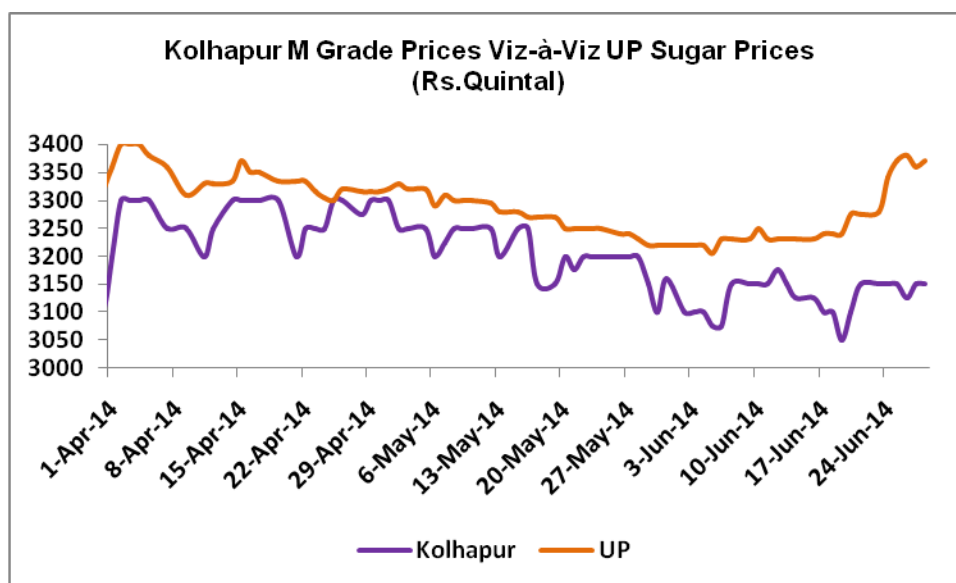


Sugar Price Trend and Outlook:

Mixed to weak tone witnessed in key sugar spot markets during last week. Continuous sugar supply from mills and lackluster demand become the major influencing factors which drive the prices steady to down.

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:

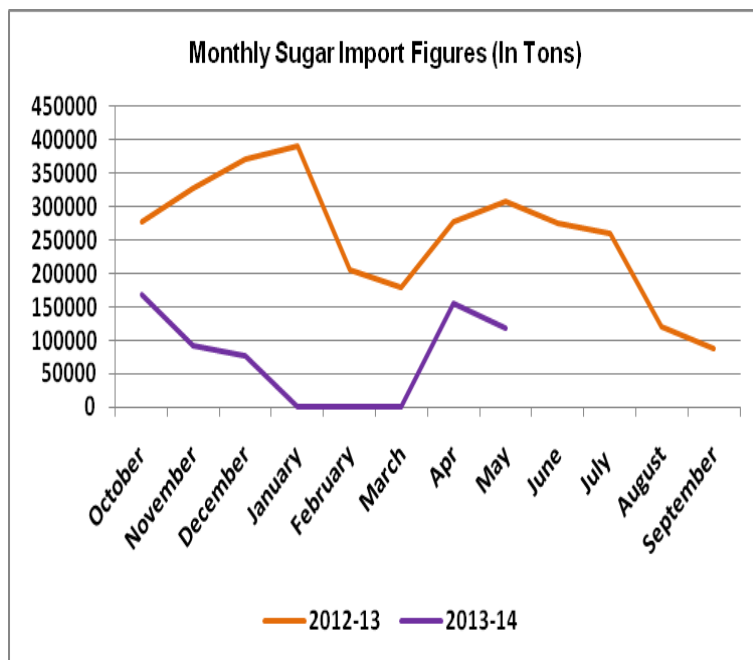
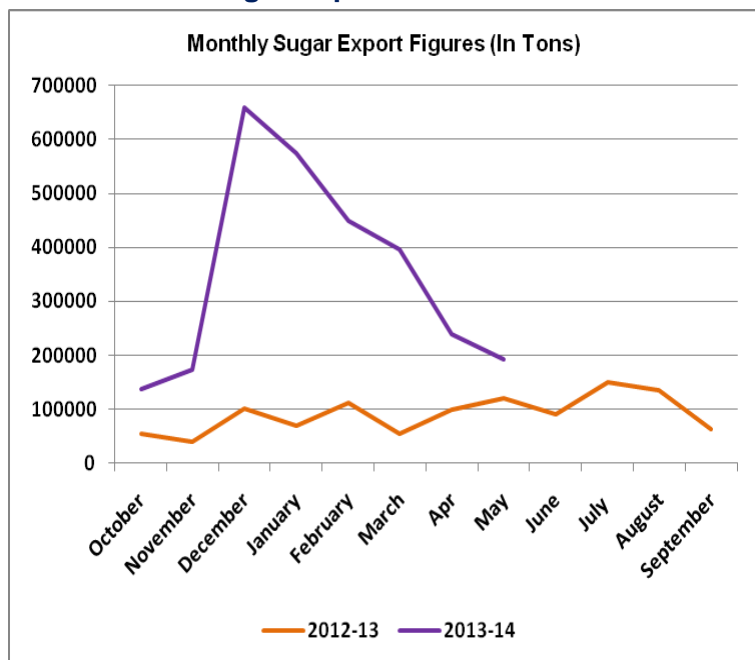
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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	18th June-12th July	5th June-11th July	Change
Sugar	Delhi - Grade M	3370	3409	-39
	Delhi - Grade S	3271	3313	-42
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3432	3428	4
	UP- Ramala Grade M	3305	3343	-38
	UP- Dhampur Grade M Ex-Mill	3333	3323	10
	UP- Dhampur Grade S Ex-Mill	3313	3303	10
	UP- Dhampur Grade L Ex-Mill	3383	3373	10
	Mumbai –Grade M	3354	3329	25
	Mumbai –Grade S	3195	3182	13
	Kolhapur – Grade M	3113	3133	-20
	Kolhapur – Grade S	2979	3000	-21
	Guhawati – Grade S	3288	3309	-21
	Shillong – Grade S	3299	3320	-21
	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	3325	3385	-60
	Chennai - Grade S	3167	3200	-33
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3129	3150	-21
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2996	2985	11

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		18-Jul-14	11-Jul-14	18-Jun-14	18-Jul-13
Sugar	Delhi - Grade M	3350	3400	3290	3250
	Delhi - Grade S	3250	3300	3240	3210
	Delhi - Grade L	NA	NA	3390	3300
	UP- Khatauli Grade M	3430	3420	3350	3225
	UP- Ramala Grade M	3290	3310	3200	3170
	UP- Dhampur Grade M Ex-Mill	3330	3340	3230	3110
	UP- Dhampur Grade S Ex-Mill	3310	3320	3210	3090

UP- Dhampur Grade L Ex-Mill	3380	3390	3280	3160
Mumbai –Grade M	3346	3336	3252	3272
Mumbai –Grade S	3190	3196	3096	3132
Kolhapur – Grade M	3100	3150	3100	3050
Kolhapur – Grade S	2975	3000	3000	2950
Guhawati – Grade S	3284	3309	3309	NA
Shillong – Grade S	3295	3320	3320	NA
Vijayawada – Grade M	3620	3620	3580	3580
Vijayawada- Grade S	3480	3480	3440	3430
Nagpur – Grade M	3350	3350	3200	3250
Nagpur – Grade S	3200	3200	3125	3200
Kolkata – Grade M	3320	NR	3310	3420
Chennai - Grade S	3150	3200	3075	3100
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3125	3150	3005	3100
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	2985	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	18th June-12th July	5th June-11th July	Change
Muzaffar Nagar	Chaku	3058	3027	31
	Chaku (Arrival)	NA	NA	-
	Khurpa	2950	2908	42
	Laddoo	3175	3208	-33
	Rascut	2921	2929	-8
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3150	3150	Unch
Bangalore	Achhu	NA	NA	-

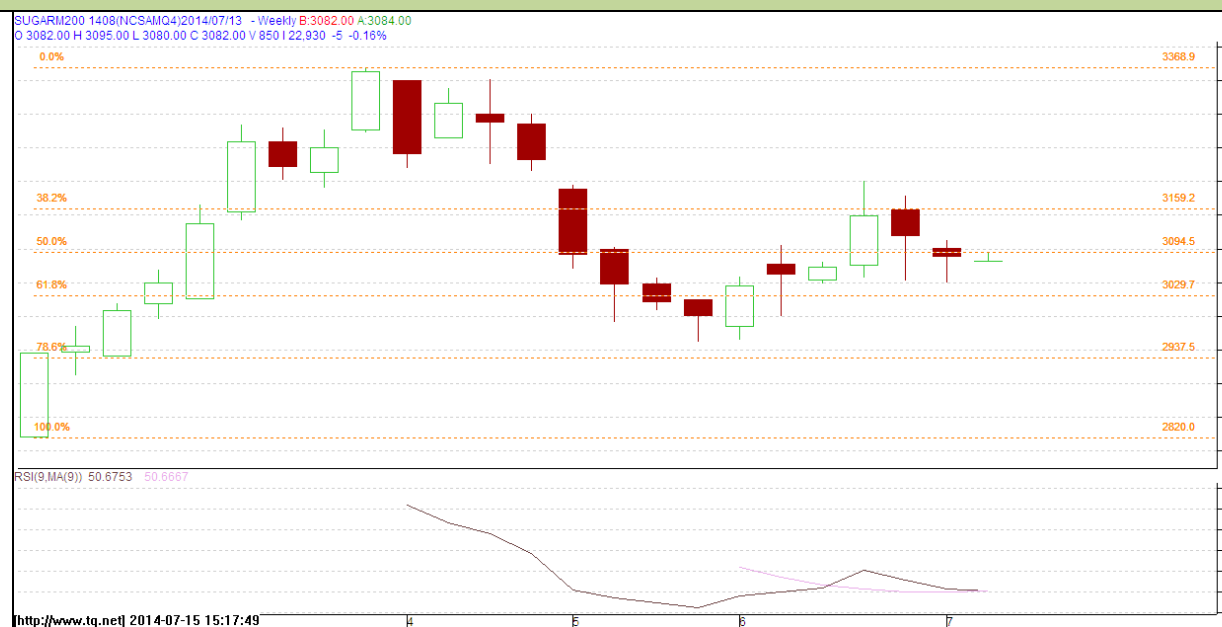
	Mudde	3720	3692	28
Belgaum	Mudde	3030	2840	190
Belthangadi	Yellow (Average)	3300	3290	10
Bijapur	Achhu	2933	2800	133
Gulbarga	Other (Average)	NA	3214	-
Mahalingapura	Penti (Average)	2965	2901	64
Mandya	Achhu (Medium)	2450	2450	Unch
	Kurikatu (Medium)	2313	2200	113
	Other (Medium)	2375	2300	75
	Yellow (Medium)	2425	2350	75
Shimoga	Achhu (Average)	3463	3533	-70

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		18-Jul-14	11-Jul-14	18-Jun-14	18-Jul-13
Muzaffar Nagar	Chaku	3050	3000	3050	2975
	Khurpa	NA	2900	NA	2750
	Laddu	3000	2900	2875	3000
	Rascut	3225	3175	3175	2750
Hapur	Chaurasa	2875	2925	2825	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	3300
Bangalore	Achhu	3150	3150	NA	3100
	Mudde	NA	NR	NA	3200
Belgaum	Mudde	3700	3750	3750	3000
Belthangadi	Yellow (Average)	3050	NR	3000	2600
Bijapur	Achhu	3300	NR	3200	3350
Gulbarga	Other (Average)	2900	2900	NA	3000
Mahalingapura	Penti (Average)	2980	NR	NA	3240
Mandya	Achhu (Medium)	2450	2960	NA	2950
	Kurikatu (Medium)	2350	2450	NA	2500
	Other (Medium)	2400	2200	NA	2550
	Yellow (Medium)	2450	2300	NA	2900
Shimoga	Achhu (Average)	3400	2350	NA	3350

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	17-July-14	10-July-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	16.92	17.29	-0.37
	15-Mar	18.32	18.95	-0.63
	15-May	18.49	19.07	-0.58
LIFFE Sugar (US \$/MT)	14-Aug	450.2	453.5	-3.3
	14-Oct	464.3	459.1	5.2
	14-Dec	478.9	473.1	5.8

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

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