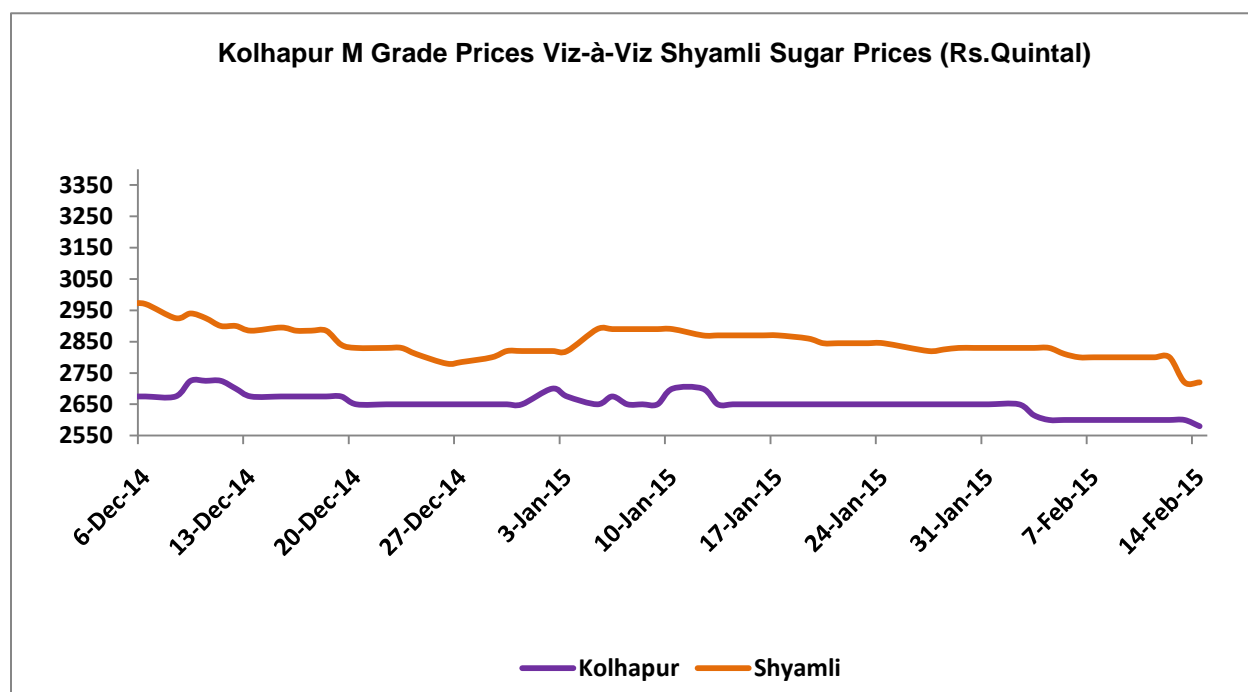


Sugar Price Trend and Outlook:

The distress sugar sale continued in Maharashtra leading to a further fall in sugar prices last week. The average price for sugar 'M' grade in key Kolhapur market settled at Rs 2597 per quintal for the week, which was 0.54% lower than the price quoted previous week for the same variety. Similarly, sugar prices in Shyamli district fell by 1.54% for the week and were traded at Rs 2773 per quintal compared to Rs 2817 per quintal the previous week.



Price Outlook:

Sugar prices could improve in the weeks ahead as the market expects some positive export initiative by government to prevent further price deterioration in the industry.

News Highlights:

- India's sugar production surges this year (by 15%) with the country producing 134.83 lakh tons of sugar till 31st Jan, 2015 compared to 117.24 lakh tons last year during the same period. Reportedly, 508 sugar mills actively participated in the crushing process so far compared to 491 last year.
- Sugar production in Maharashtra rose marvelously this year with the state producing 54 lakh tons of sugar till 31st January, 2015 which was 30.12% higher than the production made last year during the same period.
- The sugar mills in U.P churned around 33.5 lakh tons of sugar till date (1st Oct, 2014- 31st Jan, 2015) which was 20.33% higher than the sugar produced during same period last year.
- A delayed crushing and lower acreage caused Tamil Nadu to produce only 1.5 lakh tons of sugar this year (up to 31st Jan, 2015) as compared to 3.68 lakh tons last year.
- Sugar production rose marginally (2.66%) in Karnataka where 63 mills together produced 22.79 lakh tons of sugar till 31st Jan, 2015 compared to 22.2 lakh tons last year.
- Sugar production in Gujarat fell down by 1.42% from 6.34 lakh tons in 2013-14 (01st Oct, 2013- 31st Jan, 2014) to 6.25 lakh tons this year in 2014-15 (01st Oct, 2014- 31st Jan, 2015).
- The states of Punjab and Haryana produced 2.4 and 2.2 lakh tons of sugar respectively this season from 01st Oct, 2014- 31st Jan, 2015. While Uttarakhand produced 1.5 lakh tons of sugar during the same interval.
- Sugar production in Bihar rose up at the tone of 34.85% where the state produced 3.25 lakh tons of sugar in 2014-15 (1st Oct, 2014 – 31st Jan, 2015) compared to 2.41 lakh tons during the same period last year.
- The combined sugar production in Andhra Pradesh and Telengana for 2014-15 (1st Oct, 2014 – 31st Jan, 2015) lies at 5.61 lakh tons compared to 5.08 lakh tons a year back.
- The government's delay in announcing raw sugar export subsidy led India to produce only 0.39 lakh tons of raw sugar in 2014-15 (till 31st January, 2015) which was 5.5 lakh tons less than the production made during same period last year.
- ISMA raised its Indian sugar production estimate from 25-25.5 million tons to 26 million tons for this MY 2014-15 (Oct 1- Sep 30). The revision has been primarily made after evaluating a higher sugar production in west Maharashtra and south Karnataka till date.

Indian Sugar Production Scenario Up to 31st January, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	54	41.5
Uttar Pradesh	33.5	27.8
Karnataka	22.8	22.2
Tamil Nadu	1.5	3.7
Bihar	3.3	2.4
Andhra Pradesh + Telengana	5.6	5.1
All India	134.8	117.2

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$502.49 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$424.23 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$395.75/ Ton.

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

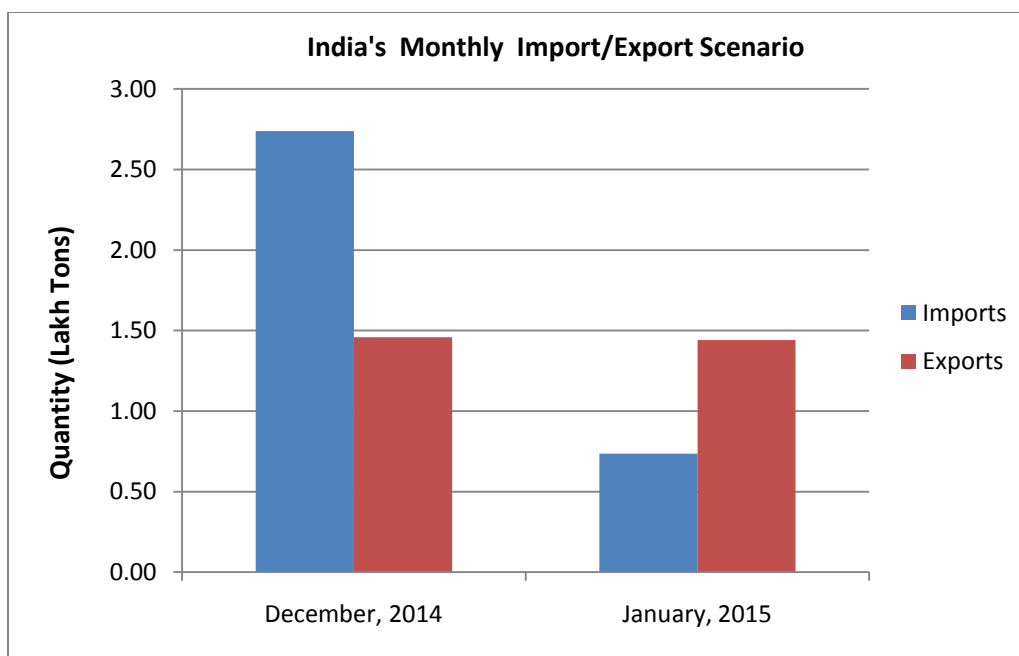
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.16) till 16 th Feb, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$395.75	\$441.75/383.40	\$424.23

Sugar Import and Export Scenario:

Indian sugar trade scenario improved in January as the country imported lower sugar (both raw & white) in comparison to the exports made for the month.

Abundant supply, piling demand and accumulated domestic stock forced India to import only 0.74 lakh tons of sugar this month which was 73.1% lower than the sugar imported last month in December. Even a fall out in global crude oil prices also did not helped much as the country lost parity in importing the commodity from abroad. However, the picture was much buoyant last year when the country imported only 62 thousand tons of sugar in January, 2014.

It should be notable, that the country mostly imported raw sugar during the month from its major counterpart Brazil.



Following a currency appreciation this month, India's sugar export declined 1.3% from 1.46 lakh tons in December, 2014 to 1.44 lakh tons in the month of January, 2015.

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 53.12 thousand tons followed by Sri Lanka and Somalia who imported 24.66 and 10.18 thousand tons of Indian sugar respectively. Also, the composition of Indian sugar import mainly comprises of white refined sugar.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	07th to 13th February 2015	31th January 2015 to 06th February 2015	Change
Sugar	Delhi - Grade M	2814	2876	-62
	Delhi - Grade S	2756	2808	-52
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2922	2926	-4
	UP- Ramala Grade M	2795	2843	-48
	UP- Dhampur Grade M Ex-Mill	2802	2831	-29
	UP- Dhampur Grade S Ex-Mill	2782	2811	-29
	UP- Dhampur Grade L Ex-Mill	2852	2881	-29
	Mumbai –Grade M	2921	2941	-20
	Mumbai –Grade S	2737	2757	-20
	Kolhapur – Grade M	2600	2619	-19
	Kolhapur – Grade S	2500	2519	-19
	Guhawati – Grade S	2801	2821	-20
	Shillong – Grade S	2820	2839	-19
	Vijayawada – Grade M	3100	3137	-37
	Vijayawada- Grade S	3000	3037	-37
	Nagpur – Grade M	3000	2958	42
	Nagpur – Grade S	2783	2758	25
	Kolkata – Grade M	2898	3030	-133
	Chennai - Grade S	2642	2667	-25
	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
		13-Feb-15	6-Feb-15	13-Jan-15	13-Feb-14
Sugar	Delhi - Grade M	2770	2870	2930	2950
	Delhi - Grade S	2700	2830	2900	2880
	Delhi - Grade L	NA	NA	NA	3055
	UP- Khatauli Grade M	2950	2900	2950	3150
	UP- Ramala Grade M	2770	2820	NA	2900
	UP- Dhampur Grade M Ex-Mill	2800	2810	2865	2960
	UP- Dhampur Grade S Ex-Mill	2780	2790	2845	2940
	UP- Dhampur Grade L Ex-Mill	2850	2860	2915	3010
	Mumbai –Grade M	2912	2936	2946	2946
	Mumbai –Grade S	2722	2756	2766	2802
	Kolhapur – Grade M	2600	2600	2650	2820
	Kolhapur – Grade S	2500	2500	2550	2620
	Guhawati – Grade S	2801	2801	2852	2923
	Shillong – Grade S	2820	2820	2870	2940
	Vijayawada – Grade M	3080	3120	3180	3200
	Vijayawada- Grade S	2980	3020	3050	3100
	Nagpur – Grade M	3000	3000	2950	3000
	Nagpur – Grade S	2800	2800	2850	2800
	Kolkata – Grade M	2900	NA	3000	3075
	Chennai - Grade S	2650	2650	2700	2780
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3050
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	3035	3050

Gur Market Scenario and Outlook

Mixed sentiments were recorded in domestic gur market with price falling in some regions while rising on the other.

The Khurpa variety of gur in key Muzaffar Nagar market settled at Rs 2174 per quintal this week, which was Rs105 less than the price quoted last week for the same variety. Similarly, Ladoo variety also underwent a decline of Rs 50 per quintal with its price settling at Rs 2348 per quintal for the week. The Chaurasa and Balti variety in Hapur also declined by Rs 105 & Rs 78 per quintal with their price settling at Rs 2193 & Rs 2113 per quintal for the week.

On the other hand, the Mudde variety of Bangalore was bought at a rate of Rs 3983 per quintal, which was Rs 193 more than the price quoted last week. The Latur (Lal variety) of Maharashtra also increased by Rs 17 per quintal from Rs 2433/ quintal to Rs Rs 2450/ quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	07th to 13th February 2015	31th January 2015 to 06th February 2015	Change
Muzaffar Nagar	Chaku	13888	13877	11
	Chaku (Arrival)	35000	23500	11500
	Khurpa	2174	2279	-105
	Ladoo	2348	2406	-58
	Rascut	NA	NA	-
Hapur	Chaurasa	2193	2298	-105
	Balti	2113	2191	-78
Maharashtra	Latur(Lal Variety)	2450	2433	17
BANGALORE	Mudde	3983	3790	193
Belgaum	Mudde	NA	2600	-
Belthangadi	Yellow (Average)	3100	3100	Unch
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2667	2692	-25
Mahalingapura	Penti (Average)	2538	2526	12
Mandya	Achhu (Medium)	2400	2417	-17
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2250	2267	-17
	Yellow (Medium)	2400	2417	-17
Shimoga	Achhu (Average)	2867	2800	67

Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		13-Feb-15	6-Feb-15	13-Jan-15	13-Feb-14
Muzaffar Nagar	Chaku	2375	2313	2425	2250
	Khurpa	2213	2213	2313	2375
	Laddu	2338	2400	2563	2513
	Rascut	NA	NA	NA	2125
Hapur	Chaursa	2213	2175	2375	2213
	Balti	2075	2138	2288	2213
Maharashtra	Latur(Lal Variety)	NR	2450	NA	2650
BANGALORE	Mudde	4000	3750	4200	3100
Belgaum	Mudde	NA	NA	NA	2600
Belthangadi	Yellow (Average)	3100	3100	3150	2400
Bijapur	Achhu	NA	NA	2500	2375
Gulbarga	Other (Average)	2640	2650	2680	2651
Mahalingapura	Penti (Average)	2491	2557	2640	2610
Mandya	Achhu (Medium)	2400	2400	2500	2500
	Kurikatu (Medium)	2200	2200	2300	2300
	Other (Medium)	2250	2250	2400	2400
	Yellow (Medium)	2400	2400	2500	2500
Shimoga	Achhu (Average)	2900	2800	NA	NA

Commodity: Sugar
Contract: March
Exchange: NCDEX
Expiry: Mar 20, 2015
SUGAR (March Weekly Chart)

Technical Commentary:

- Sugar prices, O.I and volume are falling indicating consolidation 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	2534	2600	2641	2810	3335
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Buy	Above 2635	2655	2657	2624

International Scenario

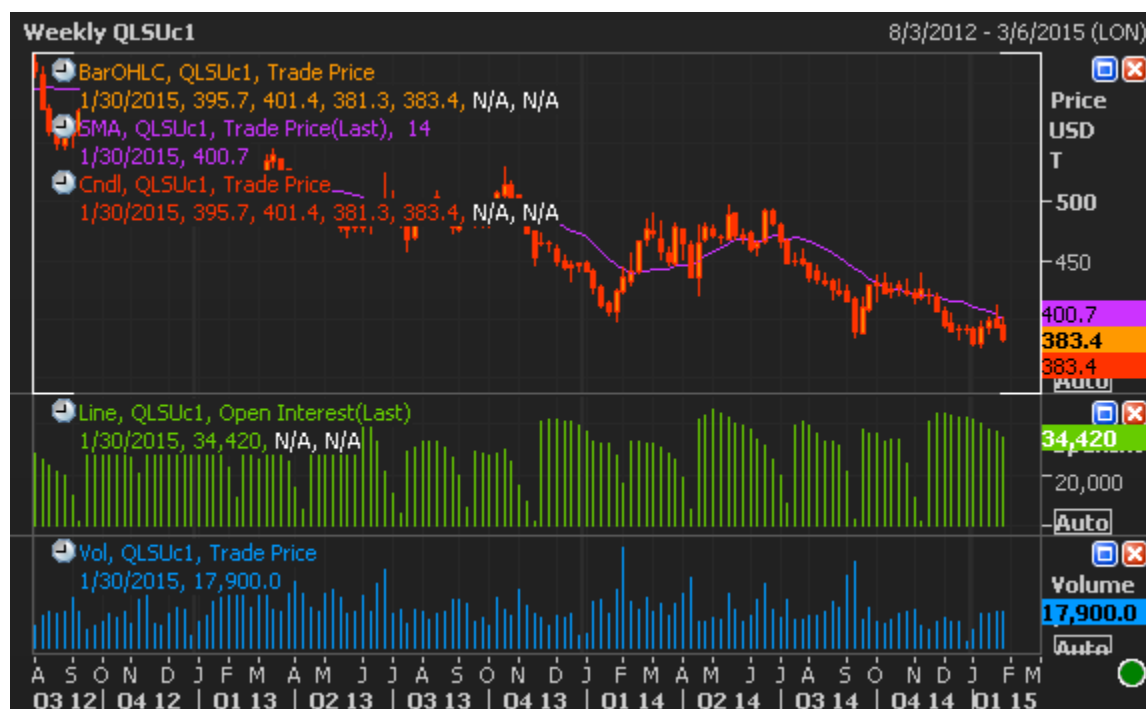
International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

International Market News Highlights:

- With an end to the crushing season in Brazil, the main Center South region had churned around 14 thousand tons of sugar in second half of January, 2015 compared to 28 thousand tons in the first half of January (2015).
- As per the data released by UNICA, Brazil had crushed around 570.1 million tons of sugarcane in the crushing season 2014-15 (Apr, 1 – Jan, 31) compared to 596 million tons in 2013-14 (Apr, 1 – Jan, 31). The severe draught that hit the country in the beginning of 2014 was cited responsible for the lower cane production this year.
- The Brazilian govt. announced an increase in ethanol blending with gasoline from 25 per cent at present to 27 per cent. The move is likely to help the devastating sugar industry as more cane could now be diverted towards ethanol production in the country.
- A positive breakthrough is expected in Brazilian ethanol industry where the govt. announced a fuel tax, called Cide on gasoline and diesel that makes the alternative fuel, ethanol more competitive in comparison. Reportedly, the tax is expected to get enforced with effect from Feb 1, 2015 and could raise the price of gasoline and diesel by 0.22 reais and 0.15 reais per liter respectively. Meanwhile, a wider diversification of domestic cane towards ethanol production could also support the cash starved sugar industry to bloom well.
- 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.
- 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.



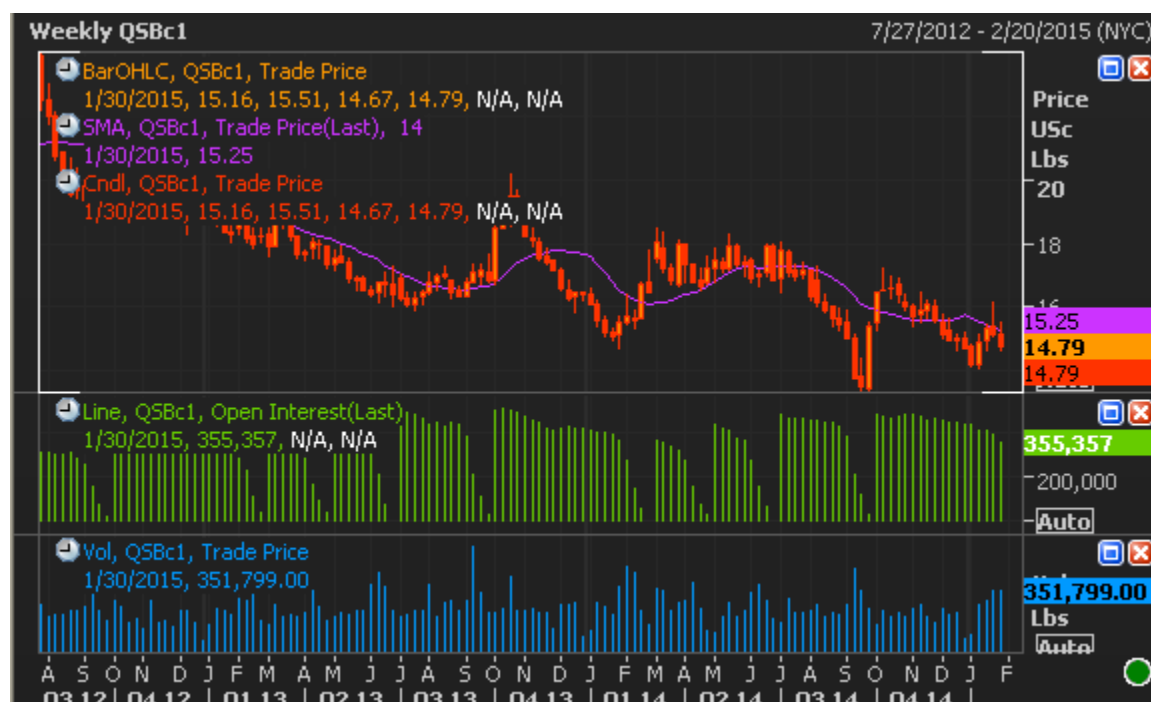
International Sugar Prices (Weekly)				
Contract Month		12-Feb-15	5-Feb-15	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	15.04	14.41	0.63
	15-May	14.91	14.52	0.39
	15-Jul	15.07	14.79	0.28
LIFFE Sugar (US \$/MT)	15-Mar	391.2	378.5	12.70
	15-May	397.3	383.4	13.90
	15-Aug	404.3	390.9	13.40

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: Buy at 385 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	385	376.5

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 15.00 with target of 15.50

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	15.00	15.50

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