

Executive Summary:

Sugar prices surged up this week amid government's proposal to export surplus Indian sugar through barter exchange. In addition, market is also expecting a marginal surge in domestic demand due to the upcoming festivities such as Ganesh Chaturthi and Rakshabandhan.

Price projection for the next week:

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range in between Rs 2300 -2350 per quintal next week.

Domestic News Highlights:

- Cabinet panel on economic affairs sanctioned soft loan worth Rs 6,000 crore to the Indian sugar millers who had been struggling hard to make their pending cane arrears to the farmers.
- With a view to help the cash starved sugar industry; the Indian govt. is planning to make it compulsory for 10% ethanol blending with petrol. Notably, the country is currently obliged to blend only 5% ethanol with petrol out of which also around 2% of ethanol blending actually took place.
- The Indian govt. proposed barter export trade of four million ton of sugar from the country, which is expected to support domestic sugar prices by reducing excessive sugar surplus within the country.
- Late monsoon arrival in Maharashtra had adversely affected sugarcane sowing area in the region where only 644 lakh hectares of area has been sowed so far out of 8861 lakh hectares of total area under cultivation
- The Central govt. of India is soon expected to release a relief package of Rs 1950 crore to the cooperative sugar mills in Maharashtra to be utilized for disbursing pending cane arrears to farmers.
- 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.

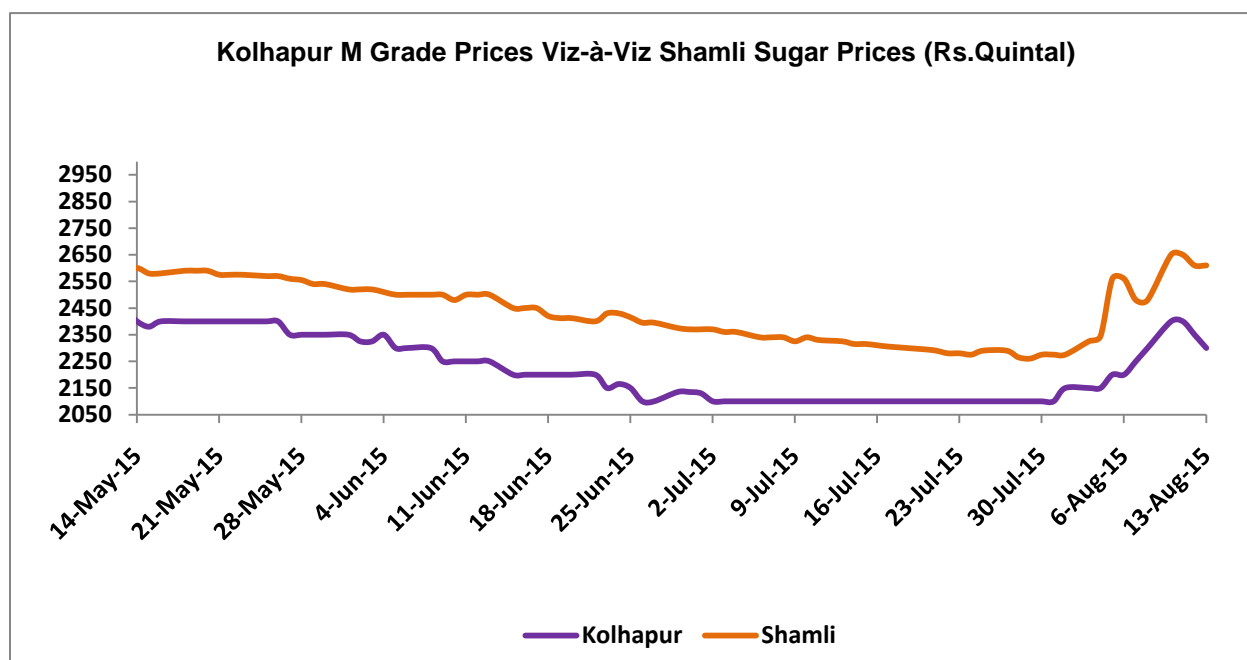


- India had produced 279.6 lakh tons of sugar in current session, 2014-15 (1st Oct, 2014 – 31st May, 2015) which was 16.25% higher than the production made last year during the same interval.
- A record sugar production of 104.75 lakh tons had been made by Maharashtra this year (1st Oct, 2014 – 31st 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 Indian govt. removed excise duty of 12.36% on supply of ethanol meant for blending with petrol to the OMCs (Oil Marketing Companies).

Domestic Price Comparison:

As visible from the chart below, the spread between the two benchmarks narrowed down initially but widened up later towards the end of the week.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2333 per quintal this week, which was 8.11% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 7.95% from Rs 2390 per quintal last week to Rs 2580 per quintal this week.



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 \$375.29 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$363.36 per ton Kolhapur based.

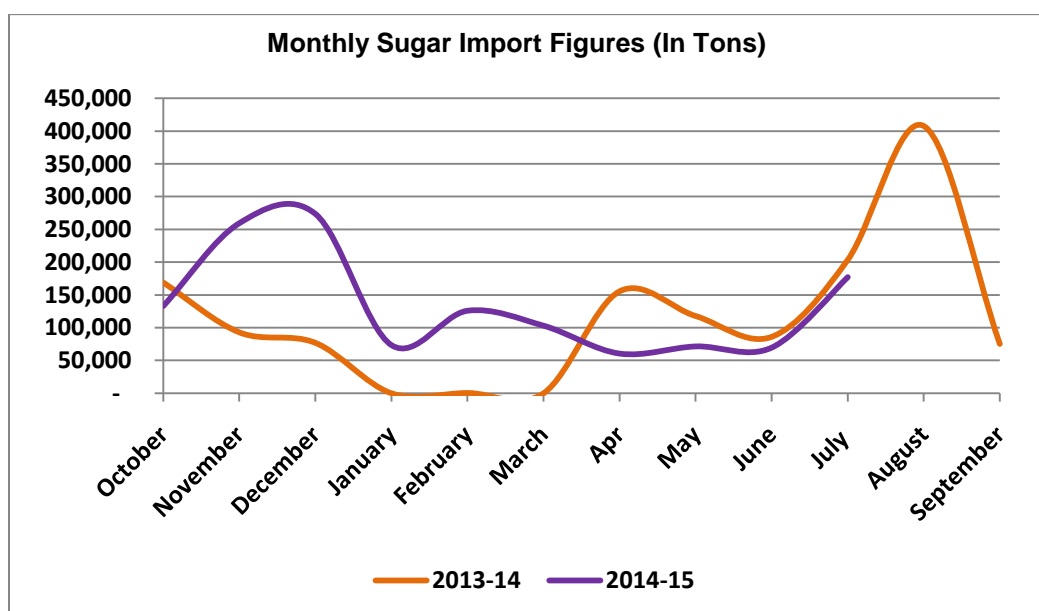
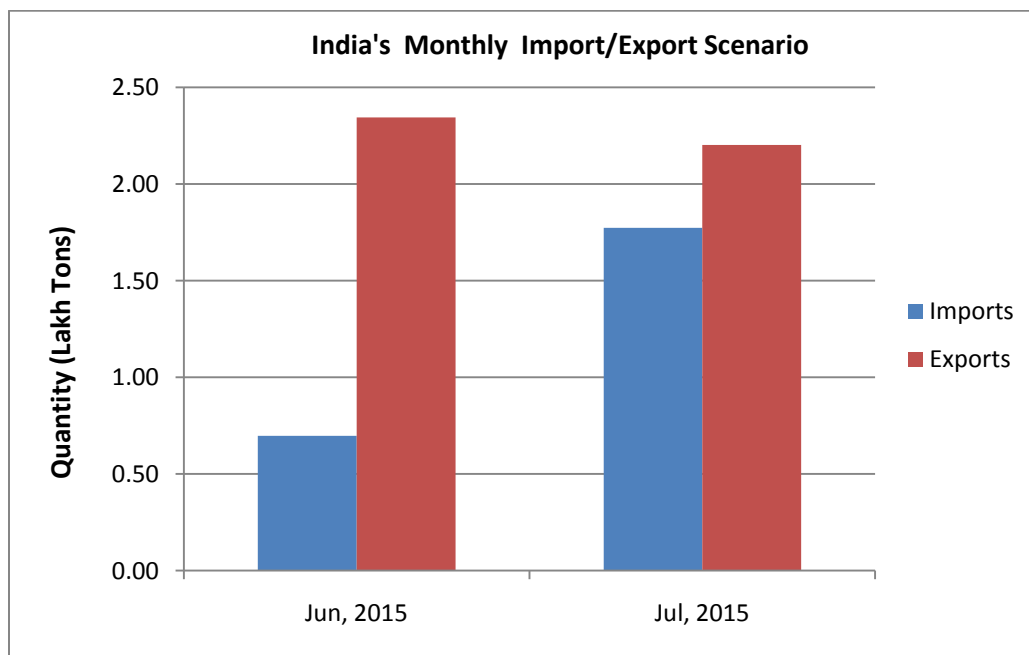
On International front, Brazil sugar FOB prices quoted at \$307.50/ Ton.

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

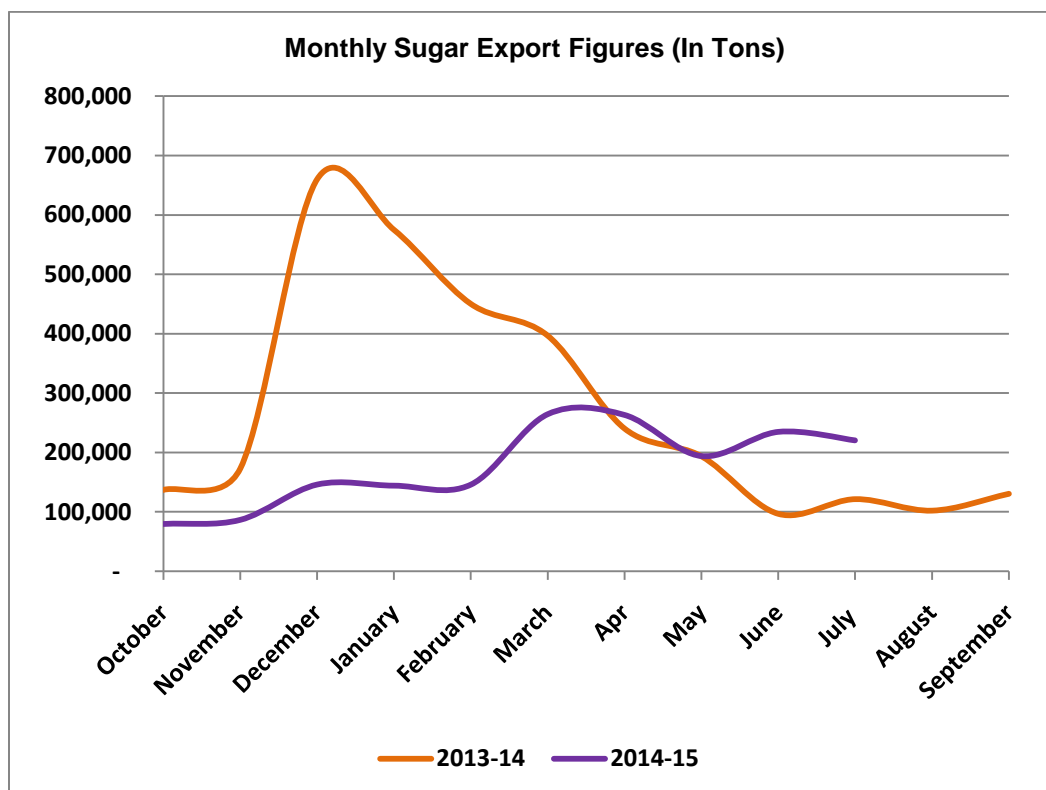
| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.17) till 14 th Aug, 2015 | | | |
|------------------------------------------------------------------------------------|----------|---------------------------------------------------|--------------------|
| | Brazil | Thailand (100 Icumsa Aug Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices | \$307.50 | \$363.70/350.10 | \$363.36 |

Sugar Import and Export Scenario:

Indian sugar trade scenario remained positive this month as the country exported more sugar in comparison to the imports made during the period. However, a m-o-m comparison showed a deteriorating trend where sugar imports increased significantly from last month, while exports declined during the same interval.



The Indian sugar imports showed a drastic increase this month, as the country imported 1.77 lakh tons of sugar in July, 2015 compared to 0.70 lakh tons in June, 2015. While a y-o-y comparison depicts a little slowdown of 13% this year compared to 2.03 lakh tons sugar in July, 2015.



On the other hand, lower sugar demand overseas and a depreciating Brazilian currency, real outpaced India's exporting competitiveness to the world market, leading to a fall in exports this month. Notably, the country exported 2.20 lakh tons of sugar in July, 2015 compared to 2.34 lakh tons sugar in June, 2015. However, the situation seems to be pretty much bounty when compared to the last year; when the country exported only 1.21 lakh tons of sugar during the same period.

Sudan Somalia and Pakistan were amongst the biggest importers of Indian sugar this month with a total sugar import of 53.8, 39.5 and 27.0 thousand tons of sugar respectively.

Spot Sugar Prices Scenario (Weekly)

| Spot Sugar Prices Scenario (Weekly) (Average) | | | | |
|-----------------------------------------------|-------------------------------------------------|------------------------------|--------------------------------|--------|
| Commodity | Centre | 7th Aug to 13 Aug 2015 | 31st Jul to 6th Aug 2015 | Change |
| Sugar | Delhi - Grade M | 2593 | 2394 | 199 |
| | Delhi - Grade S | 2498 | 2343 | 155 |
| | UP- Khatauli Grade M | 2668 | 2451 | 217 |
| | UP- Ramala Grade M | 2400 | 2213 | 187 |
| | UP- Dhampur Grade M Ex-Mill | 2540 | 2348 | 192 |
| | UP- Dhampur Grade S Ex-Mill | 2520 | 2328 | 192 |
| | UP- Dhampur Grade L Ex-Mill | 2590 | 2398 | 192 |
| | Mumbai –Grade M | 2581 | 2480 | 101 |
| | Mumbai –Grade S | 2431 | 2254 | 177 |
| | Kolhapur – Grade M | 2333 | 2158 | 175 |
| | Kolhapur – Grade S | 2228 | 2058 | 170 |
| | Guhawati – Grade S | 2526 | 2353 | 173 |
| | Shillong – Grade S | 2548 | 2378 | 170 |
| | Vijayawada – Grade M | 2657 | 2480 | 177 |
| | Vijayawada- Grade S | 2578 | 2440 | 138 |
| | Nagpur – Grade M | 2683 | 2433 | 250 |
| | Nagpur – Grade S | 2567 | 2325 | 242 |
| | Kolkata – Grade M | 2767 | 2380 | 387 |
| | Chennai - Grade S | 2415 | 2156 | 259 |
| | 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 |
| | | 13-Aug-15 | 6-Aug-15 | 13-Jul-15 | 13-Aug-14 |
| Sugar | Delhi - Grade M | 2600 | 2425 | 2380 | 3300 |
| | Delhi - Grade S | 2500 | 2380 | 2280 | 3220 |
| | UP- Khatauli Grade M | 2715 | 2580 | 2390 | 3350 |
| | UP- Ramala Grade M | NA | 2400 | 2430 | 3250 |
| | UP- Dhampur Grade M Ex-Mill | 2625 | 2400 | 2330 | 3270 |
| | UP- Dhampur Grade S Ex-Mill | 2605 | 2380 | 2310 | 3250 |
| | UP- Dhampur Grade L Ex-Mill | 2675 | 2450 | 2380 | 3320 |
| | Mumbai –Grade M | 2552 | 2500 | 2532 | 3336 |
| | Mumbai –Grade S | 2446 | 2340 | 2220 | 3166 |
| | Kolhapur – Grade M | 2300 | 2200 | 2100 | 3075 |
| | Kolhapur – Grade S | 2200 | 2100 | 2000 | 2975 |
| | Guhawati – Grade S | 2497 | 2395 | 2294 | 3284 |
| | Shillong – Grade S | 2520 | 2420 | 2320 | 3295 |
| | Vijayawada – Grade M | 2760 | 2480 | 2580 | 3550 |
| | Vijayawada- Grade S | 2640 | 2440 | 2540 | 3450 |
| | Nagpur – Grade M | 2700 | 2550 | 2400 | 3350 |
| | Nagpur – Grade S | 2600 | 2450 | 2300 | 3150 |
| | Kolkata – Grade M | 2750 | 2480 | 2500 | 3300 |
| | Chennai - Grade S | 2550 | 2200 | 2150 | 3100 |
| | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 2835 | 2835 | 2835 | 3125 |
| | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 2835 | 2835 | 2835 | NA |

Gur Market Scenario and Outlook

Spot gur market remained buoyant this week with prices rising in majority of the trading areas.

Prices of Rascut, Chaku and Laddoo variety of gur from key Muzaffar Nagar market rose by Rs 143, Rs 133 and Rs 77 per quintal to Rs 2731, Rs 2600 and Rs 2625 per quintal this week. Similarly, the Penti (Average) variety of gur from Mahalingapura rose by Rs 186/quintal from Rs 2158/quintal last week to Rs 2344/quintal this week.

However, the Khurpa variety of gur from Muzaffar Nagar market declined by Rs 136/quintal this week from Rs 2483/quintal the previous week. The Mudde variety of gur from both Bangalore and Belgaum too declined by Rs 60 and Rs 40 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

| Spot Jaggery(Gur) Prices Scenario (Weekly) (Average) | | | | |
|------------------------------------------------------|--------------------|------------------------|--------------------------|--------|
| Markets | Variety | 7th Aug to 13 Aug 2015 | 31th Jul to 6th Aug 2015 | Change |
| Muzaffar Nagar | Chaku | 2600 | 2467 | 133 |
| | Chaku (Arrival) | NA | NA | - |
| | Khurpa | 2347 | 2483 | -136 |
| | Laddoo | 2625 | 2548 | 77 |
| | Rascut | 2731 | 2588 | 143 |
| Hapur | Chaurasa | NA | NA | - |
| | Balti | NA | NA | - |
| Maharashtra | Latur(Lal Variety) | NA | NA | - |
| BANGALORE | Mudde | 3190 | 3250 | -60 |
| Belgaum | Mudde | 2180 | 2220 | -40 |
| Belthangadi | Yellow (Average) | NA | NA | - |
| Bijapur | Achhu | NA | NA | - |
| Gulbarga | Other (Average) | 2557 | 2590 | -33 |
| Mahalingapura | Penti (Average) | 2344 | 2158 | 186 |
| Mandya | Achhu (Medium) | 2300 | 2275 | 25 |
| | Kurikatu (Medium) | 1950 | 1900 | 50 |
| | Other (Medium) | 2050 | 2025 | 25 |
| | Yellow (Medium) | 2225 | 2175 | 50 |
| Shimoga | Achhu (Average) | 2900 | 2900 | Unch |

| Spot Jaggery(Gur) Prices Scenario (Weekly) | | | | | |
|--------------------------------------------|--------------------|-----------|----------|-----------|-----------|
| Markets | Variety | Today | Week Ago | Month Ago | Year Ago |
| | | 13-Aug-15 | 6-Aug-15 | 13-Jul-15 | 13-Aug-14 |
| Muzaffar Nagar | Chaku | 2550 | 2600 | 2525 | 2950 |
| | Khurpa | 2300 | NA | NA | 2750 |
| | Laddu | NA | 2600 | 2600 | 3025 |
| | Rascut | 2775 | 2687 | 2575 | 2750 |
| Hapur | Chaurasa | NA | NA | NA | NA |
| | Balti | NA | NA | NA | NA |
| Maharashtra | Latur(Lal Variety) | NA | NA | NA | 3200 |
| BANGALORE | Mudde | 3250 | 3150 | 3350 | 4200 |
| Belgaum | Mudde | 2100 | 2300 | 2300 | 2900 |
| Belthangadi | Yellow (Average) | NA | NA | NA | 3400 |
| Bijapur | Achhu | NA | NA | NA | NA |
| Gulbarga | Other (Average) | 2550 | NA | 2545 | 3150 |
| Mahalingapura | Penti (Average) | 2397 | NA | 2091 | 3040 |
| Mandya | Achhu (Medium) | 2300 | 2250 | 2000 | 2450 |
| | Kurikatu (Medium) | 1950 | 1950 | 1850 | 2200 |
| | Other (Medium) | 2050 | 2050 | 1900 | 2400 |
| | Yellow (Medium) | 2250 | 2150 | 2000 | 2450 |
| Shimoga | Achhu (Average) | 2900 | NA | 2700 | 3500 |

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

SUGARM 1510(NC-SMAV5)2015/08/09 - Weekly B:2338.00 A:2340.00

O 2348.00 H 2460.00 L 2280.00 C 2336.00 ↓ V 162,300 I 0 +8 +0.34%


Technical Commentary:

- Sugar prices, volume and O.I 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 | Oct | 2200 | 2250 | 2328 | 2400 | 2480 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Oct | Buy | Above 2325 | 2365 | 2385 | 2301 |

International Scenario

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

International Market News Highlights:

- As per the latest release made by UNICA, Brazil's CS region had churned around 2.79 MT of sugar in second half of July, 2015 (from 49.44 MT of sugarcane) which was 93.7% higher than the sugar produced in the first half of July.
- Market player, Archer revisited its Brazilian C.S sugar production estimate from 32.6 MT to 29.8 MT for 2015-16. However, the consultancy maintained the cane sugar production estimate at the previous level (581 MT) and attributed the decline in sugar production estimate to a fall in recoverable sugar levels (ATR) and greater diversion towards ethanol production.
- World largest cane refiner, ASR Group predicted a global sugar supply deficit of 2.7 MT in 2015-16 compared with a 3.7 MT sugar surplus in 2014-15.
- Brazilian raw sugar export rose by 30.34% this month from 1.50 MT in June, 2015 to 1.95 MT in July, 2015. However, a y-o-y comparison shows that the country's raw sugar export fell by 4.13% from 2.04 MT in July, 2014.
- Indonesia had issued 596 thousand tons of raw sugar import license for 3Q15 which was much below the market expectation of 630 thousand tons of import license.
- The International Sugar Organization (ISO) forecasted a global sugar deficit of 2.50 MT in 2015-16 (Oct- Sep) which could increase to 6.20 MT in marketing year 2016-17 (Oct – Sep).
- Similarly, market participant, Datagro forecasted a global (sugar) supply deficit of 1.40 MT in 2015-16 compared to a surplus of 3.9 MT in marketing year 2014-15.
- Brazilian agency, Copersucar forecasted a global sugar deficit of 1.50 MT in marketing year 2015-16.
- The U.S Department of Agriculture forecasted Australia's sugarcane production at 6.48 million tons in 2015-16, led by surge in production area and yield per hectare.



- 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.

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

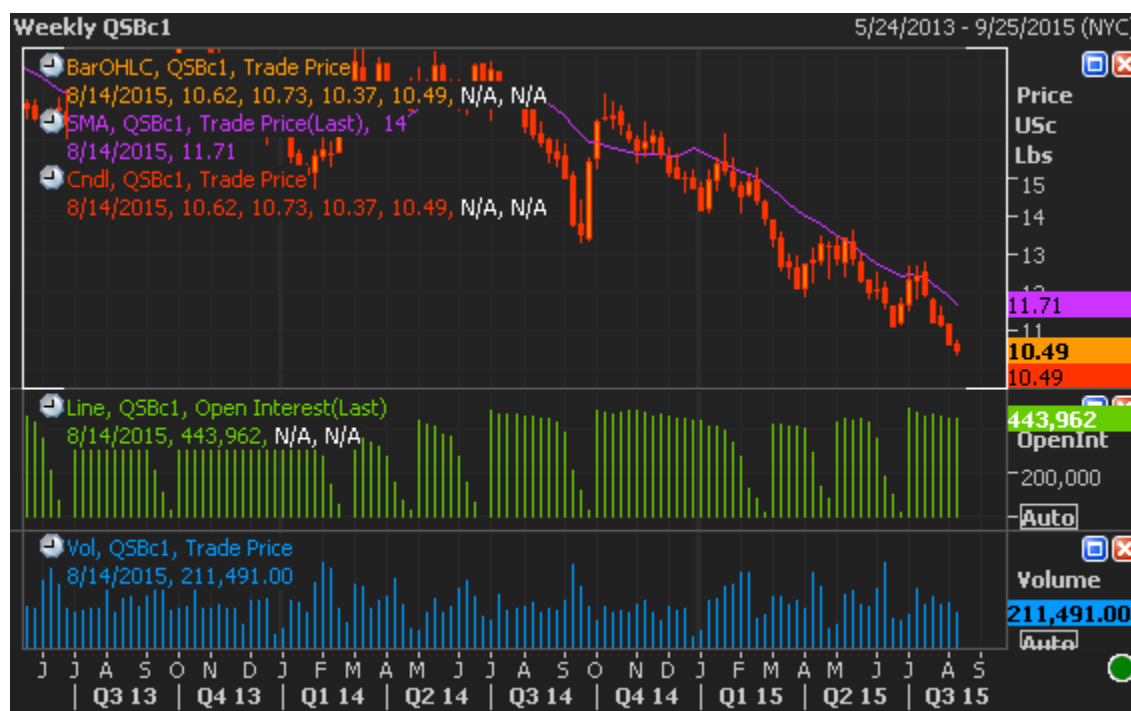


Technical Commentary:

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 350.00 with a target of 367.5

| International Sugar Futures Price Projection | | | |
|----------------------------------------------|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Oct'15 | 350.00 | 367.5 |

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



Technical Commentary:

- ICE raw sugar futures are trending downwards for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Buy at 10.60 with target of 10.90

| International Sugar Futures Price Projection | | | |
|----------------------------------------------|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Oct'15 | 10.60 | 10.90 |

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|----------|--------|
| | Contract Month | 12-Aug-15 | 5-Aug-15 | Change |
| ICE Sugar #11 (US Cent/lb) | 15-Oct | 10.54 | 10.76 | -0.22 |
| | 16-Mar | 11.74 | 12.01 | -0.27 |
| | 16-May | 11.93 | 12.12 | -0.19 |
| LIFFE Sugar (US \$/MT) | 15-Oct | 350.1 | 345 | 5.10 |
| | 15-Dec | 350.1 | 339.5 | 10.6 |
| | 16-Mar | 342.8 | 340.5 | 2.30 |

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