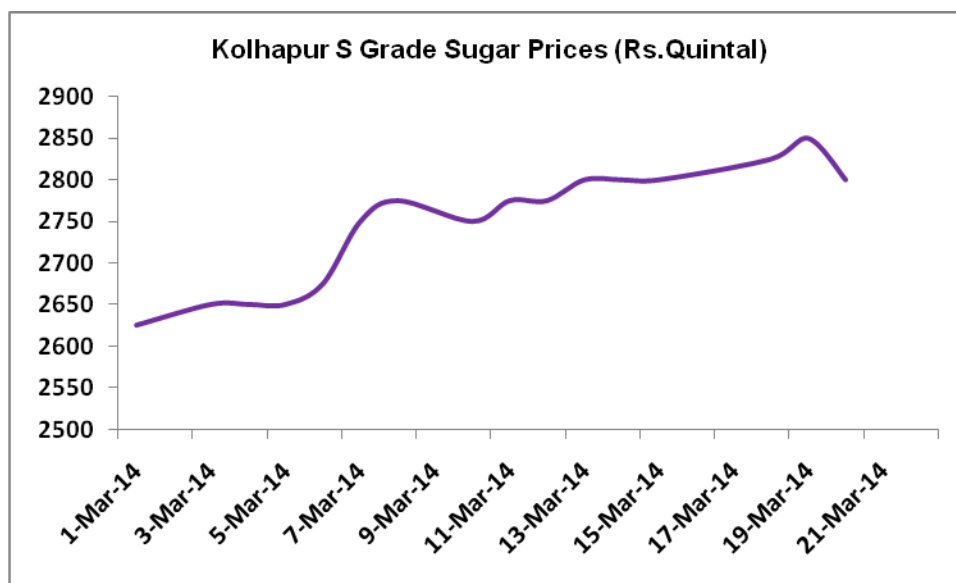


Sugar Price Trend and Outlook:

Sugar prices improved last week due to good spot demand and lower production prospects for 2013-14. However, prices declined in the later half of the week due to profit booking by traders at higher levels.

Meanwhile, now export demand of sugar has weakened due to lower sugar export parity as prices of sugar in domestic market have surged sharply. In the meantime, sugar prices in International markets take a downward correction.



News Highlights:

- India has exported around 1.4 million tons of sugar till date in the marketing year 2013-14 as expected.
- El Nino effect likely to disturb the monsoon rainfall in India, according to weather experts. Dry weather conditions in Australia and warmer pacific region gives clear signals that El Nino likely to take place in the coming marketing year.
- 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:

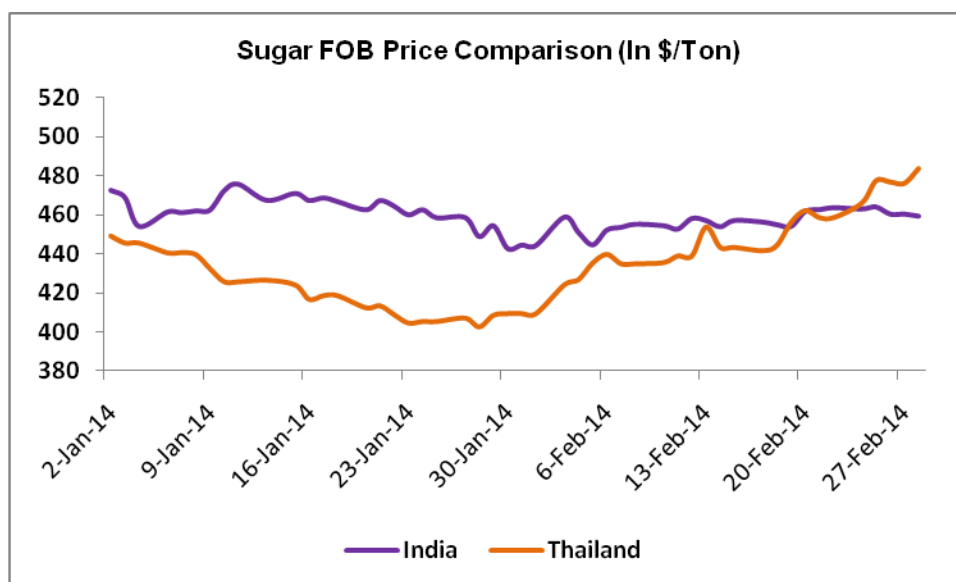
Indian Sugar Export increases M-o-M basis due to increasing sugar export parity thanks to dry weather conditions in Brazil.

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 th 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 has 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 1.4 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 15th 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	15th March-21st March	8th March-14th March	Change
Sugar	Delhi - Grade M	3326	3223	103
	Delhi - Grade S	3180	3180	Unch
	Delhi - Grade L	3363	3310	53
	UP- Khatauli Grade M	3550	NR	-
	UP- Ramala Grade M	3255	3108	147
	UP- Dhampur Grade M Ex-Mill	3195	3175	20
	UP- Dhampur Grade S Ex-Mill	3175	3155	20
	UP- Dhampur Grade L Ex-Mill	3245	3225	20
	Mumbai –Grade M	3114	3085	29
	Mumbai –Grade S	2964	2906	58
	Kolhapur – Grade M	2919	2904	15
	Kolhapur – Grade S	2819	2779	40
	Guhawati – Grade S	3125	3085	40
	Shillong – Grade S	3139	3099	40
	Vijayawada – Grade M	3450	3385	65
	Vijayawada- Grade S	3250	3225	25
	Nagpur – Grade M	3150	3142	8
	Nagpur – Grade S	3018	2992	26



	Kolkata – Grade M	3278	3257	21
	Chennai - Grade S	2985	2913	72
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2950	3027	-77
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2942	3025	-83

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		21-Mar-14	14-Mar-14	21-Feb-14	21-Mar-13
Sugar	Delhi - Grade M	3350	3250	3000	3300
	Delhi - Grade S	3140	3150	2990	3260
	Delhi - Grade L	3325	NR	NR	3325
	UP- Khatauli Grade M	NR	NR	NR	3260
	UP- Ramala Grade M	3260	3110	NR	3220
	UP- Dhampur Grade M Ex-Mill	3200	3175	NR	3195
	UP- Dhampur Grade S Ex-Mill	3180	3155	NR	3175
	UP- Dhampur Grade L Ex-Mill	3250	3225	NR	3245
	Mumbai –Grade M	3130	3072	2946	3356
	Mumbai –Grade S	3000	2936	2806	3162
	Kolhapur – Grade M	Closed	2900	2800	3050
	Kolhapur – Grade S	Closed	2800	2650	3000
	Guhawati – Grade S	NR	3106	2954	NR
	Shillong – Grade S	NR	3120	2970	NR
	Vijayawada – Grade M	3450	3450	3220	3530
	Vijayawada- Grade S	3250	3250	3120	3430
	Nagpur – Grade M	3150	3150	3000	3380
	Nagpur – Grade S	3030	3000	2800	3280
	Kolkata – Grade M	3300	3285	NR	3250
	Chennai - Grade S	2925	3050	2780	2925
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2915	3050	3050	NR
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3000	2925	3050	3115

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 587000 bags of 40 kg each of gur stored in warehouses presently that was 763000 bags last year at same period.

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	15th March-21st March	8th March-14th March	Change
Muzaffar Nagar	Chaku	2728	2702	26
	Chaku (Arrival)	8200	6667	1533
	Khurpa	2500	2544	-44
	Laddoo	2665	2620	45
	Rascut	2383	2446	-63
Hapur	Chaurasa	2338	2375	-37
	Balti	2373	2409	-36
Maharashtra	Latur(Lal Variety)	2800	2858	-58
Bangalore	Achhu	NR	2900	-
	Mudde	3080	3025	55
Belgaum	Mudde	2725	2700	25
Belthangadi	Yellow (Average)	3300	3190	110
Bijapur	Achhu	2833	2425	408
Gulbarga	Other (Average)	2638	2583	55
Mahalingapura	Penti (Average)	2895	2822	73
Mandya	Achhu (Medium)	2650	2640	10
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2510	2550	-40
	Yellow (Medium)	2600	2560	40
Shimoga	Achhu (Average)	2900	2900	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		21-Mar-14	14-Mar-14	21-Feb-14	21-Mar-13
Muzaffar Nagar	Chaku	2775	2625	2500	2750
	Khurpa(New)	2500	2525	2375	2525
	Laddu(New)	2675	2650	2525	2600
	Rascut	2513	2250	2150	2525
Hapur	Chaurasa	2325	2400	2250	NR
	Balti	2388	2438	2288	NR
Maharashtra	Latur(Lal Variety)	2800	2800	2600	NR
Bangalore	Achhu	NR	NR	NR	3000
	Mudde	3100	3100	3000	3200
Belgaum	Mudde	2700	2700	2600	3100
Belthangadi	Yellow (Average)	3300	3200	3100	3200
Bijapur	Achhu	NR	2600	2450	2800
Gulbarga	Other (Average)	NR	2650	2600	2900
Mahalingapura	Penti (Average)	2910	2890	2680	3160
Mandya	Achhu (Medium)	2700	2650	2500	2800
	Kurikatu (Medium)	2300	2300	2350	2400
	Other (Medium)	2500	2550	2450	2400
	Yellow (Medium)	2650	2550	2500	2800
Shimoga	Achhu (Average)	2900	2900	3100	2725

Commodity: Sugar
Contract: April

Exchange: NCDEX
Expiry: April 20, 2013

SUGAR (Weekly April Contract Chart)



Technical Commentary:

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

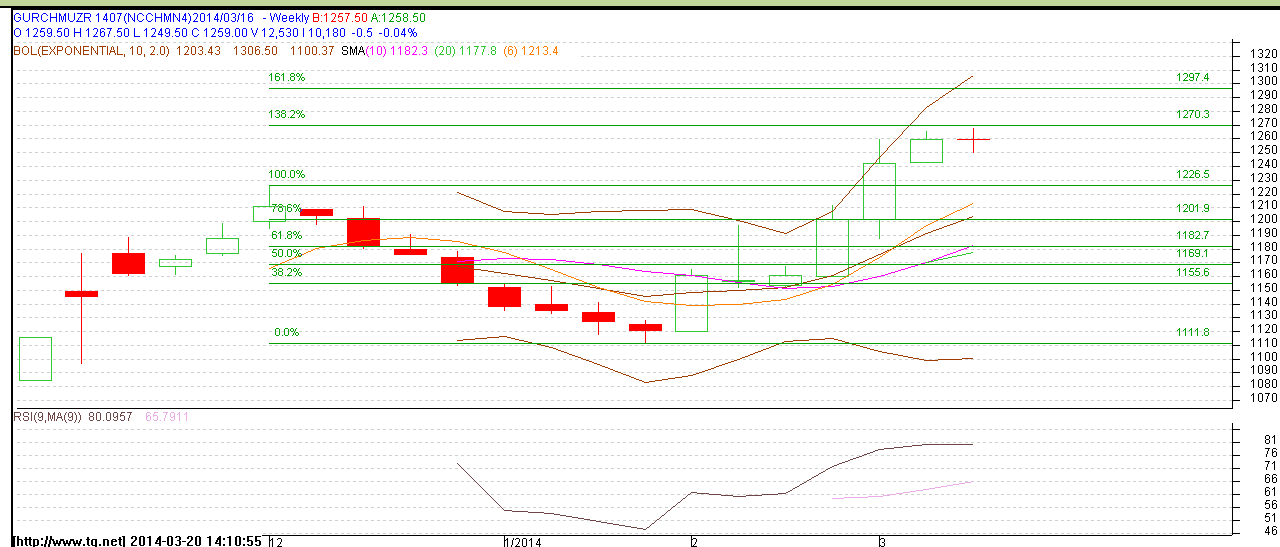
Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	April	2900	2965	3034	3068	3150
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	April	Sell	Below 3040	3000	2980	3064

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 bearishness.
- Profit booking likely to occur at higher levels.

Strategy: Sell

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

International Scenario

Sugar prices decline in key ICE as well as in LIFFE last week amid profit booking.

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.

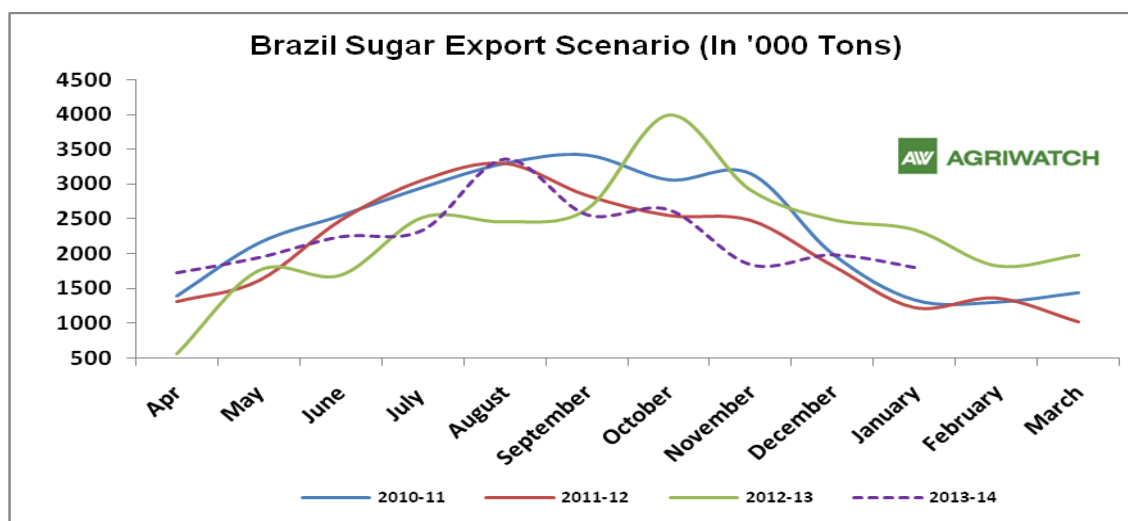
If this happens, then sugar prices in ICE as well as in LIFFE soon might test new highs as expected.

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:

- International sugar prices are again moving downwards due to profit bookings. Presently, sellers are offering sugar at discounted rates on Brazilian raw sugar. It is notable that weak demand of sugar from China and excess sugar stock available with Thailand depress the sugar prices currently.
- China has imported 163753 tons of sugar in February 2014 compared to 288678 tons sugar imported in January 2014. However, February month sugar imports are higher by 103% compared to sugar imported in the same month last year. China has imported sugar mainly from Brazil, Korea and Thailand as reported.
- Market participants are closely analyzing the effect of El Nino and its impact on sugarcane crops for 2014-15. It is expected that if El Nino occurs than Brazil would get higher than normal rainfall which resulted in diseases and pests which ultimately reduce the cane yields. On the contrary, India and Australia would suffer from dry weather conditions if El Nino occurs.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	20-March-14	13-March-14	Change
ICE Sugar #11 (US Cent/lb)	14-May	17.00	17.82	-0.82
	14-Jul	17.00	18.09	-1.09
	14-Oct	17.81	18.46	-0.65
LIFFE Sugar (US \$/MT)	14-May	454.00	463.70	-9.70
	14-Aug	466.70	477.20	-10.50
	14-Oct	474.30	485.90	-11.60

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 14th 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	454	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	17.00	16.58

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