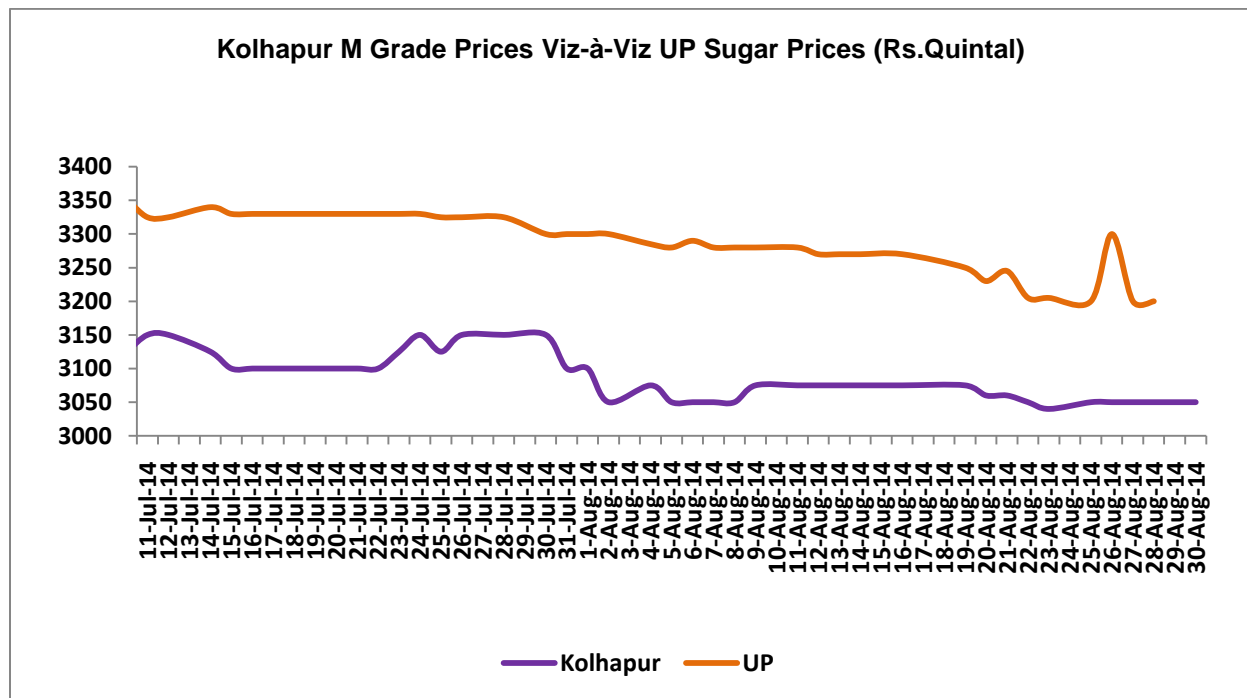


## Sugar Price Trend and Outlook:

Despite undergoing a hike in import duty, sugar prices tumbled down for the week amid huge domestic supply within the country. However, the situation is expected to turn upside soon with an out surge in demand caused by global deficit for the commodity.

Whilst, proximity to the upcoming festive season and threat of crushing suspension by millers in U.P could also support sugar prices in near future.



## Price Outlook:

Sugar futures may trade on a mixed note. Threat of suspension of crushing by mills in UP coupled with expectations of emergence festive buying may support prices. However, weak physical demand, higher supplies and lack of fresh export orders may pressurize prices to a lower note.

## News Highlights:

- Confronting to the states' plea, centre is planning to refrain itself from fixing sugar prices for PDS in the country. Reportedly, sugar prices for PDS remained unchanged at Rs13.50/kg since 2002 while the same quality sugar is purchased at a rate of Rs32/kg by the states.
- 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.

### 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 \$443.00/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.60.52) till 30 <sup>th</sup> Aug 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$443.00	\$429.40/425.90	\$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.

### Tamil Nadu:

- Three new variety sugarcane seed Co0403, Co06027, and Co06030 had been developed by the Sugarcane Breeding Institute (SBI), Coimbatore to enhance cane productivity in the area. The variety has been tested well across the nation and is found fruitful in almost all the regions.

## Sugar Import and Export Scenario:

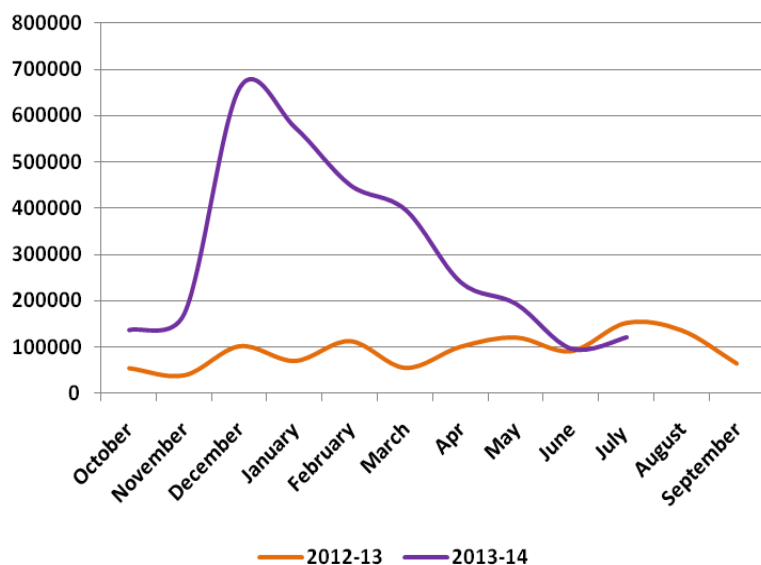
As far as sugar imports are concerned, India imported 3.07 million tons of raw as well as white sugar and exported around 1.09 million tons of sugar in 2012-13 marketing year (Oct-Sept).

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

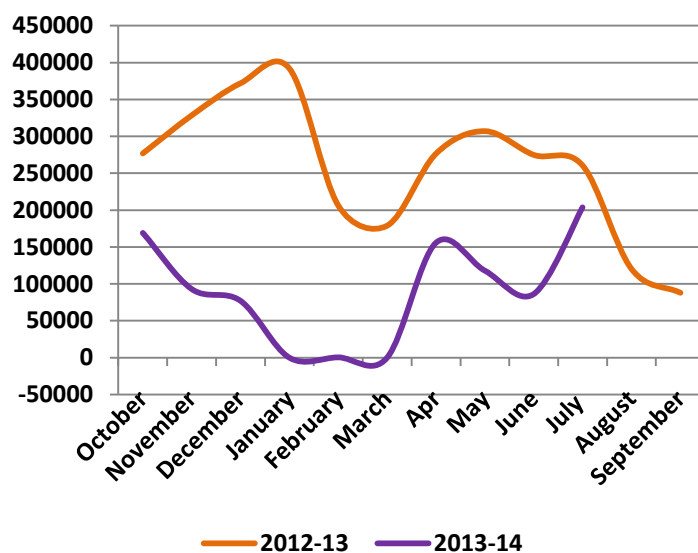
We estimate total sugar exports likely to reach 3.2 million tons from India in 2013-14 marketing year. Till date, India has exported 3.04 million tons of sugar as reported.

### 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	23rd August-28th August	16th August-22nd August	Change
Sugar	Delhi - Grade M	3263	3272	-9
	Delhi - Grade S	3189	3204	-15
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3302	3351	-49
	UP- Ramala Grade M	3222	3224	-2
	UP- Dhampur Grade M Ex-Mill	3200	3235	-35
	UP- Dhampur Grade S Ex-Mill	3200	3215	-15
	UP- Dhampur Grade L Ex-Mill	3270	3285	-15
	Mumbai –Grade M	3338	3334	4
	Mumbai –Grade S	3173	3171	2
	Kolhapur – Grade M	3048	3064	-16
	Kolhapur – Grade S	2948	2960	-12
	Guhawati – Grade S	3256	3268	-12
	Shillong – Grade S	3268	3280	-12
	Vijayawada – Grade M	3540	3550	-10

Vijayawada- Grade S	3444	3450	-6
Nagpur – Grade M	3350	3350	Unch
Nagpur – Grade S	3150	3150	Unch
Kolkata – Grade M	3340	3393	-53
Chennai - Grade S	3096	3100	-4
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3171	3153	18
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	3135	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		28-Aug-14	22-Aug-14	28-Jul-14	27-Aug-13
Sugar	Delhi - Grade M	3260	3280	3350	3230
	Delhi - Grade S	3180	3200	3282	3160
	Delhi - Grade L	NA	NA	NA	3280
	UP- Khatauli Grade M	3280	3340	3425	3185
	UP- Ramala Grade M	3190	3220	3280	3130
	UP- Dhampur Grade M Ex-Mill	3220	3215	3335	3060
	UP- Dhampur Grade S Ex-Mill	3200	3195	3315	3040
	UP- Dhampur Grade L Ex-Mill	3270	3265	3385	3110
	Mumbai –Grade M	3340	3332	3340	3262
	Mumbai –Grade S	3172	3172	3186	3092
	Kolhapur – Grade M	3050	3050	3150	3025
	Kolhapur – Grade S	2950	2950	3000	2925
	Guhawati – Grade S	3258	3258	3309	3245
	Shillong – Grade S	3270	3270	3320	3245
	Vijayawada – Grade M	3540	3550	3580	3530
	Vijayawada- Grade S	3440	3450	3460	3380
	Nagpur – Grade M	3350	3350	3350	3250
	Nagpur – Grade S	3150	3150	3150	3150
	Kolkata – Grade M	NA	3360	NA	3370
	Chennai - Grade S	3171	3100	3100	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3135	3171	3125	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3080	3135	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.

Thus, prices of gur are likely to improve with decreasing sugar prices in the coming week.

## Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	23rd August-28th August	16th August-22nd August	Change
Muzaffar Nagar	Chaku	2830	2938	-108
	Chaku (Arrival)	NA	NA	-
	Khurpa	2770	2765	5
	Laddoo	2913	3000	-87
	Rascut	2675	2750	-75
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3250	3190	60
Bangalore	Achhu	NA	NA	-
	Mudde	3925	4200	-275
Belgaum	Mudde	2850	2850	Unch
Belthangadi	Yellow (Average)	3400	3400	Unch
Bijapur	Achhu	3015	3037	-22
Gulbarga	Other (Average)	3148	3154	-6
Mahalingapura	Penti (Average)	2963	2967	-4
Mandya	Achhu (Medium)	3119	2697	422
	Kurikatu (Medium)	2831	NA	-
	Other (Medium)	2792	2815	-23
	Yellow (Medium)	3039	3039	Unch
Shimoga	Achhu (Average)	3500	3433	67

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		28-Aug-14	22-Aug-14	28-Jul-14	27-Aug-13
<b>Muzaffar Nagar</b>	Chaku	2750	2950	2975	2863
	Khurpa(New)	NA	2750	2825	NA
	Laddu(New)	2700	2975	3150	2700
	Rascut	2925	2750	2750	2625
<b>Hapur</b>	Chaurasa	2600	NA	NA	NR
	Balti	NA	NA	NA	NR
<b>Maharashtra</b>	Latur(Lal Variety)	3250	3200	3150	Closed
<b>Bangalore</b>	Achhu	NA	NA	NA	NA
	Mudde	4150	4200	3800	4150
<b>Belgaum</b>	Mudde	2900	2900	NA	2900
<b>Belthangadi</b>	Yellow (Average)	NA	3400	3350	NA
<b>Bijapur</b>	Achhu	2980	3050	3005	2980
<b>Gulbarga</b>	Other (Average)	3175	3250	3150	3175
<b>Mahalingapura</b>	Penti (Average)	3010	2980	3080	3010
<b>Mandya</b>	Achhu (Medium)	NA	2697	2450	NA
	Kurikatu (Medium)	NA	NA	2350	NA
	Other (Medium)	NA	2815	2400	NA
	Yellow (Medium)	NA	3039	2450	NA
<b>Shimoga</b>	Achhu (Average)	3500	3400	3400	3500

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

SUGARM2001409(NCSAMU4)2014/08/24 - Weekly B:3032.00 A:3040.00  
 O 3070.00 H 3070.00 L 3030.00 C 3040.00 ↓ V 6,250 I 12,510 -19 -0.62%


**Technical Commentary:**

- Sugar prices, volume and O.I are declining indicating consolidation in the market.
- Last candlestick depicts bearishness.
- RSI is hovering into a neutral zone.

**Strategy: Sell**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Sept	2920	2975	3040	3120	3173
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Sept	<b>Sell</b>	Below 3055	3030	3027	3040



**Commodity: Gur**  
**Contract: Sept**
**Exchange: NCDEX**  
**Expiry: Sept 20, 2014**
**GUR (Sept Weekly Chart)**

**Technical Commentary:**

- Gur prices are moving in a downtrend channel as chart depicts.
- However, RSI is hovering at a neutral region.
- Prices, volume and O.I are declining indicating consolidation in the market.

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1085.5	1108	1128.5	1164.5	1175.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Buy	Above 1129	1149	1152.5	1117.5

## International Scenario

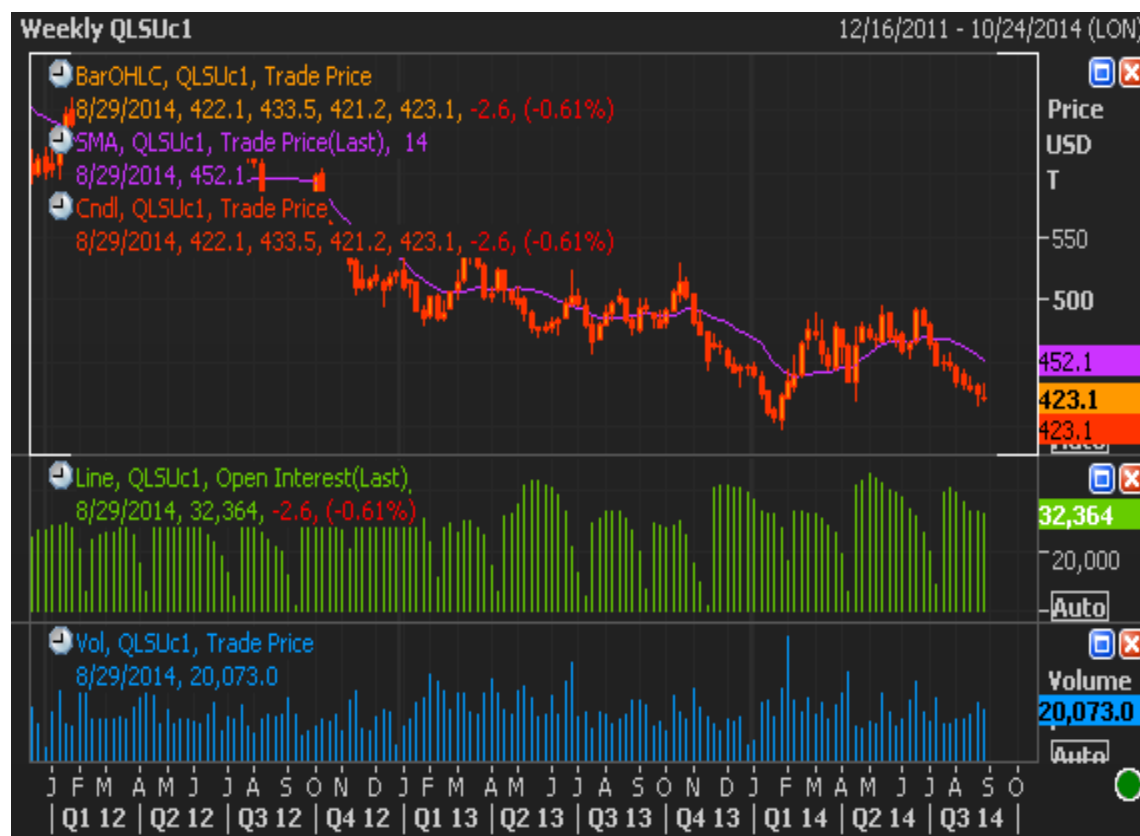
International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

### International Market News Highlights:

- Brazilian cane production estimate for center-south region declined 6% from 580 million tons to 546 million tons for 2014-15. Fluctuating weather condition coupled with lengthening of intra-harvest period could be cited responsible for the change in estimation.
- In an attempt to increase sugar production in Thailand, govt. is planning to expand the area under cane cultivation by allocating more state-owned land towards the crop and suggesting a crop switch to the farmers. The plan is also expected to boost sugar production by approximately 1 million tons for cropping season 2015-16.
- With a 29% surge in import, Indonesia is likely to emerge as the top raw sugar importer in the world by 2015. Moreover, import shipment of 3.6 million metric tons of sugar to the country is expected in 2015 as compared to 2.8 million tons this year.

International Sugar Prices (Weekly)				
	Contract Month	28-Aug-14	21-Aug-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	15.56	15.99	-0.43
	15-Mar	17.54	17.83	-0.29
	15-May	17.97	18.18	-0.21
LIFFE Sugar (US \$/MT)	14-Oct	426.00	432.70	-6.7
	14-Dec	441.80	448.50	-6.7
	15-Mar	460.60	467.90	-7.3

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

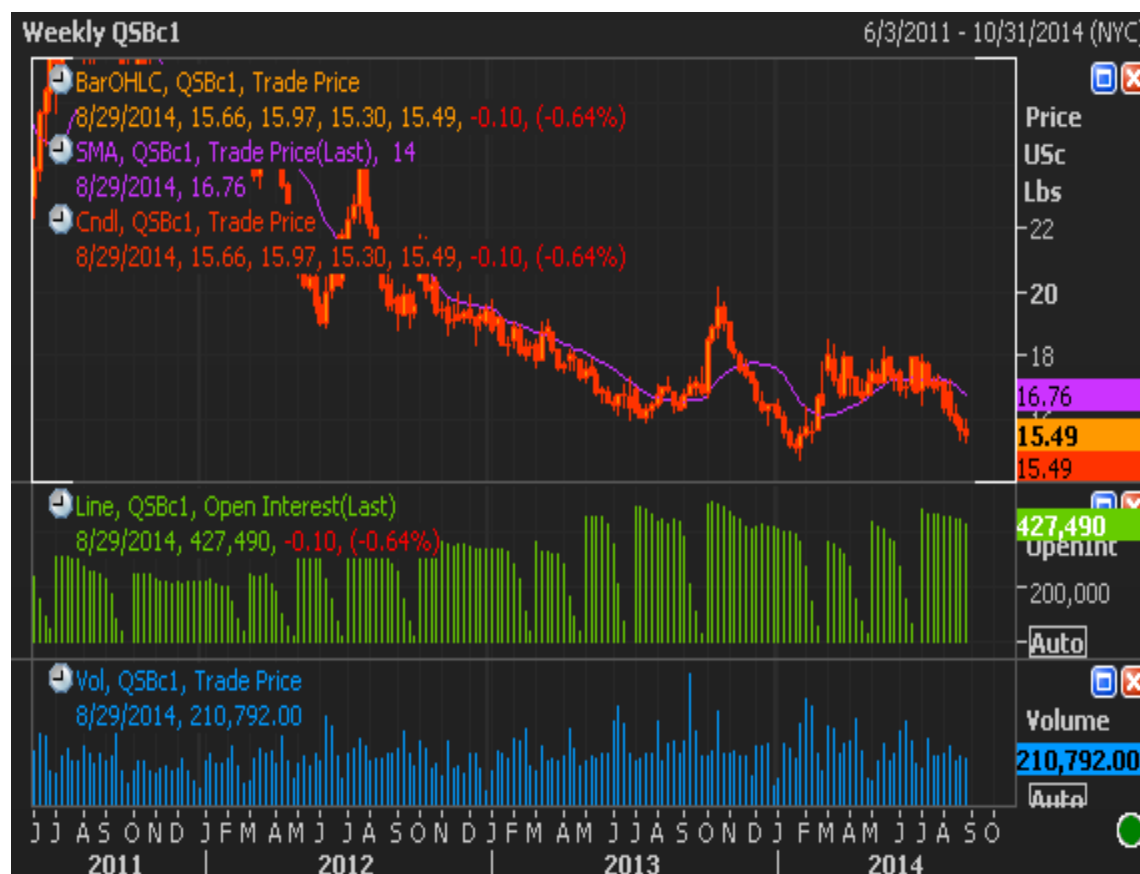


### Technical Commentary:

- LIFE future market is trending downward for this week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 423 with a target of 415.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'14	423	415

**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 15.40 with target of 14.80

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	15.40	14.80

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