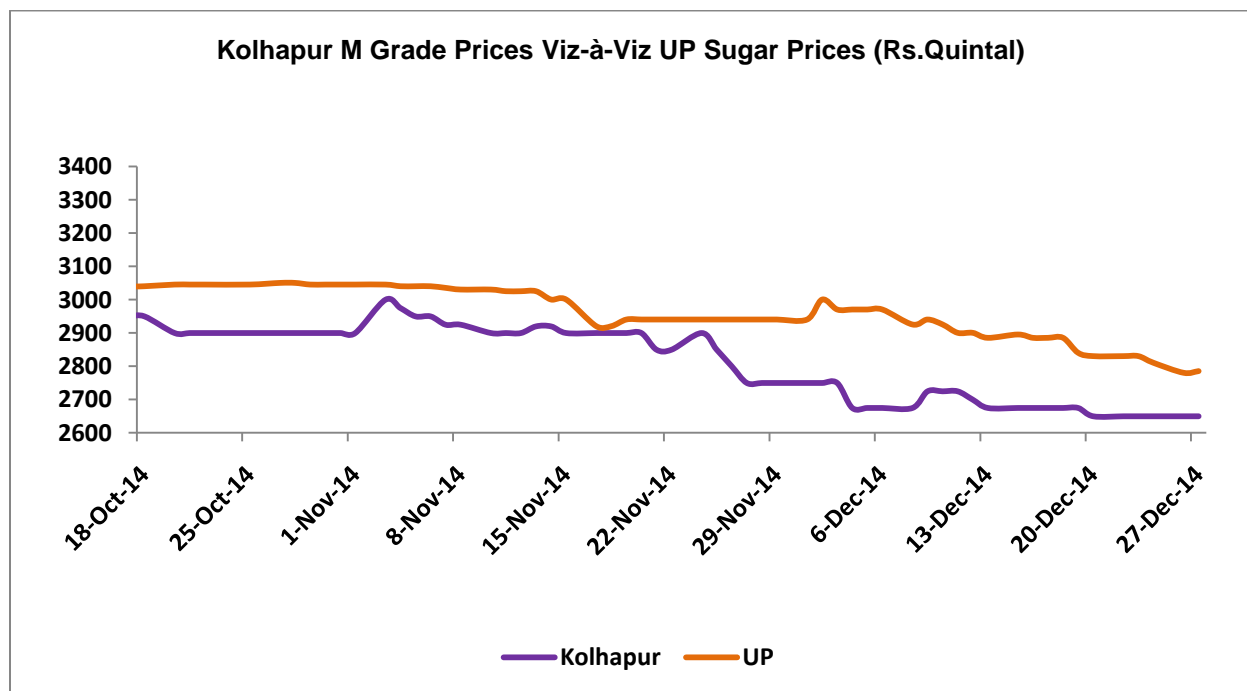


## Sugar Price Trend and Outlook:

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, prices fell down to Rs 2785 per quintal in U.P while floated stagnant at Rs 2830 per quintal in key Kolhapur market.

However, the situation is expected to turn upside soon as the market expects some positive initiative by government to prevent further price deterioration in the industry.



## 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 \$482.44 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$422.82 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$393.00/ Ton.

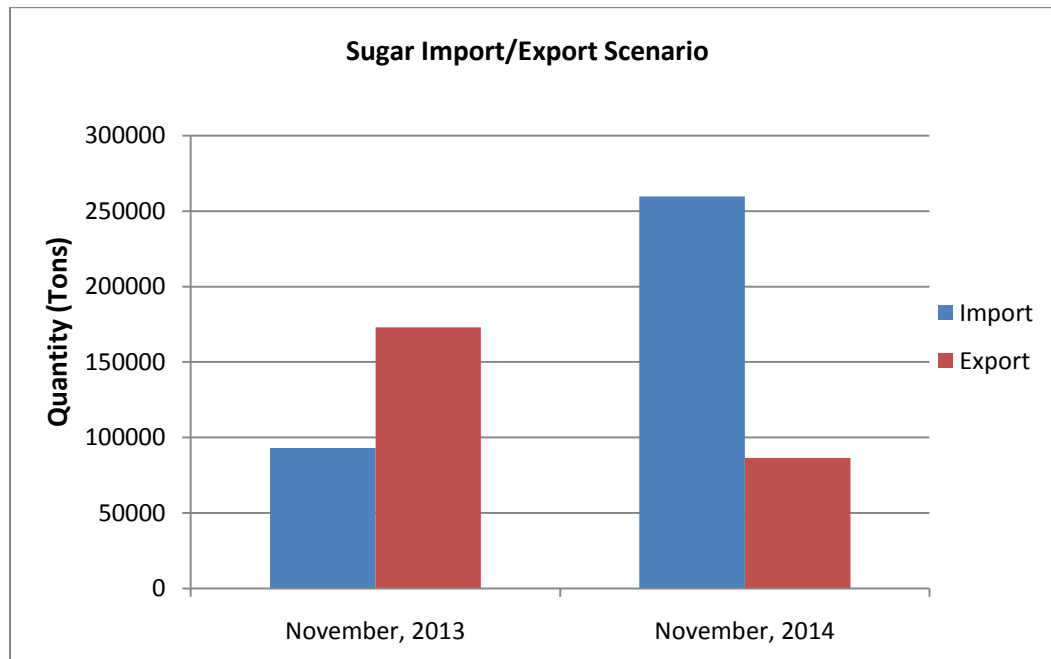
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.62) till 29 <sup>th</sup> Dec, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$393.00	\$423.35/392.00	\$422.82

### 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)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	20 Dec to 26 Dec	13 Dec to 19 Dec	Change
Sugar	Delhi - Grade M	2865	2903	-38
	Delhi - Grade S	2845	2884	-39
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2905	2938	-33
	UP- Ramala Grade M	2770	2808	-38
	UP- Dhampur Grade M Ex-Mill	2804	2855	-51
	UP- Dhampur Grade S Ex-Mill	2784	2835	-51
	UP- Dhampur Grade L Ex-Mill	2854	2905	-51
	Mumbai –Grade M	2953	2973	-20
	Mumbai –Grade S	2764	2787	-23
	Kolhapur – Grade M	2650	2675	-25
	Kolhapur – Grade S	2550	2550	Unch
	Guhawati – Grade S	2852	2852	Unch
	Shillong – Grade S	2870	2870	Unch
	Vijayawada – Grade M	3250	3250	Unch
	Vijayawada- Grade S	3050	3050	Unch
	Nagpur – Grade M	3000	3025	-25
	Nagpur – Grade S	2810	2825	-15
	Kolkata – Grade M	2920	3022	-102
	Chennai - Grade S	2740	2783	-43
	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
		26-Dec-14	19-Dec-14	26-Nov-14	26-Dec-13
Sugar	Delhi - Grade M	2850	2890	2900	2990
	Delhi - Grade S	2830	2870	2875	2950
	Delhi - Grade L	NA	NA	NA	3040
	UP- Khatauli Grade M	2910	2900	3055	2990
	UP- Ramala Grade M	NA	2780	2930	2930
	UP- Dhampur Grade M Ex-Mill	2800	2840	2830	2950
	UP- Dhampur Grade S Ex-Mill	2780	2820	2810	2930
	UP- Dhampur Grade L Ex-Mill	2850	2890	2880	3000
	Mumbai –Grade M	2936	2960	3125	3140
	Mumbai –Grade S	2756	2766	2846	2861
	Kolhapur – Grade M	2650	2675	2800	2900
	Kolhapur – Grade S	2550	2550	2700	2750
	Guhawati – Grade S	2852	2852	3004	3055
	Shillong – Grade S	2870	2870	3020	3070
	Vijayawada – Grade M	3250	3250	3380	3380
	Vijayawada- Grade S	3050	3050	3180	3200
	Nagpur – Grade M	3000	3000	3100	3200
	Nagpur – Grade S	2800	2800	2900	3000
	Kolkata – Grade M	NA	3050	3005	3170
	Chennai - Grade S	2725	2750	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, Gulbarga etc. driven by winter seasonal demand for the product.

Gur prices in key Muzaffar Nagar market (for Chaku) settled at Rs 2558 per quintal this week, which was Rs 182 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 2418 & Rs 2653 per quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	20 Dec to 26 Dec	13 Dec to 19 Dec	Change
Muzaffar Nagar	Chaku	2558	2376	182
	Chaku (Arrival)	21500	12600	8900
	Khurpa	2418	2331	86
	Laddoo	2653	2494	159
	Rascut	NA	NA	-
Hapur	Chaurasa	2359	2265	94
	Balti	2275	2253	23
Maharashtra	Latur(Lal Variety)	2450	2400	50
BANGALORE	Mudde	4220	4238	-18
Belgaum	Mudde	2750	2860	-110
Belthangadi	Yellow (Average)	3120	3150	-30
Bijapur	Achhu	2521	2566	-45
Gulbarga	Other (Average)	2750	2601	149
Mahalingapura	Penti (Average)	2638	2580	58
Mandya	Achhu (Medium)	2500	2530	-30
	Kurikatu (Medium)	2250	2250	Unch
	Other (Medium)	2300	2320	-20
	Yellow (Medium)	2500	2520	-20
Shimoga	Achhu (Average)	2720	2700	20

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		26-Dec-14	19-Dec-14	26-Nov-14	26-Dec-13
<b>Muzaffar Nagar</b>	Chaku	2625	2375	2375	2725
	Khurpa	2350	2350	2225	2425
	Laddu	2563	2375	2338	2650
	Rascut	NA	NA	NA	2375
<b>Hapur</b>	Chaurasa	2313	2325	2138	2313
	Balti	2238	2200	2050	2395
<b>Maharashtra</b>	Latur(Lal Variety)	2500	2400	2400	2700
<b>BANGALORE</b>	Mudde	4200	4250	4000	3200
<b>Belgaum</b>	Mudde	2700	2900	2800	2900
<b>Belthangadi</b>	Yellow (Average)	3150	3150	3150	3000
<b>Bijapur</b>	Achhu	2650	2600	2500	2700
<b>Gulbarga</b>	Other (Average)	2800	2640	2715	2950
<b>Mahalingapura</b>	Penti (Average)	2730	2610	2510	2980
<b>Mandya</b>	Achhu (Medium)	2500	2500	2600	2850
	Kurikatu (Medium)	2250	2250	2300	2400
	Other (Medium)	2300	2300	2350	2450
	Yellow (Medium)	2500	2500	2600	2800
<b>Shimoga</b>	Achhu (Average)	2700	2700	3100	3050

Commodity: Sugar  
Contract: March

Exchange: NCDEX  
Expiry: Mar 20, 2014

### SUGAR (March Weekly Chart)



#### Technical Commentary:

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

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	2600	2632	2707	2750	2820
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Buy	Above 2710	2735	2748	2696



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

GURCHMUZR 1501(NCCHMF5)2014/12/21 - Weekly B:968.00 A:970.00  
 O 969.00 H 977.00 L 965.50 C 972.50 ↓ V 2,860 11,830 +5.5 +0.57%


**Technical Commentary:**

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

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Jan	840.5	955	972.5	1000.5	1060
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Buy	Above 975	990	998.5	966.5

## 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:

- Brazil's centre south region churned around 0.37 million tons of sugar in the first two weeks of December which was 51.3% less than the figure achieved during second half of November. Meanwhile, Brazilian ethanol industry showed an upsurge this year with the country producing 25.6 billion liters of ethanol till date.
- 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		24-Dec-14	18-Dec-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	14.76	14.99	-0.23
	15-May	15.12	15.35	-0.23
	15-Jul	15.43	15.60	-0.17
LIFFE Sugar (US \$/MT)	15-Mar	392.0	391.2	0.80
	15-May	400.9	400.8	0.10
	15-Aug	412.1	412.7	-0.60

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

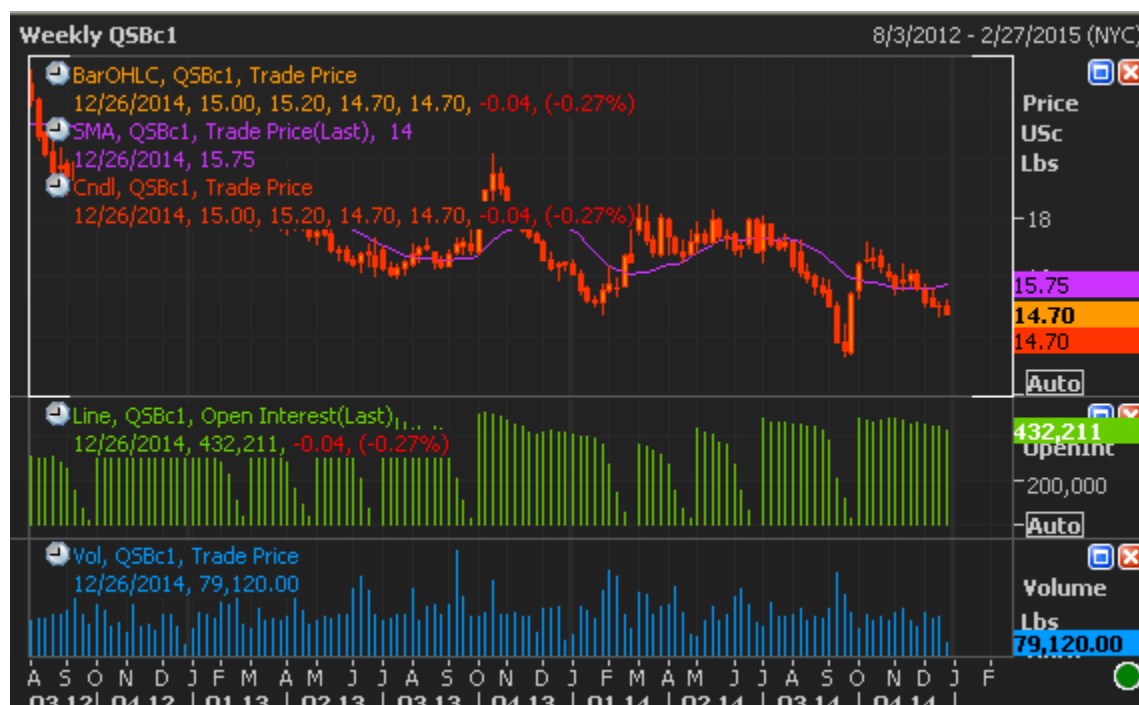


### Technical Commentary:

- LIFE future market trends upward for the week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 390 with a target of 380.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'15	390	380.5

### 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 14.65 with target of 14.40

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	14.65	14.40



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