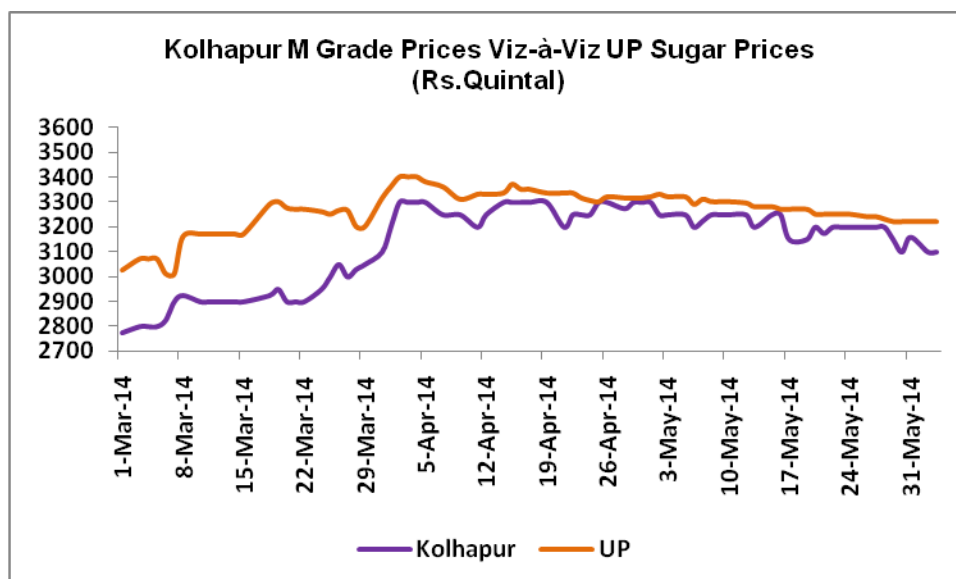


Sugar Price Trend and Outlook:

Price trend of sugar is downward from last couple of weeks due to weak demand at current levels. Other factors which removed the sugar demand are strong rupee slowed down sugar shipments, decline in International sugar prices, raw sugar imports by Indian sugar refiners.

In addition to it, higher sugar production than expectation for 2013-14 also depress the prices of sugar in domestic market.

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:

Sugar price are likely to move in a range with weak tone due to weak demand from domestic as well export front. If prices of sugar international market improved then only there is any possibility in increase in prices of sugar in domestic market.

News Highlights:

- Consecutive fall in sugar prices can be seen as rumors of ban on essential commodities by new govt. like Wheat, Sugar, Chana etc from futures platforms spreads fear in the market.
- Farmers in UP are sowing less cane for 2014-15 season due to delay in cane payment. However, situation is totally opposite in case of Maharashtra and Karnataka as reported.
- Govt. might increase ethanol blending into petrol to 15% from 5% currently. It is notable that if decision implemented than it would help mills to cover losses and able to make pending payments to farmers. Apart from it, govt also likely to consider industry demand to increase in import duty upto 40% from existing 15%.
- NCDEX launched sugar contract, which will be available for October onwards contracts and is aligned with the global market so that industry can protect itself from volatility in prices.

- India produced 23.9 million tons of sugar till 22nd May 2014 down from 24.7 million tons sugar produced at same period last year. Out of total sugar production, Maharashtra, UP and Karnataka produced 7.7 million tons, 6.45 million tons and 4.1 million tons respectively.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$522 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$500-510 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 \$470.50/ 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.59.39 till 2 nd June 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$470.5	-\$467.5	\$500-510

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 23.9 million tons of sugar till 15th May 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.

States	Sugar Production
Maharashtra	77
Uttar Pradesh	64.5
Karnataka	41
Tamil Nadu	11.5
India	239

Sowing Update:**Maharashtra crop scenario:**

Farmers are increasing sugarcane crop in their respective fields by 10-15% as per initial information we gather. Main reason for increase in acreage are good water availability due to ample water in reservoirs and good rainfall.

Meanwhile, despite the fact that mills in Maharashtra paid less cane price y-o-y to farmers, farmers still find cane crop more lucrative than other substitute crops like wheat, jowar, onion etc. especially in south Maharashtra that is known for main sugarcane belt.

Uttar Pradesh Crop Sowing scenario:

UP region this time likely to surprise as far as cane sowing is concerned for 2014-15. Acreage in Uttar Pradesh for cane likely to decline by 10-15% thanks to mounting last year cane arrears that still are not getting paid to farmers.

Overall India sugarcane acreage likely to remain same with increase in acreage of cane in Maharashtra and Karnataka offset by decline in cane acreage in India's biggest cane growing belt i.e. Uttar Pradesh. However, it is still early to comment on that as cane planting is going to start in Uttar Pradesh.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	24th May-30th May	17th May-23th May	Change
Sugar	Delhi - Grade M	3261	3300	-39
	Delhi - Grade S	3208	3207	1
	Delhi - Grade L	3303	3345	-42
	UP- Khatauli Grade M	3357	3380	-23
	UP- Ramala Grade M	3270	3280	-10
	UP- Dhampur Grade M Ex-Mill	3215	3214	1
	UP- Dhampur Grade S Ex-Mill	3195	3194	1
	UP- Dhampur Grade L Ex-Mill	3265	3264	1
	Mumbai –Grade M	3352	3398	-46
	Mumbai –Grade S	3179	3192	-13
	Kolhapur – Grade M	3175	3179	-4
	Kolhapur – Grade S	3021	3050	-29
	Guhawati – Grade S	3330	3360	-30
	Shillong – Grade S	3341	3370	-29
	Vijayawada – Grade M	3527	3567	-40
	Vijayawada- Grade S	3427	3467	-40
	Nagpur – Grade M	3325	3350	-25

	Nagpur – Grade S	3133	3150	-17
	Kolkata – Grade M	3328	3385	-57
	Chennai - Grade S	3083	3113	-30
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3150	3192	-42
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3125	3167	-42

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		30-May-14	23-May-14	30-Apr-14	30-May-13
Sugar	Delhi - Grade M	3250	3300	3300	3250
	Delhi - Grade S	3200	3200	3250	3200
	Delhi - Grade L	3300	3340	3350	3300
	UP- Khatauli Grade M	3330	3370	3225	3200
	UP- Ramala Grade M	3260	3280	3350	3180
	UP- Dhampur Grade M Ex-Mill	3205	3235	3310	3100
	UP- Dhampur Grade S Ex-Mill	3185	3215	3290	3080
	UP- Dhampur Grade L Ex-Mill	3255	3285	3360	3150
	Mumbai –Grade M	3322	3366	3476	3238
	Mumbai –Grade S	3162	3196	3312	3102
	Kolhapur – Grade M	3100	3200	3300	3025
	Kolhapur – Grade S	2950	3050	3150	2925
	Guhawati – Grade S	3258	3360	3461	NR
	Shillong – Grade S	3270	3370	3470	NR
	Vijayawada – Grade M	3520	3560	3680	3530
	Vijayawada- Grade S	3420	3460	3550	3420
	Nagpur – Grade M	3250	3350	3450	NR
	Nagpur – Grade S	3100	3150	3300	3230
	Kolkata – Grade M	3290	NA	3440	3300
	Chennai - Grade S	3050	3100	3225	3075
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3150	3150	3150	3200
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3125	3125	3125	3200

Gur Market Scenario and Outlook

Prices of gur declined last week despite of lower arrivals in gur markets. Falling sugar prices also becomes the major factor which drive the gur prices downwards.

Total around 1061000 bags of 40 kg each of gur stored in warehouses presently which are lower compared to 1233000 bags stored last year at same period in warehouses. Out of total gur stocks, 560000 bags of Chaku, 61000 bags of Rascut, 202000 bags of Papdi and 23000 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)

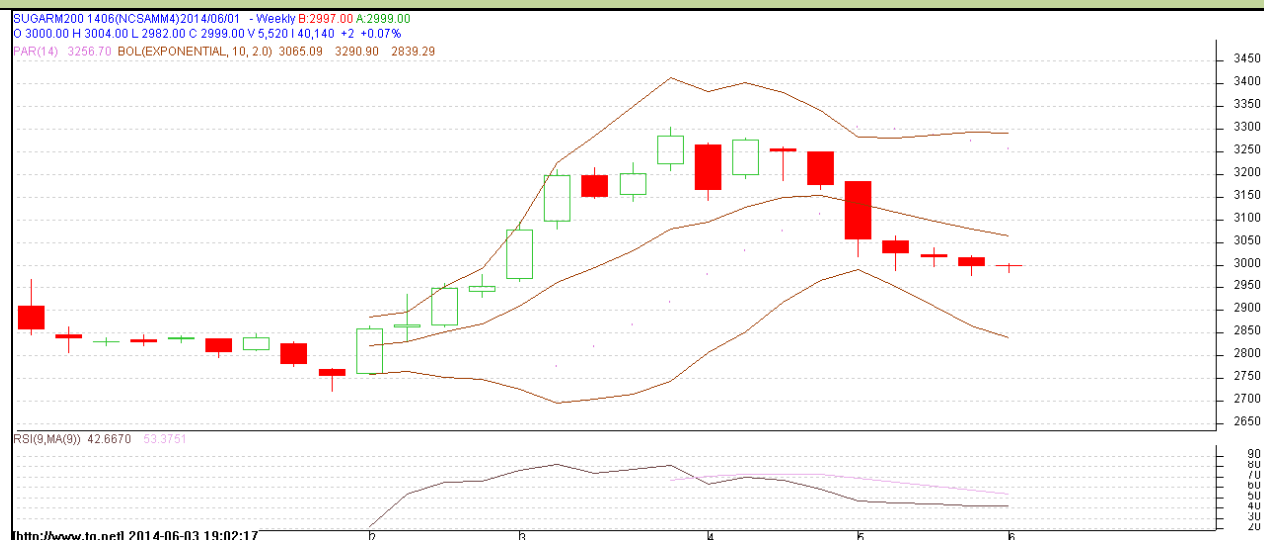
Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	24th May-30th May	17th May-23th May	Change
Muzaffar Nagar	Chaku	3057	3084	-27
	Chaku (Arrival)	3400	11100	-7700
	Khurpa	2740	2778	-38
	Laddoo	3000	3067	-67
	Rascut	2358	2306	52
Hapur Maharashtra	Chaurasa	NA	2675	-
	Balti	NA	2938	-
	Latur(Lal Variety)	2992	3050	-58
Bangalore	Achhu	NR	NR	-
	Mudde	3200	3183	17
Belgaum	Mudde	2768	2640	128
Belthangadi	Yellow (Average)	3200	3170	30
Bijapur	Achhu	2700	2854	-154
Gulbarga	Other (Average)	3017	2963	54
Mahalingapur a	Penti (Average)	2960	3000	-40
Mandya	Achhu (Medium)	2380	2450	-70
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2350	2350	Unch
	Yellow (Medium)	2360	2350	10
Shimoga	Achhu (Average)	3480	3650	-170

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		30-May-14	16-May-14	30-Apr-14	30-May-13
Muzaffar Nagar	Chaku	2975	3150	2950	3200
	Khurpa(New)	200	2800	2900	3000
	Laddu(New)	2725	3100	3000	3200
	Rascut	2975	2325	2450	NA
Hapur	Chaurasa	2325	NA	NA	NR
	Balti	NA	NA	NA	NR
Maharashtra	Latur(Lal Variety)	NA	3050	3000	3100
Bangalore	Achhu	2900	NA	NR	2900
	Mudde	3200	3100	3000	3000
Belgaum	Mudde	2700	2700	2800	3000
Belthangadi	Yellow (Average)	3200	3200	3200	2800
Bijapur	Achhu	2650	2800	2900	3100
Gulbarga	Other (Average)	3050	3050	2950	2900
Mahalingapur a	Penti (Average)	NR	3040	2940	3140
Mandya	Achhu (Medium)	2300	2450	2450	2850
	Kurikatu (Medium)	2200	2200	2200	2500
	Other (Medium)	2350	2350	2350	2550
	Yellow (Medium)	2350	2350	2350	2850
Shimoga	Achhu (Average)	3700	3600	3850	3650

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.
- Last candlestick depicts bearishness.

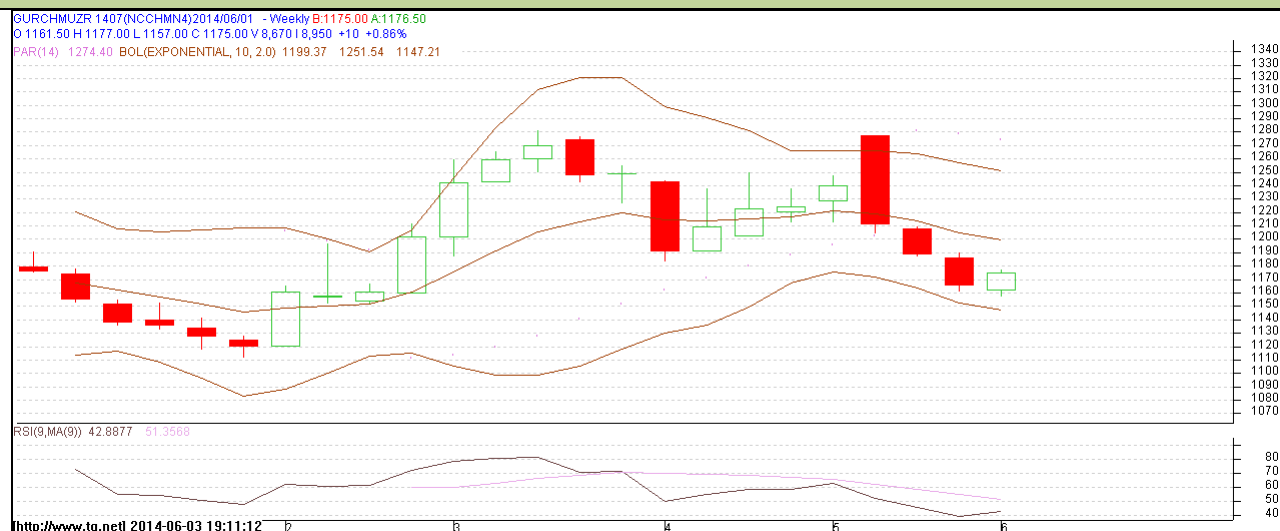
Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	June	2846	2946	2997	3085	3312
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	June	Sell	Below 3010	2970	2950	3034

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.
- 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	1165	1230	1241
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Below 1185	1165	1155	1197

International Scenario

International sugar prices traded steady last week in ICE as well as in LIFFE considering over supply of sugar by Brazil in global market offset by global sugar deficit. Meanwhile, various mills in Brazil as closing down for the current season as Brazilian govt curb fuel price hike concerning rising inflation rate.

With over production of sugar and lesser demand of fuel urge Brazilian millers to sell sugar in the global markets to get some capital and minimize their losses.

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:

- Thailand white sugar premium Hipol traded at 40 to 50 points over ICE raw sugar future contract up from 30 points compared to last week.
- Brazil Center south region mills produced 1.91 million tons of sugar in the first half of May compared to 930,600 tons produced in the same period last year.
- Increase in cane harvesting by Brazilian mills increase supply availability resulted in depress in white crystal sugar prices in the spot market in Sao Paulo.
- Thai raw sugar premium eased to \$10 per ton down from \$15 per ton traded last week.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	29-May-14	22-May-14	Change
ICE Sugar #11 (US Cent/lb)	14-Jul	17.48	17.38	0.1
	14-Oct	18.31	18.21	0.1
	15-Mar	19.19	19.13	0.06
LIFFE Sugar (US \$/MT)	14-Aug	473	469.6	3.4
	14-Oct	480.7	478.2	2.5
	14-Dec	491.5	489.7	1.8

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



Technical Commentary:

- Sugar prices are showing trend reversal on weekly chart.
- Prices are presently hovering at \$473 till 30th 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	473	457

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

Technical Commentary:

- ICE raw sugar futures are trading in a range.
 - Last candlestick depicts indecision 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	17.48	17.05

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