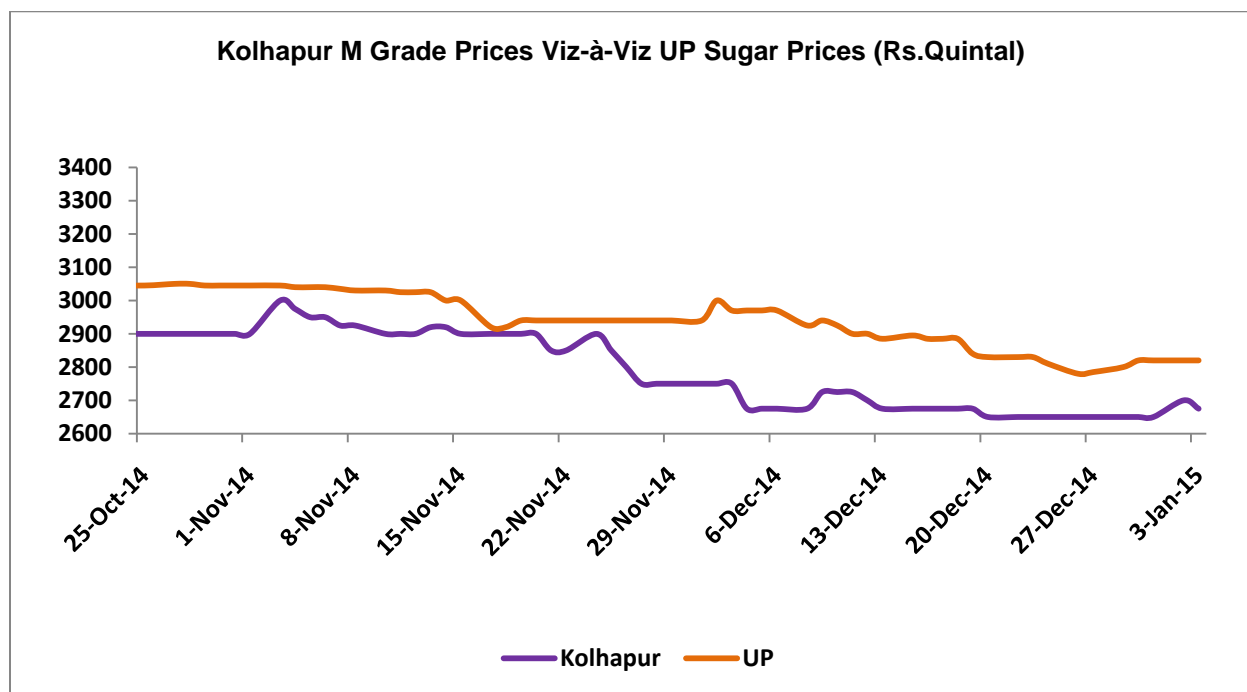


Sugar Price Trend and Outlook:

Sugar prices gained marginally last week as speculators created fresh positions amidst pick-up in domestic demand. However, ample supplies from millers capped this rise in prices.

Notably, prices in key Kolhapur market settled at Rs 2675 per quintal, which was 0.94% higher than the figure achieved in the previous week. Similarly, price for sugar M grade in U.P rose by Rs20 per quintal from Rs 2800 per quintal to Rs 2820 per quintal last week.

However, the situation could turn in favor of millers as the market expects some positive export 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:

- Maharashtra crushed around 312.7 Lakh MT of sugarcane to produce 32.75 lakh tons of sugar by 31st Dec, 2014 which was 46.5% higher than the sugar produced during the same period last year. With this, the average cane recovery rate in Maharashtra rose to 10.47% compared to 10.22% last year.
- The Uttarakhand Govt. had revised its cane SAP from Rs 285/ quintal to Rs 280/ quintal for 2014-15. The change had been primarily made to avoid cane supply from the neighboring state (U.P) who was offered a lower cane SAP (Rs 280/quintal) in comparison.
- 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.
- 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.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$476.49 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$428.10 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$388.25/ Ton.

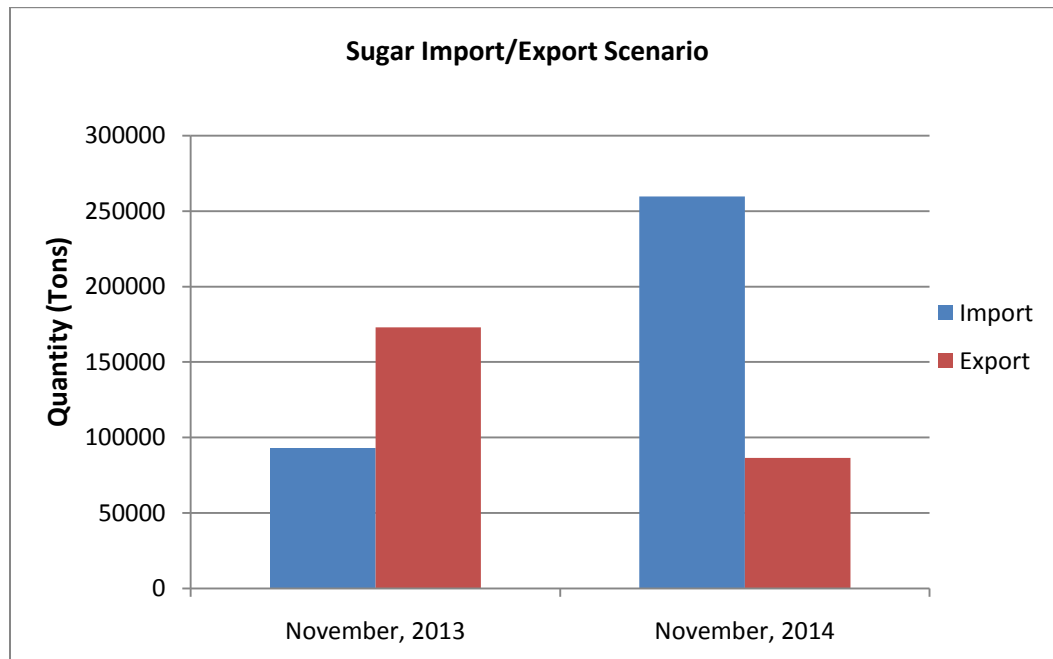
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.42) till 05 th Jan, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$388.25	\$423.35/391.20	\$428.10

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	27th December 2014 to 2nd January 2015	20th December 2014 to 26th December 2014	Change
Sugar	Delhi - Grade M	2868	2865	3
	Delhi - Grade S	2841	2845	-4
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2918	2905	13
	UP- Ramala Grade M	NA	2770	-
	UP- Dhampur Grade M Ex-Mill	2812	2804	8
	UP- Dhampur Grade S Ex-Mill	2792	2784	8
	UP- Dhampur Grade L Ex-Mill	2862	2854	8
	Mumbai –Grade M	2930	2953	-23
	Mumbai –Grade S	2754	2764	-10
	Kolhapur – Grade M	2660	2650	10
	Kolhapur – Grade S	2550	2550	Unch
	Guhawati – Grade S	2852	2852	Unch
	Shillong – Grade S	2870	2870	Unch
	Vijayawada – Grade M	3176	3250	-74
	Vijayawada- Grade S	3016	3050	-34
	Nagpur – Grade M	3000	3000	Unch
	Nagpur – Grade S	2800	2810	-10
	Kolkata – Grade M	2900	2920	-20
	Chennai - Grade S	2725	2740	-15
	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
		2-Jan-15	26-Dec-14	2-Dec-14	2-Jan-14
Sugar	Delhi - Grade M	2875	2850	2895	2980
	Delhi - Grade S	2850	2830	2865	2920
	Delhi - Grade L	NA	NA	NA	3020
	UP- Khatauli Grade M	2835	2910	3050	3180
	UP- Ramala Grade M	NA	NA	2880	3010
	UP- Dhampur Grade M Ex-Mill	2820	2800	2950	3000
	UP- Dhampur Grade S Ex-Mill	2800	2780	2930	2980
	UP- Dhampur Grade L Ex-Mill	2870	2850	3000	3050
	Mumbai –Grade M	2942	2936	3036	3126
	Mumbai –Grade S	2762	2756	2786	2882
	Kolhapur – Grade M	2700	2650	2750	2900
	Kolhapur – Grade S	2550	2550	2650	2750
	Guhawati – Grade S	2852	2852	2954	3055
	Shillong – Grade S	2870	2870	2970	3070
	Vijayawada – Grade M	3180	3250	3280	3360
	Vijayawada- Grade S	3020	3050	3080	3200
	Nagpur – Grade M	3000	3000	3100	3200
	Nagpur – Grade S	2800	2800	2900	3000
	Kolkata – Grade M	2900	NA	NA	3110
	Chennai - Grade S	3035	2725	2900	2820
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	NA	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2725	3035	NA	NA

Gur Market Scenario and Outlook

Spot market remained buoyant with price rising in Shimoga, Maharashtra, Belgaum etc. driven by winter seasonal demand for the product.

Gur prices in key Muzaffar Nagar market (for Chaku) settled at Rs 2574 per quintal this week, which was Rs 16 more than the price quoted last week for the same variety. Similarly, Achhu variety in Shimoga improved by Rs 113 per quintal to close at Rs2833 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	27th December 2014 to 2nd January 2015	20th December 2014 to 26th December 2014	Change
Muzaffar Nagar	Chaku	2574	2558	16
	Chaku (Arrival)	21000	21500	-500
	Khurpa	2373	2418	-45
	Laddoo	2583	2653	-70
	Rascut	NA	NA	-
Hapur	Chaurasa	2397	2359	38
	Balti	2271	2275	-4
Maharashtra	Latur(Lal Variety)	2500	2450	50
Bangalore	Mudde	4220	4220	Unch
Belgaum	Mudde	2800	2750	50
Belthangadi	Yellow (Average)	3160	3120	40
Bijapur	Achhu	2583	2521	62
Gulbarga	Other (Average)	2661	2750	-89
Mahalingapura	Penti (Average)	2580	2638	-58
Mandya	Achhu (Medium)	2500	2500	Unch
	Kurikatu (Medium)	2250	2250	Unch
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2500	2500	Unch
Shimoga	Achhu (Average)	2833	2720	113

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		2-Jan-15	26-Dec-14	2-Dec-14	2-Jan-14
Muzaffar Nagar	Chaku	NA	2625	2313	2625
	Khurpa(New)	NA	2350	2125	2250
	Laddu(New)	2413	2563	2288	2600
	Rascut	2688	NA	NA	2375
Hapur	Chaurasa	NA	2313	2013	2300
	Balti	2500	2238	2025	2275
Maharashtra	Latur(Lal Variety)	NA	2500	NA	2700
Bangalore	Mudde	2500	4200	4350	3400
Belgaum	Mudde	4300	2700	NA	2900
Belthangadi	Yellow (Average)	2800	3150	3150	3000
Bijapur	Achhu	3200	2650	2520	2700
Gulbarga	Other (Average)	2600	2800	2740	3200
Mahalingapura	Penti (Average)	2680	2730	2440	2700
Mandya	Achhu (Medium)	2580	2500	2500	2750
	Kurikatu (Medium)	2500	2250	2250	2400
	Other (Medium)	2250	2300	2250	2400
	Yellow (Medium)	2300	2500	2500	2700
Shimoga	Achhu (Average)	2500	2700	3100	3250

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 I 1,830 +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:

- The Australian govt. predicted the country's total sugar production at 4.6 million tons for this marketing year 2014-15. However, the production is projected to decline next year in 2015-16 amidst rising prospects of El Nino weather event during the period.
- 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.
- 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		31-Dec-14	24-Dec-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	14.52	14.76	-0.24
	15-May	14.92	15.12	-0.20
	15-Jul	15.25	15.43	-0.18
LIFFE Sugar (US \$/MT)	15-Mar	391.20	392.00	-0.80
	15-May	400.40	400.90	-0.50
	15-Aug	412.00	412.10	-0.10

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 378 with a target of 370.1

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'15	378	370.1

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 14.10 with target of 13.83

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	14.10	13.83

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