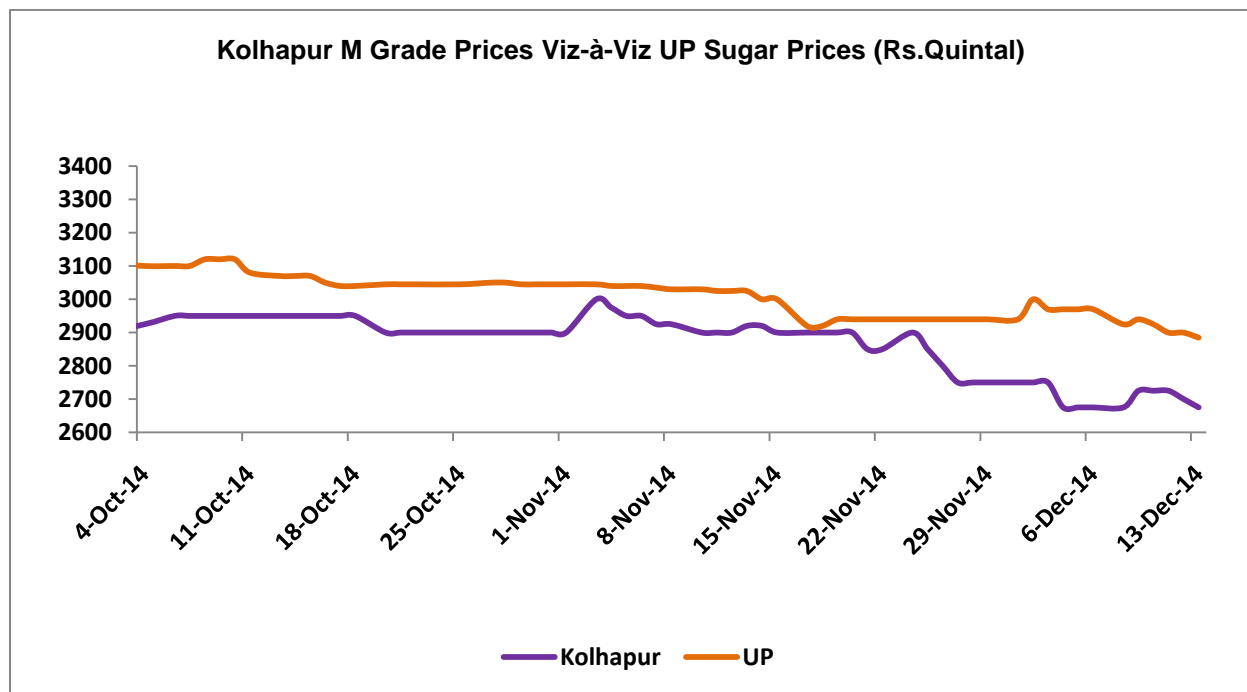


Sugar Price Trend and Outlook:

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.

However, the spread between the two benchmarks narrowed down a little with price closing at Rs 2675 and Rs 2885 per quintal in Kolhapur and U.P market respectively.



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:

- The govt. of India gave its approval for procurement of ethanol at a rate of Rs 48.50 - 49.50 per liter for blending with petrol. The move is likely to benefit both the millers and cane farmers in the country who can now demand more money for their product.
- 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 \$489.65 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$429.64 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$402.50/ Ton.

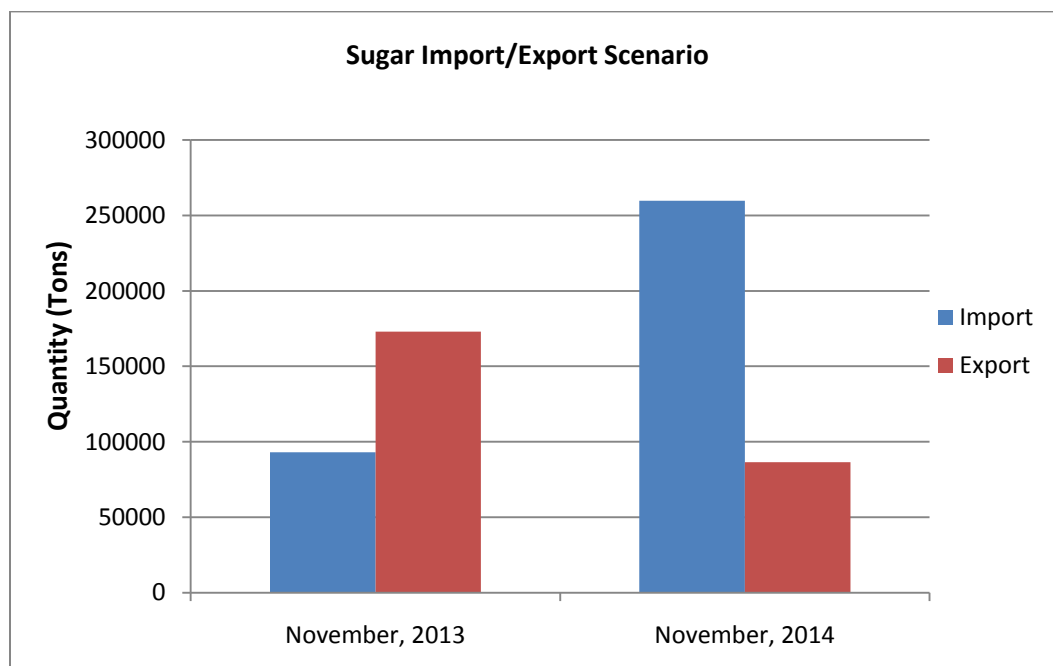
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.61) till 15 th Dec, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$402.50	\$423.35/394.40	\$429.64

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)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	06 Dec to 12 Dec	29th Nov to 05 Dec 14	Change
Sugar	Delhi - Grade M	2964	2914	50
	Delhi - Grade S	2927	2887	40
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3002	3030	-28
	UP- Ramala Grade M	2863	2892	-28
	UP- Dhampur Grade M Ex-Mill	2919	2930	-11
	UP- Dhampur Grade S Ex-Mill	2899	2910	-11
	UP- Dhampur Grade L Ex-Mill	2969	2980	-11
	Mumbai –Grade M	3001	3035	-34
	Mumbai –Grade S	2806	2819	-13
	Kolhapur – Grade M	2700	2725	-25
	Kolhapur – Grade S	2561	2625	-64
	Guhawati – Grade S	2863	2928	-65
	Shillong – Grade S	2881	2945	-64
	Vijayawada – Grade M	3250	3283	-33
	Vijayawada- Grade S	3050	3083	-33
	Nagpur – Grade M	3000	3058	-58
	Nagpur – Grade S	2850	2875	-25
	Kolkata – Grade M	3000	3043	-43
	Chennai - Grade S	2843	2892	-49
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	Unch



Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		12-Dec-14	5-Dec-14	12-Nov-14	12-Dec-13
Sugar	Delhi - Grade M	2955	3000	3000	3040
	Delhi - Grade S	2930	2980	2980	3000
	Delhi - Grade L	NA	NA	NA	NA
	UP- Khatauli Grade M	3000	3020	3125	3100
	UP- Ramala Grade M	2870	2870	2940	2970
	UP- Dhampur Grade M Ex-Mill	2890	2950	3000	3100
	UP- Dhampur Grade S Ex-Mill	2870	2930	2980	3080
	UP- Dhampur Grade L Ex-Mill	2940	3000	3050	3150
	Mumbai –Grade M	2990	3020	3166	3196
	Mumbai –Grade S	2802	2812	2952	2920
	Kolhapur – Grade M	2700	2675	2900	2900
	Kolhapur – Grade S	2550	2575	2800	2750
	Guhawati – Grade S	2852	2878	3106	3055
	Shillong – Grade S	2870	2895	3120	3070
	Vijayawada – Grade M	3250	3250	3450	3550
	Vijayawada- Grade S	3050	3050	3350	3250
	Nagpur – Grade M	3000	3000	3150	3200
	Nagpur – Grade S	2850	2850	2960	3000
	Kolkata – Grade M	3000	NA	NA	3260
	Chennai - Grade S	2800	2850	2925	3025
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	NA	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	NA	NA

Gur Market Scenario and Outlook

Mixed sentiments were recorded in gur market where price fell down in some regions while rose up at others. Like, prices fell down in markets of Gulbarga, Mahalingapura, Mandya and Shimoga while northern region of Hapur and Muzaffar Nagar witnessed a surge.

A lower arrival last week caused price to surge in key Muzaffar Nagar gur market where Chaku settled at Rs 2330 per quintal for the week. Meanwhile, Khurpa and Laddoo varieties also showed an improving trend with their price settling at Rs 2164 & Rs 2371 per quintal last week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	06 Dec to 12 Dec	29th Nov to 05 Dec 14	Change
Muzaffar Nagar	Chaku	2330	2302	28
	Chaku (Arrival)	43000	52000	-9000
	Khurpa	2164	2131	33
	Laddoo	2371	2250	121
	Rascut	NA	NA	-
Hapur	Chaurasa	2107	2038	69
	Balti	2127	2038	90
Maharashtra	Latur(Lal Variety)	NA	2400	-
	Mudde	4200	4258	-58
Belgaum	Mudde	2680	2660	20
Belthangadi	Yellow (Average)	3121	3130	-9
Bijapur	Achhu	2548	2493	55
Gulbarga	Other (Average)	2549	2675	-126
Mahalingapura	Penti (Average)	2556	2602	-46
Mandya	Achhu (Medium)	2500	2508	-8
	Kurikatu (Medium)	2214	2250	-36
	Other (Medium)	2264	2267	-2
	Yellow (Medium)	2500	2508	-8
Shimoga	Achhu (Average)	2693	3000	-307

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		12-Dec-14	5-Dec-14	12-Nov-14	12-Dec-13
Muzaffar Nagar	Chaku	2375	2250	2553	2375
	Khurpa	2225	2100	2278	2250
	Laddu	2525	2250	2475	2525
	Rascut	NA	NA	NA	2275
Hapur	Chaurasa	2188	2030	2175	2203
	Balti	2200	2050	2088	2225
Maharashtra	Latur(Lal Variety)	NA	NA	2800	2600
	Mudde	4200	4200	4100	3300
Belgaum	Mudde	2700	3100	2700	2900
Belthangadi	Yellow (Average)	3150	3100	3250	3000
Bijapur	Achhu	2770	2395	NA	2950
Gulbarga	Other (Average)	NA	2575	3125	3050
Mahalingapura	Penti (Average)	2580	2610	2840	3000
Mandya	Achhu (Medium)	2500	2500	2800	2800
	Kurikatu (Medium)	2250	2250	2400	2400
	Other (Medium)	2300	2250	2400	2450
	Yellow (Medium)	2500	2500	2800	2750
Shimoga	Achhu (Average)	2700	2650	3200	2950

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 20, 2014

SUGAR (March Weekly Chart)



Technical Commentary:

- Sugar prices and volume are declining while O.I 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	Mar	2500	2630	2710	2790	2810
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Sell	Below 2715	2700	2695	2723

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

Technical Commentary:

- Gur prices are surging while volume declines down for the week.
- RSI is also hovering into a neutral zone.
- Last candlestick depicts bullishness in the market.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Jan	880	950.5	978	995.5	1035
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Sell	Below 975	963	957	982

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:

- Leading trade house Platts Kingsman expects a global sugar deficit of 1-2 million tons in 2014-15 amidst falling global production and steadily rising consumption this year. Similarly, the industry could face a global deficit of above 3 million tons in 2015-16 as the major sugar producer Brazil is most likely to divert its cane towards ethanol production next year.
- 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	11-Dec-14	4-Dec-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	15.15	15.21	-0.06
	15-May	15.49	15.59	-0.10
	15-Jul	15.75	15.81	-0.06
LIFFE Sugar (US \$/MT)	15-Mar	393.3	396.4	-3.10
	15-May	404.1	407.3	-3.20
	15-Aug	416.7	419.3	-2.60

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

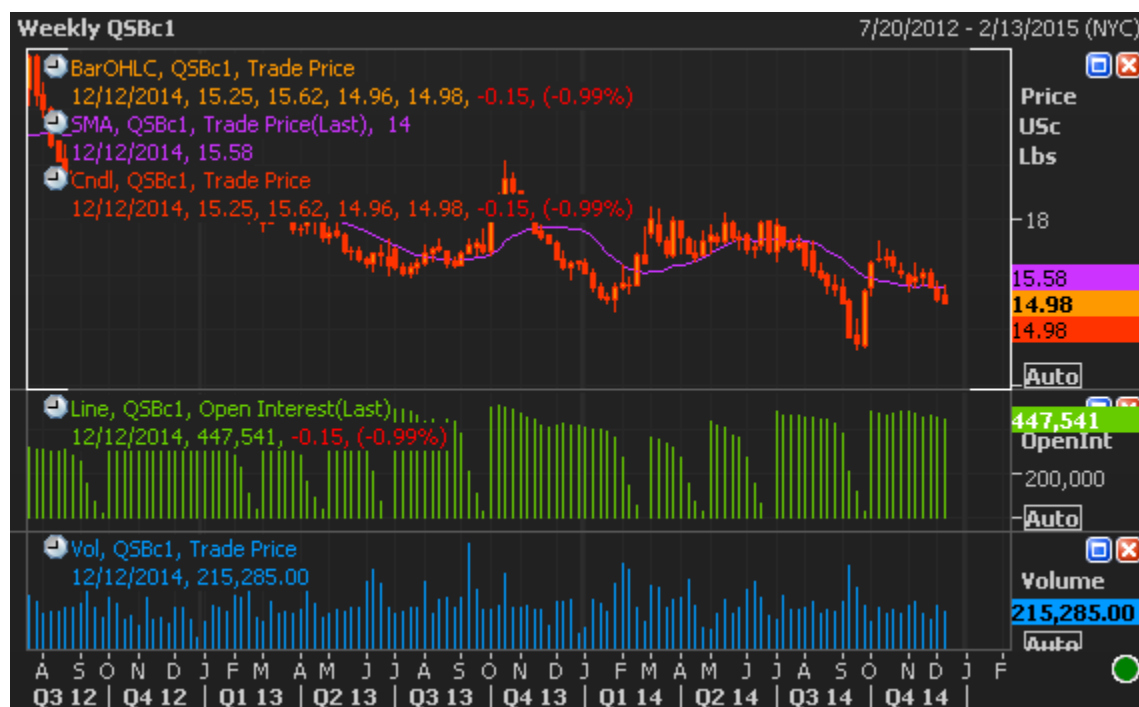


Technical Commentary:

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 390.2 with a target of 380

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'15	390.2	380

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 14.90 with target of 14.62

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	14.90	14.62



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