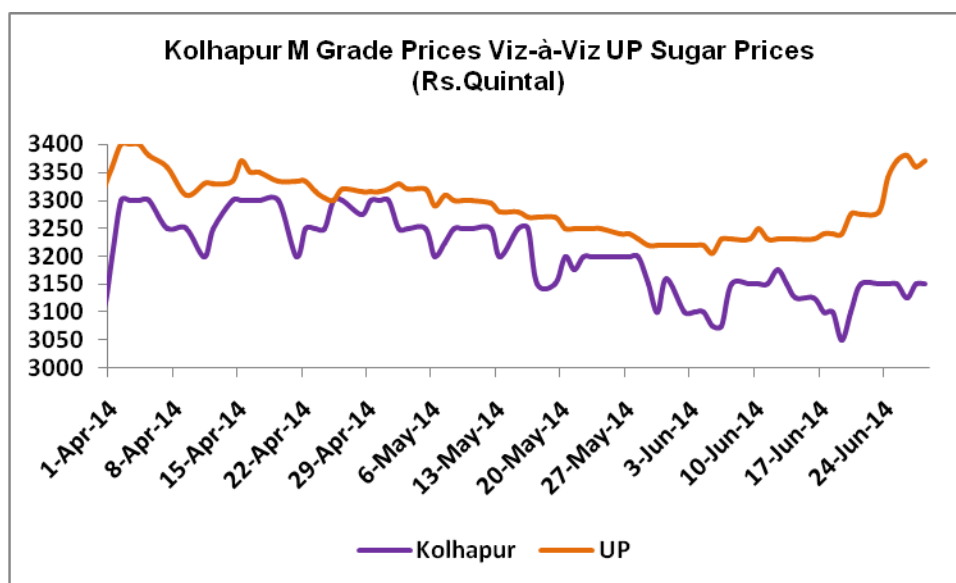


Sugar Price Trend and Outlook:

Sugar prices showed weak trend due to lower sugar demand at present. Rumors are also hovering in the markets for stock limit in sugar which also kept the participants out of the markets.

Meanwhile, ISMA release its sugar production estimate for 2014-15 to 25.3 million tons which is 4% higher compared to last year.



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:

- As per ISMA, sugar production is expected to rise by approx. 4% to 25.3 million tonnes in 2014-15; despite a fall in total acreage in U.P for the period which offsets the higher production in Maharashtra and Karnataka.
- Sugar auction worth Rs 175 crore at Muzaffarnagar (meant to repay farmer's debt) proved to be a failure as it didn't provide any respite due to the existing glut in the market.
- Stockists are looking to stock piles accumulation of sugar in the near future at lower levels considering lower sugar production estimation for 2014-15 and surge in sugar demand in upcoming festive season.
- Rake business has been reported from Kolhapur to Kolkata at Rs 2950 per quintal (Ex-mill).
- 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.

Raw Sugar Import Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$522.10 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$515 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 \$453.5/ 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 10 th July 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$453.5	\$451.7	\$515

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	24.3

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:

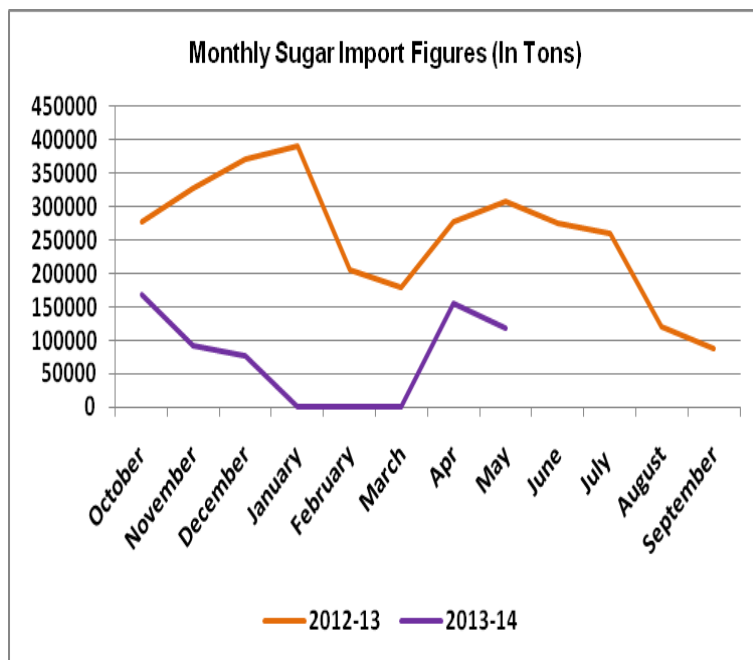
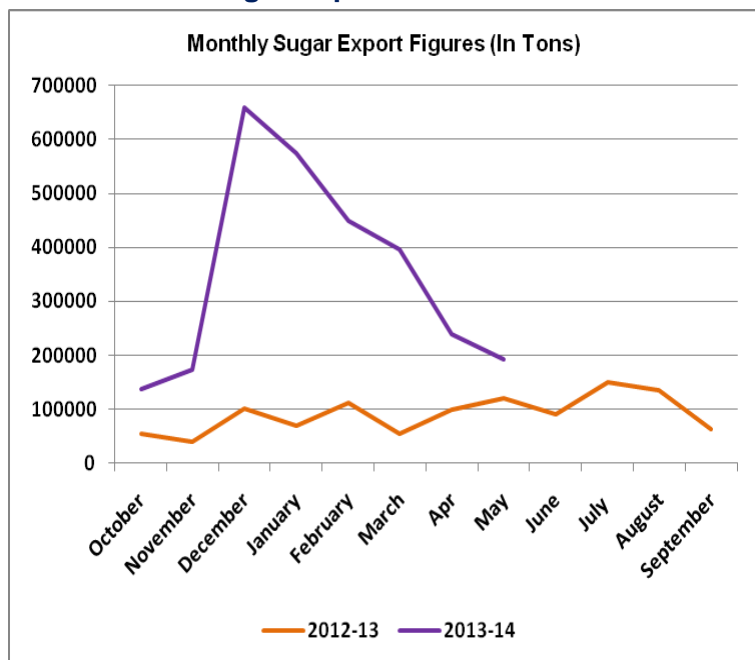
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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	5th June-11th July	28th June-4th July	Change
Sugar	Delhi - Grade M	3409	3436	-27
	Delhi - Grade S	3313	3331	-18
	Delhi - Grade L	NA	3365	-
	UP- Khatauli Grade M	3428	3443	-15
	UP- Ramala Grade M	3343	NA	-
	UP- Dhampur Grade M Ex-Mill	3323	3233	90
	UP- Dhampur Grade S Ex-Mill	3303	3213	90
	UP- Dhampur Grade L Ex-Mill	3373	3283	90
	Mumbai –Grade M	3329	3340	-11
	Mumbai –Grade S	3182	3178	4
	Kolhapur – Grade M	3133	3150	-17
	Kolhapur – Grade S	3000	3000	Unch
	Guhawati – Grade S	3309	3309	Unch
	Shillong – Grade S	3320	3320	Unch
	Vijayawada – Grade M	3620	3620	Unch
	Vijayawada- Grade S	3480	3480	Unch
	Nagpur – Grade M	3350	3350	Unch
	Nagpur – Grade S	3200	3200	Unch
	Kolkata – Grade M	3385	3393	-8
	Chennai - Grade S	3200	3177	23
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3150	3150	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2985	2985	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		11-Jul-14	4-Jul-14	11-Jun-14	11-Jul-13
Sugar	Delhi - Grade M	3400	3425	3300	3240
	Delhi - Grade S	3300	3330	3250	3210
	Delhi - Grade L	NA	NA	3390	3300
	UP- Khatauli Grade M	3420	3445	3400	3215
	UP- Ramala Grade M	3310	NA	3200	3160
	UP- Dhampur Grade M Ex-Mill	3340	3300	3300	3080
	UP- Dhampur Grade S Ex-Mill	3320	3280	3280	3060

UP- Dhampur Grade L Ex-Mill	3390	3350	3350	3130
Mumbai –Grade M	3336	3326	3262	3266
Mumbai –Grade S	3196	3176	3112	3126
Kolhapur – Grade M	3150	3150	3150	3060
Kolhapur – Grade S	3000	3000	3000	2930
Guhawati – Grade S	3309	3309	3309	NA
Shillong – Grade S	3320	3320	3320	NA
Vijayawada – Grade M	3620	3620	3580	3600
Vijayawada- Grade S	3480	3480	3460	3450
Nagpur – Grade M	3350	3350	3350	3300
Nagpur – Grade S	3200	3200	3150	3200
Kolkata – Grade M	NR	NA	NA	3400
Chennai - Grade S	3200	3150	3075	3100
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3150	2985	3050	3100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	2985	3200	2985	3100

Gur Market Scenario and Outlook

Prices of gur declined last week in gur markets. Less demand of gur in summer season led the prices down.

Total around 1147000 bags of gur stored in cold storages till 7th July 2014 higher compared to 940000 bags at same period last year.

Prices of gur likely to decline with decreasing sugar prices.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	5th June-11th July	28th June-4th July	Change
Muzaffar Nagar	Chaku	3027	3042	-15
	Chaku (Arrival)	NA	NA	-
	Khurpa	2908	2917	-9
	Laddoo	3208	3144	64
	Rascut	2929	2883	46
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3150	3113	37
Bangalore	Achhu	NA	NA	-

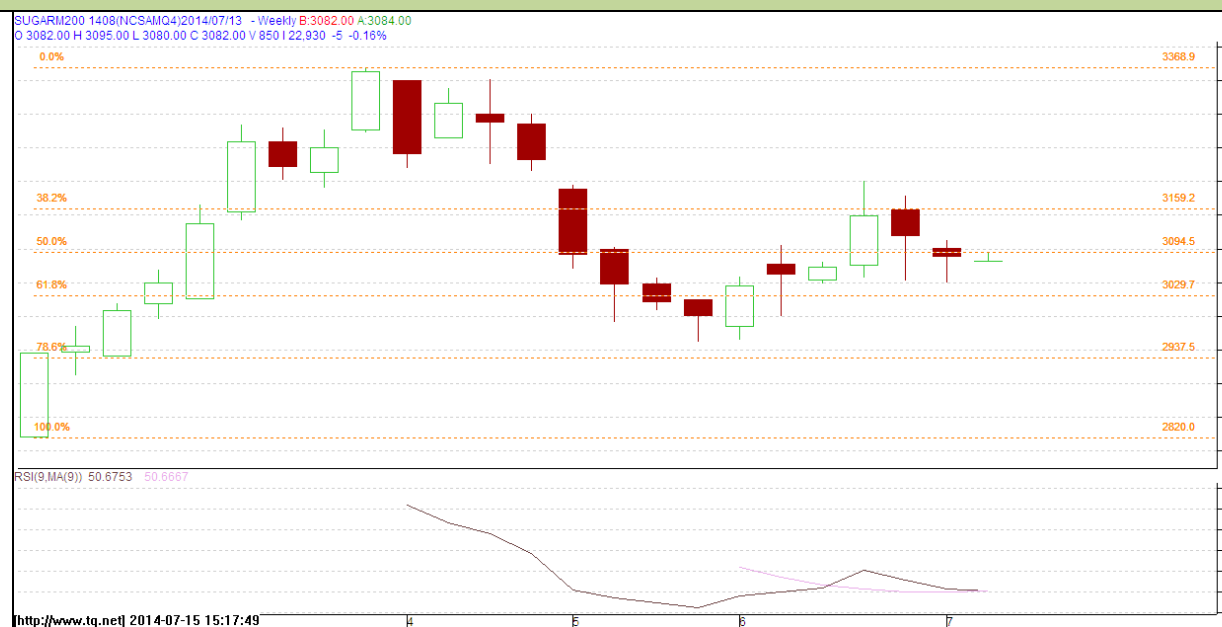
	Mudde	3692	3600	92
Belgaum	Mudde	2840	2650	190
Belthangadi	Yellow (Average)	3290	3210	80
Bijapur	Achhu	2800	2770	30
Gulbarga	Other (Average)	3214	3169	45
Mahalingapura	Penti (Average)	2901	3020	-119
Mandya	Achhu (Medium)	2450	2450	Unch
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2350	2350	Unch
Shimoga	Achhu (Average)	3533	3425	108

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		11-Jul-14	4-Jul-14	11-Jun-14	11-Jul-13
Muzaffar Nagar	Chaku	3000	3050	2975	2987
	Khurpa(New)	2900	2925	2875	2700
	Laddu(New)	2900	3200	3138	2900
	Rascut	3175	3000	2750	2700
Hapur	Chaurasa	2925	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	3150	3050	3275
Bangalore	Achhu	3150	NA	NA	3000
	Mudde	NR	3600	3692	3200
Belgaum	Mudde	3750	NA	2840	3000
Belthangadi	Yellow (Average)	NR	3250	3290	2800
Bijapur	Achhu	NR	2900	2800	3200
Gulbarga	Other (Average)	2900	3225	3213	3050
Mahalingapura	Penti (Average)	NR	3040	2901	3160
Mandya	Achhu (Medium)	2960	2450	2450	3000
	Kurikatu (Medium)	2450	2200	2200	2500
	Other (Medium)	2200	2300	2300	2550
	Yellow (Medium)	2300	2350	2350	2950
Shimoga	Achhu (Average)	2350	3400	3533	3475

Commodity: Sugar
Contract: Aug

Exchange: NCDEX
Expiry: Aug 20, 2014

SUGAR (Weekly Aug Contract Chart)



Technical Commentary:

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

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Aug	2890	2986	3087	3170	3240
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Aug	Sell	Below 3095	3035	3005	3125

Commodity: Gur
Contract: Sept

Exchange: NCDEX
Expiry: Sept 20, 2014

GUR (Sept Weekly Chart)

GURCHMUZR 1409(NCCHMU4)2014/07/13 - Weekly B:1207.50 A:1209.00
O 1212.50 H 1217.00 L 1207.00 C 1208.00 V 3,760 I 6,530 -4.5 -0.37%



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: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1126	1147	1212.5	1230	1251
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Sell	Below 1212	1200	1194	1218

International Scenario

International sugar prices remained weak last week due to dry weather spell in Brazil which increase the pace of cane harvesting which gives market a short term bear hint. However, medium term prices looks bullish due to overall sugar deficit globally.

International Market News Highlights:

- Uganda tries to emerge as a new exporter to East African nations but is thrashed by the geo-political tensions and import barriers thereon.
- Current Brazilian cane crushing pace forced LIFFE speculator to cut their future demand by 1942 lots from 4531 lots (as on 8th July, 2014).
- Moreover, inclination towards sweetener production was observed in the country (Brazil) indicating a gradual shift from ethanol production. It is notable that millers are diverting their cane by upto 54.4 % to make ethanol and rest for sugar due to lucrative demand of ethanol globally and less profit margins for making sugar at present.
- Thai sugar premium are now offering at discount for the first time since 2009. Thai hipol sugar premium were trading at 50-55 points below New York July future contract.
- Kingsman raised its global sugar deficit forecast to 2.094 million tons from 239000 tons for 2014-15. Deteriorating cane crop condition in Center South Region of Brazil due to drought conditions urge various forecasters to raised its sugar deficit estimates for 2014-15.
- Dry weather condition in Brazil gave its way to the millers for making optimum and efficient utilization of the available cane.
- ICE raw sugar delivery smallest for July futures since 2000. It is notable that about 38660 tons of raw sugar will be delivered to settle against July futures that expired in ICE yesterday.
- According to Rabobank, Sugar consumption outpace demand by 9 lac tons globally thanks to lower sugar production in Brazil and Thailand.

International Sugar Prices (Weekly)				
	Contract Month	10-July-14	3-July-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	17.29	17.81	-0.52
	15-Mar	18.95	19.21	-0.26
	15-May	19.07	19.29	-0.22
LIFFE Sugar (US \$/MT)	14-Aug	453.5	470.10	-16.6
	14-Oct	459.1	472.70	-13.6
	14-Dec	473.1	486.10	-13

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 \$453.5 till 10th July and one can take a sell position from here with a target of \$430

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'14	453.5	430

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

Daily QSBN4



Technical Commentary:

- ICE raw sugar futures are moving downwards.
- Last candlestick depicts bearishness in the market.

Strategy: Sell at 17.40 with target of 17.02

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	17.29	17.02

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.