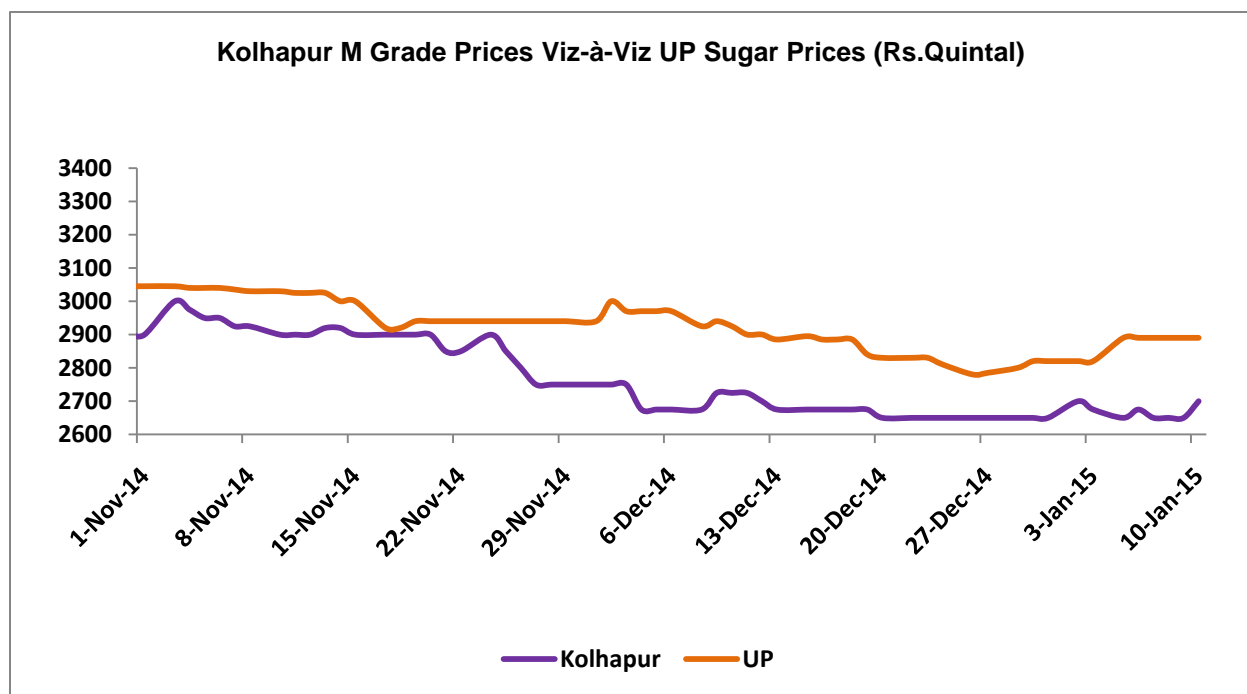


Sugar Price Trend and Outlook:

Sugar prices rose up amid rising speculation of a positive government export subsidy by Indian government for MY 2014-15. Notably, the Indian cabinet is expected to raise the amount of raw sugar export subsidy this year to Rs 4000/tons, which was last fixed at Rs 3371/ tons in September 2014.

In addition, the domestic millers (particularly in U.P) are almost done with the distress sale of their old stock sugar to comply with the states govt. order for preferential payment of cane arrears. And are now left with the only new stock, which they are holding back to sell afterwards.

Prices in key Kolhapur market settled at Rs 2700 per quintal, which was 1.89% higher than the figure achieved in the previous week. Similarly, price for sugar M grade in U.P rose by Rs 70 per quintal from Rs 2820 per quintal to Rs 2890 per quintal this week.



Price Outlook:

Sugar prices are strengthening a bit and are expected to tilt in favor of millers as the market expects some positive export initiative by government to prevent further price deterioration in the industry.

News Highlights:

- An early start of crushing this season (Oct, 2014- Sep, 2015); particularly in Uttar Pradesh led India to produce 74.61 lakh tons of sugar (till 31st Dec, 2014) which was 27.26% higher than the figure achieved last year during the same period.
- 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.
- Improved cane recovery coupled with an early start up of mills led Uttar Pradesh, the largest cane producer; to produce 17.21 Lakh tons of sugar by 31st December, 2014 which was 53.80% higher than the sugar crushed during same period in 2013-14. Notably, the state churned around 186 lakh tons of sugarcane till date in 2014-15 as against 128 lakh tons of cane last year.
- A falling cane acreage in Tamil Nadu this year (2014-15) resulted into lower sugar production in the state wherein only 15 sugar mills participated in the crushing operation (till 31st December, 2014) to produce 0.65 lakh tons of sugar as against 35 sugar mills last year who produced 1.62 lakh tons of sugar during the same period.
- Sugar production in Karnataka fell marginally by 2.76% this year wherein the state produced 12 lakh tons of sugar up to 31st December, 2014 compared to 12.34 lakh tons last year during the same period. At the same time 11 sugar mills in Bihar produced 1.80 lakh tons of sugar this season (up to 31st December, 2014), which was almost double than the production made by state last year during the same period.
- Cane SAP In Tamil Nadu for 2014-15 had been fixed at Rs 2650/ tons which include a FRP (Fair Remunerative Price) of Rs 2200/ tons along with an advisory price of Rs 450/ tons. Notably, the cane SAP announced is inclusive of the transportation charge (Rs 100) which is required to move field cane to the respective mills.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$467.09 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$438.33 per ton Kolhapur based.

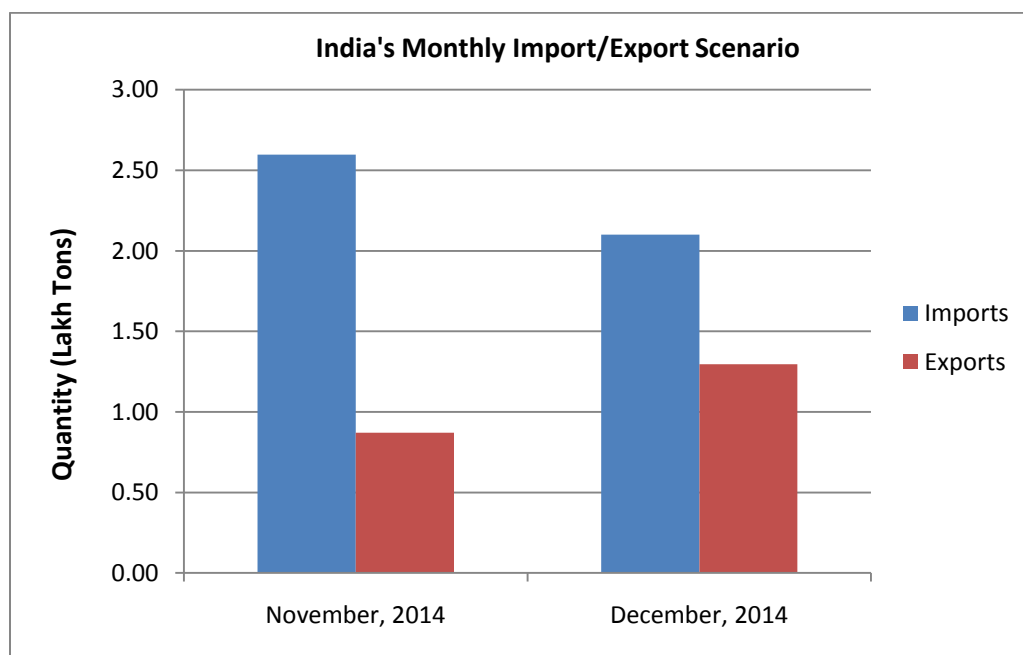
On International front, Brazil sugar FOB prices quoted at \$380.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs. 62.51) till 12 th Jan, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$380.75	\$467.70/390.60	\$438.33

Sugar Import and Export Scenario:

India's international trade scenario improved this month as the country exported relatively more sugar in December when compared to the last month. On the contrary, Indian sugar import declined considerably from 2.60 lakh tons in November to 2.10 lakh tons in the month of December.



A depreciating Indian currency led India to export 1.30 lakh tons of sugar in December, 2014 which was 48.9% higher than the exports made last month in November, 2014.

Reportedly, the majority of exports made by India had been to the mid- east countries with Sudan topping the list with a total import of 30.4 thousand tons followed by Iraq and Sri Lanka who imported 20 and 18.3 thousand tons of Indian sugar respectively. Also, the composition of Indian sugar import mainly comprises of white refined sugar.

While a higher domestic supplies against lower demand caused Indian sugar imports to decline by 19.1% from 2.60 lakh tons to 2.10 lakh tons this month.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	3rd January 2015 to 9th January 2015	27th December 2014 to 2nd January 2015	Change
Sugar	Delhi - Grade M	2905	2868	37
	Delhi - Grade S	2873	2841	32
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2933	2918	15
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2836	2812	24
	UP- Dhampur Grade S Ex-Mill	2816	2792	24
	UP- Dhampur Grade L Ex-Mill	2886	2862	24
	Mumbai –Grade M	2940	2930	10
	Mumbai –Grade S	2766	2754	12
	Kolhapur – Grade M	2658	2660	-2
	Kolhapur – Grade S	2558	2550	8
	Guhawati – Grade S	2861	2852	9
	Shillong – Grade S	2878	2870	8
	Vijayawada – Grade M	3180	3176	4
	Vijayawada- Grade S	3020	3016	4
	Nagpur – Grade M	2967	3000	-33
	Nagpur – Grade S	2821	2800	21



	Kolkata – Grade M	2938	2900	38
	Chennai - Grade S	2725	2725	Unch
	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
		9-Jan-15	2-Jan-15	9-Dec-14	9-Jan-14
Sugar	Delhi - Grade M	2900	2875	2950	2920
	Delhi - Grade S	2870	2850	2900	2900
	Delhi - Grade L	NA	NA	NA	3000
	UP- Khatauli Grade M	2940	2835	3000	2994
	UP- Ramala Grade M	NA	NA	2830	2920
	UP- Dhampur Grade M Ex-Mill	2800	2820	2900	2950
	UP- Dhampur Grade S Ex-Mill	2780	2800	2880	2930
	UP- Dhampur Grade L Ex-Mill	2850	2870	2950	3000
	Mumbai –Grade M	2940	2942	2980	3090
	Mumbai –Grade S	2766	2762	2806	2876
	Kolhapur – Grade M	2650	2700	2725	2825
	Kolhapur – Grade S	2550	2550	2550	2700
	Guhawati – Grade S	2852	2852	2852	3004
	Shillong – Grade S	2870	2870	2870	3020
	Vijayawada – Grade M	3180	3180	3250	3300
	Vijayawada- Grade S	3020	3020	3050	3200
	Nagpur – Grade M	2900	3000	3000	3200
	Nagpur – Grade S	2825	2800	2850	2900
	Kolkata – Grade M	2950	2900	3000	3150
	Chennai - Grade S	2725	3035	2850	2820
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	2725	3035	NA

Gur Market Scenario and Outlook

Spot market remained buoyant with price rising in Muzaffar Nagar, Hapur, Mandya and Mahalingpura, driven by winter seasonal demand for the product.

Gur prices in key Muzaffar Nagar market (for Chaku) settled at Rs 2742 per quintal this week, which was Rs 168 more than the price quoted last week for the same variety. Similarly, Balti and Yellow (Medium) variety of gur in Hapur and Mandya improved by Rs 122 and Rs 125 respectively to close at Rs 2393 and Rs 2625 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	3rd January 2015 to 9th January 2015	27th December 2014 to 2nd January 2015	Change
Muzaffar Nagar	Chaku	2742	2574	168
	Chaku (Arrival)	6800	21000	-14200
	Khurpa	2423	2373	50
	Laddoo	2692	2583	109
	Rascut	NA	NA	-
Hapur	Chaurasa	2430	2397	33
	Balti	2393	2271	122
Maharashtra	Latur(Lal Variety)	2500	2500	Unch
Bangalore Belgaum	Mudde	4270	4220	50
	Mudde	2650	2800	-150
Belthangadi	Yellow (Average)	3190	3160	30
Bijapur	Achhu	2578	2583	-5
Gulbarga	Other (Average)	2598	2661	-63
Mahalingapura	Penti (Average)	2668	2580	88
Mandya	Achhu (Medium)	2608	2500	108
	Kurikatu (Medium)	2292	2250	42
	Other (Medium)	2358	2300	58
	Yellow (Medium)	2625	2500	125
Shimoga	Achhu (Average)	2808	2833	-25

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		9-Jan-15	2-Jan-15	9-Dec-14	9-Jan-14
Muzaffar Nagar	Chaku	2775	NA	2300	2375
	Khurpa	2450	NA	2175	2450
	Laddu	2750	2413	2413	2538
	Rascut	NA	2688	NA	2175
Hapur	Chaurasa	2500	NA	2080	2263
	Balti	2425	2500	2075	2225
Maharashtra	Latur(Lal Variety)	2500	NA	NA	2650
Bangalore	Mudde	NA	2500	4200	3400
Belgaum	Mudde	2700	4300	2700	2700
Belthangadi	Yellow (Average)	NA	2800	3100	3100
Bijapur	Achhu	2600	3200	2500	2850
Gulbarga	Other (Average)	2600	2600	2510	2650
Mahalingapura	Penti (Average)	2830	2680	2550	2680
Mandya	Achhu (Medium)	2600	2580	2500	2650
	Kurikatu (Medium)	2600	2500	2200	2400
	Other (Medium)	2400	2250	2300	2400
	Yellow (Medium)	2700	2300	2500	2700
Shimoga	Achhu (Average)	2800	2500	2700	2900

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 20, 2014

SUGAR (March Weekly Chart)



Technical Commentary:

- Sugar prices, volume and O.I are increasing indicating long-term build up in the market.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bearishness in the market.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	2600	2660	2749	2830	2920
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Buy	Above 2735	2755	2762	2724

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 and volume are rising while 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	993	1050	1080
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Buy	Above 985	997	1000.5	978

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	9-Jan-15	31-Dec-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	14.91	14.52	0.39
	15-Mar	15.2	14.92	0.28
	15-May	15.47	15.25	0.22
LIFFE Sugar (US \$/MT)	14-Dec	392.6	391.2	1.4
	14-Mar	399.8	400.4	-0.6
	14-May	411.4	412	-0.6

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

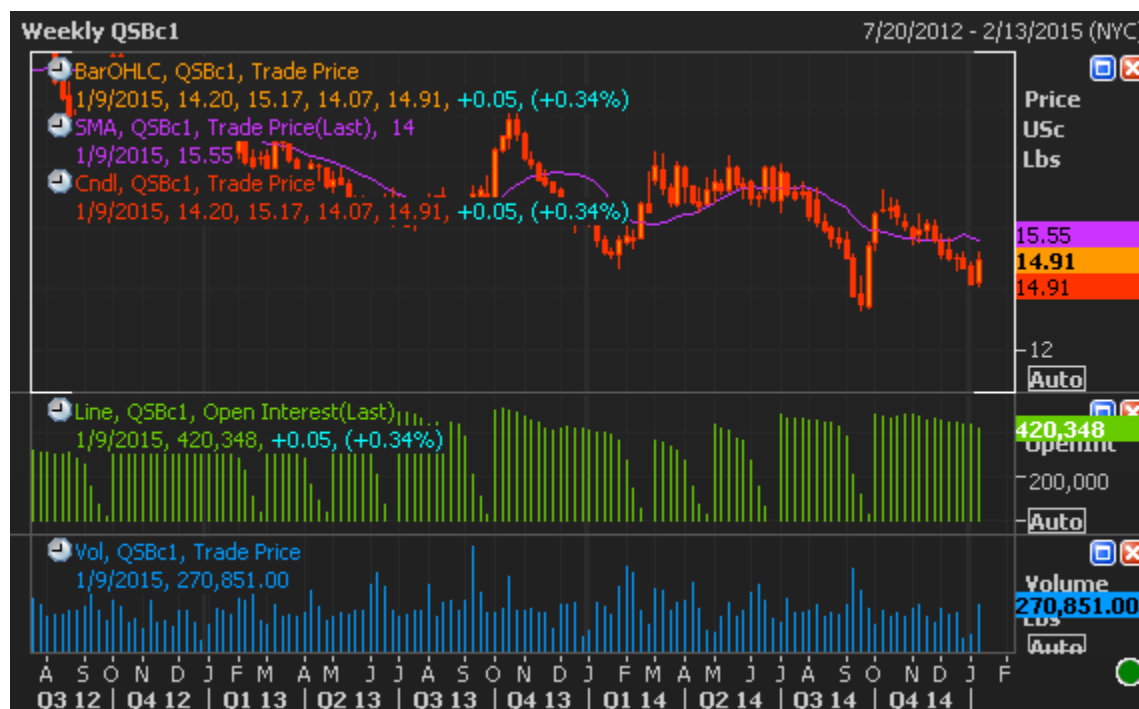


Technical Commentary:

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
Strategy: Buy at 393.5 with a target of 406.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'15	393.5	406.9

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



Technical Commentary:

- ICE raw sugar futures are trending upwards.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 14.94 with target of 15.46

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	14.94	15.46

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