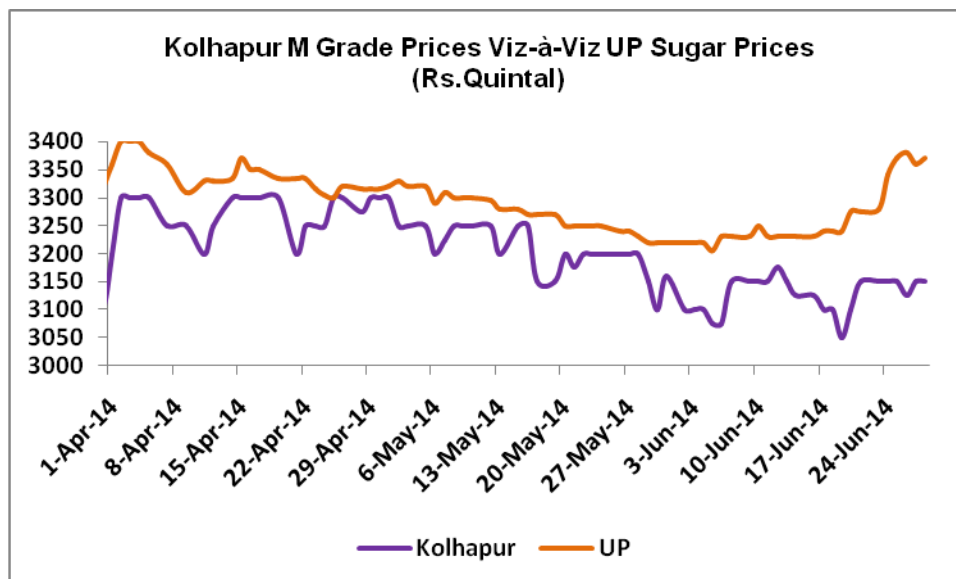


Sugar Price Trend and Outlook:

Sugar prices showed some bullish during last week thanks to good festive demand. However, regular intervention by govt to curb any hike in price of sugar likely to depress the sugar prices in the coming weeks.

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:

Sugar prices likely to take a dip considering decreasing international sugar prices and govt. interventions to curb hike in essential commodities.

News Highlights:

- Market is waiting for some cues from the govt at present. It is notable that govt is trying to curb any hike in commodity prices specially essential commodities like Sugar, Rice etc which ultimately spread bear sentiments.
- Sugar prices normally move in a negative zone in July period historically due to weak demand and moisture condition due to humid conditions.
- Food Ministry has sought approval from Cabinet to end the subsidy for raw sugar exports.
- There are rumors of making buffer stock of 40 lac tons by govt.
- UP millers wants govt to atleast not increase cane prices so that they can reduce losses and can make payments to farmers.
- 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.

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 23th 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:

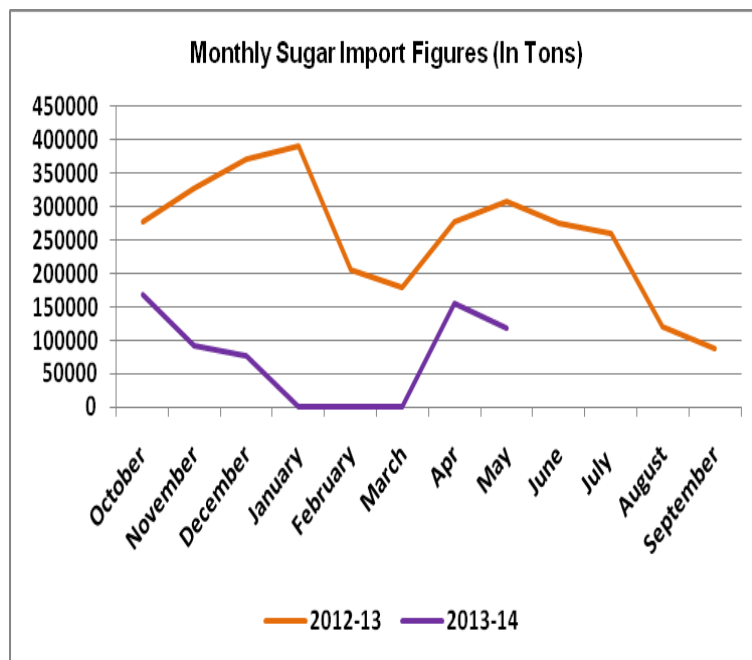
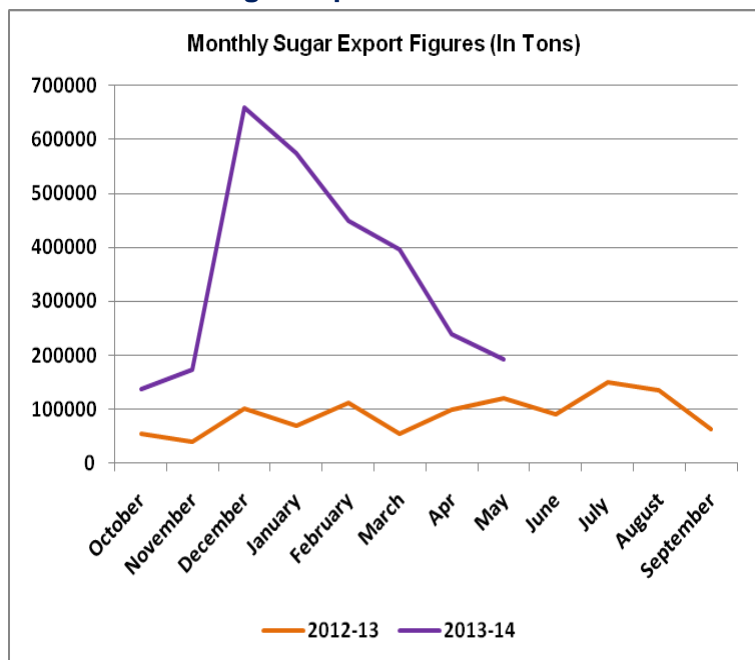
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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	28th June-4th July	21st June-27th June	Change
Sugar	Delhi - Grade M	3436	3341	95
	Delhi - Grade S	3331	3262	69
	Delhi - Grade L	3365	3358	7
	UP- Khatauli Grade M	3443	3413	30
	UP- Ramala Grade M	NA	3240	-
	UP- Dhampur Grade M Ex-Mill	3233	3222	11
	UP- Dhampur Grade S Ex-Mill	3213	3202	11
	UP- Dhampur Grade L Ex-Mill	3283	3272	11
	Mumbai –Grade M	3340	3328	12
	Mumbai –Grade S	3178	3159	19
	Kolhapur – Grade M	3150	3146	4
	Kolhapur – Grade S	3000	3013	-13
	Guhawati – Grade S	3309	3322	-13
	Shillong – Grade S	3320	3333	-13
	Vijayawada – Grade M	3620	3600	20
	Vijayawada- Grade S	3480	3460	20
	Nagpur – Grade M	3350	3325	25
	Nagpur – Grade S	3200	3210	-10
	Kolkata – Grade M	3393	3343	50
	Chennai - Grade S	3177	3130	47
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3150	3053	97
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2985	2985	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		4-Jul-14	27-Jun-14	4-Jun-14	4-Jul-13
Sugar	Delhi - Grade M	3425	3400	3220	3230
	Delhi - Grade S	3330	3315	3130	3190
	Delhi - Grade L	NA	3365	3270	3290
	UP- Khatauli Grade M	3445	3440	3330	3205
	UP- Ramala Grade M	NA	NA	3250	3150
	UP- Dhampur Grade M Ex-Mill	3300	3200	3200	3080
	UP- Dhampur Grade S Ex-Mill	3280	3180	3180	3060

	UP- Dhampur Grade L Ex-Mill	3350	3250	3250	3130
	Mumbai –Grade M	3326	3352	3266	3266
	Mumbai –Grade S	3176	3180	3122	3082
	Kolhapur – Grade M	3150	3150	3100	3075
	Kolhapur – Grade S	3000	3000	2950	2975
	Guhawati – Grade S	3309	3309	3258	NA
	Shillong – Grade S	3320	3320	3270	NA
	Vijayawada – Grade M	3620	3620	3500	3600
	Vijayawada- Grade S	3480	3480	3400	3450
	Nagpur – Grade M	3350	3325	3250	3300
	Nagpur – Grade S	3200	3230	3100	3200
	Kolkata – Grade M	NA	3320	NA	NA
	Chennai - Grade S	3150	3150	3050	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2985	2985	3050	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3200	3180	3025	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	28th June-4th July	21st June-27th June	Change
Muzaffar Nagar	Chaku	3042	3029	13
	Chaku (Arrival)	NA	10000	-
	Khurpa	2917	2858	59
	Laddoo	3144	3200	-56
	Rascut	2883	2831	52
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-

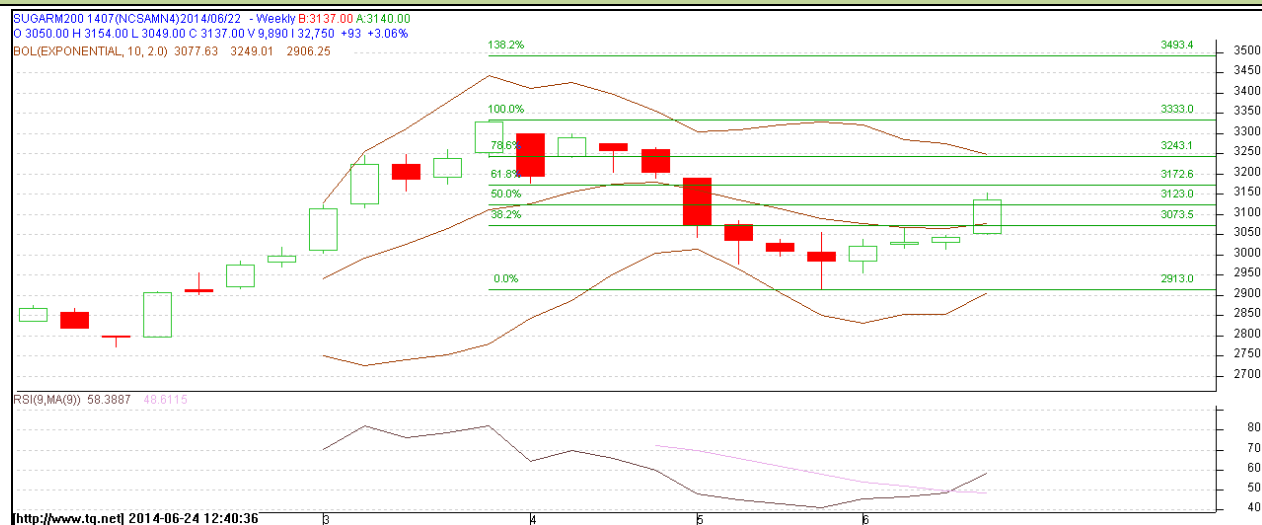
Maharashtra	Latur(Lal Variety)	3113	3030	83
Bangalore	Achhu	NA	NA	-
	Mudde	3600	3675	-75
Belgaum	Mudde	2650	2800	-150
Belthangadi	Yellow (Average)	3210	3100	110
Bijapur	Achhu	2770	2675	95
Gulbarga	Other (Average)	3169	3125	44
Mahalingapura	Penti (Average)	3020	3033	-13
Mandya	Achhu (Medium)	2450	2400	50
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2350	2317	33
Shimoga	Achhu (Average)	3425	3425	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		4-Jul-14	27-Jun-14	4-Jun-14	4-Jul-13
Muzaffar Nagar	Chaku	3050	3025	2925	3025
	Khurpa(New)	2925	2900	2700	2900
	Laddu(New)	3200	3225	3000	3075
	Rascut	3000	2825	2313	2800
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	3150	3050	2950	3300
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	3600	3600	3800	3200
Belgaum	Mudde	NA	NA	3000	2900
Belthangadi	Yellow (Average)	3250	3100	3200	2900
Bijapur	Achhu	2900	NA	NA	3150
Gulbarga	Other (Average)	3225	NA	3100	3000
Mahalingapura	Penti (Average)	3040	NA	2890	3140
Mandya	Achhu (Medium)	2450	2450	2300	2850
	Kurikatu (Medium)	2200	2200	2200	2500
	Other (Medium)	2300	2300	2300	2500
	Yellow (Medium)	2350	2350	2300	2800
Shimoga	Achhu (Average)	3400	3500	3500	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.

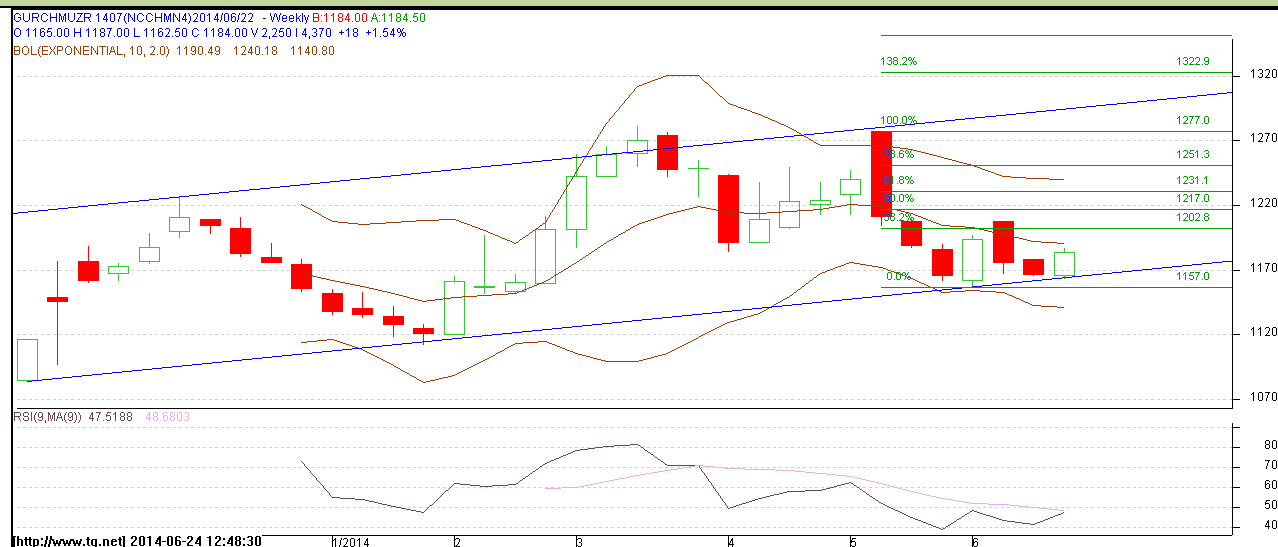
Strategy: Buy

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 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:

- As of June 14th increased weed infestation with the sugarcane fields have threatened the overall industrial output and slowdown in crushing from the central- southern regions of Brazil. Amongst analysts on the ground in Sao Paulo and other Centre-south areas, the general consensus is that the lower cane will ultimately transcend into concerns being raised about the overall availability of sugar, particularly within the second half of the marketing year. In particular the first two weeks of the month highlighted increased plant impurities born out of low yields and overall issues with separation of straw and tips, furthermore the input of late ripeners also increased these concerns.
- The El Niño probability rate for El Niño occurrence was increased to 70% by INMET .
- Looking forward through to the 25th June 2014, UNICA and local producers worked together to monitor cane crushing in the centre of the country; records indicated that throughout the first 2 weeks crushing rose by 8.5% from the previous fortnight to a record 41.37 million tons in what meteorologists called a pickup due to the drier weather earlier within the year.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	3-July-14	26-June-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	17.81	17.57	0.24
	15-Mar	19.21	18.73	0.48
	15-May	19.29	19.81	-0.52
LIFFE Sugar (US \$/MT)	14-Aug	470.10	487.40	-17.30
	14-Oct	472.70	493.30	-20.60
	14-Dec	486.10	504.50	-18.40

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

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