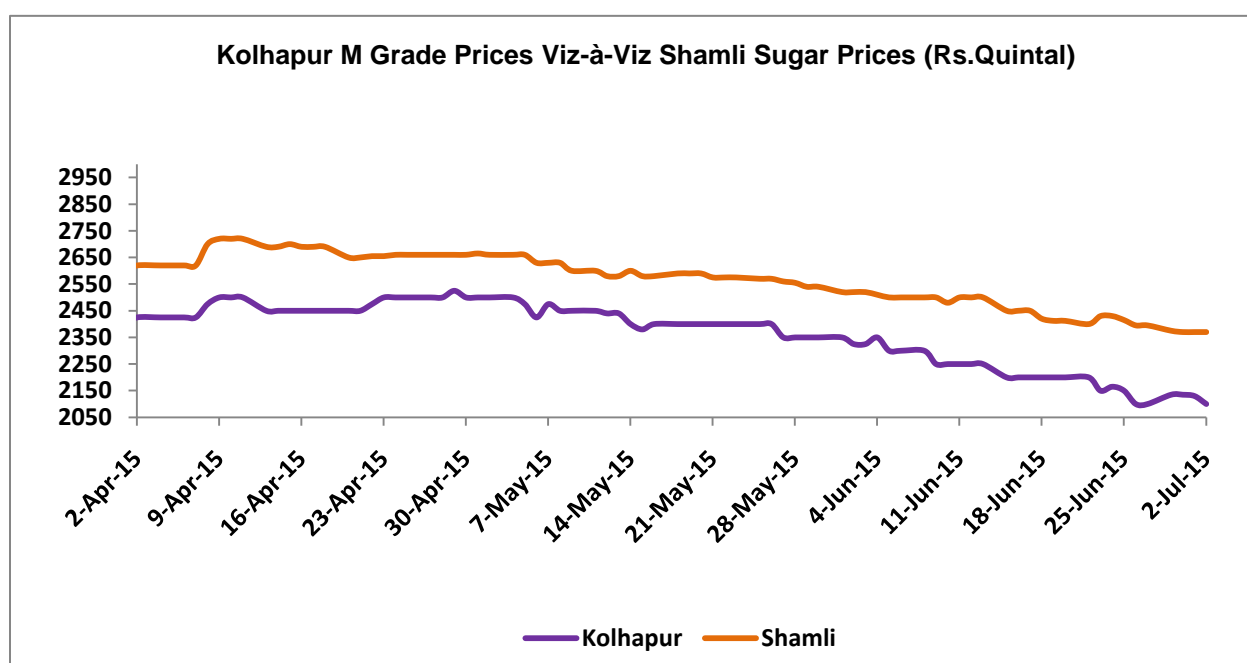


Sugar Price Trend and Outlook:

Sugar market remained dormant amid lower domestic demand, largely from bulk consumers such as ice-cream and soft-drink makers. In addition, persistent sugar supplies from millers and reports of higher output estimates this marketing year further inserted pressure on domestic prices.

Furthermore, a favorable cane harvest weather in top producer Brazil, allowed hurdle free cane processing in the region adding on to the surplus sugar stock of the country.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2117 per quintal this week compared to Rs 2178 per quintal the previous week. While, prices for the same variety/grade in Shamli district fell by 1.54% from Rs 2417 per quintal last week to Rs 2379 per quintal this week.



Price Outlook:

Sugar prices are expected to improve a little amid seasonal and festive demand during the period while an excessive sugar surplus will cap the gain.

News Highlights:

- The Karnataka govt. had put forth a proposal to the centre asking for a subsidy of Rs 900 crore which could be utilized for meeting up the pending cane arrears by local sugar millers in the state.
- The Telengana govt. is expected to impose entry tax on sugar import as the neighboring states such as Karnataka, Maharashtra and Tamil Nadu are dumping their excessive sugar onto the state leading to a further fall in local sugar prices.
- The Cabinet Committee on Economic Affairs (CCEA) announced interest free loan worth Rs 6000 crore to the Indian sugar millers who had accrued pending cane arrears to the local farmers in the country.
- India had produced 279.6 lakh tons of sugar in current session, 2014-15 (1st Oct, 2014 – 31st May, 2015) which was 16.25% higher than the production made last year during the same interval.
- A record sugar production of 104.75 lakh tons had been made by Maharashtra this year (1st Oct, 2014 – 31st May, 2015) followed by U.P which produced 70.9 lakh tons of sugar during the same period.
- The third largest sugar producer, Karnataka had produced about 48.99 lakh tons of sugar this year in 2014-15 (till 31st May, 2015).
- Sugar production declined by 15.3% in Tamil Nadu which produced 10 lakh tons of sugar till 31st May, 2015 relative to a production of 11.8 lakh tons last year.
- The Sugar Commissioner in Maharashtra had issued auction order against five mills in the state for not making pending payment as per the fair and remunerative prices (FRP) under the Revenue Recovery Code (RRC).
- 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. has ensured that the matter 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).
- 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 the “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.

India's Sugar Production Scenario Up to 31st May, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	104.8	-
Uttar Pradesh	70.9	-
Karnataka	48.9	-
Tamil Nadu	10.0	-
All India	279.6	240.5

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$428.34 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$340.38 per ton Kolhapur based.

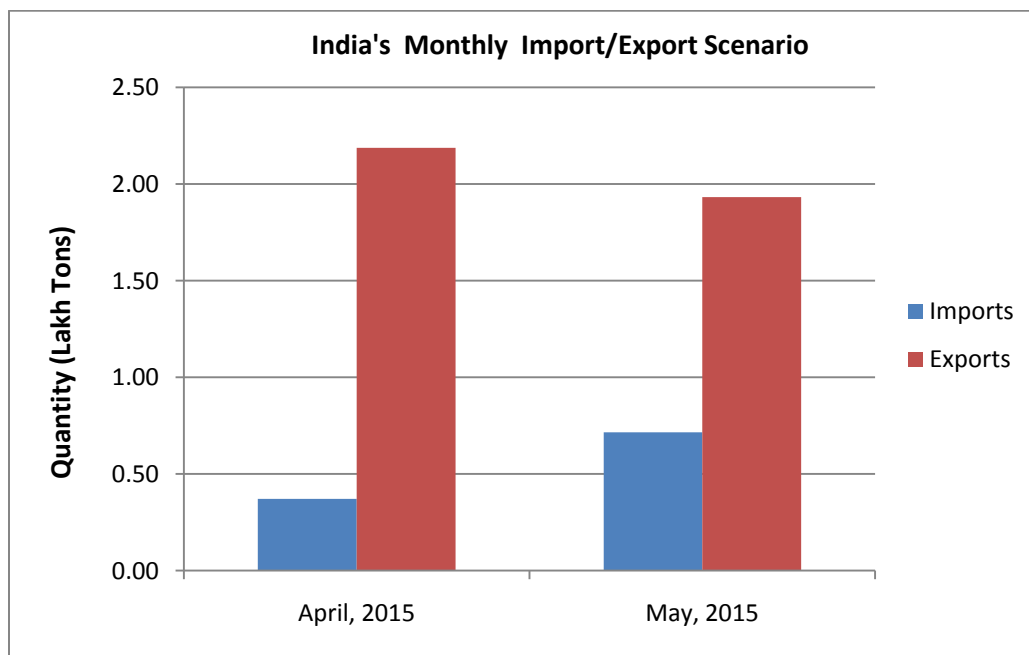
On International front, Brazil sugar FOB prices quoted at \$347.25/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.37) till 03 rd July, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$347.25	\$377.00/370.10	\$340.38

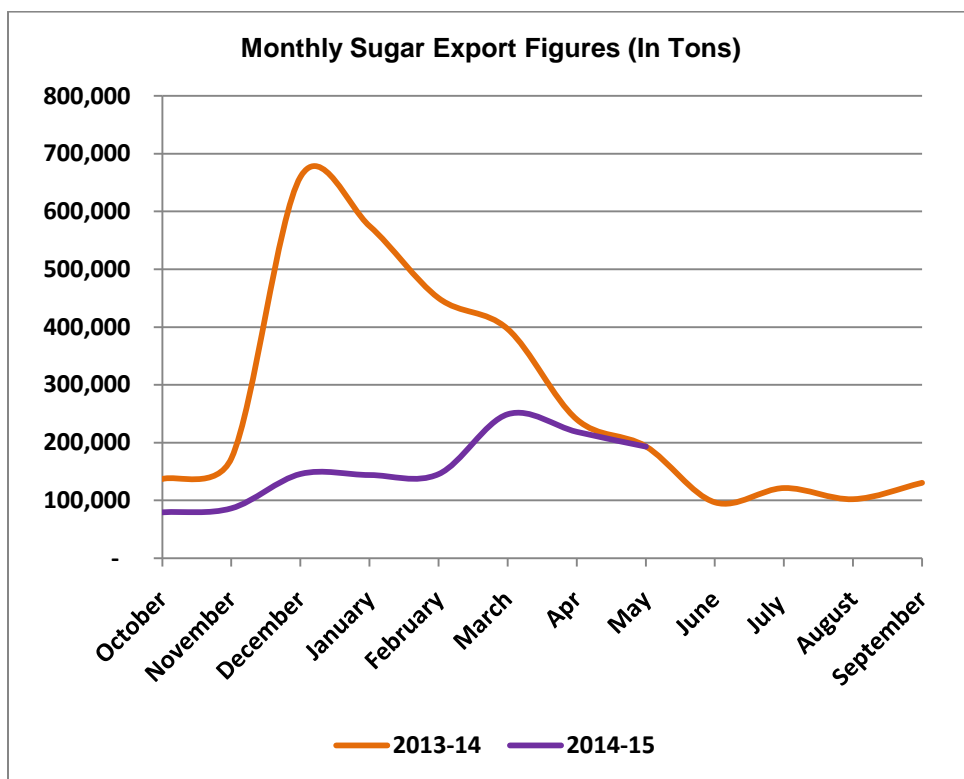
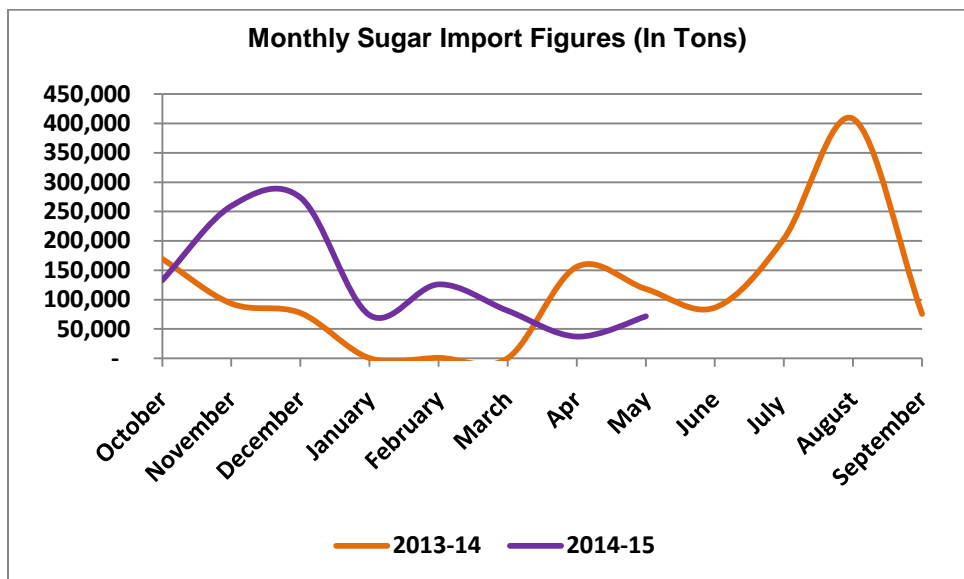
Sugar Import and Export Scenario:

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 export during the month.



Lack of import parity in trade with Brazil and a sluggish global demand caused India to import 0.72 lakh tons of sugar in May, 2015 compared to 1.17 lakh tons in May, 2014.

Notably, the country mainly imports raw sugar from Brazil, which is refined here and 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 further.



On the other hand, 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 only 1.93 lakh tons of sugar in May, 2015 which was 12% lower than the sugar exported last month in April, 2015.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	26th Jun to 02nd July 2015	19th Jun to 25th Jun 2015	Change
Sugar	Delhi - Grade M	2490	2492	-2
	Delhi - Grade S	2463	2402	62
	UP- Khatauli Grade M	2441	2483	-42
	UP- Ramala Grade M	2440	2480	-40
	UP- Dhampur Grade M Ex-Mill	2403	2439	-35
	UP- Dhampur Grade S Ex-Mill	2383	2419	-35
	UP- Dhampur Grade L Ex-Mill	2453	2489	-35
	Mumbai –Grade M	2570	2613	-43
	Mumbai –Grade S	2239	2298	-59
	Kolhapur – Grade M	2117	2178	-61
	Kolhapur – Grade S	2017	2062	-45
	Guhawati – Grade S	2311	2356	-46
	Shillong – Grade S	2337	2382	-45
	Vijayawada – Grade M	2680	2727	-47
	Vijayawada- Grade S	2627	2667	-40
	Nagpur – Grade M	2350	2483	-133
	Nagpur – Grade S	2300	2358	-58
	Kolkata – Grade M	2420	2575	-155
	Chennai - Grade S	2258	2283	-25
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		2-Jul-15	25-Jun-15	2-Jun-15	2-Jul-14
Sugar	Delhi - Grade M	2475	2500	2550	3450
	Delhi - Grade S	2450	2480	2520	3300
	UP- Khatauli Grade M	2432	2470	2650	3445
	UP- Ramala Grade M	2440	2480	NA	NA
	UP- Dhampur Grade M Ex-Mill	2390	2420	2520	3200
	UP- Dhampur Grade S Ex-Mill	2370	2400	2500	3180
	UP- Dhampur Grade L Ex-Mill	2440	2470	2570	3250
	Mumbai –Grade M	2566	2592	2700	3346
	Mumbai –Grade S	2226	2270	2492	3176
	Kolhapur – Grade M	2100	2150	2325	3150
	Kolhapur – Grade S	2000	2035	2225	3000
	Guhawati – Grade S	2294	2329	2522	3309
	Shillong – Grade S	2320	2355	2545	3320
	Vijayawada – Grade M	2640	2720	2780	3620
	Vijayawada- Grade S	2600	2660	2720	3480
	Nagpur – Grade M	2350	2350	NA	3350
	Nagpur – Grade S	2300	2300	2500	3200
	Kolkata – Grade M	2400	2550	NA	3430
	Chennai - Grade S	2250	2275	2450	3150
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	3150
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	2985

Gur Market Scenario and Outlook

Spot gur market weakened this week with price falling in almost all the major trading regions.

The Mudde variety of gur from Bangalore region witnessed the greatest price fall (of Rs 267 a quintal) from Rs 4250 per quintal to Rs 3983 per quintal this week. Similarly, the Yellow (Medium) variety from Mandya fell by Rs 225 a quintal from Rs 2417 per quintal last week. While the other varieties; such as Achhu (Medium) and Kuikatu (Medium) from Mandya fell by Rs 192 and Rs 167 per quintal respectively. The Penti (Average) variety from Mahalingapura too fell down from Rs 2363 per quintal to Rs 2164 per quintal this week.

While a marginal price surge was seen at Shimoga district of Karnataka, where the Achhu (Average) variety rose by Rs 35 per quintal from Rs 2825 per quintal last week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	26th Jun to 02nd July 2015	19th Jun to 25th Jun 2015	Change
Muzaffar Nagar	Chaku	2543	2539	4
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2602	2638	-36
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3983	4250	-267
Belgaum	Mudde	2417	2460	-43
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2538	2580	-42
Mahalingapura	Penti (Average)	2164	2363	-199
Mandya	Achhu (Medium)	2192	2383	-192
	Kurikatu (Medium)	2117	2283	-167
	Other (Medium)	2158	2300	-142



	Yellow (Medium)	2192	2417	-225
Shimoga	Achhu (Average)	2860	2825	35

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		2-Jul-15	25-Jun-15	2-Jun-15	2-Jul-14
Muzaffar Nagar	Chaku	2500	2500	2550	3075
	Khurpa	NA	NA	2400	2950
	Laddu	NA	NA	2803	3188
	Rascut	2575	2650	NA	2900
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	NA
BANGALORE	Mudde	3850	4250	NA	3600
Belgaum	Mudde	2400	2500	NA	2600
Belthangadi	Yellow (Average)	NA	NA	NA	3250
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	NA	2580	NA	3200
Mahalingapura	Penti (Average)	2095	2288	2460	3040
Mandya	Achhu (Medium)	2100	2350	NA	2450
	Kurikatu (Medium)	2000	2250	NA	2200
	Other (Medium)	2050	2300	NA	2300
	Yellow (Medium)	2100	2350	NA	2350
Shimoga	Achhu (Average)	2800	2700	2650	3350

Commodity: Sugar
Contract: July

Exchange: NCDEX
Expiry: July 20, 2015

SUGAR (July Weekly Chart)

SUGARM 1507(NCSMAN5)2015/06/28 - Weekly B:2128.00 A:2134.00
O 2146.00 H 2164.00 L 2106.00 C 2131.00 ↓ V 26,590 I O -16 -0.75%



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: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2000	2050	2128	2260	2300
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Sell	Below 2130	2100	2085	2148

International Scenario

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

International Market News Highlights:

- As per the latest data released by Brazil's Trade Ministry, the country exported 1.50 MT of raw sugar in June, 2015 which was 0.79% higher than the export made last year in June, 2014.
- In a bid to support local cane millers, the Brazilian govt. had raised import tariff on ethanol from 9.25 per cent at present to 11.75 per cent. The step is likely to boost the domestic ethanol production while combating the mass shipment from largest ethanol producer U.S.
- As per the UNICA report, Brazil's Centre South region had churned around 6.75 MT of sugar in 2015-16 (1st Apr, 2015 – 15th Jun, 2015) which was 13.02% lower than the sugar produced last year during the same interval.
- The Indonesian Sugar Association forecasted the country's total sugar (white) production in between 2.45-2.60 million tons for 2015-16 which was last recorded at 2.58 million tons in 2014-15.
- Brazilian raw sugar export rose by 0.71 million tons as the country exported 1.33 million tons of sugar in the month of May, 2015 relative to 0.62 million a month back.
- 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).
- 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 is 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		1-Jul-15	24-Jun-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	12.44	11.51	0.93
	16-Mar	13.67	12.02	1.65
	16-May	13.73	13.51	0.22
LIFFE Sugar (US \$/MT)	15-Aug	370.1	364.3	5.80
	15-Oct	364.4	356.4	8.00
	15-Dec	363.8	356.9	6.90

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 368.3 with a target of 377.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'15	368.3	377.9

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



Technical Commentary:

- ICE raw sugar futures are trending upwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 12.35 with target of 12.70

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	12.35	12.70

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.