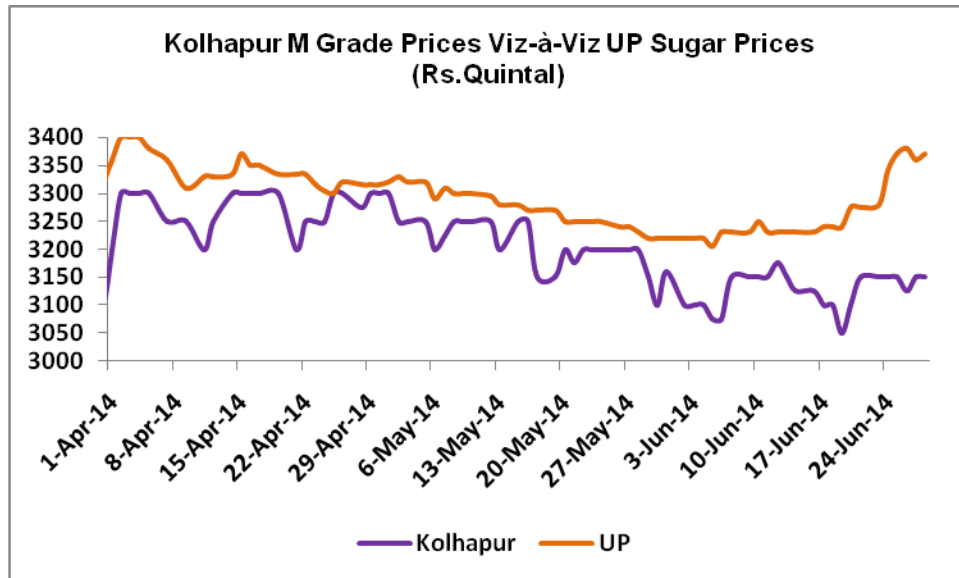


Sugar Price Trend and Outlook:

Sugar prices remained in bullish state during last week. Good festival demand by retailers led the prices improved in key spot markets of sugar.

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:

- Sugarcane sowing reached to 4.39 million hectares till 27th June, according to report published by Ministry of Agriculture. Recent sowing figures are lower compared to last year sugarcane sowing which reached at 4.74 million hectares at the same period.
- Millers now make a hue and cry situation over the issue of increase in sugarcane prices for 2014-15. Mills gives warning for total shut down for next marketing year if govt. increase sugarcane prices.
- UP millers wants govt to atleast not increase cane prices so that they can reduce losses and can make payments to farmers.
- 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.

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)
Comparitive 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:

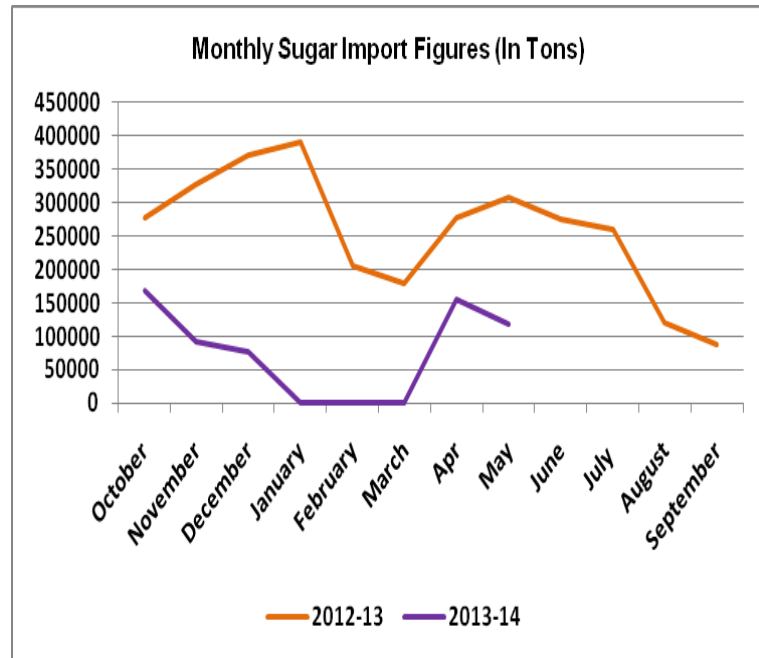
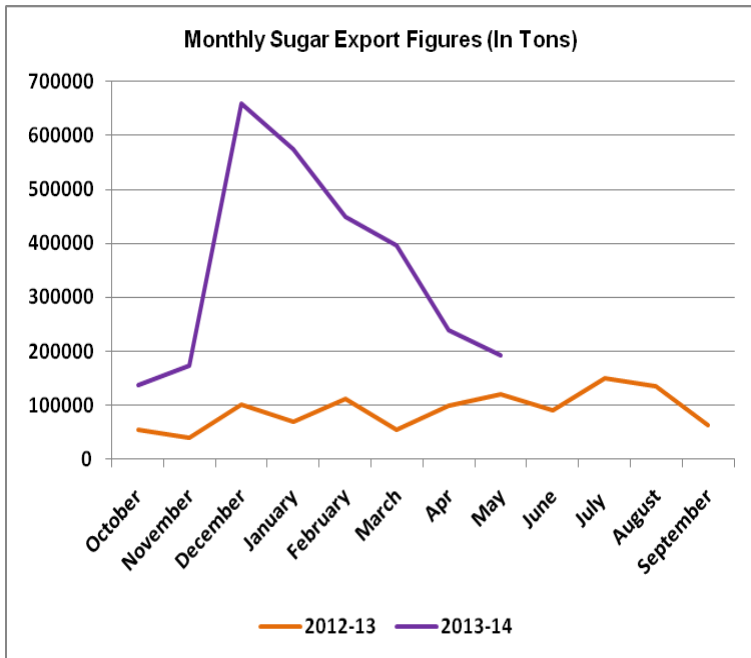
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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	21st June-27th June	14th June-20th June	Change
Sugar	Delhi - Grade M	3341	3298	43
	Delhi - Grade S	3262	3238	24
	Delhi - Grade L	3358	3387	-29
	UP- Khatauli Grade M	3413	3348	65
	UP- Ramala Grade M	3240	3201	39
	UP- Dhampur Grade M Ex-Mill	3222	3232	-10
	UP- Dhampur Grade S Ex-Mill	3202	3212	-10
	UP- Dhampur Grade L Ex-Mill	3272	3282	-10
	Mumbai –Grade M	3328	3248	80
	Mumbai –Grade S	3159	3107	52
	Kolhapur – Grade M	3146	3100	46
	Kolhapur – Grade S	3013	2996	17
	Guhawati – Grade S	3322	3305	17
	Shillong – Grade S	3333	3316	17
	Vijayawada – Grade M	3600	3580	20
	Vijayawada- Grade S	3460	3443	17
	Nagpur – Grade M	3325	3242	83
	Nagpur – Grade S	3210	3132	78
	Kolkata – Grade M	3343	3328	15
	Chennai - Grade S	3130	3075	55
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3053	3005	48	
Ambikapur (Chattisgarh)- Grade S (Without Duty)	2985	2985	Unch	

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		27-Jun-14	20-Jun-14	27-May-14	27-Jun-13
Sugar	Delhi - Grade M	3400	3300	3250	3240
	Delhi - Grade S	3315	3200	3200	3200
	Delhi - Grade L	3365	3370	3300	3290
	UP- Khatauli Grade M	3440	3330	3370	3215
	UP- Ramala Grade M	NA	3245	3280	3150
	UP- Dhampur Grade M Ex-Mill	3200	3230	3220	3070
	UP- Dhampur Grade S Ex-Mill	3180	3210	3200	3050

UP- Dhampur Grade L Ex-Mill	3250	3280	3270	3120
Mumbai –Grade M	3352	3256	3356	3252
Mumbai –Grade S	3180	3102	3180	3096
Kolhapur – Grade M	3150	3100	3200	3060
Kolhapur – Grade S	3000	2975	3050	2960
Guhawati – Grade S	3309	3284	3360	NA
Shillong – Grade S	3320	3295	3370	NA
Vijayawada – Grade M	3620	3580	3520	3600
Vijayawada- Grade S	3480	3440	3420	3450
Nagpur – Grade M	3325	3250	3350	3300
Nagpur – Grade S	3230	3150	3150	3230
Kolkata – Grade M	3320	3360	NA	NA
Chennai - Grade S	3150	3075	3100	3075
Ambikapur (Chattisgarh)- Grade M (Without Duty)	2985	3005	3150	3100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3180	2985	3125	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	21st June-27th June	14th June-20th June	Change
Muzaffar Nagar	Chaku	3029	2992	37
	Chaku (Arrival)	10000	12000	-2000
	Khurpa	2858	2808	50
	Laddoo	3200	3133	67
	Rascut	2831	2820	11
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-

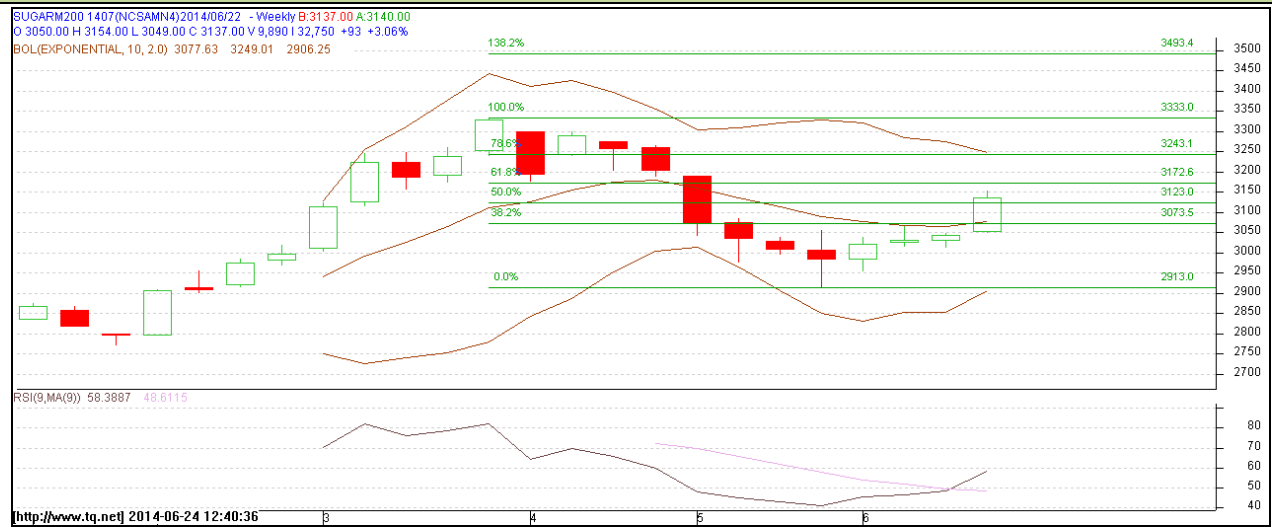
Maharashtra	Latur(Lal Variety)	3030	NA	-
Bangalore	Achhu	NA	NA	-
	Mudde	3675	3730	-55
Belgaum	Mudde	2800	2975	-175
Belthangadi	Yellow (Average)	3100	3200	-100
Bijapur	Achhu	2675	2700	-25
Gulbarga	Other (Average)	3125	3067	58
Mahalingapura	Penti (Average)	3033	3010	23
Mandya	Achhu (Medium)	2400	2300	100
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2317	2217	100
Shimoga	Achhu (Average)	3425	3370	55

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		27-Jun-14	20-Jun-14	27-May-14	27-Jun-13
Muzaffar Nagar	Chaku	3025	3038	3113	3000
	Khurpa(New)	2900	2750	2725	2800
	Laddu(New)	3225	3175	2975	3000
	Rascut	2825	2813	2375	2725
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	3050	NA	3050	3200
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	3600	3700	3200	3200
Belgaum	Mudde	NA	3000	NA	3000
Belthangadi	Yellow (Average)	3100	3200	3200	2800
Bijapur	Achhu	NA	NA	2750	3200
Gulbarga	Other (Average)	NA	NA	NA	3000
Mahalingapura	Penti (Average)	NA	3040	2960	3160
Mandya	Achhu (Medium)	2450	NA	2400	2850
	Kurikatu (Medium)	2200	NA	2200	2500
	Other (Medium)	2300	NA	2350	2500
	Yellow (Medium)	2350	NA	2350	2800
Shimoga	Achhu (Average)	3500	3350	3400	3650

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.

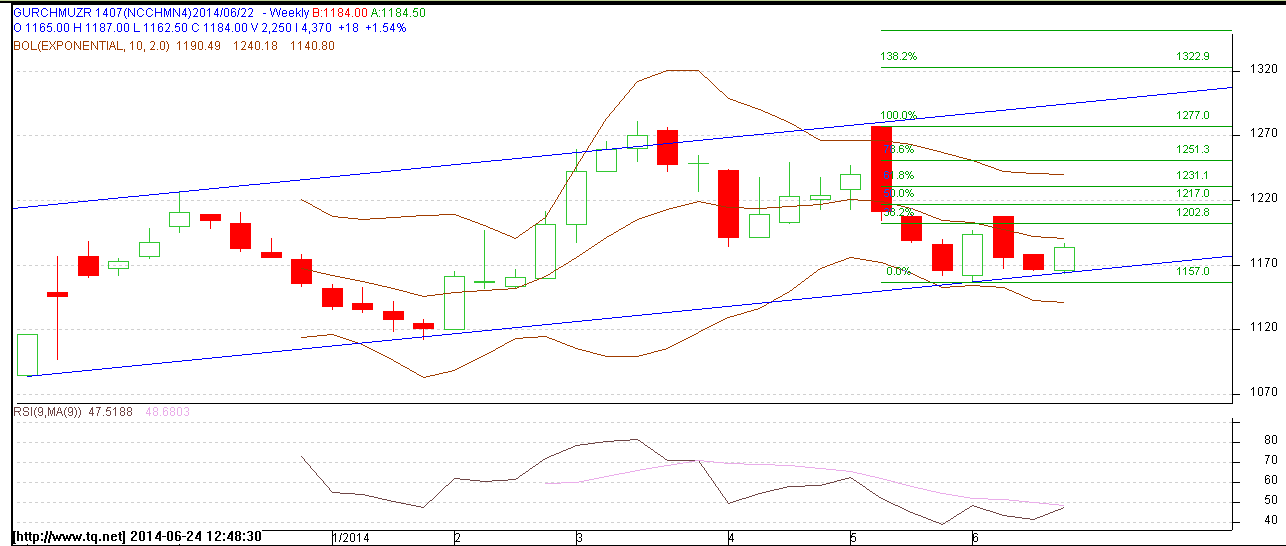
Strategy: Buy

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 remained mixed last week. Higher cane crushing data by millers from UNICA depress the prices of sugar in the later half of the week. However, there is some spot demand of sugar for Ramadan season side by side which offset the impact.

Meanwhile, 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:

- Center South region Brazilian mills crush 16.3% more cane in the first half of June than in the same period last year. This news give some strength to the bears to pull the market down. However, overall sentiments are bullish due to lower sugar production estimates from Brazil as reported.
- 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 fine 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 unto 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	26-Jun-14	19-Jun-14	Change
ICE Sugar #11 (US Cent/lb)	14-Jul	17.57	17.94	-0.37
	14-Oct	18.73	18.69	0.04
	15-Mar	19.81	19.65	0.16
LIFFE Sugar (US \$/MT)	14-Aug	487.40	488.5	-1.10
	14-Oct	493.30	492.8	0.50
	14-Dec	504.50	503	1.50

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	487.4	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	17.57	18

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>
© 2014 Indian Agribusiness Systems Pvt Ltd.