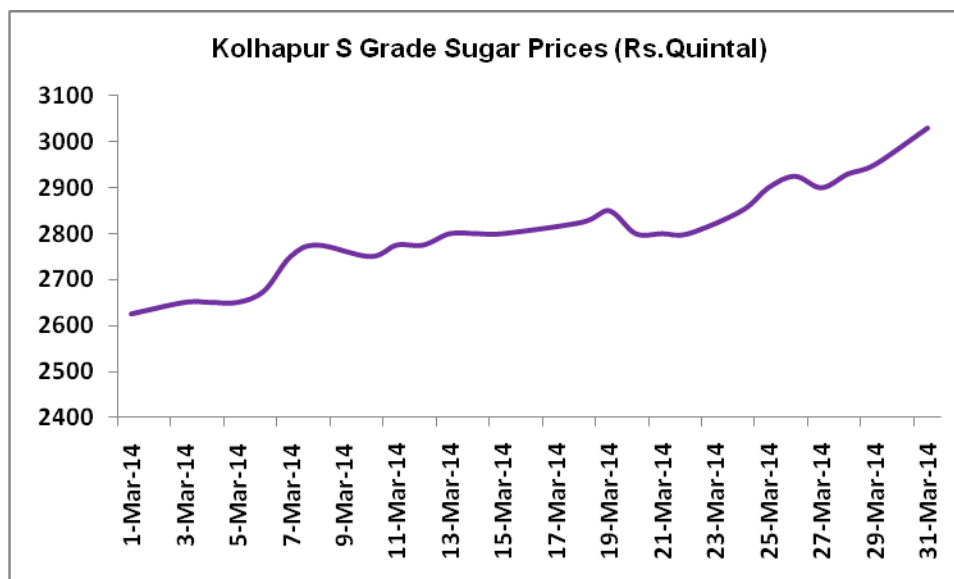


**Sugar Price Trend and Outlook:**

Sugar prices moved in a range with firm tone taking cues from International sugar prices.

Meanwhile, now export demand of sugar has weakened due to lower sugar export parity as prices of sugar in domestic market have surged sharply.

**News Highlights:**

- Maharashtra government signed MoU with Maharashtra co-operative sugar mills federation to procure sugar at market rates for its PDS. This step comes at this point by government to counter lower sugar prices. It is notable that Maharashtra govt. will procure 1.39 lac quintals of sugar in April 2014 from sugar co-operative mills. Maharashtra govt. procure sugar for five month starting from February to June 2014. Govt. procure only 2% of sugar in January from mills and procure nothing in February month as reported.
- Sugarcane Planting likely to get affected due to recent rainfall. It is notable that farmers plant sugarcane after getting wheat harvest generally during April. However, recent precipitation in wheat harvesting regions delay wheat harvesting as well as sugarcane sowing by 10-15 days.

**Raw Sugar Import Opportunity:**

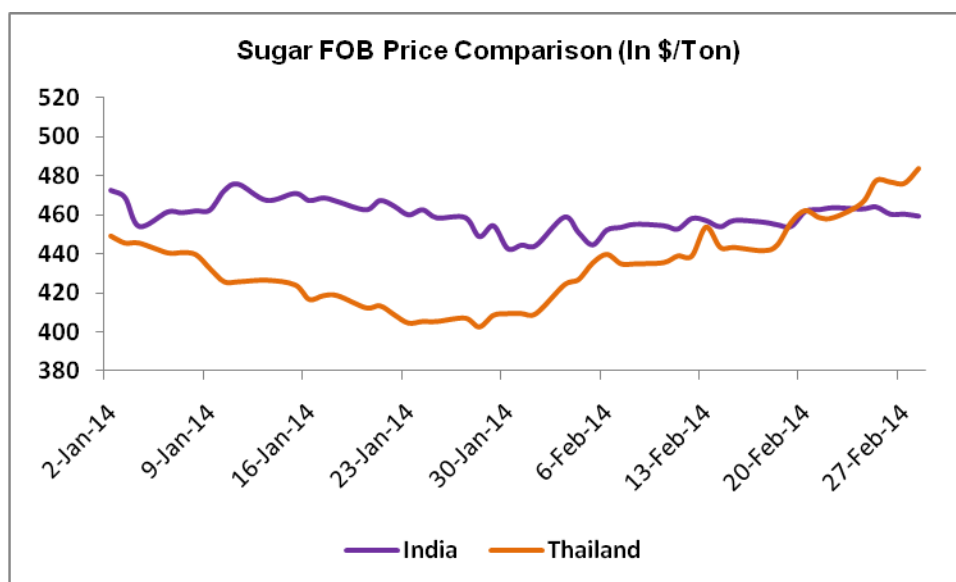
Indian Sugar Export increases M-o-M basis due to increasing sugar export parity thanks to dry weather conditions in Brazil.

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 \$530 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 \$485.75/ Ton.

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.59.75) till 31 <sup>th</sup> March 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$485.75	-\$478	\$530

**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 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.

### **Possible El-Nino Effect On Domesitc And International Sugar Producing Regions:**

When we talk about the El Nino, it impacts alot on particular commodity. It generally gives an idea which part of the world got lesser rainfall or higher rainfall.

In the current year, El Nino weather pattern is forming if we believe on weather forecasters. When we talk about sugar, Brazil, India, Thailand and Australia are the major sugar producing nations. If El Nino happens then Asian countries like Thailand and India and Australia will suffer from dry weather conditions.

If we talk about the biggest sugar producing and exporting nation Brazil, it will get higher rainfall which affect sugar yield due to major possibilities of diseases in rainy season.

To counter the above statement, Mlls of brazil doing early harvesting considering El Nino wheather pattern forming which put constraints on cane harvesting later due to wet conditons. It is notable that Brazilian sugar marketing year 2014-15 starts from April 1st 2014.

On the contrary, India is likely to get less monsoon showers in May-Aug period which gives major impact on cane yield specially in UP where sowing starts from April just after wheat harvesting.

Considering above factors, Sugar production seems dropping globally in the coming marketing year which would result in increase in sugar prices.

**Spot Sugar Prices Scenario (Weekly)**

<b>Spot Sugar Prices Scenario (Weekly) (Average)</b>				
<b>Commodity</b>	<b>Centre</b>	<b>22nd March-28th March</b>	<b>15th March-21st March</b>	<b>Change</b>
<b>Sugar</b>	Delhi - Grade M	3333	3326	7
	Delhi - Grade S	3140	3180	-40
	Delhi - Grade L	3346	3363	-17
	UP- Khatauli Grade M	NR	3550	-
	UP- Ramala Grade M	3260	3255	5
	UP- Dhampur Grade M Ex-Mill	3200	3195	5
	UP- Dhampur Grade S Ex-Mill	3180	3175	5
	UP- Dhampur Grade L Ex-Mill	3250	3245	5
	Mumbai –Grade M	3158	3114	44
	Mumbai –Grade S	3031	2964	67
	Kolhapur – Grade M	2988	2919	69
	Kolhapur – Grade S	2884	2819	65
	Guhawati – Grade S	3191	3125	66
	Shillong – Grade S	3205	3139	66
	Vijayawada – Grade M	3472	3450	22
	Vijayawada- Grade S	3267	3250	17
	Nagpur – Grade M	3167	3150	17
	Nagpur – Grade S	3045	3018	27
	Kolkata – Grade M	3290	3278	12
	Chennai - Grade S	3000	2985	15
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2925	2950	-25
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2915	2942	-27

<b>Spot Sugar Prices Scenario (Weekly)</b>					
<b>Commodity</b>	<b>Centre</b>	<b>Today</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
		<b>28-Mar-14</b>	<b>21-Mar-14</b>	<b>28-Feb-14</b>	<b>28-Mar-13</b>
<b>Sugar</b>	Delhi - Grade M	3340	3350	3010	3270
	Delhi - Grade S	3150	3140	2810	3230
	Delhi - Grade L	3350	3325	3050	3270
	UP- Khatauli Grade M	NR	NR	3015	3240

UP- Ramala Grade M	NR	3260	2980	3200
UP- Dhampur Grade M Ex-Mill	NR	3200	3007	3190
UP- Dhampur Grade S Ex-Mill	NR	3180	2987	3170
UP- Dhampur Grade L Ex-Mill	NR	3250	3057	3240
Mumbai –Grade M	3196	3130	2942	3306
Mumbai –Grade S	3076	3000	2806	3116
Kolhapur – Grade M	3030	Closed	2800	3000
Kolhapur – Grade S	2930	Closed	2625	2900
Guhawati – Grade S	3238	NR	2928	NR
Shillong – Grade S	3250	NR	2945	NR
Vijayawada – Grade M	3470	3450	3220	3480
Vijayawada- Grade S	3270	3250	3120	3380
Nagpur – Grade M	3200	3150	3000	3370
Nagpur – Grade S	3100	3030	2800	3270
Kolkata – Grade M	3270	3300	NR	NR
Chennai - Grade S	2925	2925	2780	2925
Ambikapur (Chattisgarh)- Grade M (Without Duty)	2915	2915	3050	NR
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3000	3000	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.

Total around 587000 bags of 40 kg each of gur stored in warehouses presently which are lower compared to 763000 bags stored last year at same period in warehouses. Out of total gur stocks, 300099 bags of Chaku, 36600 bags of Rascut, 126000 bags of Papdi and 7400 bags of Khurpa gur stored in cold storages. It is notable that lower gur stock stored in cold storages would support the prices of gur in the medium term.

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	22nd March-28th March	15th March-21st March	Change
Muzaffar Nagar	Chaku	2708	2728	-20
	Chaku (Arrival)	8833	8200	633
	Khurpa	2397	2500	-103
	Laddoo	2633	2665	-32
	Rascut	2335	2383	-48
Hapur	Chaurasa	2347	2338	9
	Balti	2437	2373	64
Maharashtra	Latur(Lal Variety)	2967	2800	167
Bangalore	Achhu	NR	NR	-
	Mudde	3080	3080	Unch
Belgaum	Mudde	2740	2725	15
Belthangadi	Yellow (Average)	3292	3300	-8
Bijapur	Achhu	2835	2833	2
Gulbarga	Other (Average)	2733	2638	95
Mahalingapur a	Penti (Average)	2943	2895	48
Mandya	Achhu (Medium)	2625	2650	-25
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2525	2510	15
	Yellow (Medium)	2558	2600	-42
Shimoga	Achhu (Average)	2910	2900	10

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		28-Mar-14	21-Mar-14	28-Feb-14	28-Mar-13
Muzaffar Nagar	Chaku	2500	2775	2650	2750
	Khurpa(New)	2250	2500	2400	2550
	Laddu(New)	2575	2675	2650	2675
	Rascut	2188	2513	2250	2550
Hapur	Chaurasa	2350	2325	2250	NR
	Balti	2438	2388	2263	NR
Maharashtra	Latur(Lal Variety)	3000	2800	2700	3150

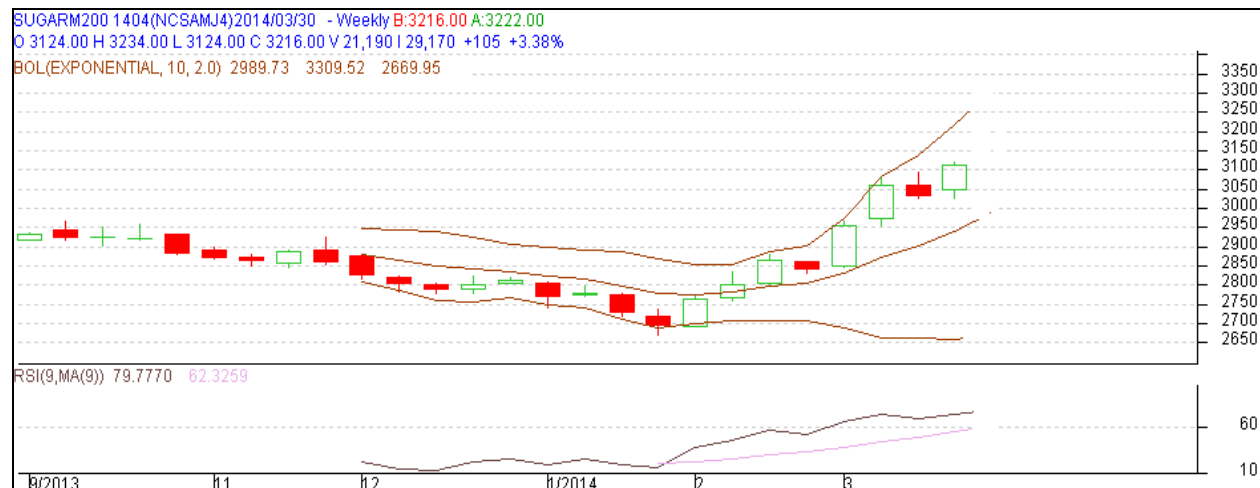


<b>Bangalore</b>	Achhu	NR	NR	NR	3000
	Mudde	NR	3100	3000	3100
<b>Belgaum</b>	Mudde	2700	2700	2600	3100
<b>Belthangadi</b>	Yellow (Average)	3250	3300	3150	3100
<b>Bijapur</b>	Achhu	3000	NR	2500	3230
<b>Gulbarga</b>	Other (Average)	2850	NR	2750	2900
<b>Mahalingapura</b>	Penti (Average)	2940	2910	2740	NR
<b>Mandya</b>	Achhu (Medium)	2600	2700	2500	2800
	Kurikatu (Medium)	2300	2300	2350	2400
	Other (Medium)	2500	2500	2500	2430
	Yellow (Medium)	2550	2650	2500	2750
<b>Shimoga</b>	Achhu (Average)	2900	2900	3100	2750

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 bullishness.

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	April	2900	2965	3111	3444	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	April	Buy	Above 3120	3220	3280	3060



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	1247	1297.5	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	<b>Sell</b>	Below 1250	1240	1230	1270

## **International Scenario**

Sugar prices improved in key ICE as well as in LIFFE last week..

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.

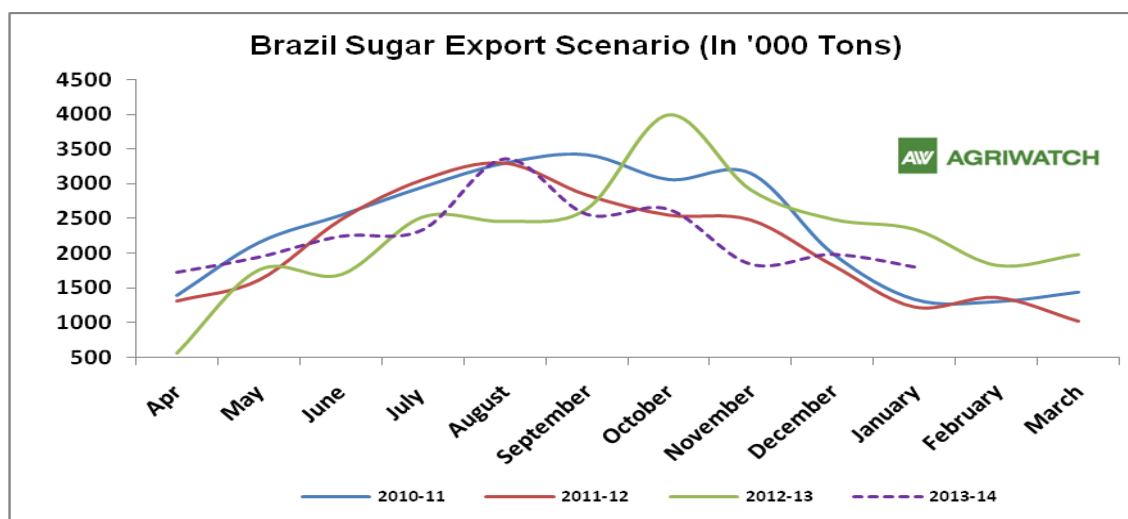
If this happens, then sugar prices in ICE as well as in LIFFE soon might test new highs as expected.

## **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.

**Speculators Net Long Positions (W-o-W Basis):**

	25th March	18th March	Change
<b>Net Long Positions</b>	782	3147	<b>-2365</b>

**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	27-March-14	20-March-14	Change
ICE Sugar #11 (US Cent/lb)	14-May	17.87	17.00	0.87
	14-Jul	18.21	17.00	1.21
	14-Oct	18.62	17.81	0.81
LIFFE Sugar (US \$/MT)	14-May	477.70	454.00	23.70
	14-Aug	487.60	466.70	20.90
	14-Oct	492.90	474.30	18.60

### 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 \$477 till 27<sup>th</sup> March and one can take a long position from here with a Stop loss of \$440 and the target of \$507 per ton.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'14	477.70	507

**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: Buy at current levels.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'14	17.87	18.5

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