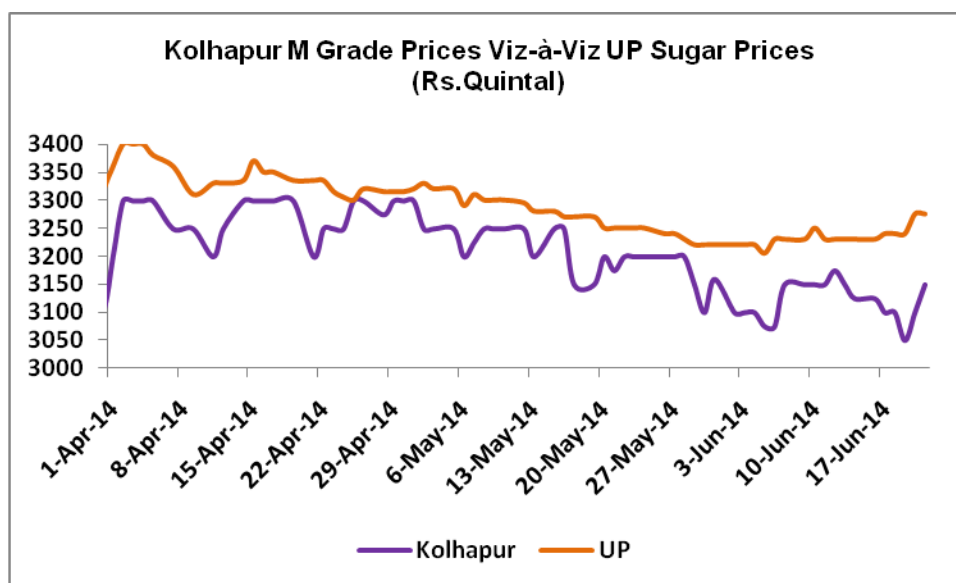


Sugar Price Trend and Outlook:

Prices of sugar improved last week owing to good spot demand at lower levels. In addition to it, increase in sugar prices in International arena also support the prices upto certain extent.

Meanwhile, Govt increase sugar import duty to 40% from existing 15% which also likely to support the sugar exports in the coming months.



Price Outlook:

With increase in import duty to 40% change the sugar sentiments to bullish. In addition to it, export incentives to mills/exporters and rapid increase in sugar prices in International markets improve the scope of exports of sugar from domestic markets.

News Highlights:

- In a major turnaround, Food and Civil Supplies minister Mr. Ram Vilas Paswan increase sugar import duty to 40% from current 15%. This move will give huge respite to sugar mills. In addition to it, Food minister also assure cash starved mills to provide interest free loan of Rs 4400 crore to make payments of cane arrears to farmers. Govt. will also extend sugar export subsidy on raws of Rs 3300 per ton till September 2014.
- Prices of sugar likely to move up in the coming days keeping in view increasing sugar prices in International markets and increase in freight by central govt.
- 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.
- India has imported around 6 lac ton of sugar till May 2014 starting from October 2014.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$522 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$495 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.

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 \$480.25/ 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.60.10) till 23 th June 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$480.25	-	\$495

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:

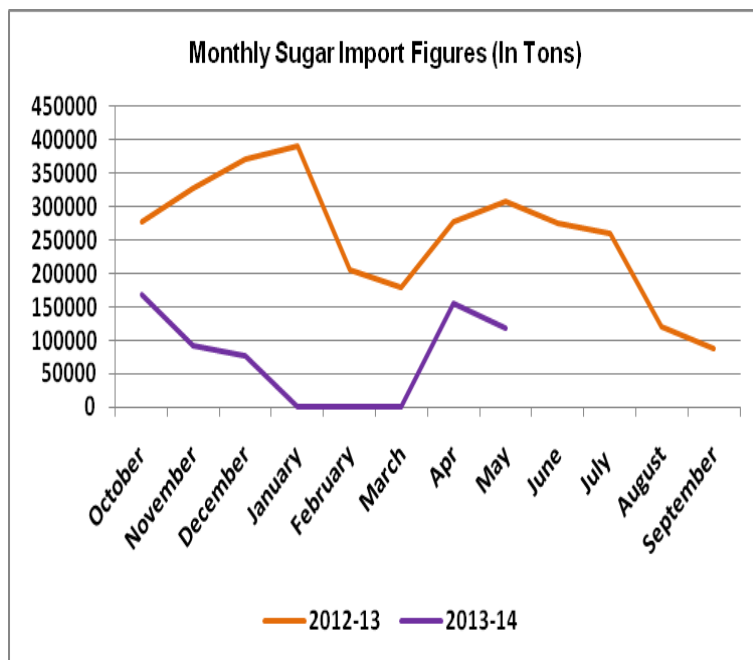
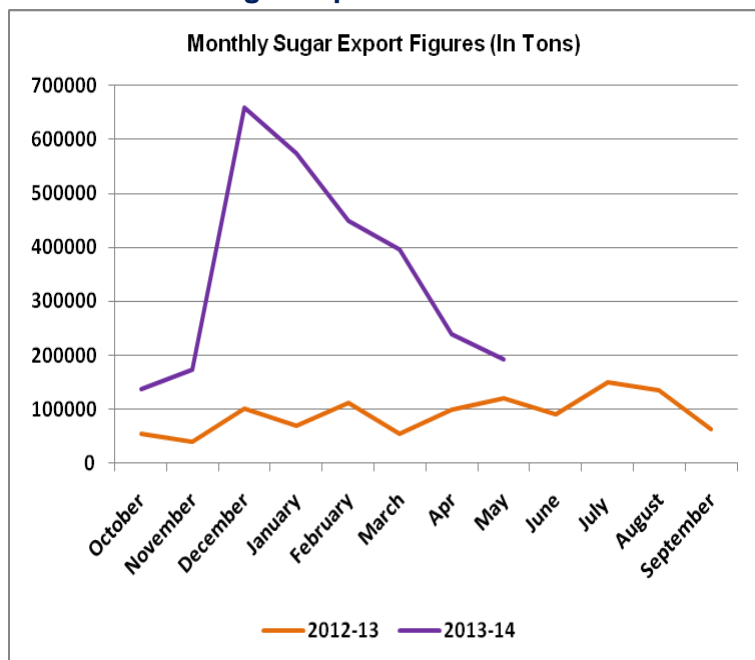
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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)				
Commodity	Centre	7th June-13th June	31st May-6th June	Change
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)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		20-Jun-14	13-Jun-14	20-May-14	20-Jun-13
Sugar	Delhi - Grade M	3300	3300	3300	3245
	Delhi - Grade S	3200	3250	3200	3190
	Delhi - Grade L	3370	3390	3350	3290
	UP- Khatauli Grade M	3330	3400	3370	3220
	UP- Ramala Grade M	3245	3200	3280	3160
	UP- Dhampur Grade M Ex-Mill	3230	3250	3150	3090

UP- Dhampur Grade S Ex-Mill	3210	3230	3130	3070
UP- Dhampur Grade L Ex-Mill	3280	3300	3200	3140
Mumbai –Grade M	3256	3246	3416	3301
Mumbai –Grade S	3102	3102	3222	3086
Kolhapur – Grade M	3100	3150	3200	3050
Kolhapur – Grade S	2975	3000	3050	2950
Guhawati – Grade S	3284	3309	3360	NA
Shillong – Grade S	3295	3320	3370	NA
Vijayawada – Grade M	3580	3580	3560	3600
Vijayawada- Grade S	3440	3460	3460	3450
Nagpur – Grade M	3250	3250	3350	3340
Nagpur – Grade S	3150	3130	3150	3240
Kolkata – Grade M	3360	NR	NA	3400
Chennai - Grade S	3075	3075	3125	3075
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3005	3005	3200	3100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	2985	2985	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.

Prices of gur likely to improve with increasing sugar prices and less gur stock compared to last year.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	14th June-20th June	7th June-13th June	Change
Muzaffar Nagar	Chaku	2992	2996	-4
	Chaku (Arrival)	12000	NA	-
	Khurpa	2808	2882	-74
	Laddoo	3133	3133	Unch
	Rascut	2820	2750	70
Hapur	Chaurasa	NA	NA	-

Maharashtra	Balti	NA	NA	-
	Latur(Lal Variety)	NA	3000	-
Bangalore	Achhu	NR	NR	-
	Mudde	3730	3600	130
Belgaum	Mudde	2975	3040	-65
Belthangadi	Yellow (Average)	3200	3217	-17
Bijapur	Achhu	2700	2740	-40
Gulbarga	Other (Average)	3067	3210	-143
Mahalingapur a	Penti (Average)	3010	2948	62
Mandya	Achhu (Medium)	2300	2300	Unch
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2217	2200	17
Shimoga	Achhu (Average)	3370	3375	-5

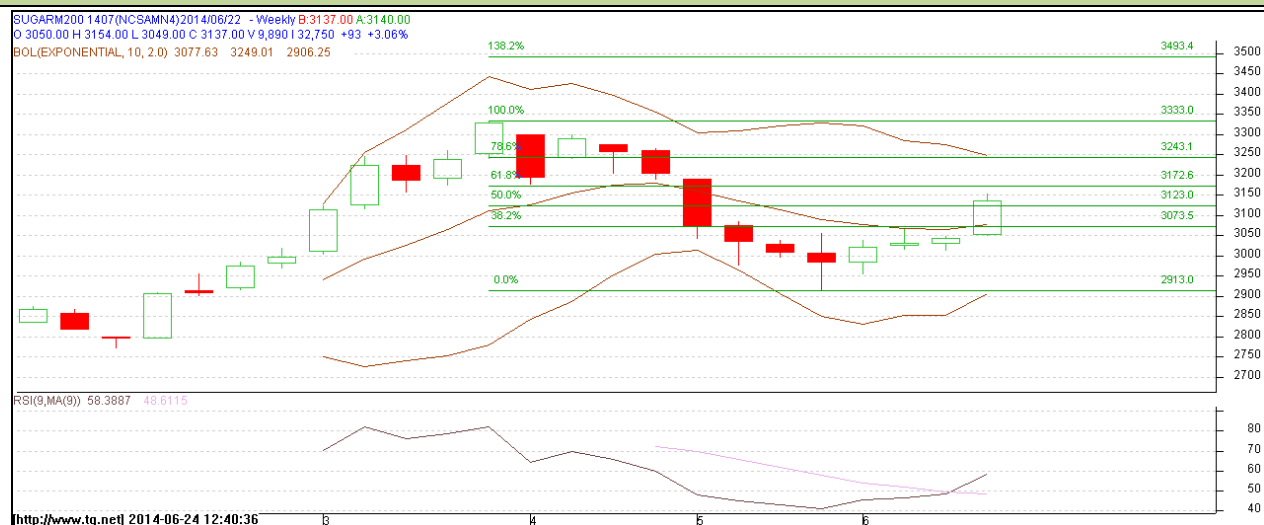
Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		20-Jun-14	13-Jun-14	20-May-14	20-Jun-13
Muzaffar Nagar	Chaku	3038	2975	3035	3303
	Khurpa(New)	2750	2863	2750	2875
	Laddu(New)	3175	3125	3050	3025
	Rascut	2813	2750	2313	2850
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NR	3050	3150
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	3700	3700	3200	3200
Belgaum	Mudde	3000	3000	NA	2800
Belthangadi	Yellow (Average)	3200	3200	NA	2500
Bijapur	Achhu	NA	2800	2821	3200
Gulbarga	Other (Average)	NA	NR	3050	2950
Mahalingapur a	Penti (Average)	3040	2960	2980	3100
Mandya	Achhu (Medium)	NA	2300	2450	2800
	Kurikatu (Medium)	NA	2200	2200	2500
	Other (Medium)	NA	2300	2350	2550

	Yellow (Medium)	NA	2200	2350	2800
Shimoga	Achhu (Average)	3350	3400	3650	3600

Commodity: Sugar
Contract: July

Exchange: NCDEX
Expiry: July 20, 2014

SUGAR (Weekly July Contract Chart)



Technical Commentary:

- Prices are showing upside and still hovering in an uptrend as chart depicts.
- Last candlestick depicts bullishness.
- Sugar prices are hovering near to neutral region.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2890	2986	3044	3170	3240
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.
- Prices likely to take support from trendline shows above.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1126	1147	1166	1230	1251
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1180	1205	1217	1165

International Scenario

International sugar prices moving upwards during last week. Brazilian authorities raised ethanol blending into gasoline by 1% to 26%, which means now more cane is diverted to make ethanol compared to sugar. In addition to it, increase in ships waiting at ports to load sugar also support the prices of sugar in International markets.

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:

- Kingsman cuts Brazil's Sugarcane Crush forecast for 2014-15 due to dry weather conditions. Now, millers likely to crush 575 million tons of sugarcane in the season that started in April down from previous estimate of 585 million tons.
- Brazilian authorities and vehicle makers increase the ethanol blending percentage in gasoline by 1% to 26% which clearly increase the ethanol demand. This urge millers to process more cane towards making ethanol.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	19-Jun-14	12-Jun-14	Change
ICE Sugar #11 (US Cent/lb)	14-Jul	17.94	16.7	1.24
	14-Oct	18.69	17.51	1.18
	15-Mar	19.65	18.55	1.1
LIFFE Sugar (US \$/MT)	14-Aug	488.5	455.2	33.3
	14-Oct	492.8	465.7	27.1
	14-Dec	503	477	26

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

Weekly QLSUQ4



Technical Commentary:

- Sugar prices are getting resistance at \$502, breach of that level from upside would take the prices upto \$520-525.
- Prices are presently hovering at \$488.5 till 19th June and one can take a buy position from here with a target of \$515

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'14	488.5	515

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

Daily QSBN4


Technical Commentary:

- ICE raw sugar futures are moving upwards.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 17.50 with target of 18

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'14	17.94	17

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