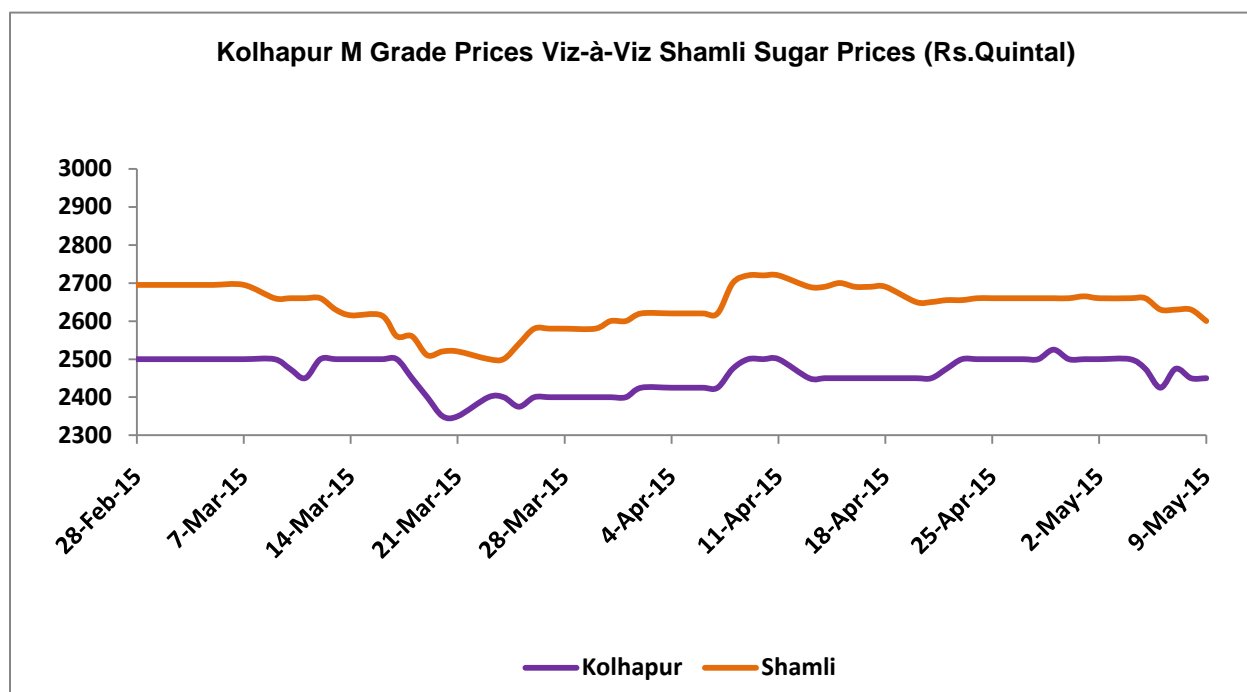


Sugar Price Trend and Outlook:

Sugar prices settled steady to weak at the wholesale market following limited demand against rise in supplies this week.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2463 per quintal this week compared to Rs 2504 per quintal the previous week. However, sugar prices for the same variety/grade in Shamli district fell marginally by 0.97% from Rs 2661 per quintal last week to Rs 2635 per quintal this week.



Price Outlook:

Sugar prices are expected to improve, as India is about to finish the crushing operation soon which could reduce excessive sugar surplus in the market

News Highlights:

- Sugar mills in U.P are proposing to scrap cane area allocation scheme, under which mills were required to make compulsory cane procurement from the assigned reserve area even when running in losses. In reply the state govt. ensures that the matter will be discussed once the crushing season ends. In addition, the closure notification also needs to be given in advance so that farmers could opt for alternative crop during the period.
- The Indian govt. removed excise duty of 12.36% on supply of ethanol meant for blending with petrol to the OMCs (Oil Marketing Companies).
- India had produced 273.7 lakh tons of sugar in 2014-15 (1st Oct, 2014 – 30th Apr, 2015) which was 14.3% higher than the production made last year in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014).
- A record sugar production of 103.5 lakh tons has been made in Maharashtra this year, 2014 -15 (till 30th Apr, 2015) as against 77.14 lakh tons last year during the same interval. An increase in cane area and yield per hectare in the state could be cited responsible for the surge.
- Sugar production rose by 7.8% in U.P which produced 70.15 lakh tons of sugar in 2014-15 (1st Oct, 2014 – 30th Apr, 2015) compared to 65.08 lakh tons in 2013 -14(1st Oct, 2013 – 30th Apr, 2014). The state also saw a surge in sugarcane recovery rate this year from 9.29% in 2013-14 to 9.54% in 2014-15.
- 25 sugar mills in Karnataka had churned around 47 lakh tons of sugar in 2014 -15 (till 30th Apr, 2015) compared to 41.19 lakh tons of sugar in 2013 -14 (till 30th Apr, 2014) when only two mills were engaged in the crushing operation.
- A negative production (sugar) trend could be seen in Tamil Nadu this year, which produced only 9 lakh tons of sugar in 2014 -15 (till 30th Apr, 2015) compared to 11.02 lakh tons in 2013 -14 (till 30th Apr, 2014).
- 11.35 lakh tons of sugar was produced in Gujarat this marketing year (1st Oct, 2014 – 30th Apr, 2015) which was 3.4% less than the production made last year during the same interval.
- Crushing operation had come to an end in Andhra Pradesh & Telengana, which collectively produced 8.8 lakh tons of sugar in 2014 -15 (1st Oct, 2014 – 30th Apr, 2015) compared to 10.01 lakh tons in 2013- 14(1st Oct, 2013 – 30th Apr, 2014).
- Sugar production rose 12.8% in Uttarakhand this season, with the state producing 3.25 lakh tons of sugar in 2014 -15(1st Oct, 2014 – 30th Apr, 2015) relative to 2.88 lakh tons in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014). With these figures, the state marked an end to the crushing operation for this season.

- With a production decline of 0.68 lakh tons, Bihar ended up the crushing operation for marketing year 2014- 15. Notably, the state produced 5.23 lakh tons of sugar in 2014 -15 (1st Oct, 2014 – 30th Apr, 2015) as against 5.91 lakh tons sugar in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014).
- Crushing operation ended in Punjab with the state producing 5.25 lakh tons of sugar in 2014 -15 (1st Oct, 2014 – 30th Apr, 2015) as against 4.69 lakh ton in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014).
- M.P had produced 4 lakh tons of sugar in 2014 -15 (01st Oct, 2014 - 30th Apr, 2015) compared to 3.64 lakh tons of sugar last year during the corresponding period. Around 12 sugar mills this year had participated in the crushing operation so far compared to 10 sugar mills last year.
- The Indian Sugar Mills Association (ISMA) revisited India' sugar production estimate to around 28 million tons this marketing year i.e. 2014 -15.
- In a bid to support local cane farmers, Indian govt. raised sugar import duty from 25 per cent to 40 per cent. In addition, the govt. had withdrawn duty free raw sugar import authorization scheme under which Indian refiners could import duty free raw sugar from abroad with the sole condition of re exporting the refined sugar from the country.
- The Indian govt. liberalized sugar exporting norms under preferential quota systems (wherein limited quantity of sugar exported at a lower tariff rate) to European Union (CXL quota) and the US (TRQ quota). Until now, only ISEC (Indian Sugar Exim Corporation) used to export the preferential quota sugar to EU and U.S, availing a lower tariff rate for the exports made, however with the new policy announced, anyone from the industry could export preferential sugar share to the concerned market.
- As per a report issued by U.S. Department of Agriculture, India is expected to produce 29 MMT of sugar in MY 2015-16 (1st Oct, 2015 – 30th Sep, 2016) and is likely to emerge as a net sugar exporter during the period.

India's Sugar Production Scenario Up to 30th April, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	103.5	77.1
Uttar Pradesh	70.2	65.1
Karnataka	47.0	41.2
Tamil Nadu	9.0	11.0
Andhra Pradesh + Telengana	8.8	10.0
Gujarat	11.4	11.8
Bihar	5.2	5.9
Punjab	5.3	4.7
Uttarakhand	3.3	2.9
Madhya Pradesh	4.0	3.6
All India	273.7	239.4

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$450.80 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$390.82 per ton Kolhapur based.

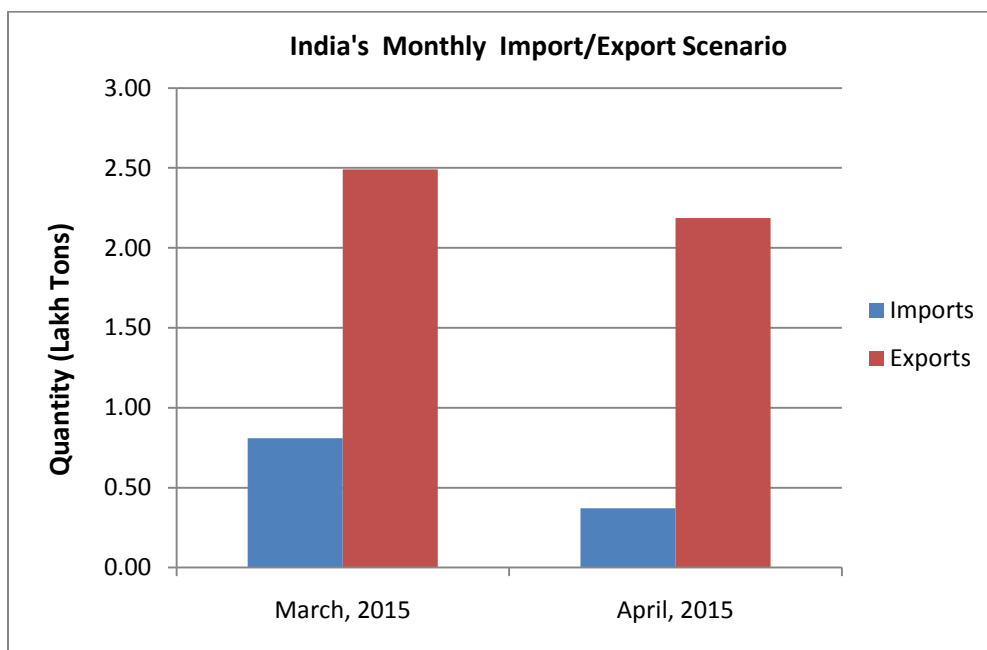
On International front, Brazil sugar FOB prices quoted at \$350.50/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.84) till 11 th May, 2015			
	Brazil	Thailand (100 Icumsa May Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$350.50	\$390.50/375.50	\$390.82

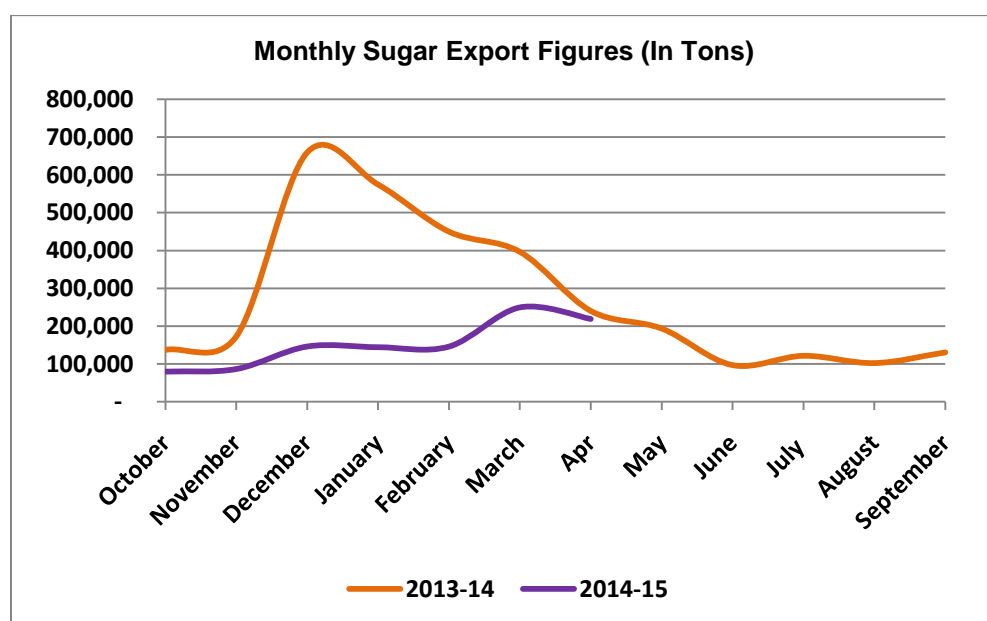
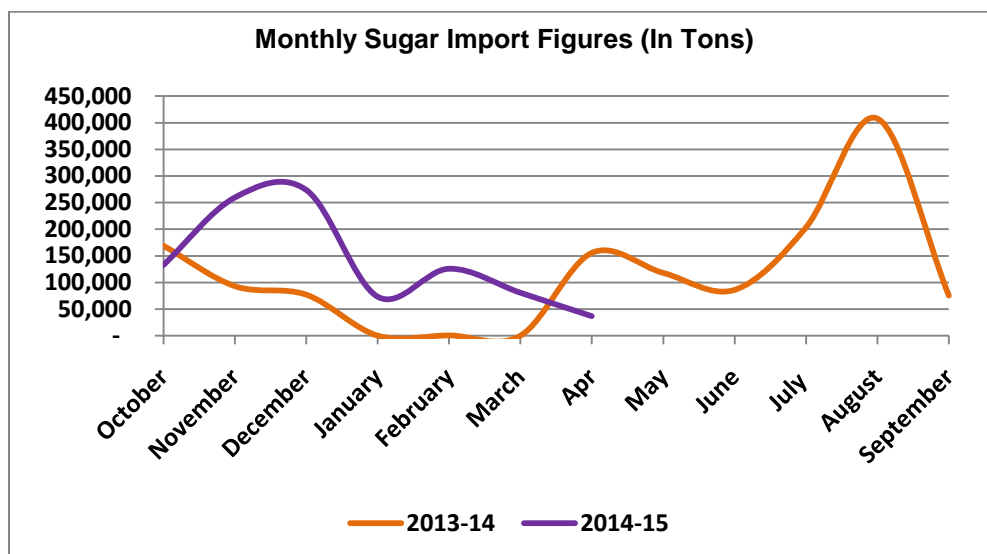
Sugar Import and Export Scenario:

Ample stock position in the physical market and higher supply from mills both in domestic and international market, restricted efficient sugar trade in India causing a lower sugar import and exports during the month.



Lack of import parity in trade with Brazil and a sluggish global demand caused India to import only 0.37 lakh tons of sugar in April, 2015 compared to 0.81 lakh tons in March, 2015.

Notably, the country mainly imports raw sugar from Brazil which got refined here and is then re-exported to the neighboring countries thereon. However, with the recent govt. withdrawal of duty free raw sugar import authorization scheme (under which Indian refiners could import duty free raw sugar from abroad with the sole condition of re exporting the refined sugar from the country), the Indian sugar import prospects are expected to shrink down further.



On the other hand, a weak Brazilian Real and falling crude prices allowed Brazil to dump its excessive sugar produce into the world market, making India uncompetitive to export. As a result, India exported 2.19 lakh tons of sugar in April, 2015 which was 12.2% lower than the sugar exported last month in March, 2015. A y-o-y comparison also shows that the country exported relatively larger quantity (2.40 lakh tons) of sugar last year in April, 2014.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	2nd May 2015 to 8th May 2015	25th April 2015 to 1st May 2015	Change
Sugar	Delhi - Grade M	2701	2715	-14
	Delhi - Grade S	2618	2633	-15
	UP- Khatauli Grade M	2753	2756	-3
	UP- Ramala Grade M	NA	2670	-
	UP- Dhampur Grade M Ex-Mill	2654	2658	-4
	UP- Dhampur Grade S Ex-Mill	2634	2638	-4
	UP- Dhampur Grade L Ex-Mill	2704	2708	-4
	Mumbai –Grade M	2772	2772	Unch
	Mumbai –Grade S	2602	2589	13
	Kolhapur – Grade M	2456	2505	-49
	Kolhapur – Grade S	2356	2405	-49
	Guhawati – Grade S	2655	2705	-50
	Shillong – Grade S	2676	2725	-49
	Vijayawada – Grade M	2960	2960	Unch
	Vijayawada- Grade S	2860	2860	Unch
	Nagpur – Grade M	NA	NA	-
	Nagpur – Grade S	2633	2640	-7
	Kolkata – Grade M	2768	2840	-72
	Chennai - Grade S	2492	2510	-18
	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
		8-May-15	1-May-15	8-Apr-15	8-May-14
Sugar	Delhi - Grade M	2680	2705	2750	3265
	Delhi - Grade S	2590	2600	2680	3195
	UP- Khatauli Grade M	2750	2765	2800	3350
	UP- Ramala Grade M	NA	NA	NA	3300
	UP- Dhampur Grade M Ex-Mill	2650	2665	2700	3290
	UP- Dhampur Grade S Ex-Mill	2630	2645	2655	3270
	UP- Dhampur Grade L Ex-Mill	2700	2715	2765	3340
	Mumbai –Grade M	2772	Closed	2766	3442
	Mumbai –Grade S	2606	Closed	2550	3272
	Kolhapur – Grade M	2450	Closed	2475	3250
	Kolhapur – Grade S	2350	Closed	2375	3100
	Guhawati – Grade S	2649	Closed	2675	3410
	Shillong – Grade S	2670	Closed	2695	3420
	Vijayawada – Grade M	2960	2960	2960	3650
	Vijayawada- Grade S	2860	2860	2860	3530
	Nagpur – Grade M	NA	Closed	NA	3450
	Nagpur – Grade S	2600	Closed	2600	3300
	Kolkata – Grade M	2740	Closed	2760	3420
	Chennai - Grade S	3035	3035	2525	3175
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3200
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2475	Closed	3035	3175

Gur Market Scenario and Outlook

Mixed sentiments were seen in spot gur market this week with prices rising in some market while declining in other.

Price of Mudde variety of gur from Bangalore rose by Rs 170 per quintal thus closing at Rs 3850 per quintal this week. Whereas, the same variety of gur was traded at Rs 2450 per quintal in Belgaum district corresponding to Rs 2350 per quintal last week. The Achhu (Medium) variety of Mandya also rose by Rs 70/ quintal this week from Rs 2430/quintal the previous week.

On the contrary the, Chaku variety of gur from key Muzaffarnagar market declined by Rs 126 per quintal from Rs 2719/quintal to Rs 2593/quintal this week. The Penti (Average) variety from Mahalingapura also witnessed a decline of Rs 100/quintal from Rs 2645/quintal to Rs 2545/quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	2nd May 2015 to 8th May 2015	25th April 2015 to 1st May 2015	Change
Muzaffar Nagar	Chaku	2593	2719	-126
	Chaku (Arrival)	6800	20100	-13300
	Khurpa	2397	2387	10
	Laddoo	2644	2653	-9
	Rascut	NA	NA	-
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3850	3680	170
Belgaum	Mudde	2450	2350	100
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2505	2508	-3
Mahalingapura	Penti (Average)	2545	2645	-100
Mandya	Achhu (Medium)	2500	2430	70

	Kurikatu (Medium)	2300	2270	30
	Other (Medium)	2375	2340	35
	Yellow (Medium)	2500	2430	70
Shimoga	Achhu (Average)	2700	2700	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		8-May-15	1-May-15	8-Apr-15	8-May-14
Muzaffar Nagar	Chaku	2500	2738	2250	3325
	Khurpa	1000	2425	2113	2775
	Laddu	2400	2700	2288	3200
	Rascut	2400	NA	NA	2400
Hapur	Chaursa	NA	NA	2125	2650
	Balti	NA	NA	2050	2963
Maharashtra	Latur(Lal Variety)	NA	NA	NA	3000
Bangalore	Mudde	NA	NA	4000	3200
Belgaum	Mudde	NA	NA	2400	2700
Belthangadi	Yellow (Average)	2500	NA	NA	3100
Bijapur	Achhu	NA	NA	NA	2800
Gulbarga	Other (Average)	NA	NA	2525	3050
Mahalingapura	Penti (Average)	2485	NA	2445	3140
Mandya	Achhu (Medium)	2564	NA	2550	2450
	Kurikatu (Medium)	2500	NA	2250	2200
	Other (Medium)	2300	NA	2300	2350
	Yellow (Medium)	2350	NA	2550	2350
Shimoga	Achhu (Average)	2500	NA	2900	3600

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

Technical Commentary:

- Sugar prices, volume and O.I 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	May	2200	2270	2306	2530	2580
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 2305	2335	2345	2287

International Scenario

International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide.

International Market News Highlights:

- As per the UNICA report, Brazil's centre south region had churned around 0.39 MT of sugar in first half of Apr, 2015 compared to 0.42 MT of sugar during the same period a year ago. (Brazil Churned 0.39 MT Of Sugar In first Half Of April, 2015).
- The Australian Bureau of Meteorology signaled the climatic indicators pointing towards the possibility of an expected El Nino this year. Notably, an El Nino if occurred could hamper sugar production worldwide causing excessive rainfall in Southern America while no or minimal rains in Asia.
- The U.S. Department of Agriculture, forecasted Brazilian sugarcane production to 648 million tons in 2015-16 amid surge in production area and yield per hectare.
- As per a report issued by U.S. Department of Agriculture, Australia is expected to produce 4.8 million tons of sugar in MY (2015-16).
- Due to various trade restrictions imparted by govt., Indonesia is expected to import only 2.95 million tons of raw sugar in 2014-15. While, the country is forecasted to produce around 2.1 million tons of plantation white sugar during the same period.
- Thailand, the second largest sugar exporter in the world; had exported two lakh tons of sugar in first half of April, 2015 together with 1 .4 million tons of sugar in the first quarter of year 2015.
- Sugar production in Thailand is expected to rise to 11.4 MT in 2015-16 amid government's agricultural restructuring program which will provide more financial support to the domestic farmers in the country.
- Brazilian govt. crop supply agency, CONAB forecasted country's total sugar production at 37.35 MT for MY 2015-16 (1st Apr, 2015 – 31st Mar, 2016) which was approximately 5% higher than the sugar produced by Brazil in 2014-15.
- The Thailand govt. is planning to seek policy change in Cane and Sugar Act, which confined only one sugar factory to be located within 80kms of range within the country. Thus, the step is expected to enhance sugar production capacity of Thailand by facilitating more sugar mills within the nation.



- The International Sugar Organization (ISO) expects global sugar deficit of two million tons in 2015-16 (1st Oct- 30th Sep) as against a less than one million tons sugar surplus forecast for current season, 2014-15 (1st Oct- 30th Sep).
- Market expert, F.O.Licht, predicted Brazilian Centre South region to crush 580 million tons of sugarcane in 2015-16 (1st Apr, 2015 – 31st Mar, 2016) to produce around 31.8 million tons of sugar by the season end.

International Sugar Prices (Weekly)				
Contract Month		7-May-15	30-Apr-15	Change
ICE Sugar #11 (US Cent/lb)	15-Jul	12.96	12.98	-0.02
	15-Oct	13.36	13.18	0.18
	16-Mar	14.55	13.60	0.95
LIFFE Sugar (US \$/MT)	15-Aug	375.50	376.70	-1.20
	15-Oct	372.60	374.90	-2.30
	15-Dec	378.50	382.20	-3.70

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



Technical Commentary:

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 365 with a target of 380.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'15	365	380.4

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



Technical Commentary:

- ICE raw sugar futures are trending up[wards].
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 13.45 with target of 13.60

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'15	13.45	13.60

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