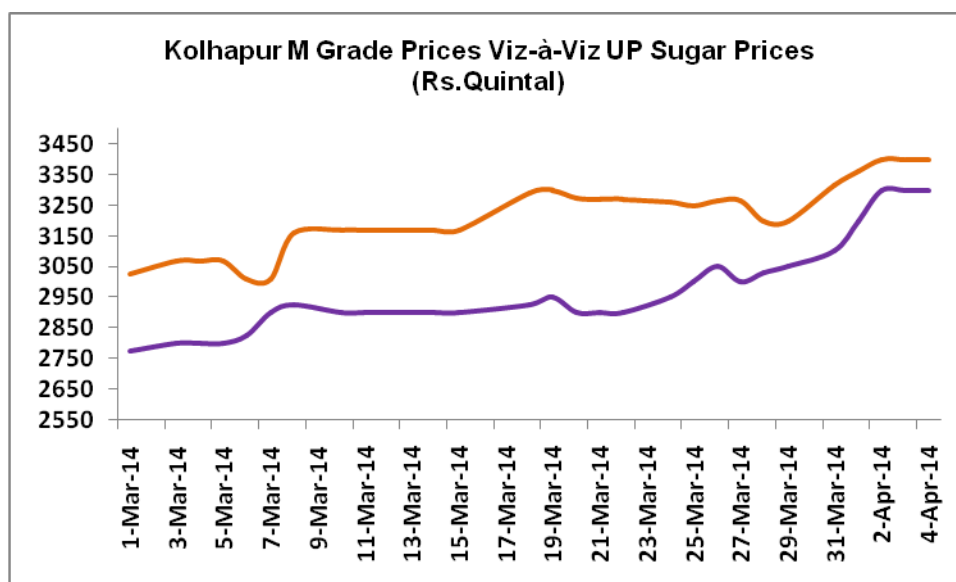


Sugar Price Trend and Outlook:

Sugar prices surged sharply in key sugar spot markets last week. 7% lower sugar production figures for 2013-14 compared to last year gives speculators the reason to pull the market up.

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.



Price Outlook:

Sugar prices remained in a bullish state due to lower sugar production estimate for 2013-14. In addition to it, higher sugar consumption in summer also kept the prices upside in domestic arena.

News Highlights:

- **India produced 21.5 million tons of sugar till 31st March 2014** which is down from 23.1 million tons sugar produced at the same period last year, according to Industry association ISMA. Lower cane yield and recovery of sugar from cane especially in UP led the production decline.
- As we know, government subsidies can often enough work against the very country which they are intending to support. This is seems to be playing out in the case of India's raw sugar subsidy which the WTO (World Trade Organization) has deemed to be unfriendly upon other nations. The WTO has, as a result advised India's government to look at removing the subsidy in its entirety. According to M.G. Joshi, the Managing Director of India's *National Federation of Cooperative Sugar Factories Limited*, both UP and Maharashtra areas will show increases of the biggest values out of the producing states for output. He also confirmed that sugar production may gain approximately 5%, jumping to 25 MMT in the harvest season which begins in October 01st.
- There are some yield loss in cane reported in Maharashtra which ultimately decrease the sugarcane and sugar for 2013-14. Low sunshine curb the photosynthesis process in sugarcane which ultimately decrease the yield in June-Aug period as reported.

- A rake business has been reported from Sangli to Delhi at Rs. 3370/Quintal on FOR Basis. It is notable that around 14 rakes of sugar has been reported in the previous month. According to trade sources, till 10th April, around 4 rakes are due to reach Delhi as reported.

Raw Sugar Import Opportunity:

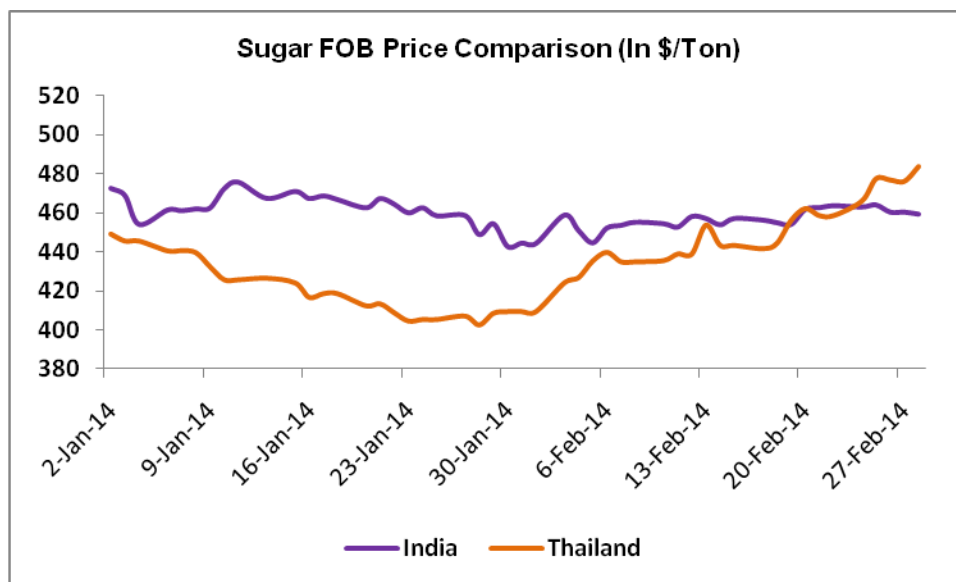
Indian Sugar Export increases M-o-M basis due to increasing sugar export parity thanks to dry weather conditions in Brazil.

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 \$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 th March 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$485.75	-\$478	\$530



Rake Business from Sourcing Destinations:

At rake loading front, Delhi has got around 14 rakes of sugar from Maharashtra in the previous month. As on 3rd April, a rake loaded with sugar has been reported from Sangli to Delhi at Rs. 3370/Quintal on FOR Basis. Also, a rake loaded with sugar reached Delhi from Sangli at FOR Rs. 3290 per quintal on 1st April.

Reportedly, Maharashtra traders are selling sugar mainly to Rajasthan, Haryana, Punjab and Gujarat at present. Also, around 6 rakes of sugar reached from Maharashtra towards UP last month as reported.

India Sugar Production Scenario:

India is likely to produce 23.5 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 lower cane yield in Maharashtra and crop damage in UP followed by lower sugar recovery in UP led the overall sugarcane and sugar production down this year.

India produced 21.5 million tons of sugar till 31st March 2014 which is down from 23.1 million tons sugar produced at the same period last year, according to Industry association ISMA. Lower cane yield and recovery of sugar from cane especially in UP led the production decline.

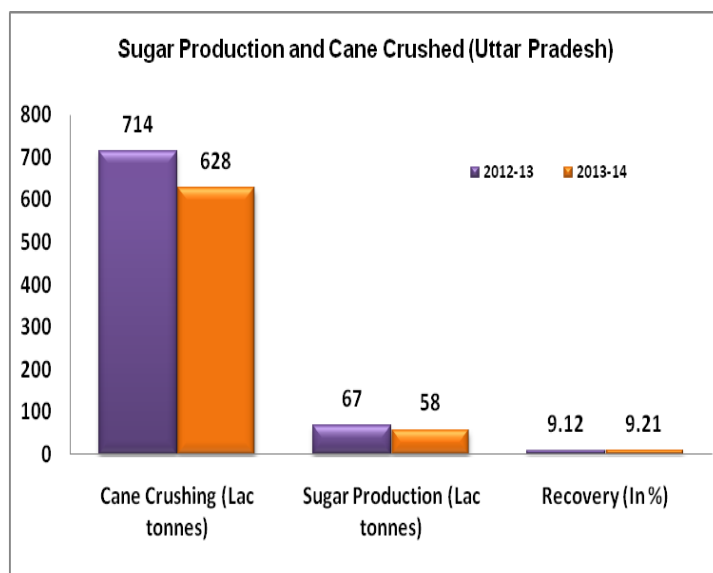
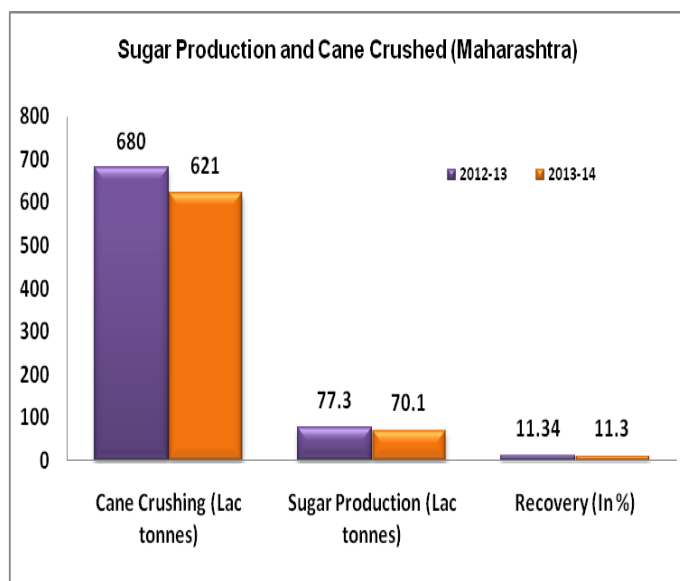
Also, there are some yield loss in cane reported in Maharashtra which ultimately decrease the sugarcane and sugar. Low sunshine curb the photosynthesis process in sugarcane which ultimately decrease the yield in June-Aug period as reported.

Out of total, Maharashtra produced 7.01 million tons of sugar with an average recovery of 11.3%. Last year, Maharashtra mills produced 7.73 million tons of sugar at the same period.

As far as Uttar Pradesh is concerned, mills in UP produced 5.8 million tons of sugar till date with an average recovery of 9.21%. However, Mills in UP produced 6.7 million tons of sugar at the same period last year.

On the contrary, Karnataka sugar production increase Y-o-Y and produced 3.75 million tons of sugar till 31st March which was 3.36 million tons at the same period last year.

If we consider present sugar production figure compared to last year, sugar production likely to reach 23.5 million tons in the present marketing year till September 2014.



Possible El-Nino Effect On Domestic 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, Mills 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)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	29th March-4th April	22nd March-28th March	Change
Sugar	Delhi - Grade M	3412	3333	79
	Delhi - Grade S	3311	3140	171
	Delhi - Grade L	3463	3346	117
	UP- Khatauli Grade M	3553	NR	-
	UP- Ramala Grade M	3400	3260	140
	UP- Dhampur Grade M Ex-Mill	3300	3200	100
	UP- Dhampur Grade S Ex-Mill	3280	3180	100
	UP- Dhampur Grade L Ex-Mill	3350	3250	100
	Mumbai –Grade M	3408	3158	250
	Mumbai –Grade S	3227	3031	196
	Kolhapur – Grade M	3208	2988	220
	Kolhapur – Grade S	3072	2884	188
	Guhawati – Grade S	3382	3191	191
	Shillong – Grade S	3392	3205	187
	Vijayawada – Grade M	3650	3472	178
	Vijayawada- Grade S	3450	3267	183
	Nagpur – Grade M	3408	3167	241
	Nagpur – Grade S	3233	3045	188
	Kolkata – Grade M	3352	3290	62
	Chennai - Grade S	3167	3000	167
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2925	2925	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2915	2915	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		4-Apr-14	28-Mar-14	4-Mar-14	4-Apr-13
Sugar	Delhi - Grade M	3500	3340	3060	3325
	Delhi - Grade S	3400	3150	3000	3260
	Delhi - Grade L	3550	3350	3100	3325
	UP- Khatauli Grade M	3550	NR	3120	3275
	UP- Ramala Grade M	NR	NR	3050	3210
	UP- Dhampur Grade M Ex-Mill	3300	NR	3115	3200

UP- Dhampur Grade S Ex-Mill	3280	NR	3095	3180
UP- Dhampur Grade L Ex-Mill	3350	NR	3165	3250
Mumbai –Grade M	3500	3196	3006	Closed
Mumbai –Grade S	3296	3076	2842	Closed
Kolhapur – Grade M	3300	3030	2800	3025
Kolhapur – Grade S	3100	2930	2650	2925
Guhawati – Grade S	3410	3238	2954	NR
Shillong – Grade S	3420	3250	2970	NR
Vijayawada – Grade M	3750	3470	3250	3530
Vijayawada- Grade S	3550	3270	3120	3430
Nagpur – Grade M	3500	3200	3000	Closed
Nagpur – Grade S	3300	3100	2800	Closed
Kolkata – Grade M	3415	3270	NR	3280
Chennai - Grade S	2925	2925	2780	3075
Ambikapur (Chattisgarh)- Grade M (Without Duty)	2915	2915	3050	NR
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3250	3000	3050	NR

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 803000 bags of 40 kg each of gur stored in warehouses presently which are lower compared to 983000 bags stored last year at same period in warehouses. Out of total gur stocks, 422000 bags of Chaku, 48000 bags of Rascut, 157000 bags of Papdi and 18000 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	29th March-4th April	22nd March-28th March	Change
Muzaffar Nagar	Chaku	2728	2708	20
	Chaku (Arrival)	9167	8833	334
	Khurpa	2519	2397	122
	Laddoo	2735	2633	102
	Rascut	2337	2335	2
Hapur	Chaurasa	2345	2347	-2
	Balti	2423	2437	-14
Maharashtra	Latur(Lal Variety)	3000	2967	33
Bangalore	Achhu	NR	NR	-
	Mudde	3120	3080	40
Belgaum	Mudde	3000	2740	260
Belthangadi	Yellow (Average)	3280	3292	-12
Bijapur	Achhu	2838	2835	3
Gulbarga	Other (Average)	2850	2733	117
Mahalingapura	Penti (Average)	3005	2943	62
Mandya	Achhu (Medium)	2600	2625	-25
	Kurikatu (Medium)	2225	2300	-75
	Other (Medium)	2475	2525	-50
	Yellow (Medium)	2525	2558	-33
Shimoga	Achhu (Average)	3513	2910	603

Spot Jaggery(Gur) Prices Scenario (Weekly)

Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		4-Apr-14	28-Mar-14	4-Mar-14	4-Apr-13
Muzaffar Nagar	Chaku	2650	2500	2625	2875
	Khurpa(New)	2625	2250	2450	2675
	Laddu(New)	2850	2575	2525	2850
	Rascut	2250	2188	2125	2625
Hapur	Chaurasa	2350	2350	2275	NR
	Balti	2475	2438	2275	NR
Maharashtra	Latur(Lal Variety)	3000	3000	2700	3150
Bangalore	Achhu	NR	NR	3000	3100



	Mudde	3100	NR	3000	3300
Belgaum	Mudde	NR	2700	2700	3000
Belthangadi	Yellow (Average)	3300	3250	3100	3100
Bijapur	Achhu	2800	3000	2600	3100
Gulbarga	Other (Average)	2900	2850	2750	2900
Mahalingapura	Penti (Average)	3110	2940	2740	2960
Mandya	Achhu (Medium)	2600	2600	2550	2950
	Kurikatu (Medium)	2200	2300	2350	2400
	Other (Medium)	2450	2500	2500	2500
	Yellow (Medium)	2500	2550	2500	2750
Shimoga	Achhu (Average)	NR	2900	2900	3425

Commodity: Sugar
Contract: May

Exchange: NCDEX
Expiry: May 20, 2014

SUGAR (Weekly May 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	May	3039	3098	3253	3350	-
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 3200	3300	3340	3140

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.
- Elliott wave pattern could be seen on the charts and 4th wave is making its way. Close below 1200 level will prove the pattern wrong..
- Profit booking occur at higher levels.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1169	1182.5	1249	1270	1297.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1202	1222	1232	1190

International Scenario

Sugar prices declined in key ICE as well as in LIFFE last week over profit bookings.

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.

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

	1 st April	25th March	Change
Net Long Positions	-1311	782	-2093

International Market News Highlights:

- Cargill, one of the world's most experienced and profitable privately held commodity companies, has reportedly it will be joining its sugar and ethanol trading businesses with Brazilian giant *Copersucar*, which is to be led by the firms' head of sugar business. Traders and analysts believe that with this joint venture, it will create the world's largest overall sugar trading business without too much of a financial burden unto either entity.
- With a harvest due in the next 2-3 weeks, major exports have seen a gap in the market whereby they can profit from the oversupply of global inventories. Recent official reports have shown that for this time in the season, supplies are somewhat heavier than annual averages. This is attributed in part by increased refinery output, which most believe to be at the heart of this current oversupply situation; thus dissolving prices. According to the ISO (International Sugar Organization), global inventories will hit a peak of 44 million tons by September 30th 2014.
- March 06th 2014. The first week of March saw the 3-monthly highs of \$18.34 for the May 14 contract traded on the ICE futures exchange.
- Due to a rally in world prices, government legislations and increased demand which have also made it more profitable for millers in the country, India has been able to increase its exports into nations such as Iran, winning tenders and a further business from the usual front-runner Brazil. In the last 4 months, the Asian nation has completed some 315,000 tonnes of raw Indian sugar across to their Middle Eastern neighbors.
- Traders in Brazil and the country's União da Indústria de Cana-de-Açúcar (*Unica*) confirmed that the sales of hydrated ethanol fell in the first two weeks of March, as a result of a knock-on effect of the Carnival season.
- Thailand sugar production reach 10.9 million tons and likely to reach 11.2 million tons till end.

International Sugar Prices (Weekly)				
	Contract Month	3-April-14	27-March-14	Change
ICE Sugar #11 (US Cent/lb)	14-May	17.18	17.87	-0.69
	14-Jul	17.61	18.21	-0.60
	14-Oct	18.09	18.62	-0.53
LIFFE Sugar (US \$/MT)	14-May	460.20	477.70	-17.50
	14-Aug	472.90	487.60	-14.70
	14-Oct	483.20	492.90	-9.7

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 \$460.20 till 3th April 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	460.20	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	17.18	18.5

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