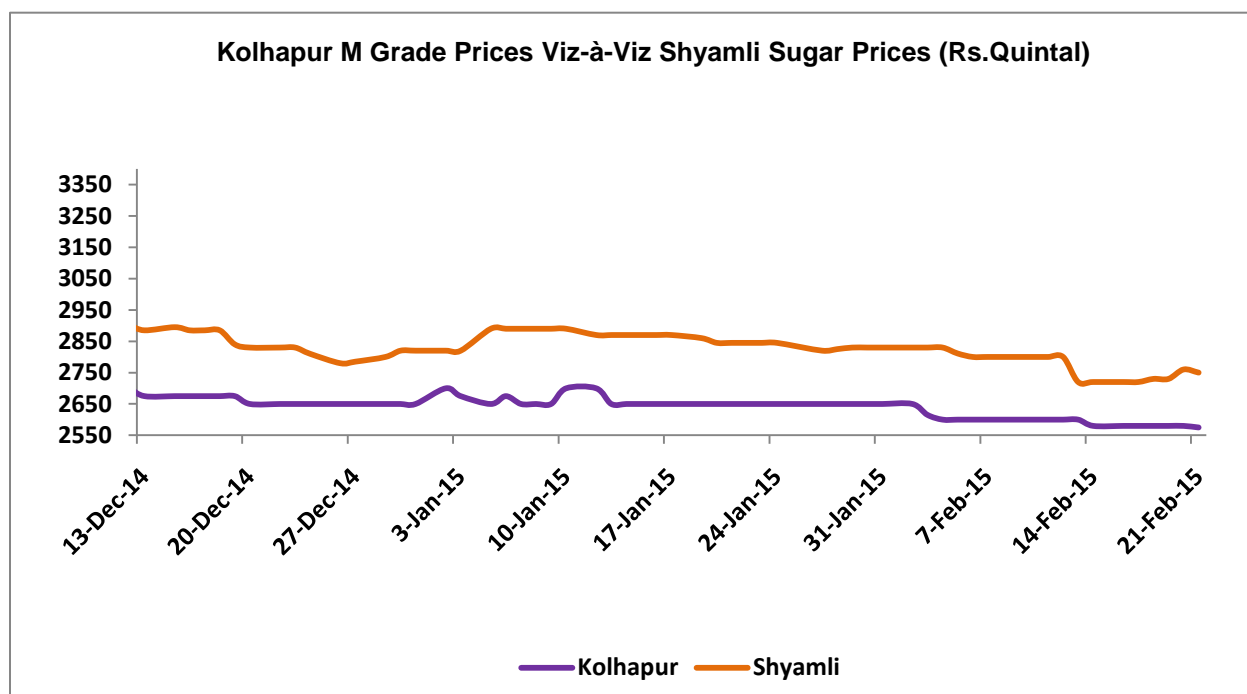


Sugar Price Trend and Outlook:

A delay in announcement of export subsidy and mounting pressure for timely payment of cane arrears to farmers (especially in Maharashtra) caused the Indian sugar price to fall the lowest since last three years. Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2579 per quintal last week compared to Rs 2597 per quintal in the previous week. Similarly, sugar prices for the same variety/grade in Shyamli district fell by 1.38% to Rs 2735 per quintal last week.

However, the market is expected to improve in the weeks ahead as the cabinet had recently approved raw sugar export subsidy at a rate of Rs 4000/ ton up to a limit of 1.4 million tons. This will help the domestic millers to divert more of their production towards raw sugar thus lowering out the huge stockpile of white refined sugar in the country.



Price Outlook:

Sugar prices are likely to improve in the weeks ahead as the govt. announced export subsidy on raw sugar. In addition the major producer Brazil had also entered the intra harvest period and is no more left with enough sugarcane to crush.

News Highlights:

- The Indian govt. approved the much awaited raw sugar export subsidy for this season 2014-15 i.e. 1st Oct, 2014- 30th Sep, 2015. Notably, the subsidy was given at a rate of Rs 4,000/ton up to a limit of 1.4 million tons to help the cash starved sugar industry in the country.
- 518 sugar mills in India had produced 167.08 lakh tons of sugar till 15th Feb, 2015 for MY 2014-15 which was 15.01% higher than the production made last year during the same interval.
- A higher sugarcane recovery in U.P caused the state to produce 42.25 lakh tons of sugar in 2014-15 (till 15th Feb, 2015) which was 6.55 lakh tons more than the sugar produced in the corresponding period last year.
- The largest sugar producer, Maharashtra had churned around 65 lakh tons of sugar this season (till 15th Feb, 2015) compared to 49.8 lakh tons of sugar last year during the same corresponding period. The state also saw a surge in number of sugar mills operating from 146 last year (till 15th Feb, 2014) to 178 mills (till 15th Feb, 2015) this year.
- Karnataka registered a marginal increase (3.41%) in sugar production this year with the state producing 28.20 lakh tons of sugar till 15th Feb, 2015 compared to 27.27 lakh tons last year for the same interval.
- Sugar production declined 37.50% in Tamil Nadu which produced 3.25 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Feb, 2015) compared to 5.2 lakh tons in 2013-14 (1st Oct, 2013- 15th Feb, 2014).
- The combined sugar production in Andhra Pradesh & Telengana slows down this month with only 29 sugar mills participating in the crushing process yielding a mere production of 6.44 lakh tons of sugar in 2014-15 (till 15th Feb, 2015) compared to 6.58 lakh ton in 2013-14 (till 15th Feb, 2014).
- A positive production growth rate (30%) was seen in Bihar which produced 4.15 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Feb, 2015) compared to 3.2 lakh tons in 2013-14 (1st Oct, 2013- 15th Feb, 2014).
- Sugar production in Gujarat declined 3.33 % with the state producing 7.25 lakh tons of sugar this season (1st Oct, 2014- 15th Feb, 2015) compared to 7.50 lakh tons last year (1st Oct, 2013- 15th Feb, 2014)
- Sugar production in Haryana rose up to a tone of 7.41% this year with the state producing 2.9 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Feb, 2015) compared to 2.7 lakh tons a year back (1st Oct, 2013- 15th Feb, 2014).
- Production growth rate remained unchanged in Punjab with the state producing 3.15 lakh tons of sugar this year (1st Oct, 2014- 15th Feb, 2015) relative to what it produced last year for the same duration.

Indian Sugar Production Scenario Up to 15th February, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	65.0	49.8
Uttar Pradesh	42.3	35.7
Karnataka	28.2	27.3
Tamil Nadu	3.3	5.2
Bihar	4.2	3.2
Andhra Pradesh + Telengana	6.4	6.6
All India	167.1	145.3

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$498.42 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$420.90 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$386/ Ton.

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

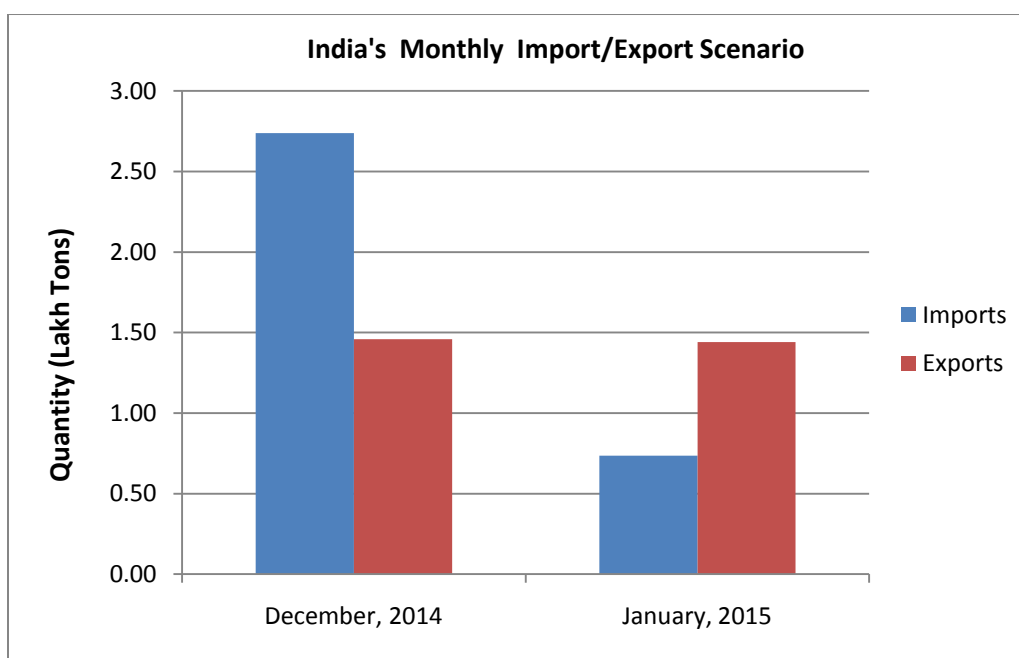
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.20) till 23 rd Feb, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$386.00	\$409.25/387.30	\$420.90

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	14th to 20th February 2015	07th to 13th February 2015	Change
Sugar	Delhi - Grade M	2809	2814	-5
	Delhi - Grade S	2750	2756	-6
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2950	2922	28
	UP- Ramala Grade M	2800	2795	5
	UP- Dhampur Grade M Ex-Mill	2752	2802	-50
	UP- Dhampur Grade S Ex-Mill	2732	2782	-50
	UP- Dhampur Grade L Ex-Mill	2802	2852	-50
	Mumbai –Grade M	2912	2921	-9
	Mumbai –Grade S	2712	2737	-25
	Kolhapur – Grade M	2580	2600	-20
	Kolhapur – Grade S	2480	2500	-20
	Guhawati – Grade S	2781	2801	-20
	Shillong – Grade S	2800	2820	-20
	Vijayawada – Grade M	3075	3100	-25
	Vijayawada- Grade S	2975	3000	-25
	Nagpur – Grade M	3000	3000	Unch
	Nagpur – Grade S	2783	2783	Unch
	Kolkata – Grade M	2880	2898	-18
	Chennai - Grade S	2629	2642	-13
	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
		20-Feb-15	13-Feb-15	20-Jan-14	20-Feb-14
Sugar	Delhi - Grade M	2820	2770	2890	NA
	Delhi - Grade S	2780	2700	2860	NA
	Delhi - Grade L	NA	NA	NA	NA
	UP- Khatauli Grade M	NA	2950	2930	3170
	UP- Ramala Grade M	2770	2770	NA	2910
	UP- Dhampur Grade M Ex-Mill	2660	2800	2800	2970
	UP- Dhampur Grade S Ex-Mill	2640	2780	2780	2950
	UP- Dhampur Grade L Ex-Mill	2710	2850	2850	3020
	Mumbai –Grade M	2910	2912	2950	2940
	Mumbai –Grade S	2712	2722	2762	2796
	Kolhapur – Grade M	NA	2600	2650	2800
	Kolhapur – Grade S	NA	2500	2550	2650
	Guhawati – Grade S	NA	2801	2852	2954
	Shillong – Grade S	NA	2820	2870	2970
	Vijayawada – Grade M	3070	3080	3180	3220
	Vijayawada- Grade S	2970	2980	3050	3120
	Nagpur – Grade M	3000	3000	2950	3000
	Nagpur – Grade S	2750	2800	2800	2800
	Kolkata – Grade M	2880	2900	2930	3110
	Chennai - Grade S	2600	2650	2700	2780
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3035
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	3035	3035

Gur Market Scenario and Outlook

Market sentiments remained steady to weak in spot gur market for the week ending 20th Feb, 2015. Sluggish demand capped the prices down despite undergoing a lower arrival in the week.

The Khurpa variety of gur in key Muzaffar Nagar market settled at Rs 2160 per quintal this week, which was Rs14 less than the price quoted last week for the same variety. Similarly, Ladoo variety also underwent a decline of Rs 5 per quintal with its price settling at Rs 2343 per quintal for the week. The Chaurasa and Balti variety in Hapur also declined by Rs 46 & Rs 11 per quintal with their price settling at Rs 2147 & Rs 2102 per quintal for the week.

On the other hand, the Mudde variety of Bangalore was bought at a rate of Rs 4000 per quintal, which was Rs 17 more than the price quoted last week. While the Latur (Lal variety) of Maharashtra decreased by Rs 50 per quintal from Rs 2450/ quintal to Rs 2400/ quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	14th to 20th February 2015	07th to 13th February 2015	Change
Muzaffar Nagar	Chaku	2370	2315	55
	Chaku (Arrival)	8500	35000	-26500
	Khurpa	2160	2174	-14
	Laddoo	2343	2348	-5
	Rascut	NA	NA	-
Hapur	Chaurasa	2147	2193	-46
	Balti	2102	2113	-11
Maharashtra	Latur(Lal Variety)	2400	2450	-50
Bangalore	Mudde	4000	3983	17
Belgaum	Mudde	2600	NA	-
Belthangadi	Yellow (Average)	3100	3100	Unch
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2611	2667	-56
Mahalingapura	Penti (Average)	2478	2538	-60
Mandya	Achhu (Medium)	2400	2400	Unch
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2250	2250	Unch
	Yellow (Medium)	2400	2400	Unch
Shimoga	Achhu (Average)	2875	2867	8



Spot Jaggery(Gur) Prices Scenario (Weekly)

Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		20-Feb-15	13-Feb-15	20-Jan-14	20-Feb-14
Muzaffar Nagar	Chaku	2413	2375	2538	2500
	Khurpa	2113	2213	2363	2338
	Laddu	2300	2338	2638	2525
	Rascut	NA	NA	NA	2100
Hapur	Chaurasa	2140	2213	2475	2225
	Balti	2125	2075	2363	2300
Maharashtra	Latur(Lal Variety)	2400	NR	2450	2600
Bangalore	Mudde	4000	4000	3950	3000
Belgaum	Mudde	2600	NA	NA	2600
Belthangadi	Yellow (Average)	3100	3100	3100	3100
Bijapur	Achhu	NA	NA	NA	2500
Gulbarga	Other (Average)	2525	2640	NA	2700
Mahalingapur a	Penti (Average)	2380	2491	NA	2660
Mandya	Achhu (Medium)	2400	2400	2500	2550
	Kurikatu (Medium)	2200	2200	2300	2350
	Other (Medium)	2250	2250	2400	2450
	Yellow (Medium)	2400	2400	2500	2500
Shimoga	Achhu (Average)	2900	2900	2700	3100

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 20, 2015

SUGAR (March Weekly Chart)

SUGARM 1503(NCSMAH5)2015/02/22 - Weekly B:2647.00 A:2650.00
O 2660.00 H 2660.00 L 2647.00 C 2647.00 ↓ V 460 I 0 -0.30%



Technical Commentary:

- Sugar prices, O.I and volume are increasing indicating long build up in the market.
- 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	2534	2600	2655	2810	3335
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Buy	Above 2660	2680	2685	2648

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	19-Feb-15	12-Feb-15	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	14.68	15.04	-0.36
	15-May	14.64	14.91	-0.27
	15-Jul	14.89	15.07	-0.18
LIFFE Sugar (US \$/MT)	15-May	387.30	391.2	-3.9
	15-Aug	393.4	397.3	-3.9
	15-Oct	401.1	404.3	-3.2

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



Technical Commentary:

- LIFE future market trends upward for the week.
- The last candlestick depicts bearishness in the market.
Strategy: Buy at 388 with a target of 400.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'15	388	400

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: Buy at 14.52 with target of 15.03

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	14.52	15.03

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt Ltd.