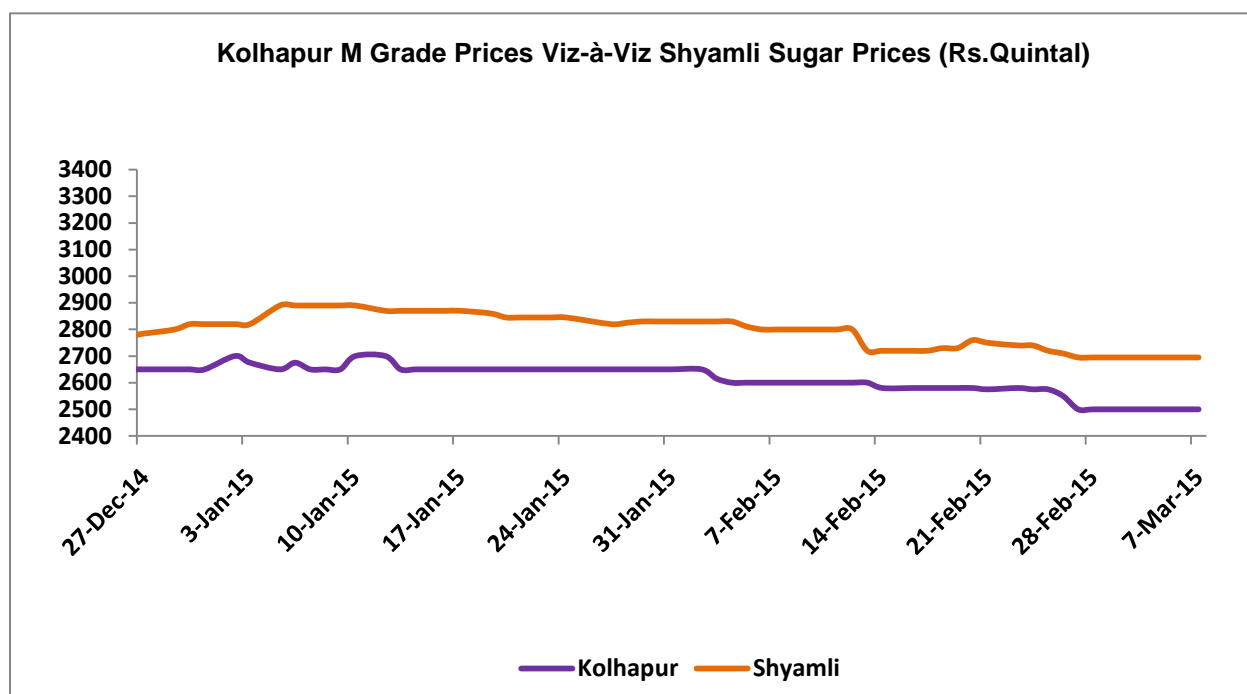


Sugar Price Trend and Outlook:

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 2500 per quintal last week compared to Rs 2547 per quintal in the previous week. Similarly, sugar prices for the same variety/grade in Shyamli district fell by 0.80% to Rs 2695 per quintal last week.

However, the market is expected to improve in the weeks ahead as the Maharashtra govt. is planning to provide an additional financial assistance of Rs. 1000/ ton in addition to the subsidy of Rs 4000/ton announced by union govt. for the export of raw sugar. 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 Indian millers are almost done with 70% of cane crushing for the season and are planning to fasten the remaining crushing so as to shut down early for the year. In addition, global sugar supply is also expected to shrink down as the major producer Brazil had entered the intra harvest period and is no more left with enough sugarcane to crush.

News Highlights:

- In a bid to support current raw sugar export from the country, the Indian govt. is planning to make subsidy payment (to the domestic millers) for the export subsidy announced last year in 2013-14. Notably, the govt. is expected to release the subsidy amount worth Rs 247 crore in coming two weeks of the month.
- 511 sugar mills in India had produced 194 lakh tons of sugar till 28th Feb, 2015 for MY 2014-15 which was 13.8% higher than the production made last year during the same interval.
- A higher sugarcane recovery in U.P caused the state to produce 49.6 lakh tons of sugar in 2014-15 (till 28th Feb, 2015) which was 6.2 lakh tons more than the sugar produced in the corresponding period last year.
- The largest sugar producer, Maharashtra had churned around 74 lakh tons of sugar this season (till 28th Feb, 2015) compared to 57.5 lakh tons of sugar last year during the same corresponding period. The state also saw a surge in number of sugar mills operating from 129 last year (till 28th Feb, 2014) to 177mills (till 28th Feb, 2015) this year.
- Karnataka sugar production rose by 6.01% with the state producing 32.80 lakh tons of sugar till 28th Feb, 2015 compared to 30.94 lakh tons last year for the same interval.
- The combined sugar production in Andhra Pradesh & Telengana slows down this month with only 23 sugar mills participating in the crushing process yielding a mere production of 7.3 lakh tons of sugar in 2014-15 (till 28th Feb, 2015) compared to 7.72 lakh ton in 2013-14 (till 28th Feb, 2014).
- Sugar production declined 29% in Tamil Nadu which produced 4.6 lakh tons of sugar in 2014-15 (1st Oct, 2014- 28th Feb, 2015) compared to 6.5 lakh tons in 2013-14 (1st Oct, 2013- 28th Feb, 2014).
- Sugar production in Gujarat declined 2.8 % with the state producing 8.4 lakh tons of sugar this season (1st Oct, 2014- 28th Feb, 2015) compared to 8.64 lakh tons last year (1st Oct, 2013- 28th Feb, 2014)
- A positive production growth rate (27.3%) was seen in Bihar which produced 4.75 lakh tons of sugar in 2014-15 (1st Oct, 2014- 28th Feb, 2015) compared to 3.73 lakh tons in 2013-14 (1st Oct, 2013- 28th Feb, 2014).
- Production growth rate remained approximately unchanged in Punjab with the state producing 3.7 lakh tons of sugar this year (1st Oct, 2014- 28th Feb, 2015) relative to what it produced last year for the same duration.

Indian Sugar Production Scenario Up to 28th February, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	74.0	57.5
Uttar Pradesh	49.6	43.4
Karnataka	32.8	30.9
Tamil Nadu	4.6	6.5
Bihar	4.8	3.7
Andhra Pradesh + Telengana	7.3	7.7
All India	194.0	170.4

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$465.53 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$405.23 per ton Kolhapur based.

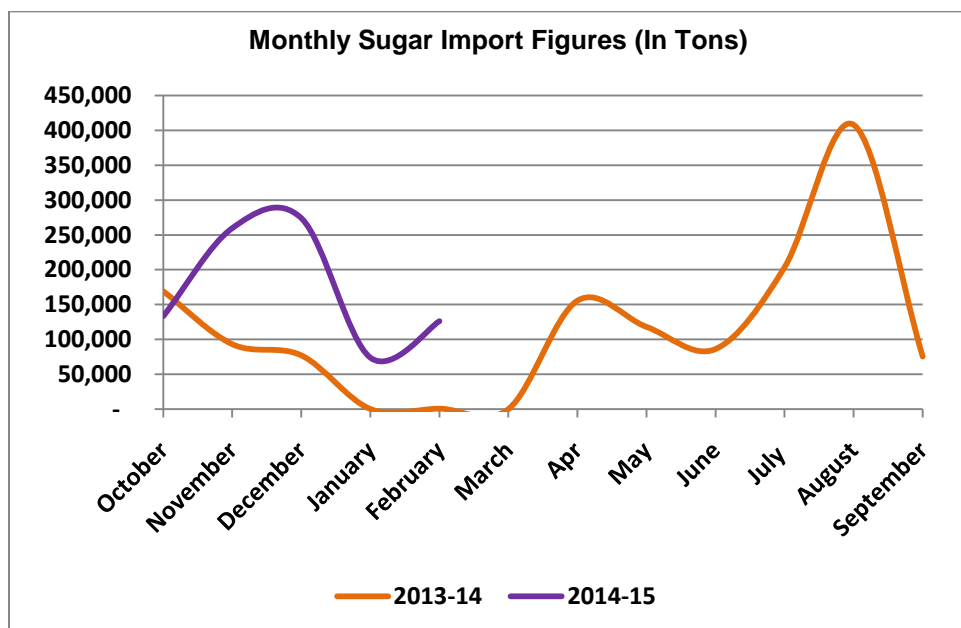
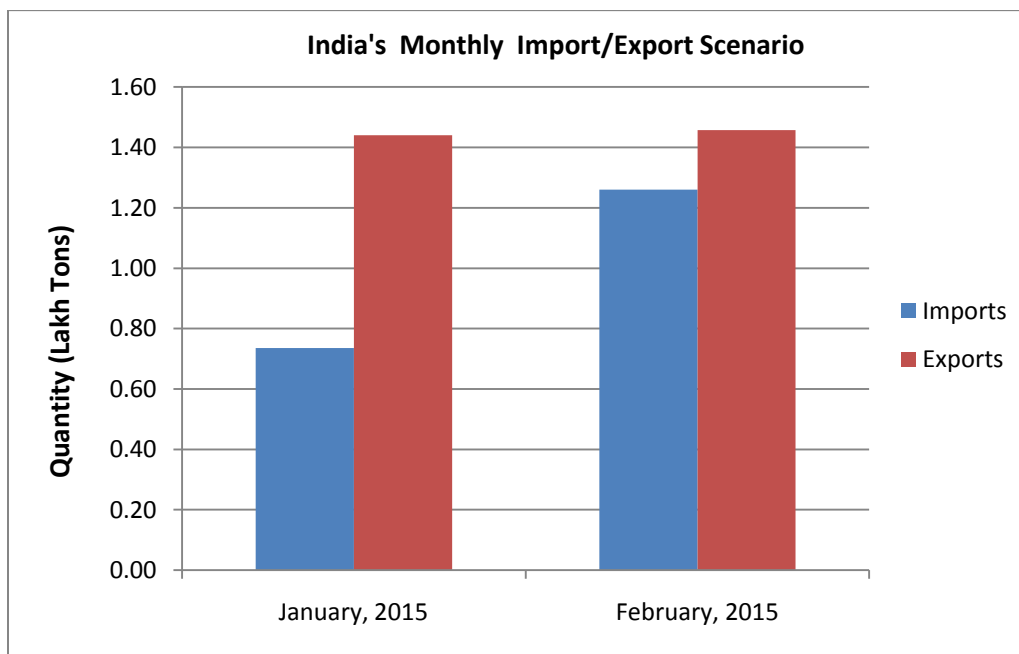
On International front, Brazil sugar FOB prices quoted at \$362.25/ Ton.

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

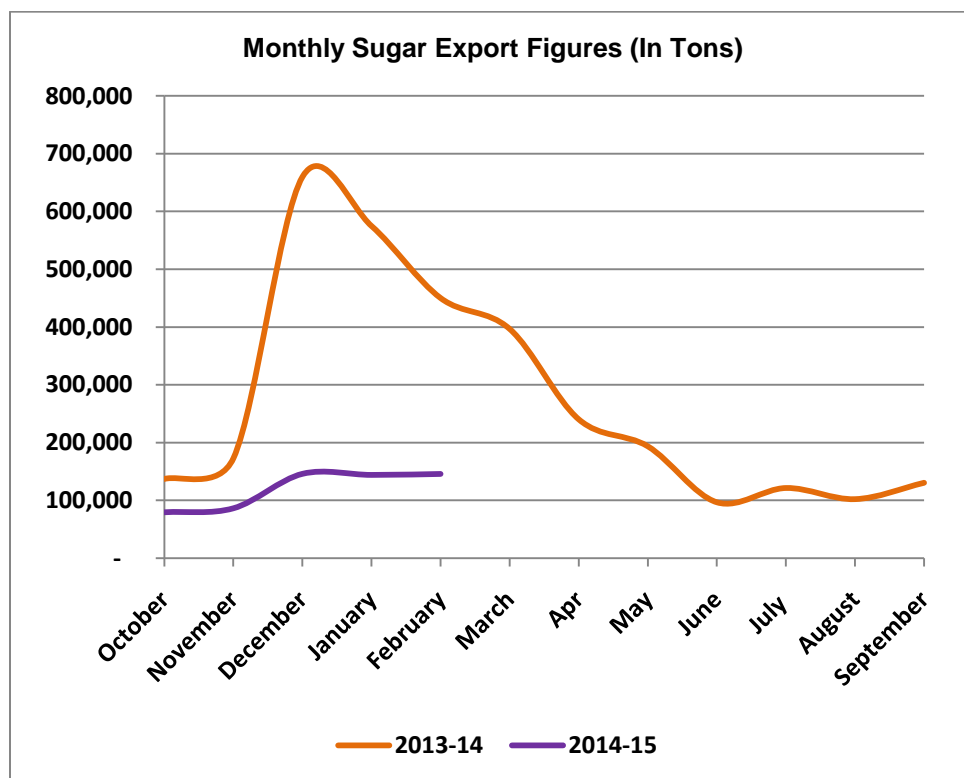
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.68) till 09 th Mar, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$362.25	\$387.85/372.70	\$405.23

Sugar Import and Export Scenario:

Indian sugar trade scenario improved this month as the country exported more sugar in comparison to the imports made during the period. Notably, the country exported 1.46 lakh tons of sugar in February, 2015 as against 1.26 lakh tons of import during the same period.



With the pending export subsidy on raw sugar and cheaper availability of Brazilian raw sugar, the Indian millers opted to import sugar from abroad and thus imported 1.26 lakh tons of sugar in February, 2015 which was 71.4% higher than the quantity imported last month in January.



While, making optimum utilization of its refinery capacity, Indian sugar mills exported 1.46 lakh tons of sugar in February, 2015 which was marginally higher (1.2%) than the sugar exported in January, 2015. Also, the bunch of exports made had been to Sudan, Sri Lanka and Somalia which imported 49.0, 40.8 and 17.3 thousand tons of sugar respectively in February, 2015.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	28th-5th Mar 2015	21st-27th Feb 2015	Change
Sugar	Delhi - Grade M	2768	2802	-34
	Delhi - Grade S	2716	2747	-31
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2888	2896	-8
	UP- Ramala Grade M	2770	2768	2
	UP- Dhampur Grade M Ex-Mill	2696	2717	-21
	UP- Dhampur Grade S Ex-Mill	2676	2697	-21
	UP- Dhampur Grade L Ex-Mill	2746	2767	-21
	Mumbai –Grade M	2856	2887	-31
	Mumbai –Grade S	2659	2689	-30
	Kolhapur – Grade M	2500	2559	-59
	Kolhapur – Grade S	2400	2459	-59
	Guhawati – Grade S	2700	2760	-60
	Shillong – Grade S	2720	2779	-59
	Vijayawada – Grade M	3050	3070	-20
	Vijayawada- Grade S	2950	2970	-20
	Nagpur – Grade M	3000	3000	Unch
	Nagpur – Grade S	2650	2700	-50
	Kolkata – Grade M	2810	2835	-25
	Chennai - Grade S	2568	2583	-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
		5-Mar-15	27-Feb-15	5-Feb-15	5-Mar-14
Sugar	Delhi - Grade M	2765	2780	2880	3115
	Delhi - Grade S	2715	2740	2800	3065
	Delhi - Grade L	NA	NR	NA	3200
	UP- Khatauli Grade M	Closed	NR	2925	3120
	UP- Ramala Grade M	Closed	2770	2860	3050
	UP- Dhampur Grade M Ex-Mill	2600	2750	2860	3015
	UP- Dhampur Grade S Ex-Mill	2580	2730	2840	2995
	UP- Dhampur Grade L Ex-Mill	2650	2800	2910	3065
	Mumbai –Grade M	2856	2870	2942	3006
	Mumbai –Grade S	2660	2670	2756	2842
	Kolhapur – Grade M	2500	2500	2650	2800
	Kolhapur – Grade S	2400	2400	2550	2650
	Guhawati – Grade S	2700	2700	2852	2910
	Shillong – Grade S	2720	2720	2870	2954
	Vijayawada – Grade M	3040	3070	3140	3250
	Vijayawada- Grade S	2940	2970	3040	3150
	Nagpur – Grade M	3000	3000	2950	3050
	Nagpur – Grade S	2650	2650	2750	2850
	Kolkata – Grade M	2800	2830	3030	NA
	Chennai - Grade S	2560	2580	2675	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 gur spot market this week with price rising in some markets while declining on the others.

The Chaku variety of gur in key Muzaffar Nagar market settled at Rs 2296 per quintal this week, which was Rs 31 less than the price quoted last week for the same variety. Similarly, Khurpa variety also underwent a decline of Rs 23 per quintal with its price settling at Rs 2123 per quintal for the week.

On the other hand, Achhu (Medium) variety of Mahalingapura was bought at a rate of Rs 2600 per quintal, which was Rs 158 more than the price quoted last week. Similarly, gur yellow (medium) of Mandya was traded at a rate of Rs 2567/ quintal compared to Rs 2442/ quintal the previous week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	28th-5th Mar 2015	21st-27th Feb 2015	Change
Muzaffar Nagar	Chaku	2296	2327	-31
	Chaku (Arrival)	NA	7833	-
	Khurpa	2123	2146	-23
	Laddoo	2258	2269	-11
	Rascut	NA	NA	-
Hapur	Chaurasa	2175	2106	69
	Balti	2045	2049	-4
Maharashtra	Latur(Lal Variety)	2350	2320	30
Bangalore	Mudde	3980	3933	47
Belgaum	Mudde	2450	2550	-100
Belthangadi	Yellow (Average)	3110	3120	-10
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2615	2558	57
Mahalingapura	Penti (Average)	2604	2561	43
Mandya	Achhu (Medium)	2600	2442	158
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2292	8
	Yellow (Medium)	2567	2442	125
Shimoga	Achhu (Average)	2900	2900	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		5-Mar-15	27-Feb-15	5-Feb-15	5-Mar-14
Muzaffar Nagar	Chaku	2300	2350	2313	2500
	Khurpa	2163	2125	2225	2450
	Laddu	2250	2250	2438	2550
	Rascut	NA	NA	NA	2125
Hapur	Chaurasa	2100	2113	2200	2263
	Balti	2050	2038	2150	2288
Maharashtra	Latur(Lal Variety)	2250	2250	2450	2700
Bangalore	Mudde	3900	4000	3800	3000
Belgaum	Mudde	NA	2600	NA	2750
Belthangadi	Yellow (Average)	3100	3150	NA	3100
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2620	2625	NA	2675
Mahalingapura	Penti (Average)	2627	2583	2541	2760
Mandya	Achhu (Medium)	2600	2450	2400	2550
	Kurikatu (Medium)	2200	2200	2200	2350
	Other (Medium)	2300	2300	2250	2500
	Yellow (Medium)	2600	2450	2400	2500
Shimoga	Achhu (Average)	2900	2900	2800	NA

Commodity: Sugar
Contract: May

Exchange: NCDEX
Expiry: May 20, 2015

SUGAR (May Weekly Chart)



Technical Commentary:

- Sugar prices are falling while O.I and volume surges up for the day.
- 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	May	2414	2500	2532	2600	2650
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 2530	2550	2556	2518

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	4-Mar-15	27-Feb-15	Change
ICE Sugar #11 (US Cent/lb)	15-May	13.34	14.08	-0.74
	15-Jul	13.53	13.99	-0.46
	15-Oct	14.14	14.25	-0.11
LIFFE Sugar (US \$/MT)	15-May	369.2	376.2	-7.00
	15-Aug	367.8	381	-13.20
	15-Oct	372.8	388.9	-16.10

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



Technical Commentary:

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
Strategy: Buy at 380.5 with a target of 398.3

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'15	380.5	398.3

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



Technical Commentary:

- ICE raw sugar futures are trending downwards.
 - Last candlestick depicts bearishness in the market.
- Strategy: Buy at 13.60 with target of 13.84

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'15	13.60	13.84

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