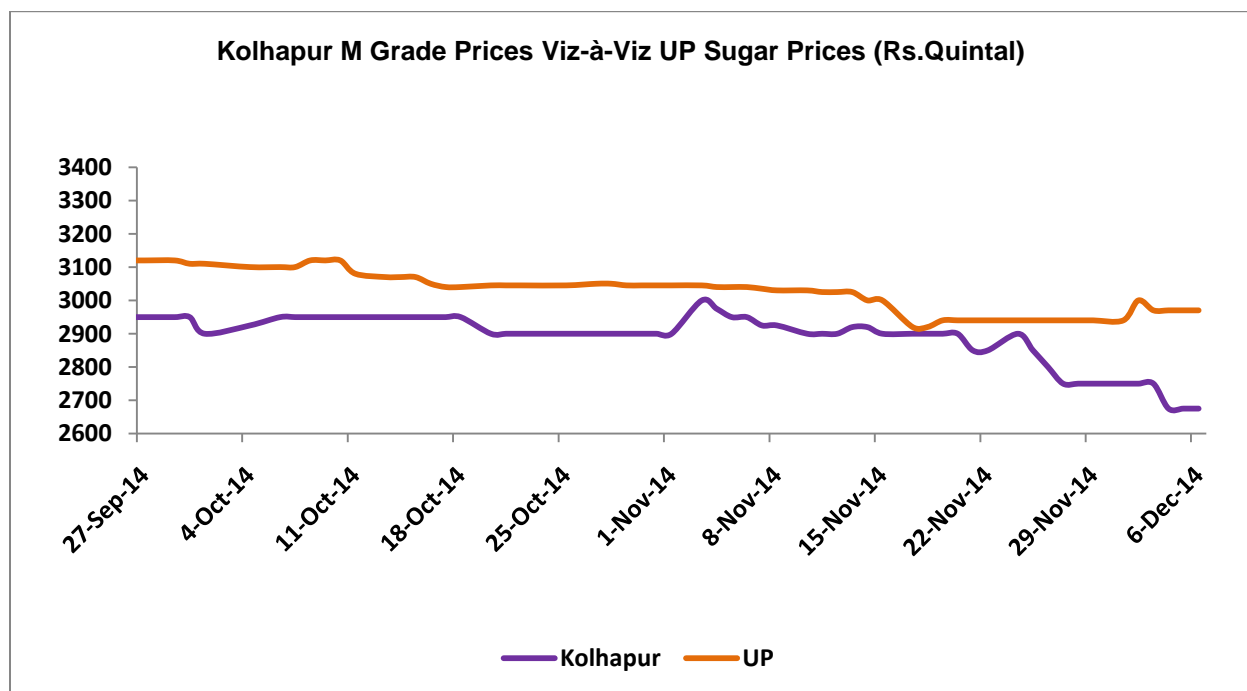


### Sugar Price Trend and Outlook:

Sugar prices continued to slide last week largely on higher supplies against lower demand in the domestic market. In addition, higher Indian sugar production estimates for 2014-15 and weak international sugar prices landed support to the prevailing downtrend.

The spread between the two benchmarks also widened up followed by a sharp dip in Kolhapur market (where prices fell down to Rs2675/quintal) while prices rose marginally (1%) in Uttar Pradesh which last sold sugar at a rate of Rs 2970/quintal.



### Price Outlook:

Sugar prices are currently trading low and had even touched the lowest possible in Kolhapur market. However, the situation is expected to turn upside soon as Brazil is almost done with the cane crushing and is likely to divert the remaining cane towards ethanol production.

**News Highlights:**

- India produced 17.81 lakh tons of sugar till 30th Nov, 2014 which was 56% higher than the quantity produced during the same period last year. Similarly, the country also saw an upsurge in the number of crushing units from 262 (in 2013) to 287 (in 2014) for the same duration.
- Cane crushing started in U.P and the state had churned around 196.86 lakh quintal of sugarcane to produce 16.91 lakh quintal of sugar till 02nd Dec, 2014. Not only this, the cane recovery rate in U.P had also improved from 7.48% in 2013 to 8.59% in 2014.
- Sugar production in Maharashtra for 2014-15 ((till 02nd Dec, 2014) stands out at 112 lakh quintal which is 115% more than the production made last year during same time. Notably, the state crushed 130 lakh quintal of sugarcane this season ((till 02nd Dec, 2014) with an average recovery rate of 9.4%.
- 31 sugar mills in Karnataka churned around 3.36 lakh tons of sugar this year (as on 30th Nov, 2014) compared to 3.28 lakh tons of sugar a year back. Crushing had also started recently in states like Gujarat which had produced around 1.6 lakh tons of sugar till 30th Nov, 2014. Notably, 17 sugar mills from the state participated in the crushing process and the number is likely to increase with the progress in season.

**Raw Sugar Import/Export Opportunity:**

Indian indicative raw sugar CIF prices from Brazil quoted at \$483.07 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$438.82 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$400/ Ton.

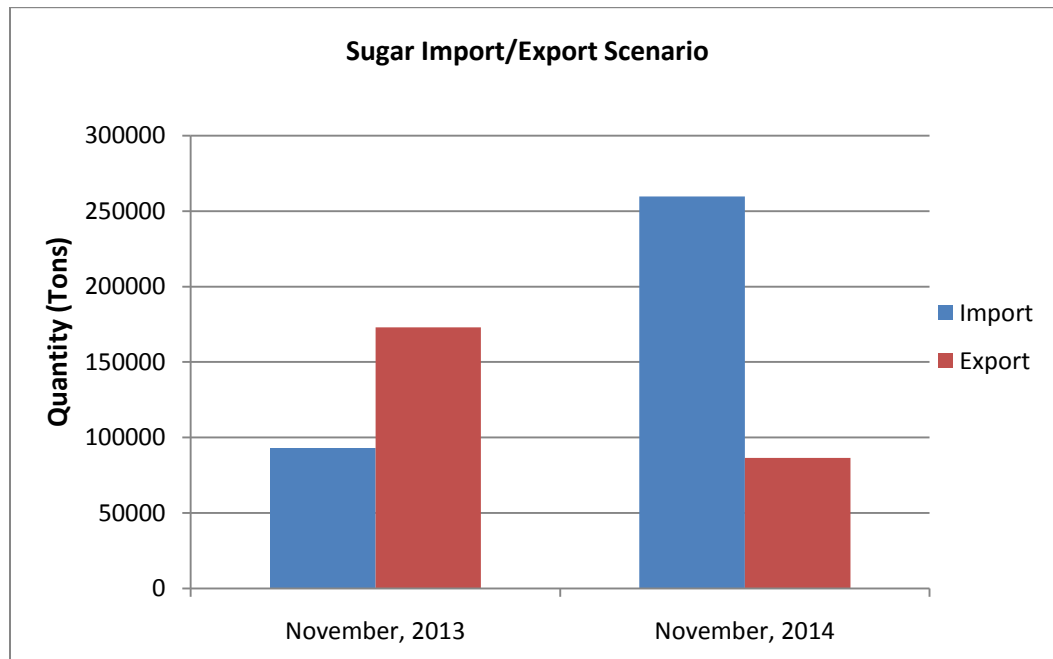
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.25) till 08 <sup>th</sup> Dec, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$400	\$423.35/396.40	\$438.82

### Sugar Import and Export Scenario:

Indian sugar export declined by 50% from 1.73 lakh tons in Nov, 2013 to 0.87 lakh tons this year in Nov, 2014. This was primarily because the domestic producer here stopped producing raw sugar amid looming uncertainty over govt. export subsidy.

Reportedly, India exported 47.1, 8.8 and 7.3 thousand tons of sugar this month to Sudan, Djibouti and UAE respectively.



On the other hand, India imported record level sugar this month as the weak Brazilian real attracted a major chunk of buyers (including India) to purchase in abundance. To make a note, India imported 2.59 lakh tons of sugar this month which is 179% higher than the imports made last year in November.

**Spot Sugar Prices Scenario (Weekly)**

<b>Spot Sugar Prices Scenario (Weekly) (Average)</b>				
<b>Commodity</b>	<b>Centre</b>	<b>29th Nov to 05 Dec 14</b>	<b>22th Nov to 28 Nov 14</b>	<b>Change</b>
<b>Sugar</b>	Delhi - Grade M	2914	2930	<b>-16</b>
	Delhi - Grade S	2887	2895	<b>-8</b>
	Delhi - Grade L	NA	NA	<b>-</b>
	UP- Khatauli Grade M	3030	3055	<b>-25</b>
	UP- Ramala Grade M	2892	2930	<b>-38</b>
	UP- Dhampur Grade M Ex-Mill	2930	2828	<b>102</b>
	UP- Dhampur Grade S Ex-Mill	2910	2808	<b>102</b>
	UP- Dhampur Grade L Ex-Mill	2980	2878	<b>102</b>
	Mumbai –Grade M	3035	3121	<b>-86</b>
	Mumbai –Grade S	2819	2851	<b>-32</b>
	Kolhapur – Grade M	2725	2810	<b>-85</b>
	Kolhapur – Grade S	2625	2695	<b>-70</b>
	Guhawati – Grade S	2928	2999	<b>-71</b>
	Shillong – Grade S	2945	3015	<b>-70</b>
	Vijayawada – Grade M	3283	3373	<b>-90</b>
	Vijayawada- Grade S	3083	3173	<b>-90</b>
	Nagpur – Grade M	3058	3100	<b>-42</b>
	Nagpur – Grade S	2875	2933	<b>-58</b>
	Kolkata – Grade M	3043	3011	<b>32</b>
	Chennai - Grade S	2892	2900	<b>-8</b>
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	NA	<b>-</b>
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	NA	<b>-</b>

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		5-Dec-14	28-Nov-14	5-Nov-14	5-Dec-13
Sugar	Delhi - Grade M	3000	2975	3090	3120
	Delhi - Grade S	2980	2935	3000	3040
	Delhi - Grade L	NA	NA	NA	NA
	UP- Khatauli Grade M	3020	3050	3150	3135
	UP- Ramala Grade M	2870	2930	3000	2960
	UP- Dhampur Grade M Ex-Mill	2950	2830	3050	3000
	UP- Dhampur Grade S Ex-Mill	2930	2810	3030	2980
	UP- Dhampur Grade L Ex-Mill	3000	2880	3100	3050
	Mumbai –Grade M	3020	3012	3196	3202
	Mumbai –Grade S	2812	2846	3036	2946
	Kolhapur – Grade M	2675	2750	2950	2900
	Kolhapur – Grade S	2575	2650	2850	2700
	Guhawati – Grade S	2878	2954	3157	3004
	Shillong – Grade S	2895	2970	3170	3020
	Vijayawada – Grade M	3250	3340	3450	3550
	Vijayawada- Grade S	3050	3140	3350	3250
	Nagpur – Grade M	3000	3100	3250	3200
	Nagpur – Grade S	2850	2900	3050	3000
	Kolkata – Grade M	NA	3050	3230	3180
	Chennai - Grade S	2850	2900	2925	3050
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	NA	3161	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	NA	3135	NA

**Gur Market Scenario and Outlook**

Gur prices fell this week on increased supplies from producing areas against reduced off take by local parties and stockiest.

Muzaffar Nagar, gur markets also depicted a weak trend due to adequate stocks on increased supplies.

Reportedly, spot Chaku price was Rs 2302/quintal last week while Khurpa and Laddoo stayed at Rs 2131 and Rs 2250 per quintal for the week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	29th Nov to 05 Dec 14	22th Nov to 28 Nov 14	Change
Muzaffar Nagar	Chaku	2302	2385	-83
	Chaku (Arrival)	52000	63000	-11000
	Khurpa	2131	2215	-83
	Laddoo	2250	2363	-112
	Rascut	NA	NA	-
Hapur	Chaurasa	2038	2129	-92
	Balti	2038	2052	-15
Maharashtra	Latur(Lal Variety)	2400	2450	-50
Bangalore	Achhu	NA	NA	-
	Mudde	4258	4100	158
Belgaum	Mudde	2660	2750	-90
Belthangadi	Yellow (Average)	3130	3170	-40
Bijapur	Achhu	2493	2566	-73
Gulbarga	Other (Average)	2675	2685	-10
Mahalingapura	Penti (Average)	2602	2634	-32
Mandya	Achhu (Medium)	2508	2600	-92
	Kurikatu (Medium)	2250	2300	-50
	Other (Medium)	2267	2325	-58
	Yellow (Medium)	2508	2613	-104
Shimoga	Achhu (Average)	3000	3150	-150



Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		5-Dec-14	28-Nov-14	5-Nov-14	5-Dec-13
Muzaffar Nagar	Chaku	2250	2438	2375	2450
	Khurpa	2100	2250	2312.5	2345
	Laddu	2250	2400	2425	2350
	Rascut	NA	NA	NA	2275
Hapur (Seyana)	Chaurasa	2030	2083	2163	2225
	Balti	2050	2010	2125	2150
Maharashtra	Latur(Lal Variety)	NA	2400	2900	2600
Bangalore	Achhu	NA	NA	NA	NA
	Mudde	4200	4350	4225	3100
Belgaum	Mudde	3100	2800	2700	3000
Belthangadi	Yellow (Average)	3100	3150	3250	3100
Bijapur	Achhu	2395	2645	NA	2900
Gulbarga	Other (Average)	2575	2680	3125	3150
Mahalingapura	Penti (Average)	2610	2740	2910	2650
Mandya	Achhu (Medium)	2500	2600	3200	2750
	Kurikatu (Medium)	2250	2300	2550	2400
	Other (Medium)	2250	2350	2750	2400
	Yellow (Medium)	2500	2600	3100	2700
Shimoga	Achhu (Average)	2650	3100	3200	2900

Commodity: Sugar  
Contract: December

Exchange: NCDEX  
Expiry: Dec 19, 2014

### SUGAR (December Weekly Chart)



#### Technical Commentary:

- Sugar prices and O.I are declining while volume surges up for the week.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bearishness in the market.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2640	2680	2720	2760	2810
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	<b>Sell</b>	Below 2720	2705	2695	2728



**Commodity: Gur**  
**Contract: December**
**Exchange: NCDEX**  
**Expiry: Dec 19, 2014**
**GUR (December Weekly Chart)**

**Technical Commentary:**

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

**Strategy: Sell**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Dec	880	900.5	938.5	980	1000.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Dec	<b>Sell</b>	Below 940	925	920.5	948.5

## International Scenario

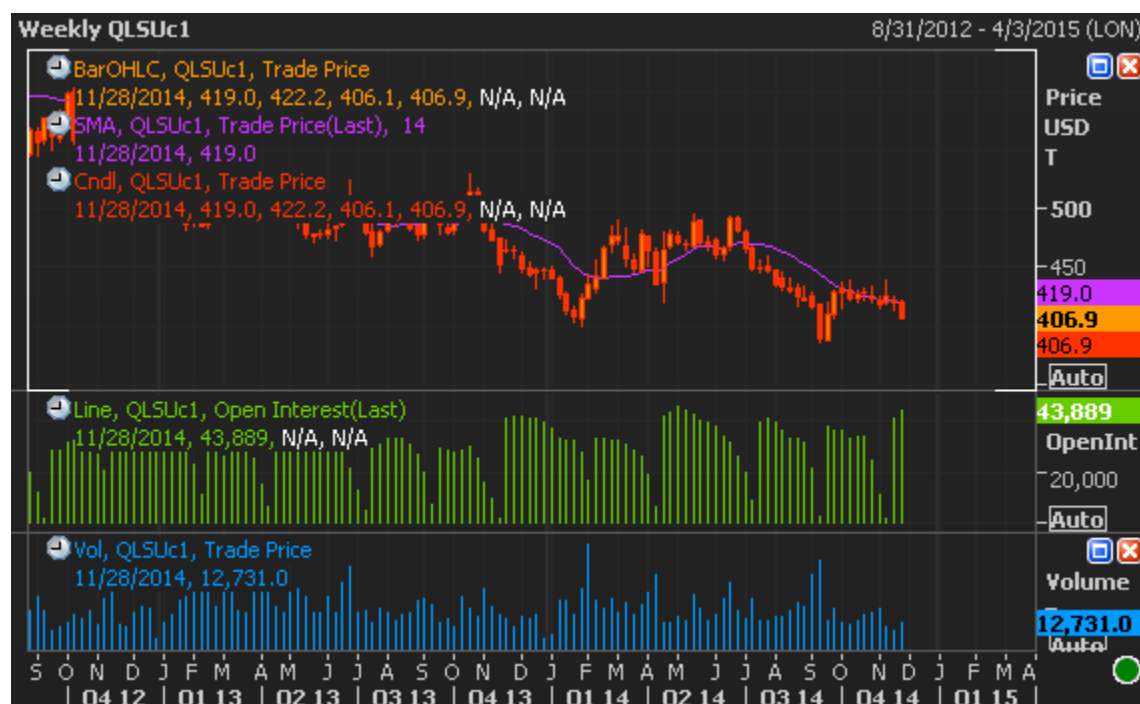
International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

### International Market News Highlights:

- Brazilian govt. had sanctioned its bio fuel law for increasing ethanol blending in petrol (from 25% to 27.5%) after meeting the required standard sticks of zero harmful effect of blending. Notably; the country had announced the law this year with the only condition laid that it shouldn't create any adverse impact, either on the environment or to the car's engine. With such a governmental step, it is expected that the demand for ethanol will soon rise in the country giving its way for diversification of sugarcane towards ethanol production and thereby leaving less cane for sugar production.
- As per the UNICA report, sugar production in Brazil's centre-south region declined 42% from 2.08 million tons (last two weeks of October) to 1.21 million tons in the first two weeks of November. This was due to the severe draught faced by Brazil in early 2014 that resulted into fastening of harvesting process and lesser cane availability by the season end
- Sugar production in Thailand is expected to range in between 10- 11 million tons for MY 2014-15 against a record high of 11.3 million tons the previous year. Hot and humid climate condition coupled with scanty rainfall this year cited cues for this fall in expectation.
- China's sugar import declined 39% y-o-y from 0.59 million tons to 0.36 million tons in the month of September. Similarly, a depreciating domestic currency and ample stock build up within the nation caused total imports to fall by 17.8% to 2.4 million tons in 2014(Jan-Sep).

International Sugar Prices (Weekly)				
	Contract Month	4-Dec-14	27-Nov-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	15.21	15.96	-0.75
	15-May	15.59	16.33	-0.74
	15-Jul	15.81	16.51	-0.70
LIFFE Sugar (US \$/MT)	15-Mar	396.4	414.5	-18.10
	15-May	407.3	425.0	-17.70
	15-Aug	419.3	436.1	-16.80

### LIFFE Future Market Sugar Scenario (Mar'15 Contract):

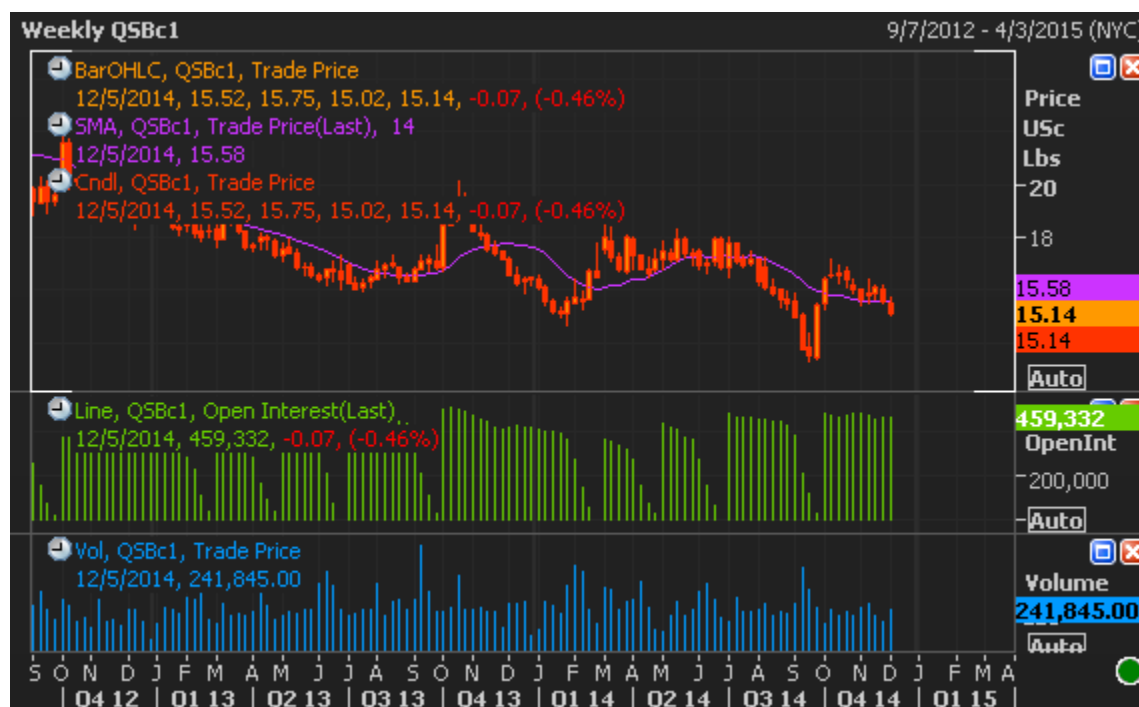


### Technical Commentary:

- LIFE future market trends downward for the week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 395 with a target of 385.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'15	395	385.6

### ICE Raw Sugar Future Market Scenario (Mar'15 Contract):



### Technical Commentary:

- ICE raw sugar futures are trending downwards.
  - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 15.14 with target of 14.98

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	15.14	14.98

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