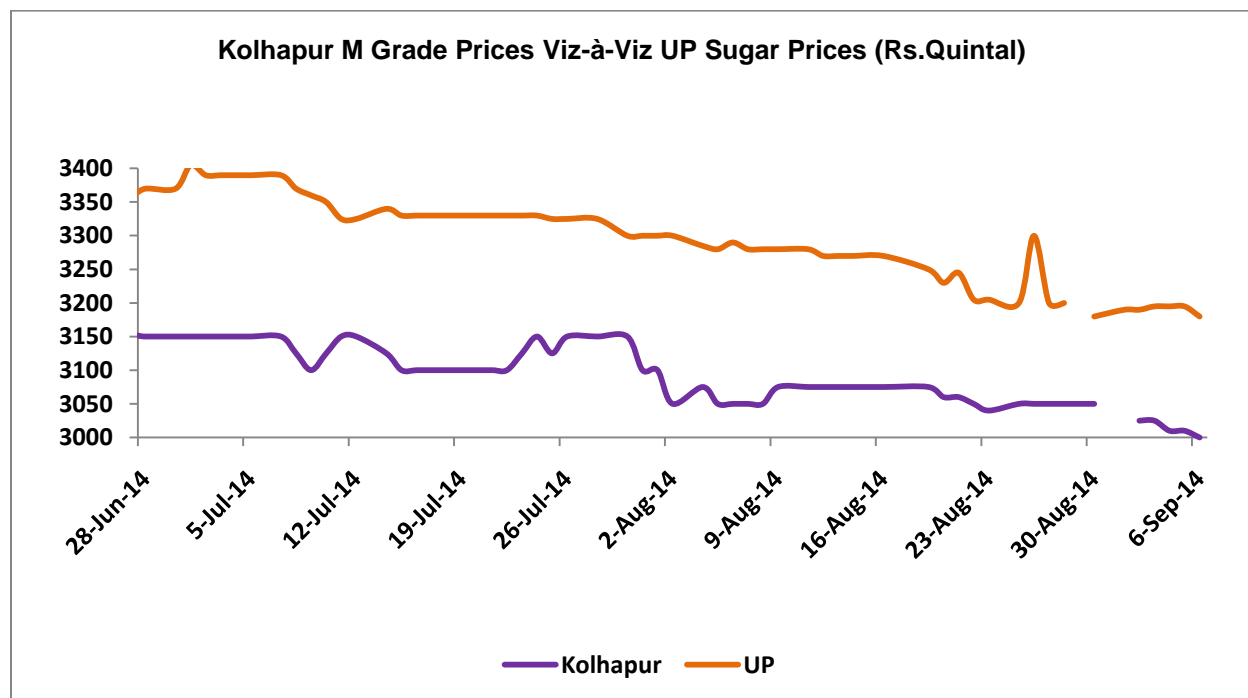


Sugar Price Trend and Outlook:

Sugar industry remained dormant with price slowing down for the week. Higher Indian sugar production estimates for 2014-15 and weak international sugar prices became the major influencing factor driving the prices down for the period.

However, prices are expected to improve marginally in the weeks ahead amidst proximity to the forthcoming festive season in the country.

**Price Outlook:**

Despite undergoing a hike in import duty, sugar prices are likely to edge down for the week amid huge in-built stock inventory and uninterrupted supply within the country.

News Highlights:

- U.P govt announced an additional rebate of Rs6/quintal (on sugarcane) as a spurring step to promote crushing in the state. Reportedly, the millers are now supposed to pay their pending cane arrears at a rate of Rs 280/quintal by end of September.
- As of 28th Aug, 2014, total area occupied under cane cultivation in India has been reached to 4.72 million hectare, down by 6.2% on y-o-y comparison.
- Owing to multiple crisis and disputes, sugarcane acreage in U.P is expected to decline 10% from 23.60 lakh hectares to 21.24 lakh hectares in 2014-15.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$521.8 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$504.6 per ton Kolhapur based. Recently, government decides to give Sugar export subsidy on raws to Rs 3371 per ton, which is likely to increase sugar export figures in the year ahead.

On International front, Brazil sugar FOB prices quoted at \$448.75/ 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.60.44) till 06 th Sep, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$448.75	\$429.10/425.60	\$504.6

Sugarcane Crop Update**Maharashtra:**

- Cane quality is presently good with ample rainfall especially in South Maharashtra.
- Also good agricultural practices on cane (like proper implementation of fertilizers, crop rotation) by farmers this year support the cane yield and recovery.
- We also find an increase in Adsali (18 month crop) this year compared to prior year which generally gives very good yield as well as recovery which is beneficiary for both millers and farmers.

Uttar Pradesh:

- Crop is presently in a good state with ample amount of artificial irrigation facilities available in UP.
- Also, less rainfall this year in the major growing regions also likely to boost the cane yield for the coming marketing year. It is notable that excess rainfall in UP increase the possibilities of diseases and increases the waterlogging situation in low-lying areas.
- Presently, crop is in Elongation phase and cane millers are presently expecting good cane yield. If rainfall happens in Mid Sept-October month then it will also boost the sucrose content in cane as reported.

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.

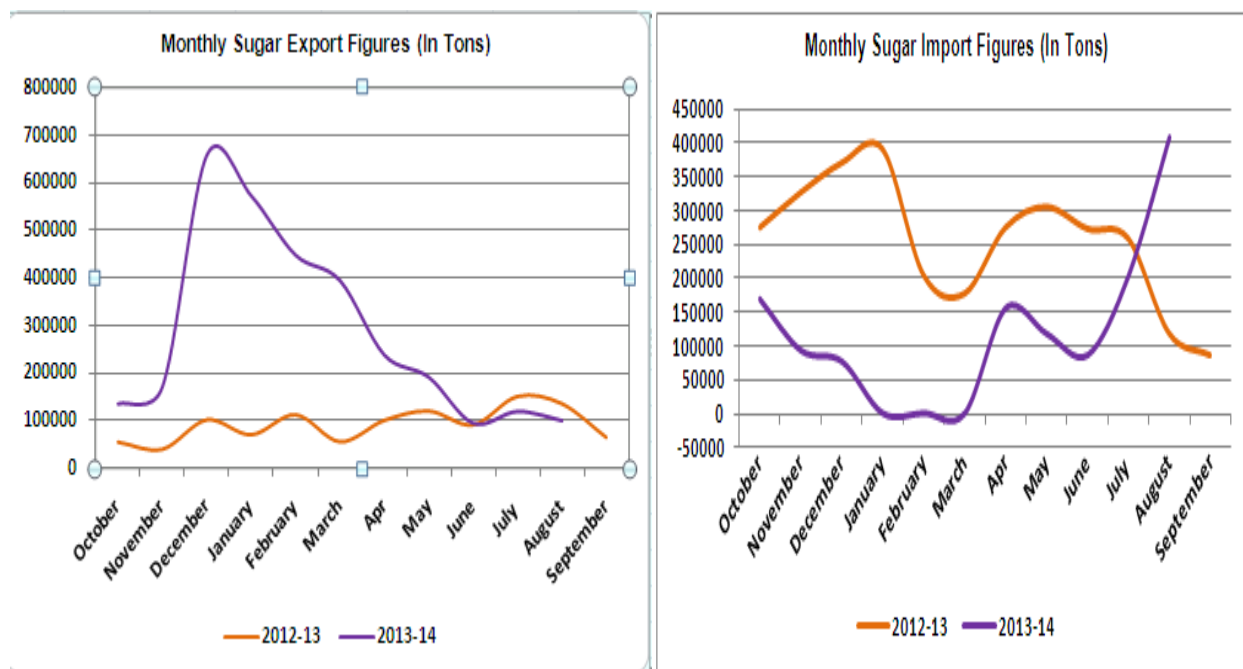
Sugar Import and Export Scenario:

India emerged out as the major sugar importer marking a total imports of 4.07 lac tons this month, which was 240% higher than the level achieved last year in August. Lower import parity and a depreciated currency together acted as a serving stage for the surge.

On the other hand, lower comparative competitiveness in production and higher domestic consumption resulted into a fall in export from 1.21 lacs tons last month to 1.02 lacs tons in August. It is notable that majority of the export made had been to the Mid-East countries with Sudan topping the list with an import of 23.6 thousand tons.

We estimate total sugar exports likely to reach 3.2 million tons from India in 2013-14 marketing year. Till date, India has exported 3.1 million tons of sugar as reported.

India Sugar Export Scenario:



Sugar export from India declined 25% on y-o-y basis amidst huge stock availability and glut worldwide. Currently, India had exported 1.02 lac tons of sugar for the month of August, which is 16% lower than the previous target achieved.

However, the picture is pretty much bounty when it comes to the total export made in 2013-14, where India's exported around 31.4 lac tons of sugar compared to 10.2 lac tons in 2012-13.

Similarly, despite undergoing a surge in import duty (from 15-25%) for the second half of month, Brazilian exporters succeeded in squeezing out their excess reserve onto the Indian market this month. Reportedly, India imported around 4.07 lac tons of sugar (mainly from Brazil) in the month of August, marking a two-fold increment from the last months' figure.

A depreciating Indian currency and EID Parry to sugar import together contributed their bit for the mass purchase made. However, as for now, India had imported a total of 13.10 lac tons of sugar in 2013-14; which is much lower in comparison to the figure achieved last year i.e. 29.91 lac tons.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	30th August-5th September	23rd August-28th August	Change
Sugar	Delhi - Grade M	3243	3263	-20
	Delhi - Grade S	3253	3189	64
	Delhi - Grade L	3200	NA	-
	UP- Khatauli Grade M	3277	3302	-25
	UP- Ramala Grade M	3200	3222	-22
	UP- Dhampur Grade M Ex-Mill	3220	3200	20
	UP- Dhampur Grade S Ex-Mill	3200	3200	Unch
	UP- Dhampur Grade L Ex-Mill	3270	3270	Unch
	Mumbai –Grade M	3258	3338	-80
	Mumbai –Grade S	3167	3173	-6
	Kolhapur – Grade M	3024	3048	-24
	Kolhapur – Grade S	2924	2948	-24
	Guhawati – Grade S	3232	3256	-24
	Shillong – Grade S	3244	3268	-24
	Vijayawada – Grade M	3540	3540	Unch
	Vijayawada- Grade S	3440	3444	-4
	Nagpur – Grade M	3350	3350	Unch
	Nagpur – Grade S	3192	3150	42
	Kolkata – Grade M	NA	3340	-



	Chennai - Grade S	3079	3096	-17
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3163	3171	-8
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	3135	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		5-Sep-14	28-Aug-14	5-Aug-14	5-Sep-13
Sugar	Delhi - Grade M	3240	3260	3310	3170
	Delhi - Grade S	3200	3180	3210	3110
	Delhi - Grade L	NA	NA	NA	NA
	UP- Khatauli Grade M	3275	3280	3385	3165
	UP- Ramala Grade M	3200	3190	3250	3110
	UP- Dhampur Grade M Ex-Mill	3220	3220	3280	3040
	UP- Dhampur Grade S Ex-Mill	3200	3200	3260	3020
	UP- Dhampur Grade L Ex-Mill	3270	3270	3330	3090
	Mumbai –Grade M	3266	3340	3322	3296
	Mumbai –Grade S	3162	3172	3186	3082
	Kolhapur – Grade M	3010	3050	3050	3025
	Kolhapur – Grade S	2910	2950	2950	2925
	Guhawati – Grade S	3218	3258	3258	3233
	Shillong – Grade S	3230	3270	3270	3245
	Vijayawada – Grade M	3540	3540	3550	3580
	Vijayawada- Grade S	3440	3440	3450	3380
	Nagpur – Grade M	3350	3350	3350	3250
	Nagpur – Grade S	3200	3150	3150	3150
	Kolkata – Grade M	NA	NA	NA	3280
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3161	3135	3125	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	3080	NA	NA
	Chennai - Grade S	3070	3171	3100	3080

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.

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	30th August-5th September	23rd August-28th August	Change
Muzaffar Nagar	Chaku	2788	2830	-42
	Chaku (Arrival)	NA	NA	-
	Khurpa	2700	2770	-70
	Laddoo	2878	2913	-35
	Rascut	2596	2675	-79
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	3250	3250	Unch
Bangalore	Achhu	NA	NA	-
	Mudde	4180	3925	255
Belgaum	Mudde	2800	2850	-50
Belthangadi	Yellow (Average)	3400	3400	Unch
Bijapur	Achhu	3001	3015	-14
Gulbarga	Other (Average)	3163	3148	15
Mahalingapura	Penti (Average)	3170	2963	207
Mandya	Achhu (Medium)	NA	3119	-
	Kurikatu (Medium)	NA	2831	-
	Other (Medium)	NA	2792	-
	Yellow (Medium)	NA	3039	-
Shimoga	Achhu (Average)	3417	3500	-83

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		5-Sep-14	28-Aug-14	5-Aug-14	5-Sep-13
Muzaffar Nagar	Chaku	2775	2750	3000	2863
	Khurpa(New)	2625	NA	2850	2600
	Laddu(New)	2775	2700	3225	2800
	Rascut	2625	2925	2825	2600
Hapur	Chaursa	NA	2600	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	3250	3250	3150	3250
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	4200	4150	3850	3600
Belgaum	Mudde	2800	2900	NA	3000
Belthangadi	Yellow (Average)	NA	NA	3400	2850
Bijapur	Achhu	3040	2980	2980	3100
Gulbarga	Other (Average)	3150	3175	3100	3075
Mahalingapura	Penti (Average)	NA	3010	3080	3000
Mandya	Achhu (Medium)	NA	NA	2450	2950
	Kurikatu (Medium)	NA	NA	2350	2450
	Other (Medium)	NA	NA	2400	2450
	Yellow (Medium)	NA	NA	2450	2750
Shimoga	Achhu (Average)	3400	3500	3400	3575

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

3UGARM2001409(NCSAMU4)2014/09/07 - Weekly B:2963.00 A:2999.00
O 2999.00 H 2999.00 L 2996.00 C 2996.00 ↓ V 3018,560 -13 -0.43%

AW AGRIWATCH

Technical Commentary:

- Sugar prices and volume are declining while O.I remained steady at the previous level.
- Last candlestick depicts bearishness.
- RSI is hovering into a neutral zone.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Sept	2898	2932	3009	3050	3102
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Sept	Sell	Below 2999	2975	2970	3013

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

GURCHMUZR 1409(NCCHMU4)2014/09/07 - Weekly B:1127.50 A:1131.00
 O 1126.50 H 1132.50 L 1126.50 C 1129.00 ↓ V 11015,590 -2 -0.18%


Technical Commentary:

- Gur prices are increasing while volume and O.I falls down for the week.
- Last candlestick depicts bullishness.
- However, RSI is hovering into a neutral zone.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1088.5	1102.5	1131	1165.5	1178
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	Buy	Above 1127.5	1137.5	1140	1117

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:

- Raw sugar export from Brazil declined 8.46% from 2.04 million tons in July to 1.86 million tons this month. The situation is much graving when compared on y-o-y basis, where sugar export turned around 2.68 million tons in Aug, 2013.
- Thailand reduced its sugar consumption quota from 2.4 million tons to 2.5 million tons for 2013-14. The move was taken in an attempt to increase sugar export from the country at a tone of 8.8 million tons for marketing year 2014.
- 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	4-Sep-14	28-Aug-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	15.13	15.56	-0.43
	15-Mar	15.13	17.54	-2.41
	15-May	15.13	17.97	-2.84
LIFFE Sugar (US \$/MT)	14-Oct	417.6	426.00	-8.4
	14-Dec	417.6	441.80	-24.2
	15-Mar	417.6	460.60	-43

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

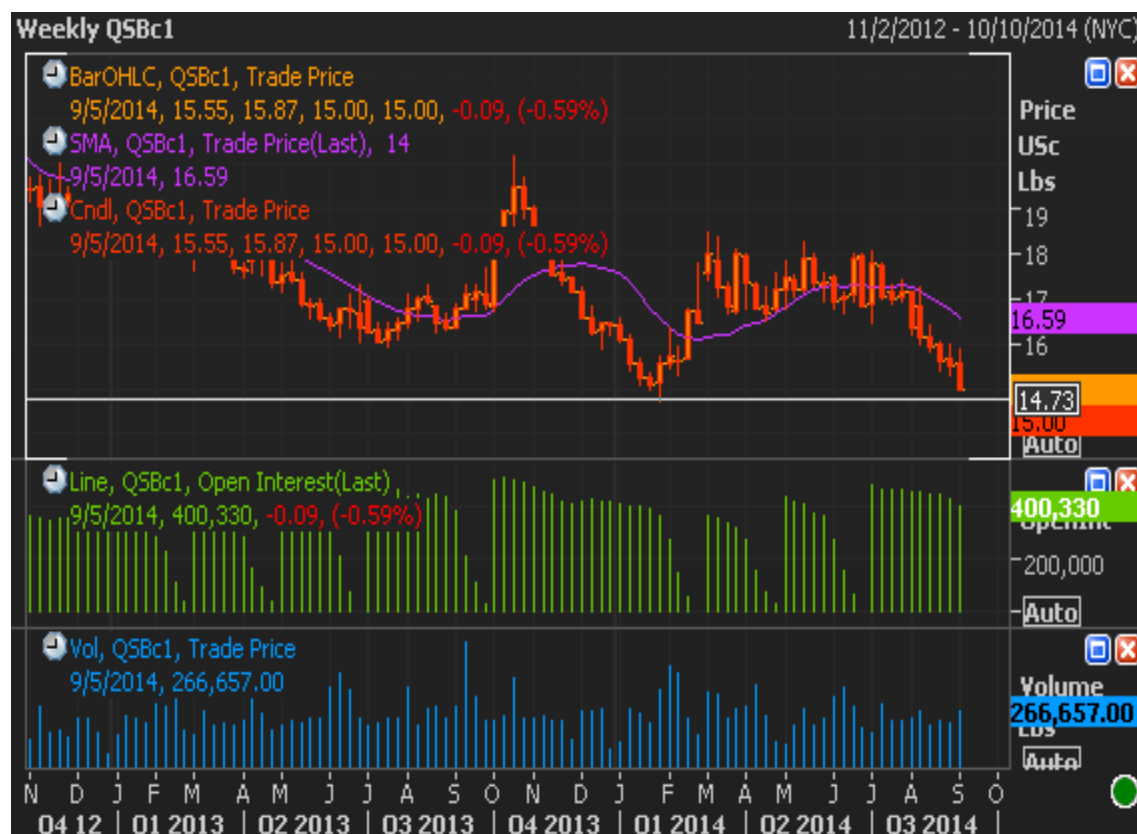


Technical Commentary:

- LIFE future market is trending downward for this week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 412 with a target of 403.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'14	412	403

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 14.88 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	14.88	14.80

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