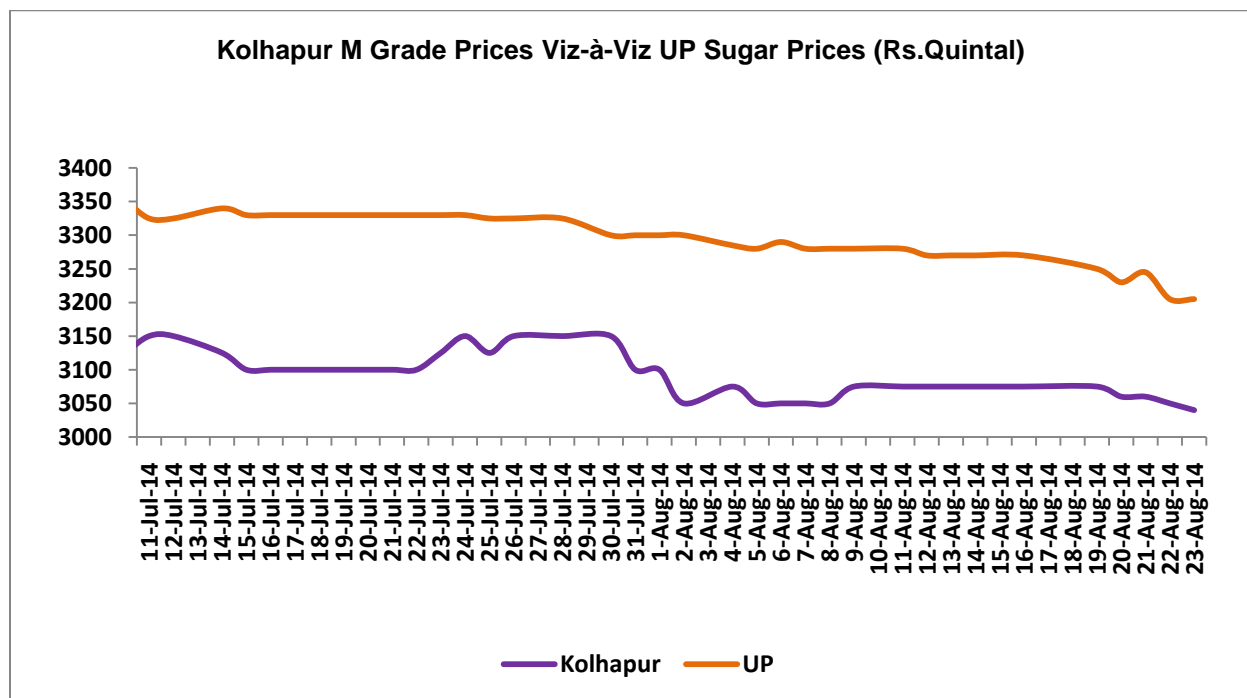


## Sugar Price Trend and Outlook:

Sugar industry remained dormant for the week as the domestic production continued to rise in tandem with the global huge surplus. However, a blow in trend could be expected soon as the govt. increased sugar import duty (to 25%) in the country.

Moreover, proximity to the coming festival season and threat of crushing suspension by millers in U.P further landed support to the expectation.

In addition, the recent rain flooding in U.P is also expected to had washout the standing cane crop which could also affect the tumbling sugar prices.



## Price Outlook:

Sugar prices are likely to roof high in the week ahead as the govt announced a recent hike in sugar import duty, which will act sufficiently to break the competitiveness in the domestic market.

## News Highlights:

- The govt had raised sugar import duty from 15% to 25% on both raw as well as refined sugar. The move was taken to relieve the ailing sugar industry which was struggling hard to match up with the higher cane prices and lower market price for their product. Meanwhile, it is also expected to resolve the problem of accumulated cane arrears in the country which stands at about Rs 6800 crores.
- CACP advocated a 4.3% rise in FRP (to Rs 230/quintal) for sugarcane possessing an average recovery rate of 9.5% for the cropping year 2015-16. It is notable, that the current FRP for cane

yield has been fixed at Rs220/quintal (for 9.5% average recovery) and Rs243/quintal (for 10.5% average recovery) for 2014-15 seasons.

- A major dispute out surged between sugar and food department in Uttarakhand over the sale of sugar at a discount for ration-card holders. Reportedly, cabinet had announced the sale of sugar at a rate of Rs32/kg, which was fully disowned by the govt. millers who were asking for higher prices for their product.

### Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$484.19 per ton and Indian domestic refined sugar FOB prices quoted at \$500 per ton Kolhapur based. Recently, government had increased sugar import duty from 15% to 25%, which is likely to support sugar prices in domestic market.

On International front, Brazil sugar FOB prices are quoted at \$437.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.60.44) till 23 <sup>rd</sup> Aug 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$437.75	\$429.50/432.70	\$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:

- Cane production in U.P is expected to decline for 2013-14 as the major crop-growing belt has been fully submerged due to heavy rain flooding in the state.
- However, nothing in concrete can be said for now, as the govt. needs to evaluate other supplementary factors as well.

### Sugar Import and Export Scenario:

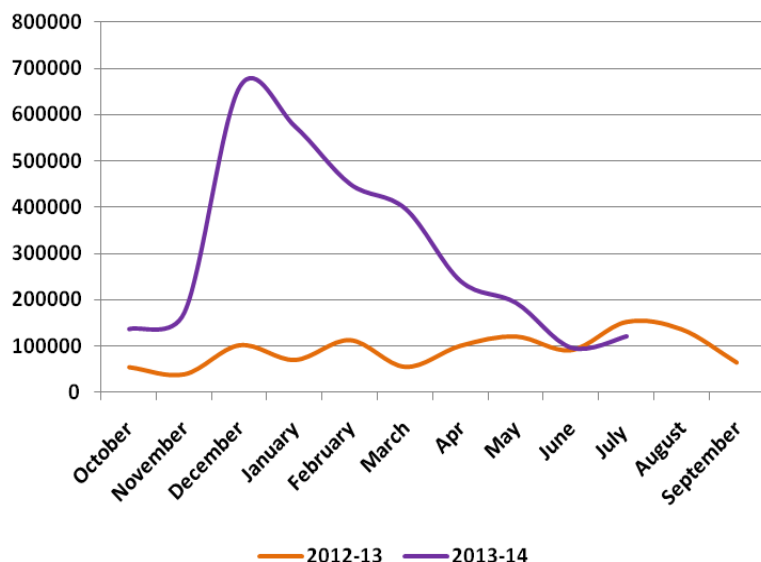
As far as sugar imports are concerned, India imported 3.07 million tons of raw as well as white sugar and exported around 1.09 million tons of sugar in 2012-13 marketing year (Oct-Sept).

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

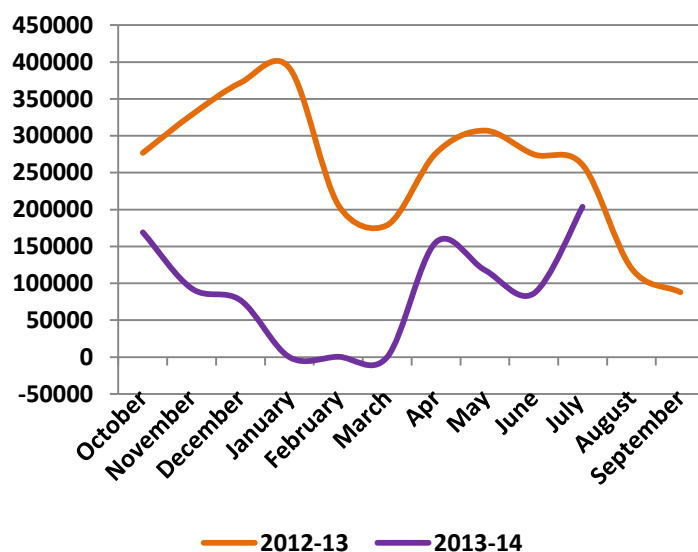
We estimate total sugar exports likely to reach 3.2 million tons from India in 2013-14 marketing year. Till date, India has exported 3.04 million tons of sugar as reported.

### 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 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	16th August-22th August	9th August-14th August	Change
Sugar	Delhi - Grade M	3272	3289	-17
	Delhi - Grade S	3204	3207	-3
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3351	3358	-7
	UP- Ramala Grade M	3224	3246	-22
	UP- Dhampur Grade M Ex-Mill	3235	3240	-5
	UP- Dhampur Grade S Ex-Mill	3215	3220	-5
	UP- Dhampur Grade L Ex-Mill	3285	3290	-5
	Mumbai –Grade M	3334	3336	-2
	Mumbai –Grade S	3171	3179	-8
	Kolhapur – Grade M	3064	3075	-11
	Kolhapur – Grade S	2960	2975	-15
	Guhawati – Grade S	3268	3284	-16
	Shillong – Grade S	3280	3295	-15
	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	3393	3317	76
	Chennai - Grade S	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3153	3125	28
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	NA	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		22-Aug-14	14-Aug-14	22-Jul-14	22-Aug-13
Sugar	Delhi - Grade M	3280	3245	3370	3245
	Delhi - Grade S	3200	3195	3300	3180
	Delhi - Grade L	NA	NA	NA	3290
	UP- Khatauli Grade M	3340	3330	3435	3185
	UP- Ramala Grade M	3220	3250	3300	3160
	UP- Dhampur Grade M Ex-Mill	3215	3260	3340	3060
	UP- Dhampur Grade S Ex-Mill	3195	3240	3320	3040
	UP- Dhampur Grade L Ex-Mill	3265	3310	3390	3110
	Mumbai –Grade M	3332	3336	3340	3250
	Mumbai –Grade S	3172	3172	3186	3100
	Kolhapur – Grade M	3050	3075	3100	3050
	Kolhapur – Grade S	2950	2975	2975	2950
	Guhawati – Grade S	3258	3284	3284	3210
	Shillong – Grade S	3270	3295	3295	3270
	Vijayawada – Grade M	3550	3550	3580	3530
	Vijayawada- Grade S	3450	3450	3460	3380
	Nagpur – Grade M	3350	3350	3350	3250
	Nagpur – Grade S	3150	3150	3150	3150
	Kolkata – Grade M	3360	3320	NA	3380
	Chennai - Grade S	3100	3125	3150	3110
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3171	NA	3125	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	3100	NA	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 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	16th August- 22th August	9th August- 14th August	Change
Muzaffar Nagar	Chaku	2938	2975	-37
	Khurpa	2765	2770	-5
	Laddoo	3000	2985	15
	Rascut	2750	2715	35
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3190	3195	-5
Bangalore	Achhu	NA	NA	-
	Mudde	4200	4250	-50
Belgaum	Mudde	2850	2950	-100
Belthangadi	Yellow (Average)	3400	3400	Unch
Bijapur	Achhu	3037	2943	94
Gulbarga	Other (Average)	3154	3178	-24
Mahalingapura	Penti (Average)	2967	3017	-50
Mandya	Achhu (Medium)	2697	2463	234
	Kurikatu (Medium)	NA	2200	-
	Other (Medium)	2815	2400	415
	Yellow (Medium)	3039	2450	589
Shimoga	Achhu (Average)	3433	3475	-42

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		22-Aug-14	14-Aug-14	22-Jul-14	22-Aug-13
Muzaffar Nagar	Chaku	2950	2950	3038	2850
	Khurpa	2750	2725	2900	2400
	Laddu	2975	2825	3200	2750

	Rascut	2750	2725	2900	2625
<b>Hapur</b>	Chaursa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	3200	3150	3100	3250
<b>Bangalore</b>	Achhu	NA	NA	NA	3000
	Mudde	4200	4200	3800	3100
<b>Belgaum</b>	Mudde	2900	2900	NA	3000
<b>Belthangadi</b>	Yellow (Average)	3400	3400	3300	2850
<b>Bijapur</b>	Achhu	3050	2915	NA	3200
<b>Gulbarga</b>	Other (Average)	3250	3235	NA	3050
<b>Mahalingapura</b>	Penti (Average)	2980	3010	2980	3140
<b>Mandya</b>	Achhu (Medium)	2697	2450	2450	2900
	Kurikatu (Medium)	NA	2200	2350	2500
	Other (Medium)	2815	2400	2400	2500
	Yellow (Medium)	3039	2450	2450	2900
<b>Shimoga</b>	Achhu (Average)	3400	3500	3400	3500

**Commodity: Sugar**  
**Contract: Sept**
**Exchange: NCDEX**  
**Expiry: Sept 20, 2014**
**SUGAR (Weekly Sept Contract Chart)**

**Technical Commentary:**

- Sugar prices and volume declines while a rise in O.I is notable.
- Last candlestick depicts bearishness.
- RSI is hovering into a neutral zone.

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Sept	2960	3000	3059	3100	3160
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Sept	Buy	Above 3057	3078	3081	3048



**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 a neutral region.
- Both prices and volume are declining whereas there seems to a rise in O.I.

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1095.5	1110	1133	1162.5	1173.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Buy	Above 1130	1148.5	1154	1120

## 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:

- Future as well as spot sugar market in China is expected to trend low amid huge stock inventory accumulation within the country accompanied by a large production worldwide.
- Brazilian sugar output for 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.
- 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	21-Aug-14	13-Aug-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	15.99	16.00	-0.01
	15-Mar	17.83	17.80	0.03
	15-May	18.18	18.10	0.08
LIFFE Sugar (US \$/MT)	14-Oct	432.70	432.60	0.10
	14-Dec	448.50	448.40	0.10
	15-Mar	467.90	468.00	-0.10

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

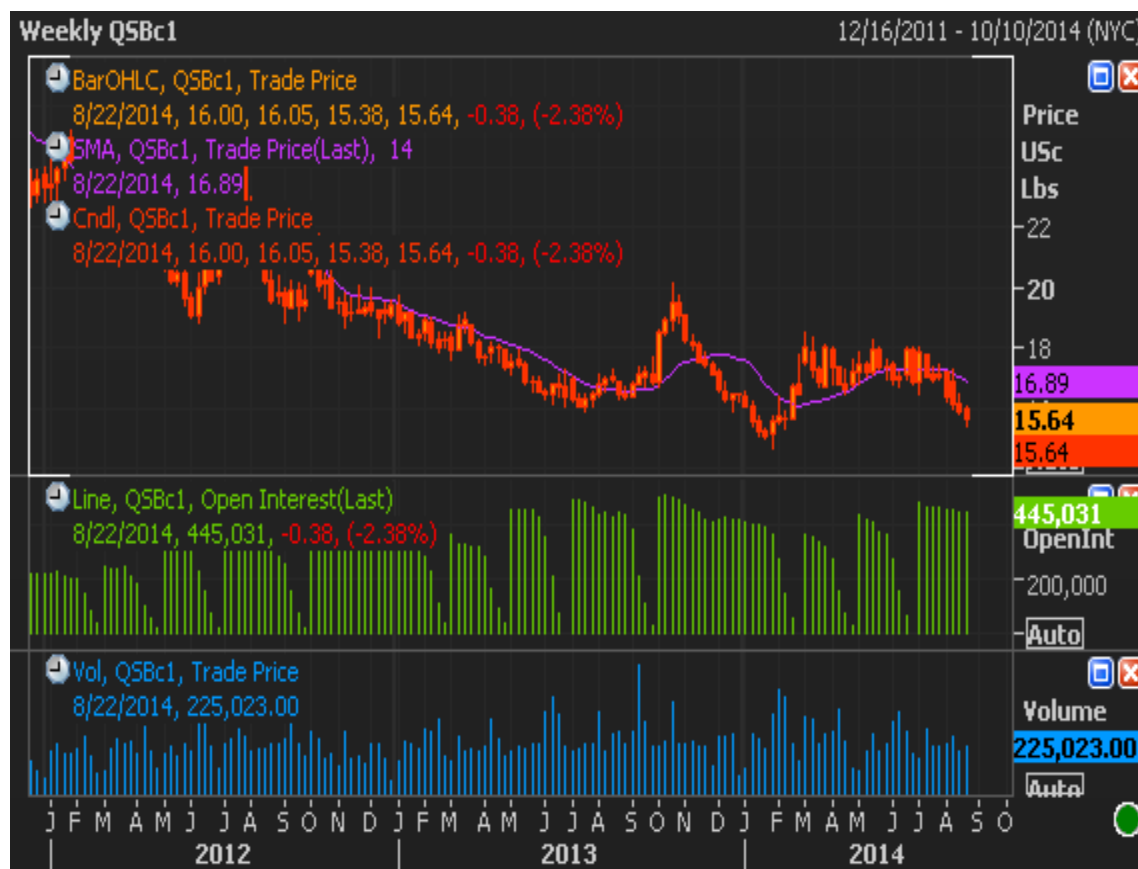


**Technical Commentary:**

- LIFE future market is trending downward for this week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 421.8 with a target of 410.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'14	421.8	410

**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 15.62 with target of 15.30

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	15.62	15.30

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