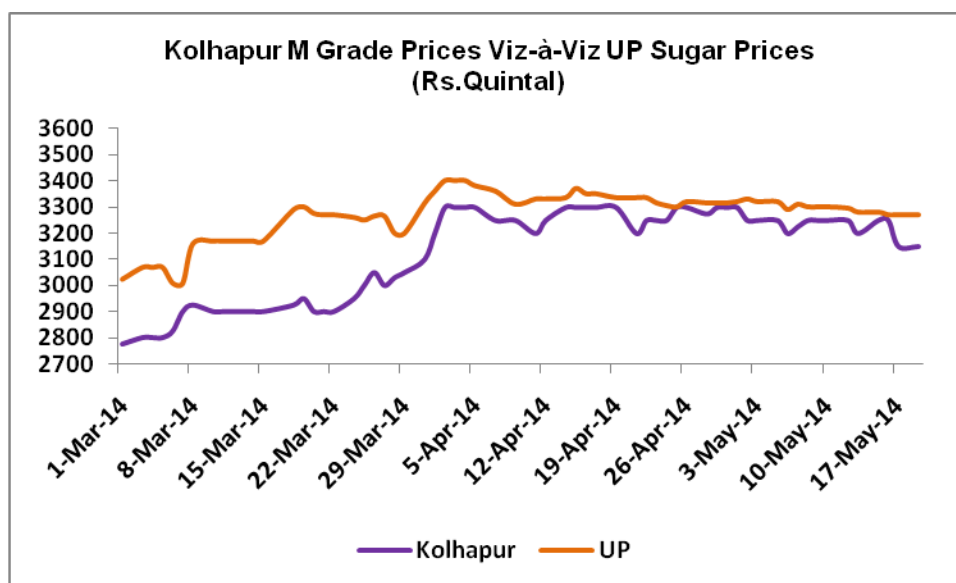


Sugar Price Trend and Outlook:

Prices of sugar seems steady to weak during last week considering weak export enquiries and increasing sugar production figures from Maharashtra and Karnataka against various trade house estimations.

It is notable that Karnataka mills produced 4.2 million tons of sugar in 2013-14 marketing year which earlier estimated at 3.3 million tons by various trade houses.



Price Outlook:

Outlook of sugar not looking strong now with weak demand from domestic as well as from International front. In addition to it, govt. also tried to curb any hike in sugar prices by reducing raw sugar export subsidy on raw sugar.

News Highlights:

- India is likely to produce 24.8 million tons of sugar in 2013-14 which is much higher compared to ISMA production estimate i.e. 23.8 million tons, according to USDA.
- Government cut export subsidy on raw sugar shipments to Rs 2277 per quintal during two months ended May this year. Earlier, govt. fixed export subsidy on raw sugar at Rs 3300 per ton for February-March of this year and it was decided that the rates would be reviewed in every two months. Recent move spread disappointment among sugar industry trade houses as lower international sugar prices and strong rupee already remove the export parity of Indian sugar into International markets as reported.
- Maharashtra cane area is likely to increase for the next marketing year 2014-15 due to good water availability and timely remuneration by mills to farmers.
- Sugarcane area planted in MY 2014/15 is forecast to decline to 5.03 million hectares from 5.12 million hectares in the current year.
- As per latest ISMA report, in the current cane-crushing season, sugar output has dropped 13 per cent to 6.42 million tonnes (mt) in Uttar Pradesh. During 2011-12 and 2012-13, sugar production in the state stood at 6.97 mt and 7.4 mt, respectively.

- Sugar cane Consumption growth and tighter supplies will limit exports to 1.5 MMT in MY 2014/15. Partial central government deregulation is helping some millers operate more efficiently.
- Brazilian millers are offering ICUMSA 45 to red sea buyers at USD 545 but no trade reported at these levels.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$519.80 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$520 per ton Kolhapur based. Recently, government cuts Sugar export subsidy on raws to Rs 2277 per ton, which ultimately depress sugar export figures.

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 \$471.75/ 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.58.69) till 21th May 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$471.75	\$482.20/\$450-460	\$520-530

India Sugar Production Scenario:

India is likely to produce 24.8 million tons of sugar in 2013-14 which is less compared to 25.14 million tons sugar produced in 2012-13.

Crop damage in UP followed by lower sugar recovery in UP led the overall sugarcane and sugar production down this year.

India produced 23.15 million tons of sugar till 15th April 2014. 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.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	10th May-16th May	3ed May-9th May	Change
Sugar	Delhi - Grade M	3283	3267	16
	Delhi - Grade S	3205	3200	5
	Delhi - Grade L	3329	3317	12
	UP- Khatauli Grade M	3390	3386	4
	UP- Ramala Grade M	3288	3313	-25
	UP- Dhampur Grade M Ex-Mill	3362	3300	62
	UP- Dhampur Grade S Ex-Mill	3342	3280	62
	UP- Dhampur Grade L Ex-Mill	3412	3350	62
	Mumbai –Grade M	3438	3460	-22
	Mumbai –Grade S	3258	3282	-24
	Kolhapur – Grade M	3240	3238	2
	Kolhapur – Grade S	3090	3104	-14
	Guhawati – Grade S	3400	3415	-15
	Shillong – Grade S	3410	3424	-14
	Vijayawada – Grade M	3612	3647	-35
	Vijayawada- Grade S	3508	3528	-20
	Nagpur – Grade M	3380	3442	-62
	Nagpur – Grade S	3200	3300	-100
	Kolkata – Grade M	3453	3419	34
	Chennai - Grade S	3155	3175	-20
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3200	3175	25
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3175	3150	25

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		16-May-14	9-May-14	16-Apr-14	16-May-13
Sugar	Delhi - Grade M	3310	3265	3380	3280
	Delhi - Grade S	3220	3195	3300	3220
	Delhi - Grade L	3350	3315	3425	3320
	UP- Khatauli Grade M	3400	3350	3520	3235
	UP- Ramala Grade M	3280	3300	NA	3200

UP- Dhampur Grade M Ex-Mill	3360	3300	3390	3100
UP- Dhampur Grade S Ex-Mill	3340	3280	3370	3080
UP- Dhampur Grade L Ex-Mill	3410	3350	3440	3150
Mumbai –Grade M	3436	3442	3492	NR
Mumbai –Grade S	3256	3262	3322	NR
Kolhapur – Grade M	3250	3250	3300	3050
Kolhapur – Grade S	3100	3100	3200	2950
Guhawati – Grade S	3410	3410	3512	NR
Shillong – Grade S	3420	3420	3520	NR
Vijayawada – Grade M	3600	3630	3700	3500
Vijayawada- Grade S	3500	3520	3500	3400
Nagpur – Grade M	3350	3400	3450	NR
Nagpur – Grade S	3150	3300	3300	NR
Kolkata – Grade M	3450	3420	3440	3320
Chennai - Grade S	3125	3175	3275	3100
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3200	3200	2985	NR
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3175	3175	2975	NR

Gur Market Scenario and Outlook

Prices of gur improved last week due to higher arrivals in gur markets from last couple of weeks. Market was surprised by huge arrivals of gur from last couple of weeks.

Total around 979378 bags of 40 kg each of gur stored in warehouses presently which are lower compared to 1120409 bags stored last year at same period in warehouses. Out of total gur stocks, 580002 bags of Chaku, 56327 bags of Rascut, 189090 bags of Papdi and 22622 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.

With increasing gur stock position in the cold storages, prices are likely to take some downward correction as expected.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	10th May-16th May	3ed May-9th May	Change
Muzaffar Nagar	Chaku	3238	3196	42
	Chaku (Arrival)	4200	7200	-3000
	Khurpa	2888	2902	-14
	Laddoo	3116	3090	26
	Rascut	2450	2400	50
Hapur Maharashtra	Chaurasa	2682	2621	61
	Balti	2969	2798	171
	Latur(Lal Variety)	3050	3000	50
Bangalore	Achhu	NR	NR	-
	Mudde	3125	3200	-75
Belgaum	Mudde	2533	2780	-247
Belthangadi	Yellow (Average)	3100	3140	-40
Bijapur	Achhu	2854	2680	174
Gulbarga	Other (Average)	2986	3008	-22
Mahalingapura	Penti (Average)	3066	3067	-1
Mandya	Achhu (Medium)	2450	2425	25
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2350	2350	Unch
	Yellow (Medium)	2350	2350	Unch
Shimoga	Achhu (Average)	4050	3608	442

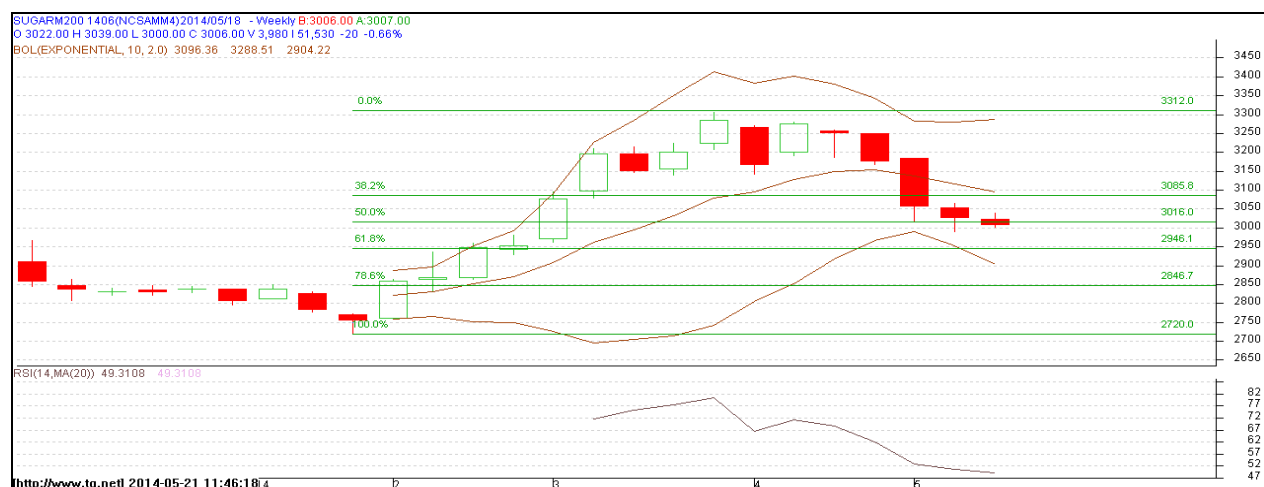
Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		16-May-14	9-May-14	16-Apr-14	16-May-13
Muzaffar Nagar	Chaku	Closed	3275	2725	3200
	Khurpa(New)	Closed	2950	2550	2803
	Laddu(New)	Closed	3100	2825	3038
	Rascut	Closed	2400	2250	2813
Hapur	Chaurasa	Closed	2650	2350	NR
	Balti	Closed	3000	2388	NR
Maharashtra	Latur(Lal Variety)	3050	3000	3000	3075

Bangalore	Achhu	NR	NR	NR	3000
	Mudde	3200	3200	3100	3200
Belgaum	Mudde	2500	2700	NR	3000
Belthangadi	Yellow (Average)	3100	3100	NR	3500
Bijapur	Achhu	2800	2880	NR	3000
Gulbarga	Other (Average)	2800	3050	2700	3000
Mahalingapura	Penti (Average)	3040	3150	2880	3600
Mandya	Achhu (Medium)	2450	2450	2600	2950
	Kurikatu (Medium)	2200	2200	2200	2450
	Other (Medium)	2350	2350	2450	2500
	Yellow (Medium)	2350	2350	2500	2850
Shimoga	Achhu (Average)	3700	3650	3400	3700

Commodity: Sugar
Contract: June

Exchange: NCDEX
Expiry: June 20, 2014

SUGAR (Weekly June Contract Chart)



Technical Commentary:

- Prices are showing weakness on charts.
- Prices are likely to test its next support level i.e. Rs 2950 in the coming week.
- Sugar prices are hovering near to neutral region.
- Market had booked profits at higher levels.
- Last candlestick depicts bearishness.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	June	2846	2946	3026	3085	3312
Weekly Trade Call			Call	Entry	T1	T2	SL

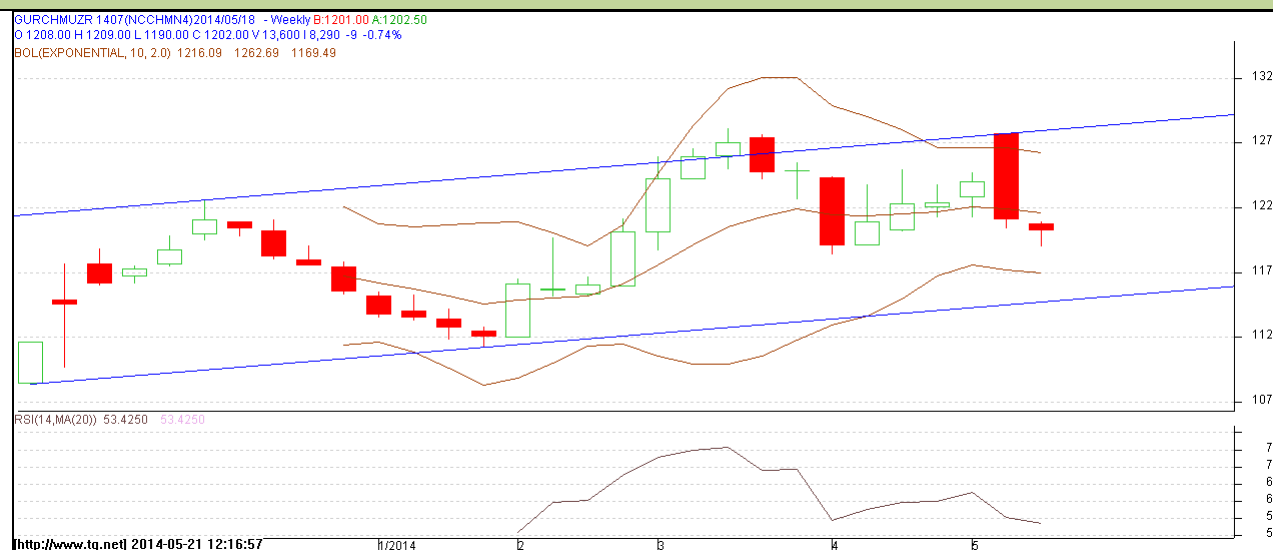


Sugar	NCDEX	June	Sell	Below 3020	2970	2950	3050
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Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20, 2014

GUR (July Weekly Chart)



Technical Commentary:

- Gur prices are still moving in an uptrend as chart depicts.
- However, RSI is hovering at neutral region.
- Elliott wave pattern could be seen on the charts and 4th wave is making its way. Two consecutive closes below 1200 level will prove the pattern wrong.
- Last candlestick depicts bearishness in the prices in the coming week.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1126	1147	1211	1230	1241
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Below 1210	1180	1165	1228

International Scenario

International sugar prices are moving upwards due to sugar deficit globally estimated by Datagro for 2014-15.

Brazil Cane & Sugar Production Estimates By Various Trade Houses

	Sugarcane (In Million Tons)		Sugar (In Million Tons)	
	2013-14	2014-15	2013-14	2014-15
UNICA	596	596	34.3	34.3
CONAB	602	613	34.7	35.9
Datagro	596	574.6	34.3	33.2
Platts	596.3	585	34.3	34
Bioagencia	596	575	34.3	33.4
Archer Consulting	596	575.5	34.3	32.8
Copersucar	596	570	34.3	32
Sucden	596	586	34.3	34.3
F.O.Licht	596	575	34.3	31.1
Canaplan	596	577	34.3	-

International Market News Highlights:

- Datagro raises its outlook for a world sugar supply deficit to 2.46 million tons for 2014-15 from a previous forecast at 1.61 million tons.
- Scarce monthly exports from Thailand have prompted the casual opening of cane entries for Brazilian and southern Asian such as Indian and Pakistan across to international buyers. April and March saw the figures in the low thousands for monthly exports across to China from Thailand as they struggle to combat against the threat of weather and climate inconsistency which has somewhat hampered what was once predicted to be a “record year” for both cane crushing and sugar exports. In March in particular, according to *The Office of Cane and Sugar Board* (OCSB), only 6,500 of raw Thai sugar was exported into the world’s second largest importer of sugar compared to 290,000 tonnes from Brazil. In our view, Thailand sugar (raw) prices are still competitive versus Indian and Brazilian counterparts, yet where we seem to see a loss mounting for the South East Asian country is within the quality of cane and subsequently sugar produced. With the halting of a crushing process halfway through March, and a lower yield p/acreage resulting in lesser TRS levels seems to be the ultimate factor when discussing current competitive price outcomes versus Brazil and India.
- As of the 25th April 2014, Bunge Ltd announced via their Brazilian head, Pedro Parente that they are in the process of securing a new route for the sole purpose of grains and sugar. Being in the ethanol sector for some 7 years, Bunge see this as a step in the right direction since the hike in

international prices and a subsidy within gasoline mandates from the Brazilian government reduced the competitiveness of their primary ethanol business.

- The president of UNICA, Elizabeth Farina has openly criticized the governments' handling of easily accessible credit lines for those larger corporations who are already storing up to 8% of ethanol each year such as distilleries, large companies focused on the commercialization of ethanol whom are signed as member of the ANP (*Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*), explaining that such lines of credit are fundamental to allow feasibility across areas such as cane plantations and the recovering of productive from within them for locals, which will also guarantee a balance of food and energy growth within the internal and external marketplace.
- 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.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	15-May-14	8-May-14	Change
ICE Sugar #11 (US Cent/lb)	14-Jul	18.2	17.24	0.96
	14-Oct	18.86	17.94	0.92
	15-Mar	19.58	18.74	0.84
LIFFE Sugar (US \$/MT)	14-Aug	493.4	469.2	24.2
	14-Oct	495.4	473.6	21.8
	14-Dec	503.6	484.1	19.5

LIFFE Future Market Sugar Scenario (Aug'14 Contract):



Technical Commentary:

- Sugar prices are showing trend reversal on weekly chart.
- Prices are presently hovering at \$493.4 till 18th May and one can take a short position from here with a target of \$457

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'14	493.4	457

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

Technical Commentary:

- ICE raw sugar futures are trading in a range.
 - Last candlestick depicts bearishness in the market.
 - Breach of 17.05 level would take the prices down to 16.5 cents/Lb.
- Strategy: Sell at current levels.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'14	18.2	17.05

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