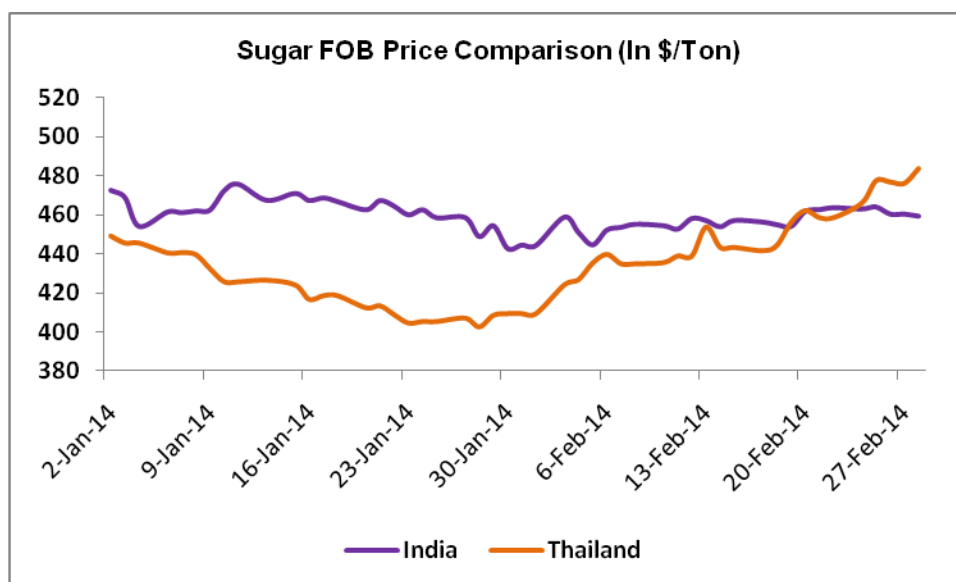
Indian Sugar Export increases M-o-M basis due to increasing sugar export parity thanks to dry weather conditions in Brazil.

Indian indicative raw sugar CIF prices from Brazil quoted at \$521 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$496 per ton Kolhapur based. Recently, government provides Sugar export subsidy on raws of Rs 3300 per ton, which ultimately gives boost to sugar export in the coming months as expected.

On International front, dry weather conditions in Brazil support the sugar prices in International markets and dampens the possibilities of increase in sugar exports from Brazil. Brazil sugar FOB prices are quoting \$477.75/ Ton down from \$504 per ton last week.

Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.61.27) till 15 <sup>th</sup> March 2014 |          |   |                    |
|---|----------|---|--------------------|
|   | Brazil   | Thailand (100 Icumsa Dec Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices  | \$477.75 | -\$459.6  | \$496              |



### 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 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 Sri Lanka.

We estimate total sugar exports likely to reach 2.5-3 million tons from India in 2013-14 marketing year. Till date, India has exported 1.3 million tons of sugar as reported.

### India Sugar Production Scenario:

India is likely to produce 23.8 million tons of sugar in 2013-14, which is less compared to 25.14 million tons sugar produced in 2012-13. Lesser acreage of sugarcane due to crop damage in Karnataka and UP followed by lower sugar recovery in UP led the overall sugarcane and sugar production down this year.

Till date India has produced 19.38 million tons of sugar till 15<sup>th</sup> March 2014 decline by 8.5% compared to last year same period. It is notable that India produced 21.1 million tons of sugar last year same period. Out of the total sugar production till date, Maharashtra mills produced 6.41 million tons of sugar and UP mills produced 5.07 million tons, according to ISMA.

### Spot Sugar Prices Scenario (Weekly)

| Spot Sugar Prices Scenario (Weekly) (Average) |                             |                      |                     |        |
|---|-----------------------------|----------------------|---------------------|--------|
| Commodity                                     | Centre                      | 8th March-14th March | 1st March-7th March | Change |
| Sugar   | Delhi - Grade M             | 3223                 | 3101                | 122    |
|   | Delhi - Grade S             | 3180                 | 3047                | 133    |
|   | Delhi - Grade L             | 3310                 | 3160                | 150    |
|   | UP- Khatauli Grade M        | NR                   | 3141                | -      |
|   | UP- Ramala Grade M          | 3108                 | 3044                | 64     |
|   | UP- Dhampur Grade M Ex-Mill | 3175                 | 3047                | 128    |
|   | UP- Dhampur Grade S Ex-Mill | 3155                 | 3027                | 128    |
|   | UP- Dhampur Grade L Ex-Mill | 3225                 | 3097                | 128    |
|   | Mumbai –Grade M             | 3085                 | 3003                | 82     |
|   | Mumbai –Grade S             | 2906                 | 2827                | 79     |
|   | Kolhapur – Grade M          | 2904                 | 2817                | 87     |
|   | Kolhapur – Grade S          | 2779                 | 2667                | 112    |
|   | Guhawati – Grade S          | 3085                 | 2970                | 115    |
|   | Shillong – Grade S          | 3099                 | 2987                | 112    |
|   | Vijayawada – Grade M        | 3385                 | 3248                | 137    |
|   | Vijayawada- Grade S         | 3225                 | 3128                | 97     |
|   | Nagpur – Grade M            | 3142                 | 3025                | 117    |
|   | Nagpur – Grade S            | 2992                 | 2833                | 159    |

|  |   |      |      |      |
|--|---|------|------|------|
|  | Kolkata – Grade M                               | 3257 | NR   | -    |
|  | Chennai - Grade S                               | 2913 | 2811 | 102  |
|  | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3027 | 3027 | Unch |
|  | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 3025 | 3025 | Unch |

| Spot Sugar Prices Scenario (Weekly) |   |           |          |           |           |
|-------------------------------------|---|-----------|----------|-----------|-----------|
| Commodity                           | Centre  | Today     | Week Ago | Month Ago | Year Ago  |
|                                     |   | 14-Mar-14 | 7-Mar-14 | 14-Feb-14 | 14-Mar-13 |
| Sugar                               | Delhi - Grade M                                 | 3250      | 3150     | 2970      | 3340      |
|                                     | Delhi - Grade S                                 | 3150      | 3100     | 2900      | 3285      |
|                                     | Delhi - Grade L                                 | NR        | 3210     | 3075      | 3350      |
|                                     | UP- Khatauli Grade M                            | NR        | 3215     | 3200      | 3295      |
|                                     | UP- Ramala Grade M                              | 3110      | 3050     | 2900      | 3270      |
|                                     | UP- Dhampur Grade M Ex-Mill                     | 3175      | 3015     | 2970      | 3205      |
|                                     | UP- Dhampur Grade S Ex-Mill                     | 3155      | 2995     | 2950      | 3185      |
|                                     | UP- Dhampur Grade L Ex-Mill                     | 3225      | 3065     | 3020      | 3255      |
|                                     | Mumbai –Grade M                                 | 3072      | 3052     | 2942      | 3411      |
|                                     | Mumbai –Grade S                                 | 2936      | 2800     | 2802      | 3186      |
|                                     | Kolhapur – Grade M                              | 2900      | 2900     | 2800      | 3100      |
|                                     | Kolhapur – Grade S                              | 2800      | 2750     | 2650      | 3050      |
|                                     | Guhawati – Grade S                              | 3106      | 3055     | 2954      | NR        |
|                                     | Shillong – Grade S                              | 3120      | 3070     | 2970      | NR        |
|                                     | Vijayawada – Grade M                            | 3450      | 3300     | 3200      | 3550      |
|                                     | Vijayawada- Grade S                             | 3250      | 3170     | 3100      | 3450      |
|                                     | Nagpur – Grade M                                | 3150      | 3100     | 3000      | 3400      |
|                                     | Nagpur – Grade S                                | 3000      | 2900     | 2800      | 3300      |
|                                     | Kolkata – Grade M                               | 3285      | NR       | 3020      | NR        |
|                                     | Chennai - Grade S                               | 3050      | 2875     | 2780      | 2925      |
|                                     | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3050      | 2910     | 3050      | NR        |
|                                     | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 2925      | 2900     | 3050      | 3300      |

**Gur Market Scenario and Outlook**

Prices of gur surge last week due to uneven rainfall that put hurdles in making gur production due to wet sugarcane.

As far as gur stock position are concerned, Total around 466900 bags of 40 kg each of gur stored in warehouses presently that was 488500 bags last year at same period.

However, overall price sentiments of gur are firm owing to lower gur production estimate this year.

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

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

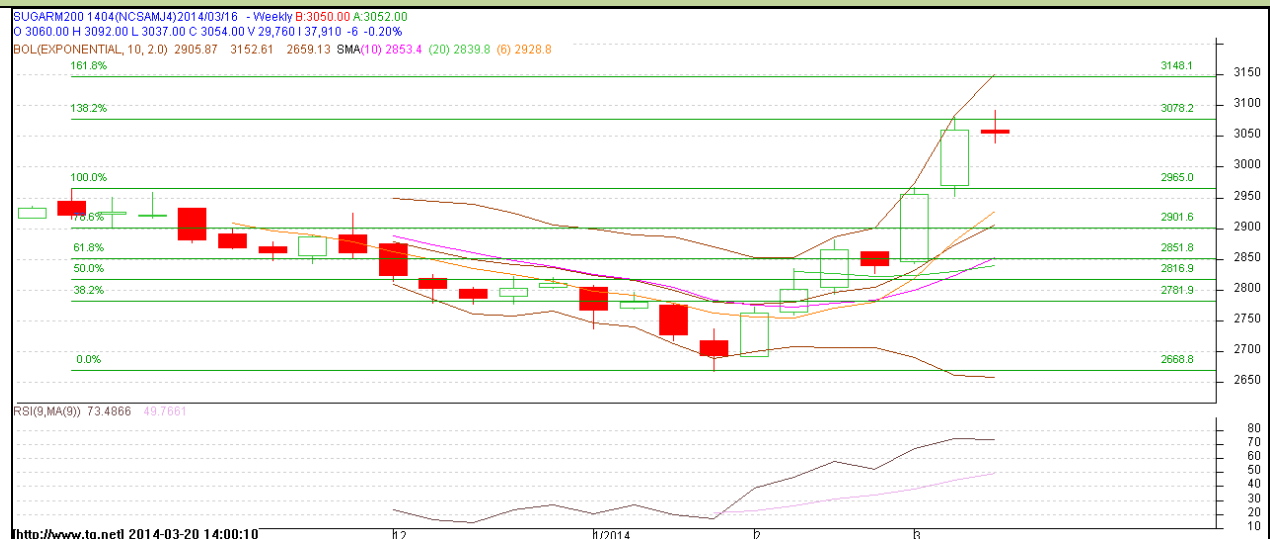
| Spot Jaggery(Gur) Prices Scenario (Weekly) (Average) |                    |                      |                     |        |
|--|--------------------|----------------------|---------------------|--------|
| Markets  | Variety            | 8th March-14th March | 1st March-7th March | Change |
| Muzaffar Nagar                                       | Chaku              | 2702                 | 2590                | 112    |
|  | Chaku (Arrival)    | 6667                 | 3833                | 2834   |
|  | Khurpa             | 2544                 | 2469                | 75     |
|  | Laddoo             | 2620                 | 2564                | 56     |
|  | Rascut             | 2446                 | 2191                | 255    |
| Hapur  | Chaurasa           | 2375                 | 2282                | 93     |
|  | Balti              | 2409                 | 2283                | 126    |
| Maharashtra  | Latur(Lal Variety) | 2858                 | 2717                | 141    |
| Bangalore  | Achhu              | 2900                 | NR                  | -      |
|  | Mudde              | 3025                 | 3000                | 25     |
| Belgaum  | Mudde              | 2700                 | 2710                | -10    |
| Belthangadi  | Yellow (Average)   | 3190                 | 3108                | 82     |
| Bijapur  | Achhu              | 2425                 | 2480                | -55    |
| Gulbarga   | Other (Average)    | 2583                 | 2640                | -57    |
| Mahalingapura  | Penti (Average)    | 2822                 | 2768                | 54     |
| Mandya   | Achhu (Medium)     | 2640                 | 2558                | 82     |
|  | Kurikatu (Medium)  | 2300                 | 2350                | -50    |
|  | Other (Medium)     | 2550                 | 2508                | 42     |
|  | Yellow (Medium)    | 2560                 | 2508                | 52     |
| Shimoga  | Achhu (Average)    | 2900                 | 2950                | -50    |

| Spot Jaggery(Gur) Prices Scenario (Weekly) |                    |           |          |           |           |
|--|--------------------|-----------|----------|-----------|-----------|
| Markets                                    | Variety            | Today     | Week Ago | Month Ago | Year Ago  |
|  |                    | 14-Mar-14 | 7-Mar-14 | 14-Feb-14 | 14-Mar-13 |
| <b>Muzaffar Nagar</b>                      | Chaku              | 2625      | 2625     | 2250      | 2850      |
|  | Khurpa(New)        | 2525      | 2587     | 2375      | 2600      |
|  | Laddu(New)         | 2650      | 2637     | 2513      | 2750      |
|  | Rascut             | 2250      | 2250     | 2125      | 2538      |
| <b>Hapur</b>                               | Chaurasa           | 2400      | 2350     | 2213      | NR        |
|  | Balti              | 2438      | 2300     | 2213      | NR        |
| <b>Maharashtra</b>                         | Latur(Lal Variety) | 2800      | 2750     | 2650      | 3025      |
| <b>Bangalore</b>                           | Achhu              | NR        | NR       | NR        | 3000      |
|  | Mudde              | 3100      | 3000     | 3100      | 3200      |
| <b>Belgaum</b>                             | Mudde              | 2700      | 2700     | 2600      | 3100      |
| <b>Belthangadi</b>                         | Yellow (Average)   | 3200      | 3150     | 2400      | 3100      |
| <b>Bijapur</b>                             | Achhu              | 2600      | 2400     | 2375      | 2825      |
| <b>Gulbarga</b>                            | Other (Average)    | 2650      | 2650     | 2651      | 3000      |
| <b>Mahalingapura</b>                       | Penti (Average)    | 2890      | 2810     | 2610      | 3100      |
| <b>Mandya</b>                              | Achhu (Medium)     | 2650      | 2650     | 2500      | 2650      |
|  | Kurikatu (Medium)  | 2300      | 2350     | 2300      | 2400      |
|  | Other (Medium)     | 2550      | 2550     | 2400      | 2400      |
|  | Yellow (Medium)    | 2550      | 2550     | 2500      | 2600      |
| <b>Shimoga</b>                             | Achhu (Average)    | 2900      | 2900     | 3100      | 2790      |

Contract: April

Expiry: April 20, 2013

### SUGAR (Weekly April Contract Chart)



#### Technical Commentary:

- Prices are moving in an uptrend.
- Sugar prices are hovering at overbought region.
- Last candlestick depicts bearishness.
- Profit booking likely to take place in the coming weeks as expected.

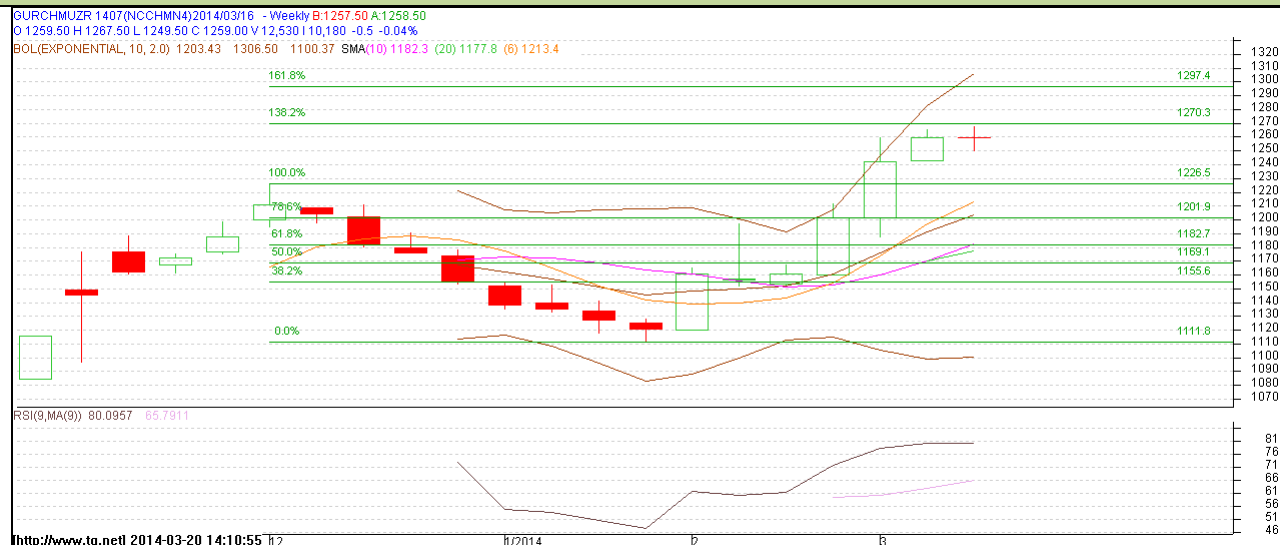
#### Strategy: Sell

| Weekly Supports & Resistances |       |       | S2          | S1         | PCP  | R1   | R2   |
|-------------------------------|-------|-------|-------------|------------|------|------|------|
| Sugar                         | NCDEX | April | 2900        | 2965       | 3060 | 3150 | 3450 |
| Weekly Trade Call             |       |       | Call        | Entry      | T1   | T2   | SL   |
| Sugar                         | NCDEX | April | <b>Sell</b> | Below 3060 | 3000 | 2970 | 3096 |

Commodity: Gur  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2014

### GUR (July Weekly Chart)



### Technical Commentary:

- Gur prices are hovering in a uptrend as chart depicts.
- However, RSI is hovering at overbought region.
- Last candlesticks depict bullishness.
- Profit booking likely to occur at higher levels.

### Strategy: Sell

| Weekly Supports & Resistances |       |      | S2          | S1         | PCP    | R1   | R2     |
|-------------------------------|-------|------|-------------|------------|--------|------|--------|
| Gur                           | NCDEX | July | 1202        | 1226.5     | 1259.5 | 1270 | 1297.5 |
| Weekly Trade Call             |       |      | Call        | Entry      | T1     | T2   | SL     |
| Gur                           | NCDEX | July | <b>Sell</b> | Below 1260 | 1240   | 1230 | 1270   |



## International Scenario

Sugar prices surge in key ICE as well as in LIFFE last week due to lower sugar surplus globally estimated by various trade houses.

Slowly, International sugar prices taking upside and might move in the northward direction in the coming months. Traders believe that the global sugar surplus which was previously 10 million tons and now 4 million tons will disappear soon. In addition, coming sugar crop in Brazil and India is expectedly less.

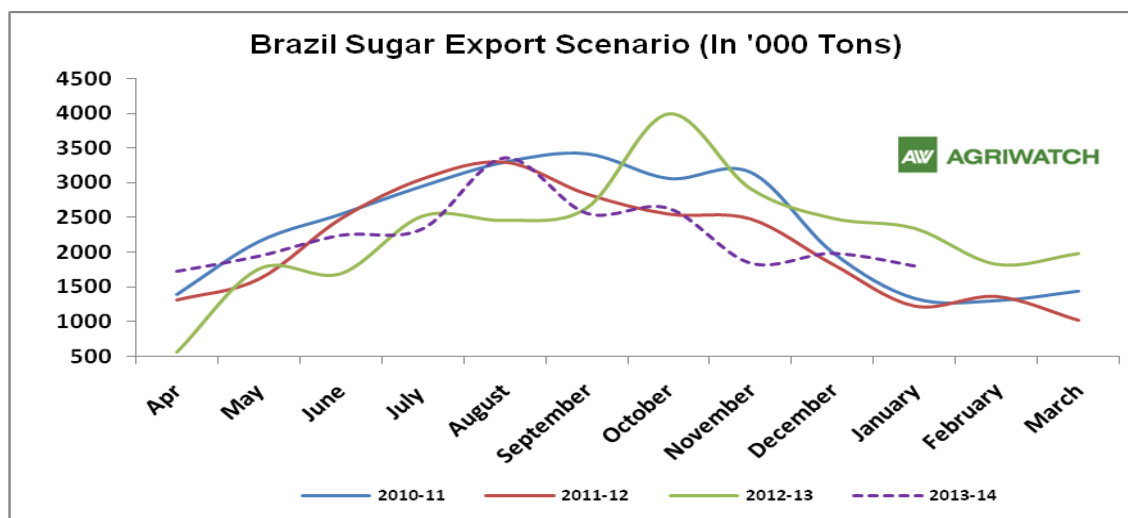
If this happens, then sugar prices in ICE as well as in LIFFE soon might test new highs as expected.

## World Markets

### Brazil

Dry weather conditions impacting crops. Normally the wettest period for the summer, January into February months have been severely hampered by La Niña weather conditions across the main farm belt, dry spells which have interrupted the growth cycles of cane production, will more than likely result in immature end stocks.

### Brazilian Sugar Export Scenario



Brazil has exported 1.80 million tons of sugar, raw value, in January 2014 down from 2.34 million tons in the previous year.

It is notable that Brazil has exported 22.39 million tons of sugar this year till January which was 23.38 million tons, raw value, last year same period.

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

## Thailand

Early February Thailand elections were seen as pivotal to the world's second largest exporter as potential delays were predicted to cause an unfortunate backlash to sugar producers as talks of government walk-outs and strikes, following a series of anti-government protests in early and mid February.

Fortunately, the Thai production is forecasted at a 9% increase in comparison to the previous season according to the Secretary General for the countries sugar board.

Simultaneously, surges in a export from Thailand were also reported in February to increase more than 22% or 9 million metric tons which wasn't met with much skepticism as millers had be making the transition from the less lucrative rice production and into sugar milling over the past few years.

## International Market News Highlights:

- Brazil sugar mills will start their cane crushing operations early before the usual starting time to take benefits of higher ethanol prices in order to reduce growing debts. Mills in Brazil normally begins their cane crushing operations from April but this year mills likely to start at the end of March.
- Brazil exported 1.80 million tons of sugar in February 2014 up slightly from 1.77 million tons at the same period last year.
- Australia is likely to produce 4.4 million tons of sugar in 2014-15 marketing year up by 0.2 million tons compared to 2013-14.
- Thailand sugar cane crush slows down with approx 70% of the crop has already been crushed. It is notable that mills now produce daily 100000 tons of sugar presently that was 120000 tons in February. Total sugarcane crush has now reached 80 million tons up from 75 million tons crushed last year at same period.

| International Sugar Prices (Weekly) |                |             |            |        |
|-------------------------------------|----------------|-------------|------------|--------|
|                                     | Contract Month | 13-March-14 | 6-March-14 | Change |
| ICE Sugar #11<br>(US Cent/lb)       | 14-May         | 17.82       | 18.32      | -0.50  |
|                                     | 14-Jul         | 18.09       | 18.5       | -0.41  |
|                                     | 14-Oct         | 18.46       | 18.79      | -0.33  |
| LIFFE Sugar (US<br>\$/MT)           | 14-May         | 463.70      | 485.7      | -22.00 |
|                                     | 14-Aug         | 477.20      | 494.4      | -17.20 |
|                                     | 14-Oct         | 485.90      | 501.1      | -15.20 |

**LIFFE Future Market Sugar Scenario (May'14 Contract):**

**Technical Commentary:**

- Sugar prices are presently getting an upward correction on weekly chart.
- Increase in prices has supported by OI.
- Prices are presently hovering at \$463 till 14<sup>th</sup> March and one can take a short position from here with a Stop loss of \$486 and the target of \$443 per ton.
- Prices should take a technical correction from here.

| International Sugar Futures Price Projection |                |               |                                    |
|--|----------------|---------------|------------------------------------|
|  | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT)                       | May'14         | 463.70        | 443                                |

**ICE Raw Sugar Future Market Scenario (May'14 Contract):**

**Technical Commentary:**

- ICE raw sugar futures are trading upwards and hovering at a crucial level.
  - Presently, prices are moving between 50% and 61.8% retracement levels, breach of the mentioned levels either side would decide the future of the price further.
  - Last candlestick depicts bearishness in the market.
- Strategy: Sell at current levels and prices are likely to test its next support i.e. 16.58 cents per lb.

| International Sugar Futures Price Projection |                |               |                                    |
|--|----------------|---------------|------------------------------------|
|  | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb)                   | May'14         | 17.82         | 16.58                              |

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