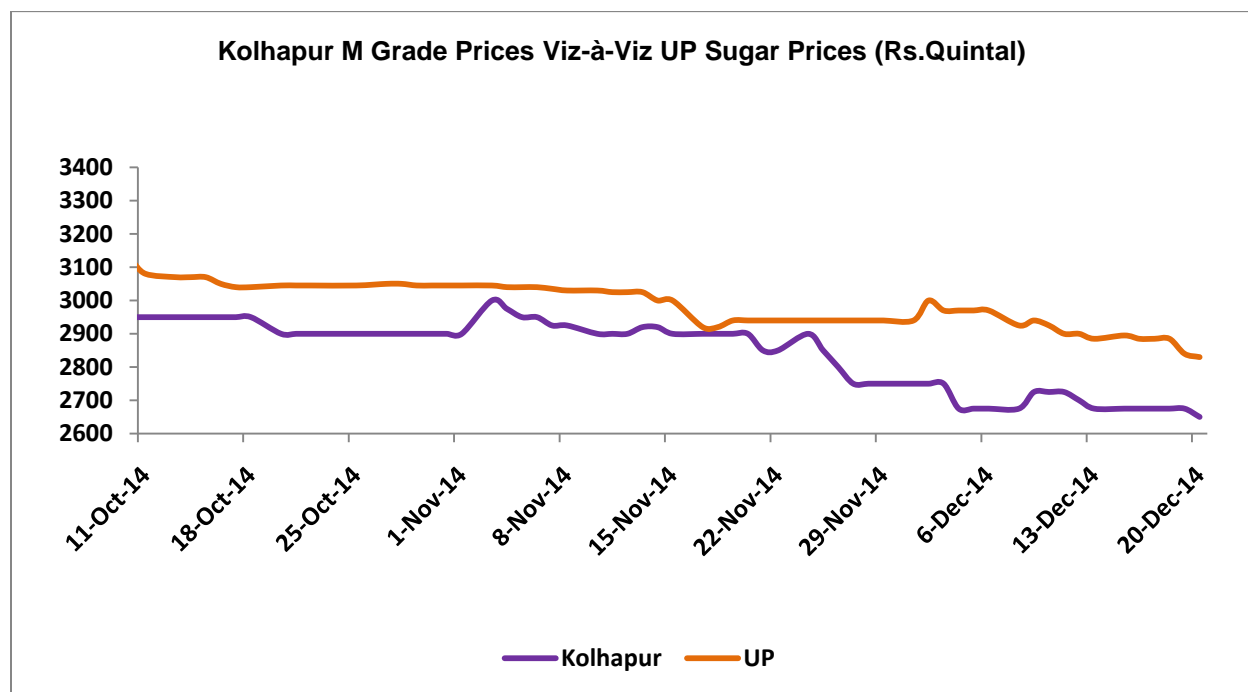


### Sugar Price Trend and Outlook:

Sugar prices remained subdued, as the market got flooded with excessive supply both from domestic as well as international players while domestic demand continued to be palling. In addition, a recent global fall in crude oil prices led the biggest exporter (Brazil) to divert their cane for sugar production (instead of ethanol) which further landed support to the surplus production.

Notably, the spread between the two benchmarks also got narrowed down with price closing at Rs 2650 and Rs 2830 per quintal in Kolhapur and U.P market respectively.



### Price Outlook:

Sugar prices are currently trading low and are expected to decline further as the country is going through its peak production time that will last for some more months from now.

**News Highlights:**

- An early start of crushing this season (Oct, 2014- Sep, 2015) led India to produce 42.25 lakh tons of sugar (till 15th Dec, 2014) which was 46.9% higher than the figure achieved last year during the same period. Reportedly, 442 Indian sugar mills participated in the crushing process as against 426 mills last year.
- 166 sugar mills in Maharashtra had churned around 20.73 lakh tons of sugar this season (up to 15th Dec, 2014) as compared to 12.96 lakh tons sugar for the same duration in 2013. However, it is the state of Karnataka which showed a marginal decline of 0.57 lakh tons in production from 7.57 in 2013-14 (Oct, 1 - Dec, 15) to 7 lakh tons in 2014-15 (Oct, 1 – Dec, 15).
- Crushing operation matched up a speedy recovery with U.P producing 7.94 lakh tons of sugar in 2014-15 (till 15th Dec, 2014) compared to a mere production of 3 lakh tons in 2013-14(till 15th Dec, 2013). Interestingly, 114 sugar mills had participated in the crushing process so far which is the sole reason for higher production this year.
- Millers and traders are doing forward contracts for March at a discount of Rs 100/ quintal compared to present quotes .Notably, sugar prices are trading at Rs2600/ quintal for Kolhapur M grade. Millers are presently selling their output at discount to fetch liquidity for their working capital and timely payments of cane arrears to farmers.

**Raw Sugar Import/Export Opportunity:**

Indian indicative raw sugar CIF prices from Brazil quoted at \$483.38 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$425.70 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$397.50/ Ton.

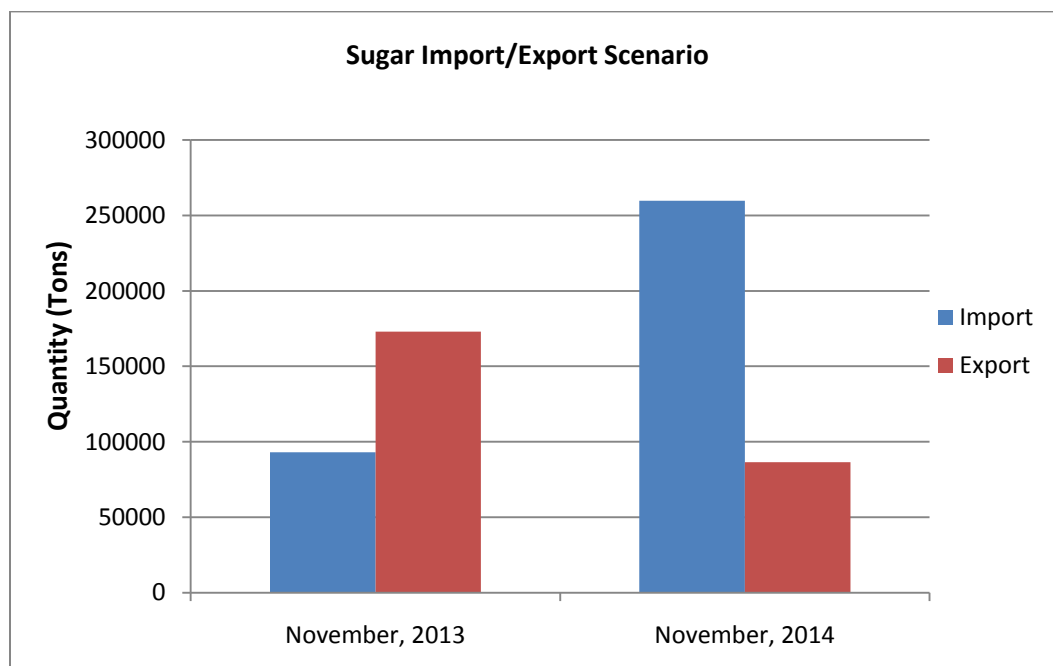
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.61) till 22 <sup>nd</sup> Dec, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$397.50	\$423.35/387.70	\$425.70

### 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	13 Dec to 19 Dec	06 Dec to 12 Dec	Change
Sugar	Delhi - Grade M	2903	2964	-62
	Delhi - Grade S	2884	2927	-43
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2938	3002	-65
	UP- Ramala Grade M	2808	2863	-55
	UP- Dhampur Grade M Ex-Mill	2855	2919	-64
	UP- Dhampur Grade S Ex-Mill	2835	2899	-64
	UP- Dhampur Grade L Ex-Mill	2905	2969	-64
	Mumbai –Grade M	2973	3001	-28
	Mumbai –Grade S	2787	2806	-19
	Kolhapur – Grade M	2675	2700	-25
	Kolhapur – Grade S	2550	2561	-11
	Guhawati – Grade S	2852	2863	-11
	Shillong – Grade S	2870	2881	-11
	Vijayawada – Grade M	3250	3250	Unch
	Vijayawada- Grade S	3050	3050	Unch
	Nagpur – Grade M	3025	3000	25
	Nagpur – Grade S	2825	2850	-25
	Kolkata – Grade M	3022	3000	22
	Chennai - Grade S	2783	2843	-60
	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
		19-Dec-14	12-Dec-14	19-Nov-14	19-Dec-13
Sugar	Delhi - Grade M	2890	2955	2950	3030
	Delhi - Grade S	2870	2930	2900	2950
	Delhi - Grade L	NA	NA	NA	3040
	UP- Khatauli Grade M	2900	3000	3085	3075
	UP- Ramala Grade M	2780	2870	2930	2970
	UP- Dhampur Grade M Ex-Mill	2840	2890	2860	3100
	UP- Dhampur Grade S Ex-Mill	2820	2870	2840	3080
	UP- Dhampur Grade L Ex-Mill	2890	2940	2910	3150
	Mumbai –Grade M	2960	2990	3190	3158
	Mumbai –Grade S	2766	2802	2876	2942
	Kolhapur – Grade M	2675	2700	2900	2900
	Kolhapur – Grade S	2550	2550	2800	2750
	Guhawati – Grade S	2852	2852	3106	3055
	Shillong – Grade S	2870	2870	3120	3070
	Vijayawada – Grade M	3250	3250	3400	3400
	Vijayawada- Grade S	3050	3050	3200	3200
	Nagpur – Grade M	3000	3000	3100	3200
	Nagpur – Grade S	2800	2850	3000	3000
	Kolkata – Grade M	3050	3000	3120	3200
	Chennai - Grade S	2750	2800	2900	2890
	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

Spot market remained buoyant with price rising in major gur markets such as Muzaffar Nagar, Hapur, Maharashtra etc. A cold and foggy weather especially in northern India compelled lower market activity in the region resulting into lower arrivals.

Gur prices in key Muzaffar Nagar market (for Chaku) settled at Rs 2376 per quintal this week, which was Rs 45 more than the price quoted last week for the same variety. Similarly, Khurpa and Laddoo varieties also showed an improving trend with their price settling at Rs 2331 & Rs 2494 per quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	13 Dec to 19 Dec	06 Dec to 12 Dec	Change
Muzaffar Nagar	Chaku	2376	2330	45
	Chaku (Arrival)	12600	43000	-30400
	Khurpa	2331	2164	167
	Laddoo	2494	2371	123
	Rascut	NA	NA	-
Hapur	Chaurasa	2265	2107	158
	Balti	2253	2127	125
Maharashtra	Latur(Lal Variety)	2400	NA	-
	Mudde	4238	4200	38
Belgaum	Mudde	2860	2680	180
Belthangadi	Yellow (Average)	3150	3121	29
Bijapur	Achhu	2566	2548	19
Gulbarga	Other (Average)	2601	2549	52
Mahalingapura	Penti (Average)	2580	2556	24
Mandya	Achhu (Medium)	2530	2500	30
	Kurikatu (Medium)	2250	2214	36
	Other (Medium)	2320	2264	56
	Yellow (Medium)	2520	2500	20
Shimoga	Achhu (Average)	2700	2693	7

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		19-Dec-14	12-Dec-14	19-Nov-14	19-Dec-13
<b>Muzaffar Nagar</b>	Chaku	2375	2375	2375	2500
	Khurpa	2350	2225	2200	2450
	Laddu	2375	2525	2425	2575
	Rascut	NA	NA	NA	2353
<b>Hapur</b>	Chaurasa	2325	2188	2163	2313
	Balti	2200	2200	2075	2288
<b>Maharashtra</b>	Latur(Lal Variety)	2400	NA	2450	2550
	Mudde	4250	4200	4200	3600
<b>Belgaum</b>	Mudde	2900	2700	2700	3000
<b>Belthangadi</b>	Yellow (Average)	3150	3150	3300	3000
<b>Bijapur</b>	Achhu	2600	2770	NA	2900
<b>Gulbarga</b>	Other (Average)	2640	NA	2740	3050
<b>Mahalingapura</b>	Penti (Average)	2610	2580	2780	2910
<b>Mandya</b>	Achhu (Medium)	2500	2500	2700	2850
	Kurikatu (Medium)	2250	2250	2300	2500
	Other (Medium)	2300	2300	2350	2500
	Yellow (Medium)	2500	2500	2700	2800
<b>Shimoga</b>	Achhu (Average)	2700	2700	3200	3225

Commodity: Sugar  
Contract: March

Exchange: NCDEX  
Expiry: Mar 20, 2014

### SUGAR (March 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	Mar	2500	2560	2672	2765	2810
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	<b>Sell</b>	Below 2670	2635	2615	2690



Commodity: Gur  
Contract: January

Exchange: NCDEX  
Expiry: Jan 20, 2014

### GUR (January Weekly Chart)



### Technical Commentary:

- Gur prices and O.I are rising 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	802.5	900	969	1010.5	1072
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	<b>Sell</b>	Below 969	954	947	977.5

## International Scenario

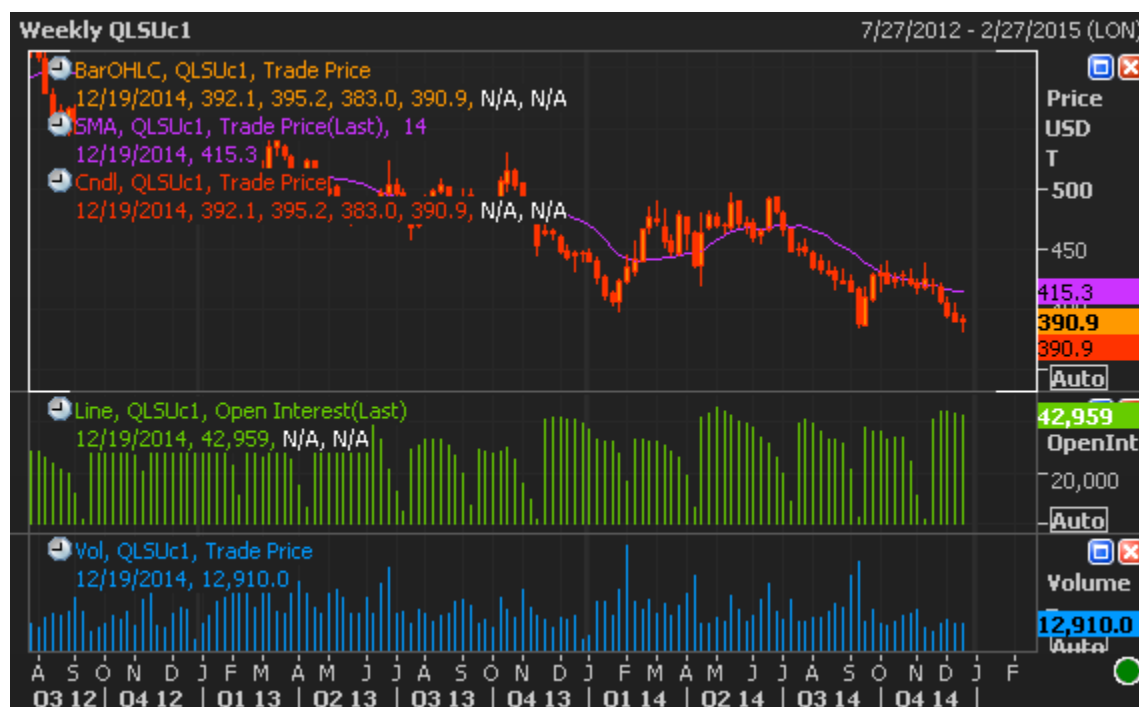
International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

### International Market News Highlights:

- Owing to lower cane availability for the season, Brazil's main centre south region had churned only 0.7 million tons of sugar in the last two weeks of November (2014) which was 46.7% lower than the figure achieved last year (2013) during the same period.
- Brazilian agency, CONAB forecasted central south cane production to 582.9 million tons (2014-15) which is 2.8% less than the previous estimate made by it. Notably, the agency attributed the severe draught weather condition in the country for the estimation cut.
- While, cane association UNICA predicted a production of 567 million tons of sugarcane in Brazil's Central South region for 2014-15; which was 4% higher than its previous estimate of 546 million tons. The up gradation has been primarily made due to an increase in area and productivity in the regions (centre- south Brazil) affected least by the drastic draught.
- On the wake of rising refinery demand, the Indonesian govt. had approved an import quota of 0.6 million tons of raw sugar for the first quarter of 2015-16. The move was largely welcomed by the local refiners and food industry in particular who were affected hard by the supply constraint.

International Sugar Prices (Weekly)				
	Contract Month	18-Dec-14	11-Dec-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	14.99	15.15	-0.16
	15-May	15.35	15.49	-0.14
	15-Jul	15.60	15.75	-0.15
LIFFE Sugar (US \$/MT)	15-Mar	391.2	393.3	-2.10
	15-May	400.8	404.1	-3.30
	15-Aug	412.7	416.7	-4.00

### 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 387.4 with a target of 376.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'15	387.4	376.5

**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 14.93 with target of 14.70

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	14.93	14.70

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