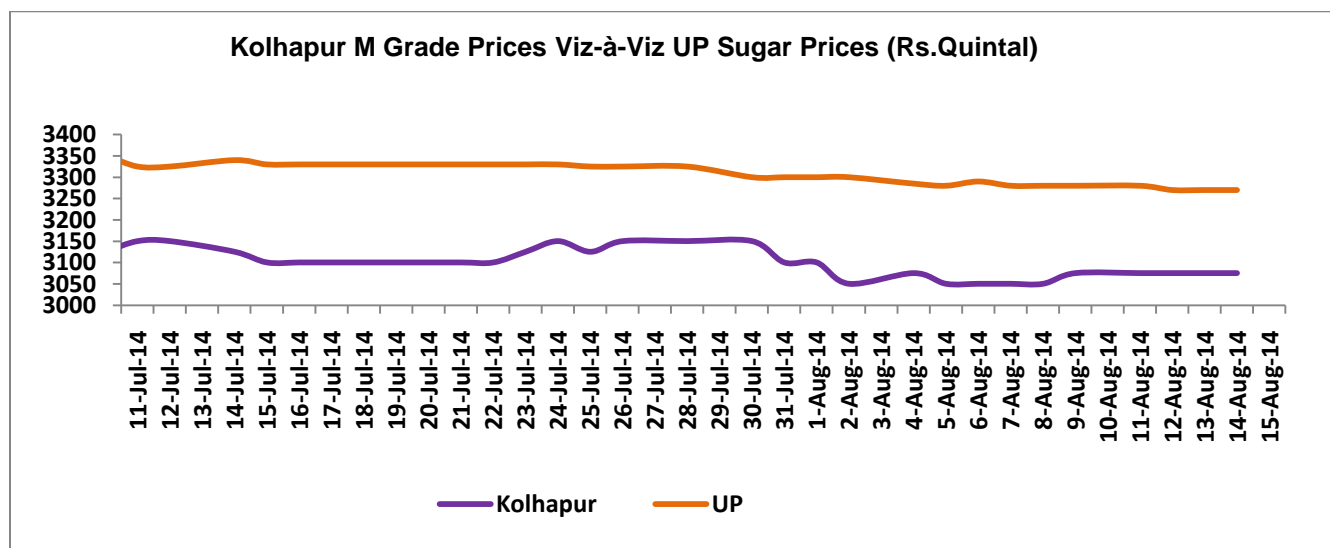


Sugar Price Trend and Outlook:

Sugar prices continued to decline this week with a major dip seen in U.P sugar prices. Higher Indian sugar production estimates for 2014-15 and weak international sugar prices remain the major price influencing factors that continued to weigh on market fundamentals.

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

However, sugar prices are expected to rise later in the season as the major sugar producer in Brazil are stockpiling sugar to be sold in future at a higher rate. In addition, the continued delay in sugar shipment for 2014/15 and a stretch of intra harvest period in Brazil further supported the cause. Besides, lower production estimates in Karnataka and Tamil Nadu for next season due to erratic rainfalls during last three years including current one is likely to support cash market in the fourth quarter.



Price Outlook:

Sugar prices are likely to take a dip in the near term considering bearish global outlook, lower than expected demand at this point of time and govt. interventions to curb hike in essential commodities.

News Highlights:

- The Allahabad HC had ordered millers to pay off their pending cane arrears by selling 15% of their sugar stock in local market. It is further sentenced that 30% of the proceeds will be directly accredited to the farmers while the balance 70% will be utilized through a separate bank account.
- A rake filled with sugar has been reported from Belgaum district to Delhi for Rs. 3200 per quintal. It is notable that in total 3 rake business of sugar done till date in August.
- 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.

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 raw sugar to Rs 3371 per ton, which will ultimately increase sugar export figures in the year ahead.

On International front, Brazil sugar FOB quote registered at \$427.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.60.90) till 16 th Aug 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$427.75	\$429.50/430.60	\$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.
- Maharashtra cane production is expected to rise by 90 lakh tons to 850 lakh tons for this crushing season 2014-15. However, the surge is not fully welcomed by the millers who are still struggling hard to pay off the pending arrears.

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.

Tamil Nadu & Karnataka:

- Sugarcane production is likely to fall aback in Tamil Nadu with a persistent scanty rainfall since past three years in the region.
- Notably, the harsh dry weather in the state negatively affected the cane productivity and acreage area under cultivation, which ultimately resulted into a fall in sugar production from 18.88 lakh tons in 2012-13 to about 13.1 lakh tons in 2013-14.
- In addition, it is likely to affect cane seed availability for the next sowing season.

Sugar Import and Export Scenario:

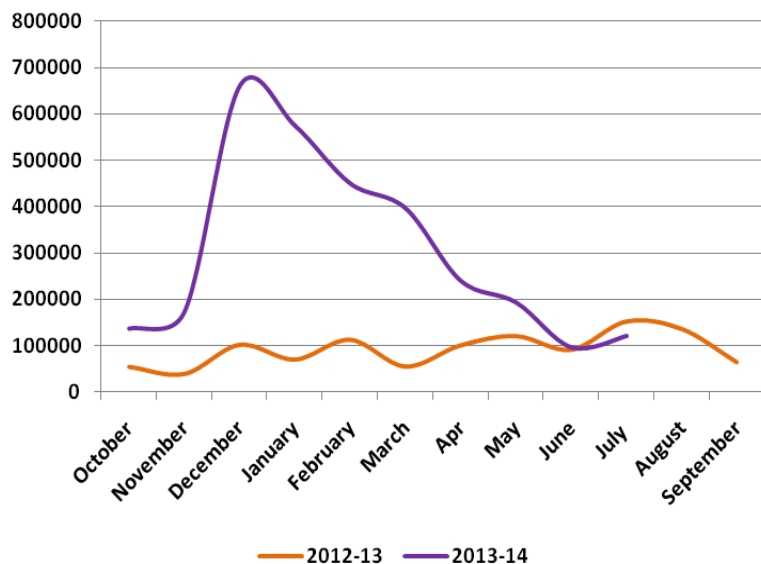
As far as sugar imports are concerned, India imported 3.07 million tons of raw as well as white sugar and exported around 1.09 million tons of sugar in 2012-13 marketing year (Oct-Sept).

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

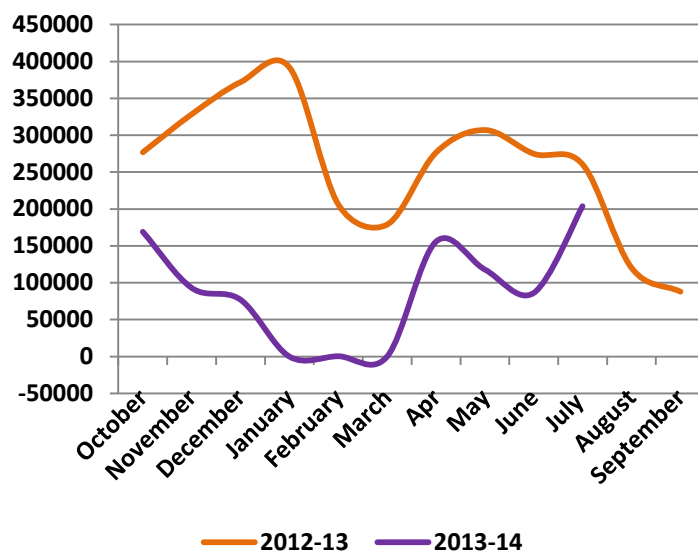
We estimate total sugar exports likely to reach 3.2 million tons from India in 2013-14 marketing year. Till date, India has exported 3.04 million tons of sugar as reported.

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 remain 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	9th August-14th August	2nd August-8th August	Change
Sugar	Delhi - Grade M	3289	3322	-33
	Delhi - Grade S	3207	3223	-16
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3358	3385	-27
	UP- Ramala Grade M	3246	3253	-7
	UP- Dhampur Grade M Ex-Mill	3240	3269	-29
	UP- Dhampur Grade S Ex-Mill	3220	3249	-29
	UP- Dhampur Grade L Ex-Mill	3290	3319	-29
	Mumbai –Grade M	3336	3327	9
	Mumbai –Grade S	3179	3188	-9
	Kolhapur – Grade M	3075	3054	21
	Kolhapur – Grade S	2975	2950	25
	Guhawati – Grade S	3284	3258	26
	Shillong – Grade S	3295	3270	25
	Vijayawada – Grade M	3550	3550	Unch
	Vijayawada- Grade S	3450	3450	Unch
	Nagpur – Grade M	3350	3350	Unch
	Nagpur – Grade S	3150	3150	Unch
	Kolkata – Grade M	3317	3370	-53
	Chennai - Grade S	3100	3100	Unch
	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
		14-Aug-14	8-Aug-14	14-Jul-14	14-Aug-13
Sugar	Delhi - Grade M	3245	3320	3370	3220
	Delhi - Grade S	3195	3220	3285	3185
	Delhi - Grade L	NA	NA	NA	3285
	UP- Khatauli Grade M	3330	3380	3400	3220
	UP- Ramala Grade M	3250	3250	3310	3160



UP- Dhampur Grade M Ex-Mill	3260	3200	3330	3070
UP- Dhampur Grade S Ex-Mill	3240	3180	3310	3050
UP- Dhampur Grade L Ex-Mill	3310	3250	3380	3120
Mumbai –Grade M	3336	3336	3340	3266
Mumbai –Grade S	3172	3186	3196	3106
Kolhapur – Grade M	3075	3050	3125	3025
Kolhapur – Grade S	2975	2950	2975	2925
Guhawati – Grade S	3284	3258	3284	3233
Shillong – Grade S	3295	3270	3295	3245
Vijayawada – Grade M	3550	3550	3620	3530
Vijayawada- Grade S	3450	3450	3480	3380
Nagpur – Grade M	3350	3350	3350	3300
Nagpur – Grade S	3150	3150	3200	3150
Kolkata – Grade M	3320	NA	3330	3250
Chennai - Grade S	3125	3125	3200	3100
Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	NA	3125	3111
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3100	3100	3000	NA

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 are expecting early arrivals of gur for the next marketing year which may 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	9th August-14th August	2nd August-8th August	Change
Muzaffar Nagar	Chaku	2975	3021	-46
	Chaku (Arrival)	NA	NA	-
	Khurpa	2770	2854	-84
	Laddoo	2985	3175	-190
	Rascut	2715	2850	-135
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3195	3158	37
Bangalore	Achhu	NA	NA	-
	Mudde	4250	3850	400
Belgaum	Mudde	2950	2840	110
Belthangadi	Yellow (Average)	3400	3400	Unch
Bijapur	Achhu	2943	2981	-38
Gulbarga	Other (Average)	3178	3190	-12
Mahalingapura	Penti (Average)	3017	3098	-81
Mandya	Achhu (Medium)	2463	2450	13
	Kurikatu (Medium)	2200	2320	-120
	Other (Medium)	2400	2420	-20
	Yellow (Medium)	2450	2450	Unch
Shimoga	Achhu (Average)	3475	3400	75

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		14-Aug-14	8-Aug-14	14-Jul-14	14-Aug-13
Muzaffar Nagar	Chaku	2950	3025	3063	2875
	Khurpa(New)	2725	2825	2950	2700
	Laddu(New)	2825	3125	3225	2900
	Rascut	2725	2750	2950	2700
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	3150	3225	3150	3250
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	4200	NA	3750	3100
Belgaum	Mudde	2900	2800	3000	3300
Belthangadi	Yellow (Average)	3400	3400	3300	2800
Bijapur	Achhu	2915	2970	2850	NA
Gulbarga	Other (Average)	3235	3150	NA	2950
Mahalingapura	Penti (Average)	3010	3080	2980	3140
Mandya	Achhu (Medium)	2450	NA	2450	3000
	Kurikatu (Medium)	2200	NA	2200	2500
	Other (Medium)	2400	NA	2300	2550
	Yellow (Medium)	2450	NA	2350	2900
Shimoga	Achhu (Average)	3500	NA	3500	3400

Commodity: Sugar
Contract: Sept

Exchange: NCDEX
Expiry: Sept 20, 2014

SUGAR (Weekly Sept Contract Chart)



Technical Commentary:

- Prices are showing range bound as chart depicts.
- Fall in price and fall in OI shows consolidation.
- RSI is in neutral region.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Sept	3020	3053	3131	3210	3250
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Sept	Sell	Below 3135	3100	3085	3155

Commodity: Gur
Contract: Sept

Exchange: NCDEX
Expiry: Sept 20, 2014

GUR (Sept Weekly Chart)

GURCHMUZR 1409(NCCHMU4)2014/08/17 - Weekly B:1150.50 A:1151.50
O 1135.00 H 1158.00 L 1132.50 C 1151.00 ↓ V 5,680 I 6,690 +10.5 +0.92%

BOL(SIMPLE, 21, 2.0) 1213.50 1286.14 1140.86



Technical Commentary:

- Gur prices are moving in an downtrend channel as chart depicts.
- However, RSI is in neutral region.
- Rise in price and fall in OI shows weak market..

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1100	1120	1151	1190	1210
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Sell	Below 1156	1146	1141	1162

International Scenario

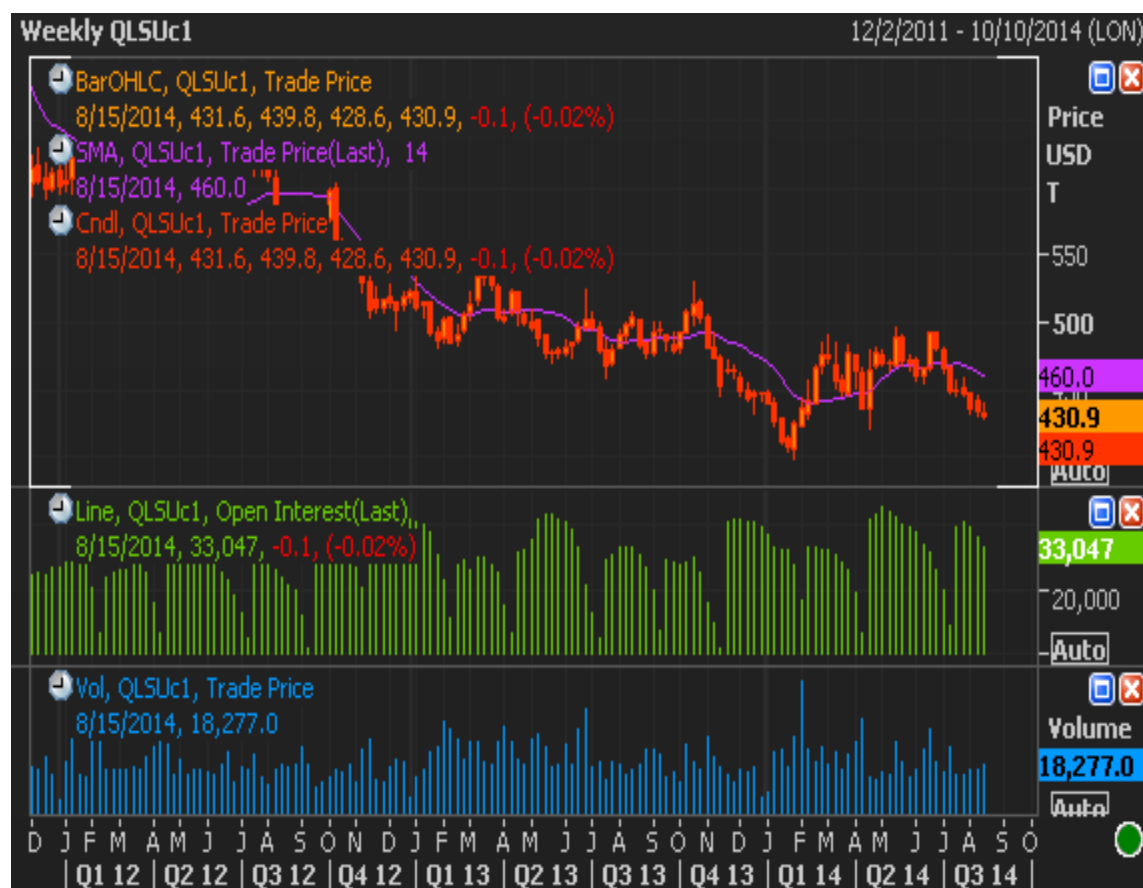
International sugar prices remained weak last week due to dry weather spell in Brazil which increase the pace of cane harvesting which gives market a short term bear hint. However, medium term prices look bullish due to overall sugar deficit globally.

International Market News Highlights:

- Brazilian sugar output at end July declined 12.5% from 2.55 million tons in first half to 2.24 million tons in the latter half of the month. High rainfall during the month end and a pessimistic overview by the millers could be cited responsible for this trend reversal.
- 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.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	13-Aug-14	7-Aug-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	16.00	16.05	-0.05
	15-Mar	17.80	17.70	0.10
	15-May	18.10	17.99	0.11
LIFFE Sugar (US \$/MT)	14-Oct	432.60	430.70	1.90
	14-Dec	448.40	445.00	3.40
	15-Mar	468.00	463.30	4.70

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



Technical Commentary:

- LIFFE future market is trending downward for this week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 426.4 with a target of 422

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'14	426.4	422

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 15.85 with target of 15.65

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	15.85	15.65

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