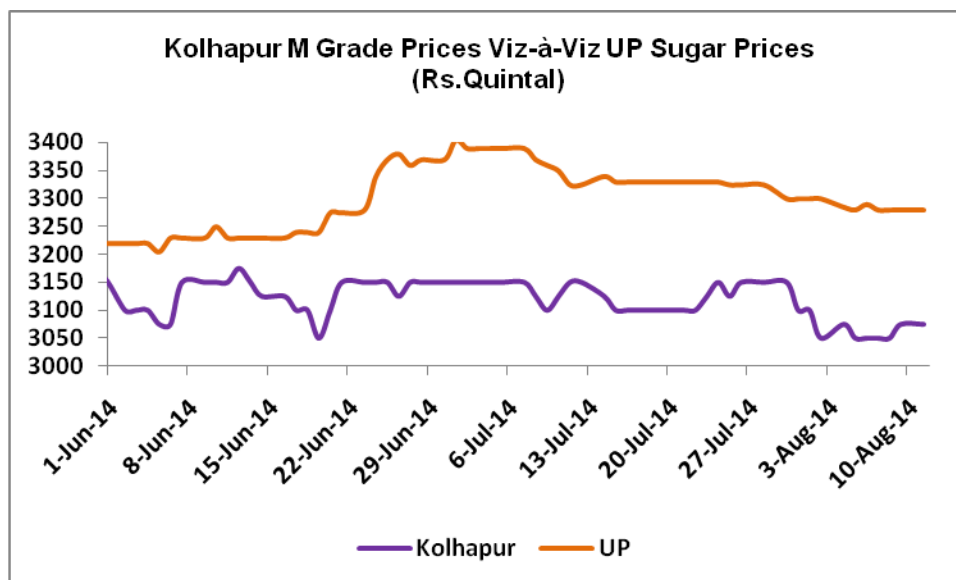


Sugar Price Trend and Outlook:

Sugar prices declined sharply during last week. Higher Indian sugar production estimates for 2014-15 and weak international sugar prices become the major influencing factor which drive the prices down.

In addition to it, panic selling of sugar by UP millers to make the last year's cane payments to farmers also led the prices down.

Meanwhile, Sugarcane sowing has started and till 8th August 2014, around 47.17 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:

- Raw sugar export subsidy has been raised by 2.1% from Rs 3300 per tons (June-July) to Rs 3371 per tons for August-September, 2014. The scheme came into implementation amidst soaring pressure for sugar export from India (due to rupee depreciation) and falling interest among millers who were suffering losses due to a mismatch between selling and procurement cost.
- With the opening of fourth sugar factory in the state, Chhattisgarh is now expected to emerge as a self-sufficient producer posing a capacity of 100000 mt of sugar annually.
- Sugar mills in Uttar Pradesh threaten to shut down their crushing operation beginning October, 2014. The millers association reportedly demanded for adopting linkage formula in fixing cane pricing which was subsequently neglected by the state govt.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$484.19 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$500 per ton Kolhapur based. Recently, government increase Sugar export subsidy on raws to Rs 3371 per ton, which ultimately increase sugar export figures in the year ahead.

On International front, Brazil sugar FOB prices quoted at \$435/ Ton.

Comparative raw sugar FOB prices from various sugar sourcing countries are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.61.17) till 11 th Aug 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$435	\$431.80/433.30	\$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:

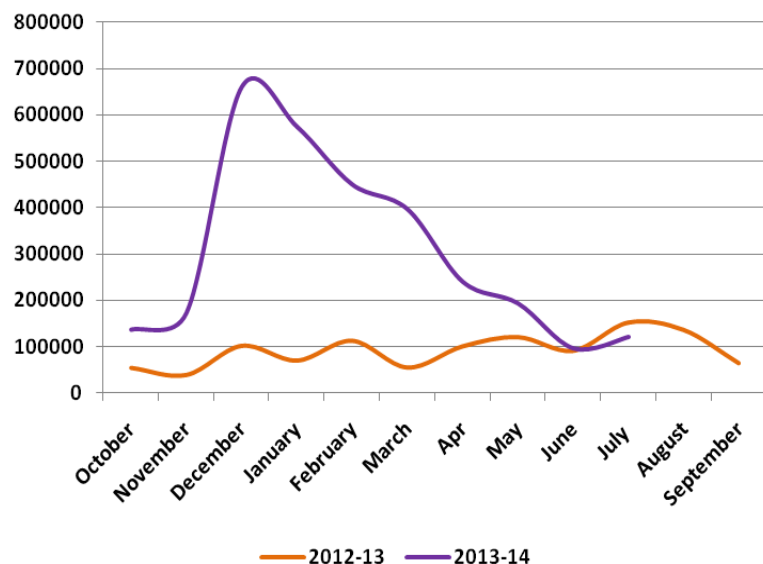
As far as sugar imports are concerned, India imported 3.07 million tons of raw as well as white sugar and exported around 1.2 million tons of sugar in 2012-13 marketing year (Oct-Sept).

However, recent months export figures changed sentiments with huge shipments volumes of sugar have been exported towards various Asian countries like Sri Lanka.

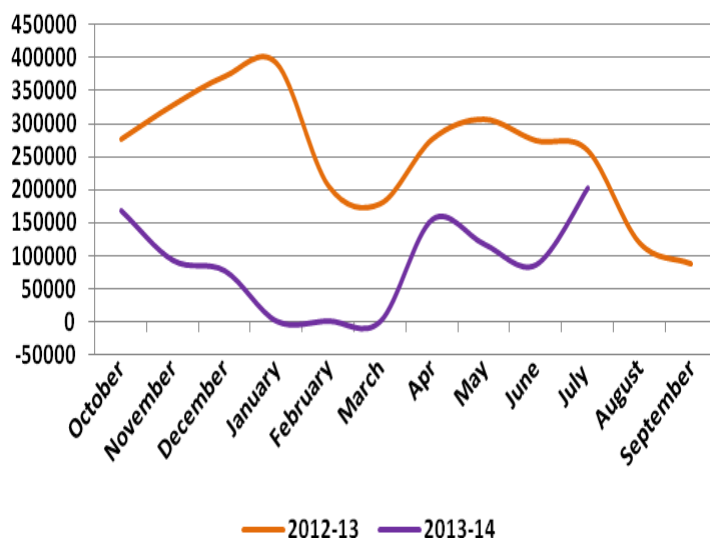
We estimate total sugar exports likely to reach 3 million tons from India in 2013-14 marketing year. Till date, India has exported 2.8 million tons of sugar as reported.

India Sugar Export Scenario:

Monthly Sugar Export Figures (In Tons)



Monthly Sugar Import Figures (In Tons)



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 1.21 lac tons of sugar (both raws and whites) which is down by 19% Y-o-Y but improved by 26% compared to June month sugar exports.

India has exported around 3.04 million tons of sugar till July 2014 which was around 0.89 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 July, India imported around 2.03 lac tons of sugar (mainly raws) which is down by 22% compared to sugar imported last year same period.

In total, India imported 9.02 lac tons of sugar till July in 2013-14. However, at the same period last year, India imported around 2.87 million tons of sugar (mainly raws).

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	2nd August-8th August	26th July-1st August	Change
Sugar	Delhi - Grade M	3322	3363	-41
	Delhi - Grade S	3223	3292	-69
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3385	3437	-52
	UP- Ramala Grade M	3253	3297	-44
	UP- Dhampur Grade M Ex-Mill	3269	3338	-69
	UP- Dhampur Grade S Ex-Mill	3249	3318	-69
	UP- Dhampur Grade L Ex-Mill	3319	3388	-69
	Mumbai –Grade M	3327	3340	-13
	Mumbai –Grade S	3188	3187	1
	Kolhapur – Grade M	3054	3117	-63
	Kolhapur – Grade S	2950	2983	-33
	Guhawati – Grade S	3258	3292	-34
	Shillong – Grade S	3270	3303	-33
	Vijayawada – Grade M	3550	3593	-43
	Vijayawada- Grade S	3450	3467	-17
	Nagpur – Grade M	3350	3350	Unch
	Nagpur – Grade S	3150	3150	Unch
	Kolkata – Grade M	3370	3360	10
	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
		8-Aug-14	1-Aug-14	8-Jul-14	8-Aug-13

Sugar	Delhi - Grade M	3320	3320	3415	3210
	Delhi - Grade S	3220	3230	3320	3190
	Delhi - Grade L	NA	NA	NA	3280
	UP- Khatauli Grade M	3380	3400	3450	3225
	UP- Ramala Grade M	3250	3280	3350	3155
	UP- Dhampur Grade M Ex-Mill	3200	3295	3350	3100
	UP- Dhampur Grade S Ex-Mill	3180	3275	3330	3080
	UP- Dhampur Grade L Ex-Mill	3250	3345	3400	3150
	Mumbai –Grade M	3336	3326	3326	3276
	Mumbai –Grade S	3186	3192	3182	3112
	Kolhapur – Grade M	3050	3100	3125	3025
	Kolhapur – Grade S	2950	2950	3000	2925
	Guhawati – Grade S	3258	3258	3309	3233
	Shillong – Grade S	3270	3270	3320	3245
	Vijayawada – Grade M	3550	3550	3620	3530
	Vijayawada- Grade S	3450	3450	3480	3380
	Nagpur – Grade M	3350	3350	3350	3250
	Nagpur – Grade S	3150	3150	3200	3150
	Kolkata – Grade M	NA	3300	NA	NA
	Chennai - Grade S	3125	3100	3200	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	3125	3150	3111
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3100	NA	2985	3100

Gur Market Scenario and Outlook

Gur prices witness sharp decline 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)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	2nd August-8th August	26th July-1st August	Change
Muzaffar Nagar	Chaku	3021	3002	19
	Chaku (Arrival)	NA	NA	-
	Khurpa	2854	2860	-6
	Laddoo	3175	3172	3
	Rascut	2850	2910	-60
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3158	3110	48
Bangalore	Achhu	NA	NA	-
	Mudde	3850	3740	110
Belgaum	Mudde	2840	3025	-185
Belthangadi	Yellow (Average)	3400	3387	13
Bijapur	Achhu	2981	2968	13
Gulbarga	Other (Average)	3190	3225	-35
Mahalingapura	Penti (Average)	3098	3090	8
Mandya	Achhu (Medium)	2450	2450	Unch
	Kurikatu (Medium)	2320	2350	-30
	Other (Medium)	2420	2400	20
	Yellow (Medium)	2450	2440	10
Shimoga	Achhu (Average)	3400	3425	-25

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		8-Aug-14	1-Aug-14	8-Jul-14	8-Aug-13
Muzaffar Nagar	Chaku	3025	3050	3000	2850
	Khurpa(New)	2825	2950	2875	2700
	Laddu(New)	3125	3212	3225	2950
	Rascut	2750	2950	2875	2675
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	3225	3100	3150	3250
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	NA	3700	3600	3100



Belgaum	Mudde	2800	3000	2800	3300
Belthangadi	Yellow (Average)	3400	3400	3300	2800
Bijapur	Achhu	2970	2960	2700	3450
Gulbarga	Other (Average)	3150	NA	NA	2950
Mahalingapura	Penti (Average)	3080	NA	2875	3150
Mandya	Achhu (Medium)	NA	2450	2450	3000
	Kurikatu (Medium)	NA	2350	2200	2500
	Other (Medium)	NA	2400	2300	2500
	Yellow (Medium)	NA	2450	2350	2900
Shimoga	Achhu (Average)	NA	NA	3500	3375

Commodity: Sugar
Contract: Sept

Exchange: NCDEX
Expiry: Sept 20, 2014

SUGAR (Weekly Sept Contract Chart)



Technical Commentary:

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

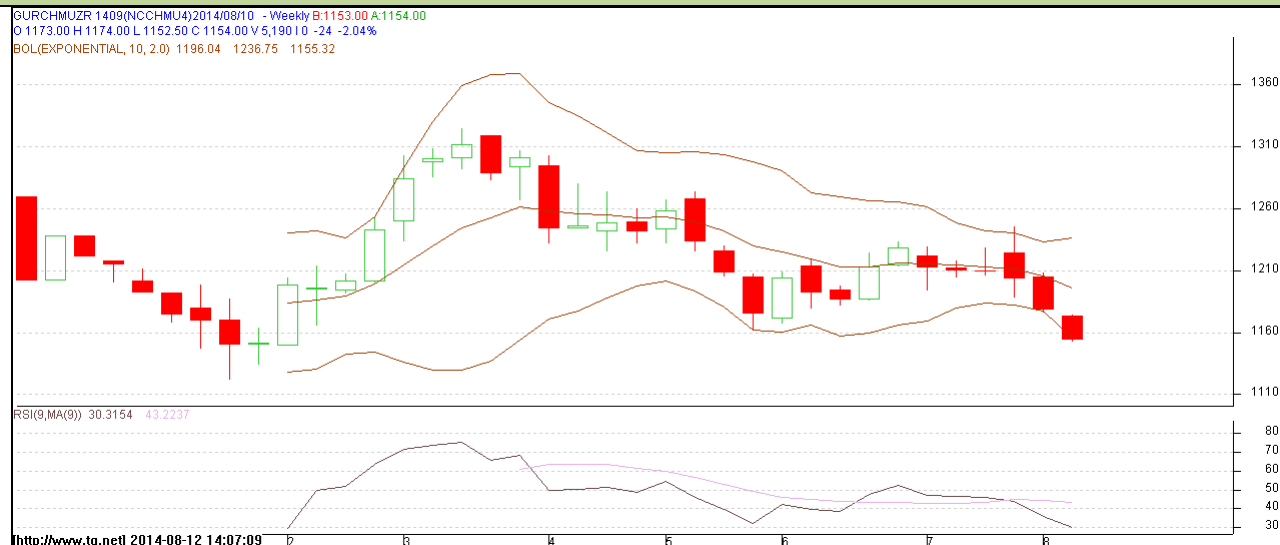
Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Sept	2868	2961	3100	3156	3268
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Sept	Sell	Below 3100	3060	3040	3124

Commodity: Gur
Contract: Sept

Exchange: NCDEX
Expiry: Sept 20, 2014

GUR (Sept Weekly Chart)



Technical Commentary:

- Gur prices are moving in an downtrend 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	1109	1126	1178	1208	1228
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Sell	Below 1175	1145	1130	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:

- Sugar floor prices in Indonesia had been raised up to a level of Rp 8,500 per kilogram from the previous level of Rp 8,250 per kilogram in May. The news comes as a great relief to the local farmers who could now expect a greater remuneration for their yield. Moreover, the govt. had also adopted a stricter distribution policy to avert any leakages out of imported raw sugar in the country.
- With the prevailing draught like condition in Brazil, officials predicted a fall in sugar production at the main center-south growing region from 612.9 million-tons to 599.7 million tons for 2014-15(which is much larger than the market estimated view). On a similar note, ethanol production is also expected to decline 0.44 billion liters to 25.56 billion liters for this marketing year.
- The Brazilian export marked a 7% growth from 2.33 million tons to 2.48 million tons on y-o-y basis. However, the total yearly production declined 1.14 million tons from 8.23 million tons to 7.09 million tons this year.

International Sugar Prices (Weekly)				
	Contract Month	7-Aug-14	31-Jul-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	16.05	16.46	-0.41
	15-Mar	17.70	18.25	-0.55
	15-May	17.99	18.46	-0.47
LIFFE Sugar (US \$/MT)	14-Oct	430.70	437.7	-7.00
	14-Dec	445.00	452.6	-7.60
	15-Mar	463.30	471	-7.70

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 11th 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	430.7	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 16.20 with target of 15.60

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	16.05	15.60

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