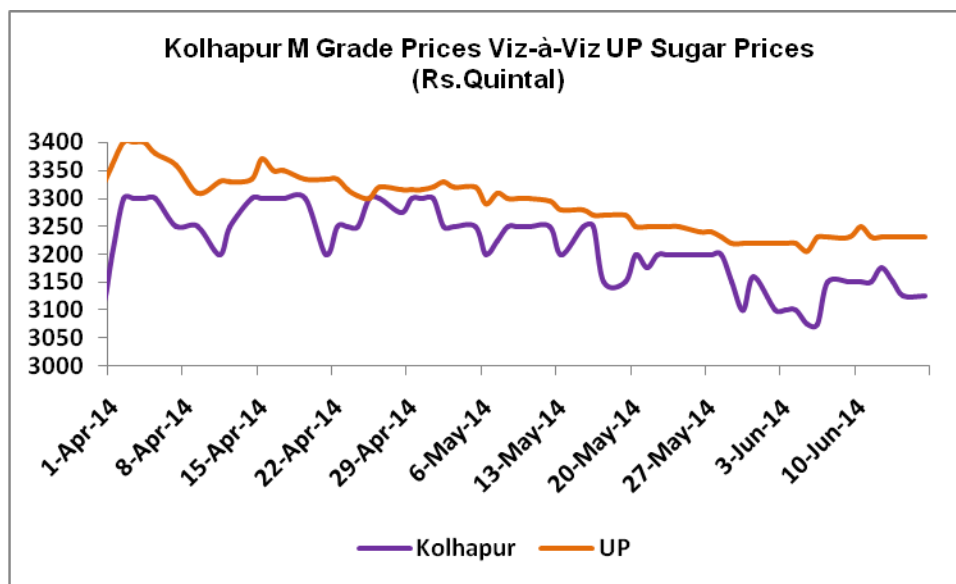


Sugar Price Trend and Outlook:

Sugar prices take upward correction during last week due to increase in sugar demand.

Meanwhile, sugarcane sowing reached to 4.35 million hectares till 13th June, according to report published by Ministry of Agriculture. Recent sowing figures are higher compared to last year sugarcane sowing which reached at 4.20 million hectares at the same period.



Price Outlook:

Prices of sugar seems bearish at the moment due to lesser import enquiry from buyers. Markets are seeking some clarity from the govt. about export import policies which would decide the price direction further.

News Highlights:

- India is offering white sugar at FOB \$500 per ton, according to Dubai based trader.
- Sugar exports from India likely to surge with increase in demand and prices of sugar due to upcoming Ramzan season. Also, Government also give some respite to millers after increasing raw sugar export incentive to Rs 3300 per ton for June-July month.
- Sugarcane sowing reached to 4.35 million hectares till 13th June, according to report published by Ministry of Agriculture. Recent sowing figures are higher compared to last year sugarcane sowing which reached at 4.20 million hectares at the same period.
- Government has decided to extend the sugar export subsidy on raws till the end of September 2015 to enable mills to clear the unpaid dues to farmers.
- Commerce Ministry is not looking for hiking import duty on sugar as it has not yet received any proposal in this regard.
- India has imported around 6 lac ton of sugar till May 2014 starting from October 2014.
- 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 up to 40% from existing 15%.

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 per ton Kolhapur based. Recently, government decide to give Sugar export subsidy on raws to Rs 3300 per ton, which ultimately increase sugar export figures in the year ahead.s

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 \$464.25/ 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 16 th June 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$464.25	-	\$500

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.

Sugar Import and Export Scenario:

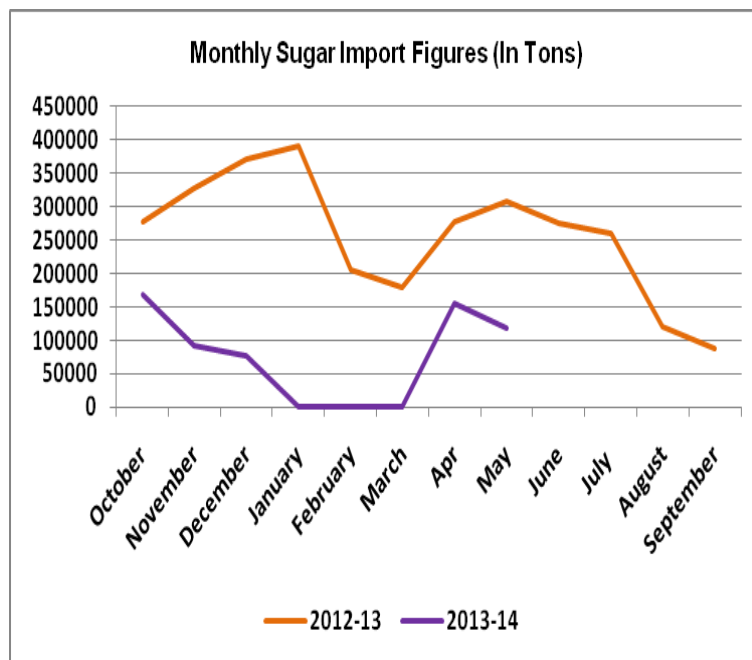
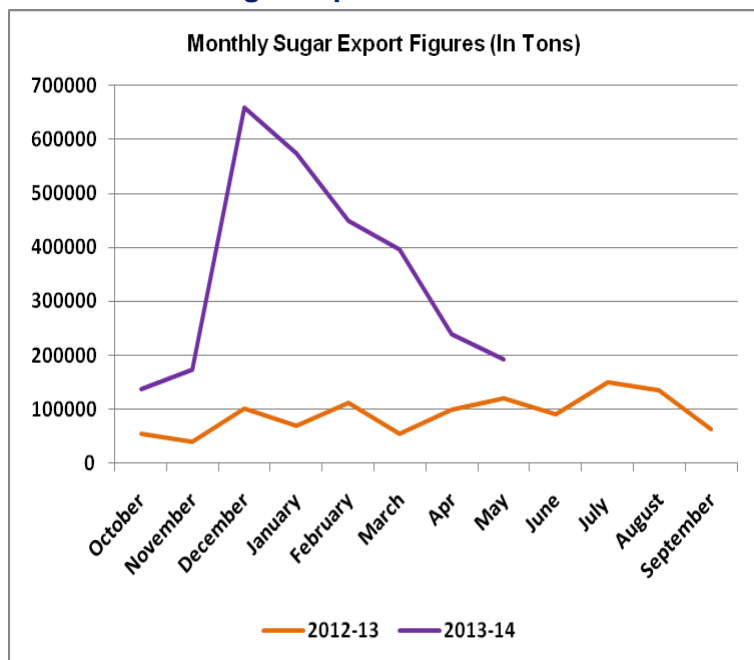
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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 have been exported towards various Asian countries like Sri Lanka.

We estimate total sugar exports likely to reach 3 million tons from India in 2013-14 marketing year. Till date, India has exported 2.8 million tons of sugar as reported.

India Sugar Export Scenario:



Indian sugar exports decline M-o-M basis due to continuous supply of sugar by Brazilian mills in global market which remove export parity for Indian exporters. Also, recent sharp rise in domestic sugar prices and strong rupee also the major influencing factors which reduce the sugar shipments M-o-M.

It is notable that India exported around 1.93 lac tons of sugar (both raws and whites) which is up by 62% Y-o-Y but decline by 19% compared to April month sugar exports.

India has exported around 2.8 million tons of sugar till May 2014 which was around 0.65 million tons sugar exported at the same period last year.

As far as sugar imports are concerned, it is increasing from last couple of months due to weak international sugar prices which enable Indian sugar refiners like Shree Renuka sugars, EID Parry to import raw sugar.

In the month of May, India imported around 1.17 lac tons of sugar (mainly raws) which is down by 24% compared to sugar imported in April.

In total, India imported 6.13 lac tons of sugar till May in 2013-14. However, at the same period last year, India imported around 2.33 million tons of sugar (mainly raws).

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commo dity	Centre	7th June-13th June	31th May-6th June	Chang e
Sugar	Delhi - Grade M	3287	3242	45
	Delhi - Grade S	3240	3180	60
	Delhi - Grade L	3383	3294	89
	UP- Khatauli Grade M	3377	3332	45
	UP- Ramala Grade M	3212	3257	-45
	UP- Dhampur Grade M Ex-Mill	3270	3207	63
	UP- Dhampur Grade S Ex-Mill	3250	3187	63
	UP- Dhampur Grade L Ex-Mill	3320	3257	63
	Mumbai –Grade M	3257	3260	-3
	Mumbai –Grade S	3115	3139	-24
	Kolhapur – Grade M	3154	3102	52
	Kolhapur – Grade S	3000	2950	50
	Guhawati – Grade S	3309	3258	51
	Shillong – Grade S	3320	3270	50
	Vijayawada – Grade M	3575	3503	72
	Vijayawada- Grade S	3453	3403	50
	Nagpur – Grade M	3300	3250	50
	Nagpur – Grade S	3135	3100	35
	Kolkata – Grade M	NR	3312	-
	Chennai - Grade S	3071	3050	21
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3043	3100	-57
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2992	3075	-83

Spot Sugar Prices Scenario (Weekly)					
Commo dity	Centre	Today	Week Ago	Month Ago	Year Ago
		13-Jun-14	6-Jun-14	13- May-14	13- Jun-13
Sugar	Delhi - Grade M	3300	3260	3265	3260
	Delhi - Grade S	3250	3220	3195	3200
	Delhi - Grade L	3390	3325	3315	3310
	UP- Khatauli Grade M	3400	3350	3400	3230
	UP- Ramala Grade M	3200	3260	3280	3170
	UP- Dhampur Grade M Ex-Mill	3250	3220	3380	3100

UP- Dhampur Grade S Ex-Mill	3230	3200	3360	3080
UP- Dhampur Grade L Ex-Mill	3300	3270	3430	3150
Mumbai –Grade M	3246	3242	3436	3230
Mumbai –Grade S	3102	3122	3256	3106
Kolhapur – Grade M	3150	3075	3200	3075
Kolhapur – Grade S	3000	2925	3050	2975
Guhawati – Grade S	3309	3233	3360	NR
Shillong – Grade S	3320	3245	3370	NR
Vijayawada – Grade M	3580	3500	3600	3600
Vijayawada- Grade S	3460	3400	3500	3450
Nagpur – Grade M	3250	3250	3400	3350
Nagpur – Grade S	3130	3100	3200	3250
Kolkata – Grade M	NR	3320	NR	3450
Chennai - Grade S	3075	3050	3175	3075
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3005	3050	3200	3100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	2985	3025	3175	3100

Gur Market Scenario and Outlook

Prices of gur improved last week in gur markets. Improve in sugar prices support gur prices also in spot markets.

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	7th June-13th June	31th May-6th June	Change
Muzaffar Nagar	Chaku	2996	2994	2
	Chaku (Arrival)	NA	600	-
	Khurpa	2882	2706	176
	Laddoo	3133	2996	137

	Rascut	2750	2315	435
Hapur Maharashtra	Chaurasa	NA	NA	-
	Balti	NA	NA	-
	Latur(Lal Variety)	3000	2933	67
Bangalore	Achhu	NR	NR	-
	Mudde	3600	3450	150
Belgaum	Mudde	3040	2900	140
Belthangadi	Yellow (Average)	3217	3210	7
Bijapur	Achhu	2740	2688	52
Gulbarga	Other (Average)	3210	3158	52
Mahalingapur a	Penti (Average)	2948	2890	58
Mandya	Achhu (Medium)	2300	2300	Unch
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2200	2338	-138
Shimoga	Achhu (Average)	3375	3430	-55

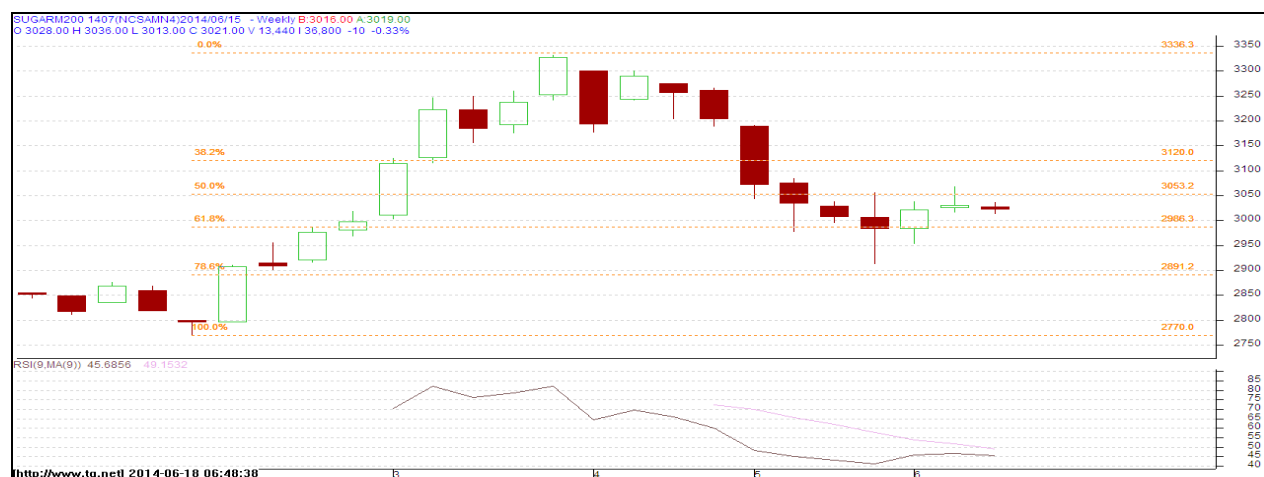
Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		13-Jun-14	6-Jun-14	13-May-14	13-Jun-13
Muzaffar Nagar	Chaku	2975	3063	3238	3025
	Khurpa(New)	2863	2700	2875	2825
	Laddu(New)	3125	3000	3100	3125
	Rascut	2750	2313	2450	2775
Hapur	Chaurasa	NA	2313	2688	NR
	Balti	NA	NA	2938	NR
Maharashtra	Latur(Lal Variety)	NR	NA	3100	3200
Bangalore	Achhu	NA	2950	NR	3000
	Mudde	3700	NA	3200	3200
Belgaum	Mudde	3000	3500	NR	3100
Belthangadi	Yellow (Average)	3200	3000	3100	2800
Bijapur	Achhu	2800	NR	2750	3200
Gulbarga	Other (Average)	NR	NR	3050	3000
Mahalingapur a	Penti (Average)	2960	3300	3060	3160
Mandya	Achhu (Medium)	2300	NR	2450	3000
	Kurikatu	2200	NR	2200	2500

	(Medium)				
	Other (Medium)	2300	NR	2350	2500
	Yellow (Medium)	2200	NR	2350	2900
Shimoga	Achhu (Average)	3400	NR	4100	3425

Commodity: Sugar
Contract: July

Exchange: NCDEX
Expiry: July 20, 2014

SUGAR (Weekly July Contract Chart)



Technical Commentary:

- Prices are showing weakness on charts.
- Prices are getting a trend line support, breach of trendline support by downside would take the prices down to Rs 2986 and then Rs 2890 per quintal.
- Sugar prices are hovering near to neutral region.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2890	2986	3031	3118	3334
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 3055	3095	3115	3031

Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20, 2014

GUR (July Weekly Chart)



Technical Commentary:

- Gur prices are moving in an uptrend channel 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	1175	1230	1241
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Below 1185	1165	1155	1198

International Scenario

International sugar prices traded weak last week in ICE as well as in LIFFE considering over supply of sugar by Brazil in global market. Meanwhile, various mills in Brazil are 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:

- International sugar prices surged sharply on Friday in ICE as well as in LIFFE exchanges due to good sugar export demand from Brazil indicated by increasing no. of ships waiting at ports for sugar loading.
- As of May 30th 2014 the tensions between Mexican imports of sugar, U.S regulators and mills took a formidable step towards North American free trade discussions. In total, Domino Foods, Imperial Sugar & Louis Dreyfus raised their prices for refined sugar by 1/3 on the back of tighter supplies and the likelihood of duties being imposed onto Mexican importers. The increase will be felt across the US sugar industry not to mention throughout North American free-trade arenas, as the price was increased \$37 per (cwt) or 37 cents per pound through to September 30th 2015.
- The Australian ethanol industry have been dealt a hammer-blow to profits going into 2015 as the government announced during the 4th week of May 2014 that they'll eliminate its production subsidy in a decision made during its 2014-15 budget. The Biofuels Association of Australia has expressed their disappointment calling it detrimental and negative for its industry.
- The global sugar deficit statistics which we analysed and reported on during our March report look to be voiced by other organisations other than us here at Agriwatch Pvt. According to the *Food and Agricultural Organization of the United Nations* (FAO), the world is heading for its first sugar deficit in more than 4 years. A jump of 15% looks to be playing out before the end of the

year supported by one of the driest seasons in Brazil- a country accounting for 58% of global sugar exports and 30% of global sugar production- along with a slowdown in Thailand production, the third largest producer after Brazil and India.

International Sugar Prices (Weekly)				
	Contract Month	12-Jun-14	5-Jun-14	Change
ICE Sugar #11 (US Cent/lb)	14-Jul	16.7	16.83	-0.13
	14-Oct	17.51	17.66	-0.15
	15-Mar	18.55	18.71	-0.16
LIFFE Sugar (US \$/MT)	14-Aug	455.2	460.1	-4.9
	14-Oct	465.7	468.7	-3
	14-Dec	477.0	479.5	-2.5

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



Technical Commentary:

- Sugar prices are showing trend reversal on weekly chart.
- Prices are presently hovering at \$455 till 12th June and one can take a buy position from here with a target of \$475

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'14	455	475

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: 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)	July'14	16.7	17

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