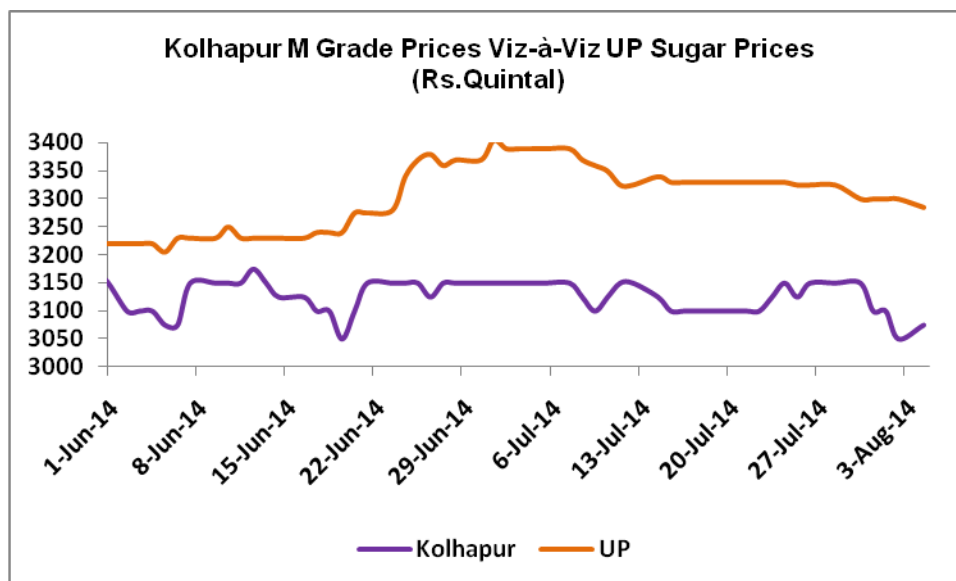


### Sugar Price Trend and Outlook:

Prices of sugar traded in a weak tone from last couple of weeks. Sluggish demand at current rates and rejection of increase in import duty on sugar to 40% from existing 15% led the sugar prices down.

Meanwhile, Sugarcane sowing has started and till date around 46.42 lac hectares of sugarcane has been cultivated.



### 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:

- The net sown area under sugarcane cultivation has increased to 46.42 lakh hectares in India till August 1, 2014 for 2015-16 marketing year.
- Sugar prices declined by 1% this week ended 1<sup>st</sup> August 2014 in Muzaffar Nagar spot market. Weak spot demand, continuous supply pressure from Brazil and Thailand and initial higher sugar production estimate for 2014-15 influence the prices.
- Kolkata (big consuming center of sugar) got 47 rakes of sugar from various sourcing centers like UP and Maharashtra in the period between 15<sup>th</sup> July to 31<sup>st</sup> July 2014 as reported.
- India is offering sugar FOB prices at \$500-510 per ton which is comparatively higher compared to Brazil and Thailand sugar FOB prices i.e. \$434 and \$437.70 per ton respectively.
- Sugar future traded low amid ample supply both in domestic as well as international market coincided along heavy rainfall in western India. However, the demand is expected to boost marginally amidst arrival of festival season in India
- The Legislative Council had sanctioned the Karnataka Sugarcane (Regulation of Purchase and Supply) (Amendment) Bill 2014 in the assembly. The bill primarily focuses upon restructuring and reformation of Sugarcane Control Board in the state alongside the provision of additional power to the board. According to the news sources, farmers will get first cane payment immediately and second payment based on the revenue sharing basis after 14 days.

**Raw Sugar Import Opportunity:**

Indian indicative raw sugar CIF prices from Brazil quoted at \$522 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$500 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, Brazil sugar FOB prices quoted at \$439.5/ 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.60.80) till 4 <sup>th</sup> Aug 2014			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$439.50	\$470	\$500

**Sugarcane Crop Update****Maharashtra:**

- Cane crop in Maharashtra affected in some parts like Sangli and Kolhapur due to heavy rainfall. The 18 month standing crop which is going to be harvested in December 2014 is currently tilting due to airflow and rainfall. According to cane officials in the mills, cane likely to lose 10-15% yield this time for 2014-15 harvesting year.
- At present, around 28-30 internodes are there in Adsali standing crop with total height of around 10-12 feet. Other crops like Turmeric, pomegranate (Substitute crop of Cane) damaged due to recent rainfall in these areas as reported. Also, Cane is affected by Mahwa named disease in some parts of Maharashtra.
- Meanwhile, farmers have started planting Adsali crop for 2015-16 and reportedly acreage is increasing due to less water availability during Soybean planting last month which urge farmers to shift their cropping pattern more towards cane specially in South west Maharashtra.

**Uttar Pradesh:**

- The cane crop in Uttar Pradesh seems good at present as moderate rainfall support the cane yield. It is notable that cane yield is indirectly proportionate to heavy rainfall which means higher than normal rainfall reduce cane yield due to water logging conditions as UP is totally irrigated area.
- Meanwhile, cane recently completed its key tillering stage and entering into the growth stage. As far as height is concerned, it is about 5-6 feet as reported.

## Sugar Import and Export Scenario:

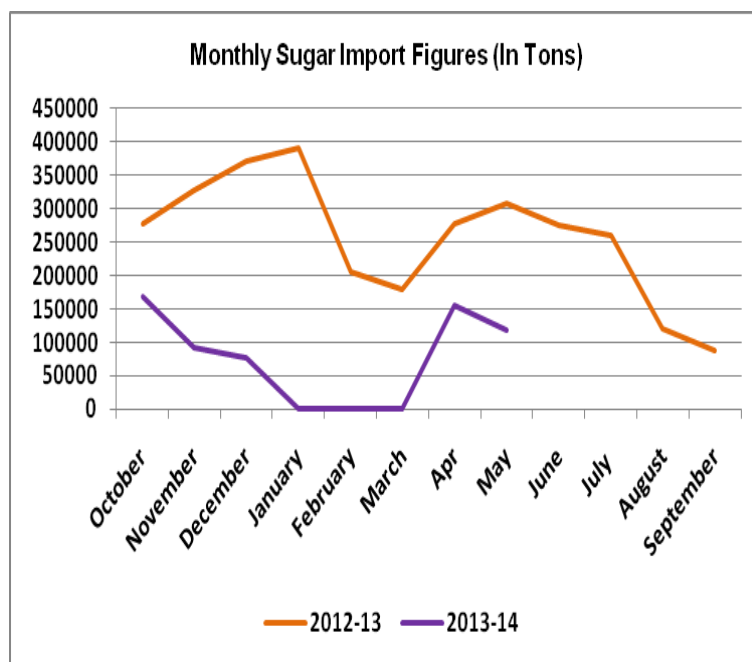
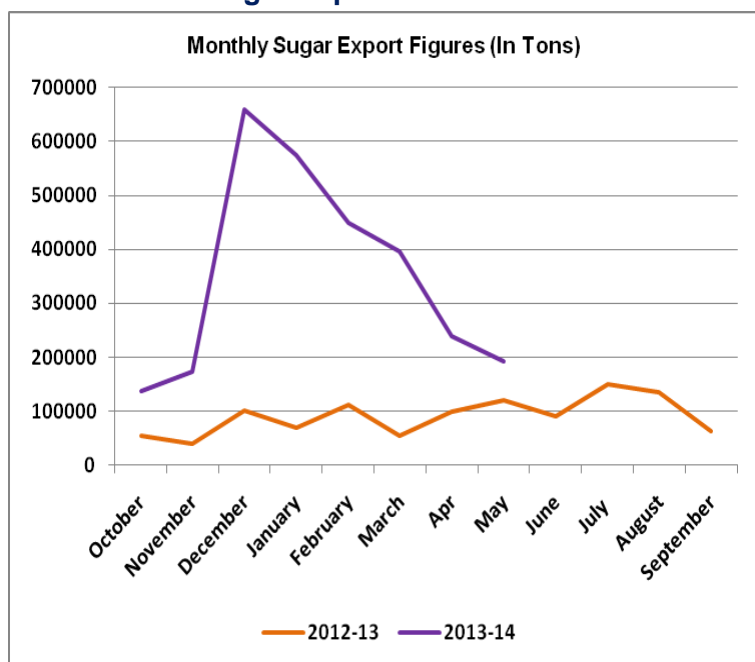
India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 15% sugar import duty (on both raws and whites). In addition to it, strong rupee also support the imports.

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 Jaggery (Gur) Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	26th July-1st August	25th July-19th July	Change
Sugar	Delhi - Grade M	3334	3363	-29
	Delhi - Grade S	3254	3292	-38
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3410	3437	-27
	UP- Ramala Grade M	3280	3297	-17
	UP- Dhampur Grade M Ex-Mill	3325	3338	-13
	UP- Dhampur Grade S Ex-Mill	3305	3318	-13
	UP- Dhampur Grade L Ex-Mill	3375	3388	-13
	Mumbai –Grade M	3328	3340	-12
	Mumbai –Grade S	3189	3187	2
	Kolhapur – Grade M	3130	3117	13
	Kolhapur – Grade S	2990	2983	7
	Guhawati – Grade S	3298	3292	6
	Shillong – Grade S	3310	3303	7
	Vijayawada – Grade M	3562	3593	-31
	Vijayawada- Grade S	3454	3467	-13
	Nagpur – Grade M	3350	3350	Unch
	Nagpur – Grade S	3150	3150	Unch
	Kolkata – Grade M	3302	3360	-58
	Chennai - Grade S	3100	3150	-50
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3125	3125	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		1-Aug-14	25-Jul-14	1-Jul-14	1-Jul-13
Sugar	Delhi - Grade M	3320	3350	3450	3220
	Delhi - Grade S	3230	3300	3450	3215
	Delhi - Grade L	NA	NA	3365	3300
	UP- Khatauli Grade M	3400	3430	3465	3225
	UP- Ramala Grade M	3280	3300	NA	3160
	UP- Dhampur Grade M Ex-Mill	3295	3340	3200	3080
	UP- Dhampur Grade S Ex-Mill	3275	3320	3180	3060
	UP- Dhampur Grade L Ex-Mill	3345	3390	3250	3130
	Mumbai –Grade M	3326	3331	3356	3256
	Mumbai –Grade S	3192	3186	3186	3096
	Kolhapur – Grade M	3100	3125	3150	3060
	Kolhapur – Grade S	2950	3000	3000	2960
	Guhawati – Grade S	3258	3309	3309	NA
	Shillong – Grade S	3270	3320	3320	NA
	Vijayawada – Grade M	3550	3580	3620	3600
	Vijayawada- Grade S	3450	3460	3480	3450
	Nagpur – Grade M	3350	3350	3350	3300
	Nagpur – Grade S	3150	3150	3200	3200
	Kolkata – Grade M	3300	3360	3390	3300
	Chennai - Grade S	3100	3150	3150	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3125	3125	3150	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	2985	3100

### Gur Market Scenario and Outlook

Gur prices witness artificial firmness at present and likely move down in the coming days due to good stock availability in the Maharashtra markets. It is notable that cane has diverted more towards gur production in Pune and Sangli area this year. In addition to it, market participants is expecting early arrivals of gur for the next marketing year which drive the prices southwards in the medium term.

Prices of gur likely to decline with decreasing sugar prices in the coming week.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	26th July-1st August	25th July-19th July	Change
<b>Muzaffar Nagar</b>	Chaku	3002	3046	-44
	Chaku (Arrival)	NA	NA	-
	Khurpa	2860	2938	-78
	Laddoo	3172	3175	-3
	Rascut	2910	2871	39
<b>Hapur</b> <b>Maharashtra</b>	Chaurasa	NA	NA	-
	Balti	NA	NA	-
	Latur(Lal Variety)	3110	3100	10
<b>Bangalore</b>	Achhu	NA	NA	-
	Mudde	3740	3800	-60
<b>Belgaum</b>	Mudde	3025	2950	75
<b>Belthangadi</b>	Yellow (Average)	3387	3317	70
<b>Bijapur</b>	Achhu	2968	3007	-39
<b>Gulbarga</b>	Other (Average)	3225	NA	-
<b>Mahalingapura</b>	Penti (Average)	3090	3068	22
<b>Mandya</b>	Achhu (Medium)	2450	2433	17
	Kurikatu (Medium)	2350	2350	Unch
	Other (Medium)	2400	2400	Unch
	Yellow (Medium)	2440	2433	7
<b>Shimoga</b>	Achhu (Average)	3425	3417	8

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		1-Aug-14	25-Jul-14	1-Jul-14	1-Jul-13
<b>Muzaffar Nagar</b>	Chaku	3050	3000	3050	2975
	Khurpa(New)	2950	NA	2900	2800
	Laddu(New)	3212	2875	3075	2900
	Rascut	2950	3150	2900	2955
<b>Hapur</b>	Chaurasa	NA	2875	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	3100	NA	3150	3225



<b>Bangalore</b>	Achhu	NA	3100	NA	3000
	Mudde	3700	NA	3600	3200
<b>Belgaum</b>	Mudde	3000	3800	NA	3000
<b>Belthangadi</b>	Yellow (Average)	3400	NA	3200	2800
<b>Bijapur</b>	Achhu	2960	3350	2800	<b>3100</b>
<b>Gulbarga</b>	Other (Average)	NA	2975	3100	2900
<b>Mahalingapura</b>	Penti (Average)	NA	NA	2990	3130
<b>Mandya</b>	Achhu (Medium)	2450	3140	2450	2800
	Kurikatu (Medium)	2350	2450	2200	2500
	Other (Medium)	2400	2350	2300	2500
	Yellow (Medium)	2450	2400	2350	2800
<b>Shimoga</b>	Achhu (Average)	NA	2450	3500	3625

Commodity: Sugar  
Contract: Aug

Exchange: NCDEX  
Expiry: Aug 20, 2014

### SUGAR (Weekly Aug Contract Chart)



#### Technical Commentary:

- Prices are showing downside as chart depicts.
- Last candlestick depicts bearishness.
- Sugar prices are hovering near to neutral region.

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Aug	2868	2961	3006	3070	3094
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Aug	Buy	Above 3000	3030	3045	2982



Commodity: Gur  
Contract: Sept

Exchange: NCDEX  
Expiry: Sept 20, 2014

### GUR (Sept 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:** Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1126	1147	1203	1251	1274
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	<b>Sell</b>	Below 1208	1190	1181	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:

- The drought within the center south states of Mato Grosso, São Paulo and Paraná will be felt in the coming months as this now indicates that there will more than likely be an elevated concentration within cane. With the supply and demand dynamics playing a central role for the center-south of the Brazilian cane crop there is a lower cane yield and higher TRS levels in cane.
- Production of cane in the state of São Paulo had decreased for nightily from the first day of July, passing through to the sixteenth of July by 2.8%, this was in comparison to the first sixteen days of July for the 2013/14 season
- A major fire stroke at the Santos Port in Brazil, flaming two sugar warehouses at stake, Apart from the physical loss concurred, the rampant could hamper the port's capacity, which is meant for trading 12 million tons of sugar annually.
- On the wake of rising domestic demand, Egyptian Govt planned to raise its sugar production outlay from 1.1 million tons to 2 million tons for the next marketing season, 2015-16. This will be supported by a surge in acreage area under cultivation along with improvement in irrigation facility within the country. However, the move is expected to adversely affect the Indian counterpart which used to export sugar to the country.
- An additional import permit of 502000 tons raw sugar had been issued by Indonesian govt. for the latter half of the year. As so far, the govt. had permitted 2.6 million tons of sugar as against the targeted plan of 2.8 million tons for the full year.

International Sugar Prices (Weekly)				
	Contract Month	31-Jul-14	24-Jul-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	16.46	17.05	-0.59
	15-Mar	18.25	18.67	-0.42
	15-May	18.46	18.83	-0.37
LIFFE Sugar (US \$/MT)	14-Oct	437.7	447.6	-9.9
	14-Dec	452.6	462.8	-10.2
	15-Mar	471	481	-10

### LIFFE Future Market Sugar Scenario (Oct'14 Contract):



### Technical Commentary:

- Sugar prices are getting resistance at \$462.8, breach of that level from upside would take the prices upto \$520-525.
- Prices are presently hovering at \$434.7 till 4<sup>th</sup> Aug and one can take a sell position from \$435 with a target of \$418

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'14	434.7	418

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

**Technical Commentary:**

- ICE raw sugar futures are moving downwards.
  - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 16.57 with target of 16.11

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	16.46	16.11

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