

Sugar & Gur Domestic & International Fundamentals

Cash sugar market traded mixed on Wednesday amid normal trading activities. Ample sugar stock with millers and the start of new season with restricted export opportunity remains unsupportive for sugar market fundamental. Market is likely to stay steady at current level in the short term.

In the spot market fine bold variety could not sustain its uptrend due to quality issue from old stock. Millers are continuously selling sugar in local markets while upcountry demand is yet to pick up. There is no any visible clue in the market that could drive market up at this point of time. Overall sentiment remains bearish with narrow space for any upward alteration in spite of a series of festivals ahead.

ISMA in its latest release has claimed that sugar consumption in 2012-13 increased by 3.6 percent to 22.8 million T against previous year. Even higher consumption and lower production by 4.5 percent to 25.14 million T could not provide support for cash market. The top two producers- Maharashtra and Uttar Pradesh have contributed 7.99 and 7.48 million T respectively in the season ending Sept. 2013. Sugar output in Karnataka Tamil Nadu and Andhra Pradesh was recorded at 3.46, 1.96 and 0.99 million T respectively.

Sugar recovery too has decreased from 10.25 percent to 10.03 percent during the review period. Lower recovery and sugarcane crushing were the main reasons for lower sugar production last year. According to ISMA new season started with 8.85 million T carry in stock.

With increasing sugarcane production cost farmers in Andhra Pradesh have demanded higher cane price for 2013-14. The Federation of Sugarcane Growers' Associations of Andhra Pradesh has appealed to state Chief Minister to bring pressure on the Union Government to increase the statutory minimum price (SMP) for this season. Association has suggested that the reimbursement of purchase tax (which is Rs 60 a tonne) be passed on to the growers and not to the factories. Gur market too remained depressed.

However, in medium term some improvement in global sugar price is expected and the latest sugar stock loss in Brazil is likely to boost global sugar market and may provide opportunity for Indian exporters.

Outlook: Domestic market is likely to trade steady in the short term

Global Market Update:

A fire that blazed through Brazil's Santos port has ravaged six warehouses, destroying 180,000 tonnes of raw sugar in the Copersucar terminal. The fire hit all of the sugar giant's warehouses at the port, driving prices up to the highest in a year.

ICE March raw sugar prices rose more than six per cent to a one-year high on news of the fire before paring gains. The March contract settled up 2.5 per cent at 19.48 cents per lb as per the news published in The Independent. A conservative estimate would be six months to get this in operational form again.

However, any bull run due to this latest development is unlikely as supply from other sources is capable of taking care of emerging demand. Higher global price may provide some respite to Indian sugar exporters. Market participant expects prices to move up in the medium term.

Indonesia's annual sugar consumption is estimated at 5 million tonnes, while the country produces only 2.50-2.57 million tonnes sugar per year. Therefore, almost 50 percent of domestic demand is met by import from other sources.

NCDEX Sugar Future Quotes:

Contract	+/-	Open	High	Low	Close
Nov-13	2	2891	2894	2878	2889
Dec-13	-6	2890	2894	2880	2886
Jan-14	11	2914	2924	2905	2920

Contract	Volume	Change	OI	Change
Nov-13	3730	560	27210	-340
Dec-13	4320	2520	11730	280
Jan-14	2170	1630	9670	-500

Spread	Nov-13	Dec-13	Jan-14
Basis	75		
Oct-13		69	58
Nov-13			-11

Stocks	Demat 22.10.13	In-Process 22.10.13	Total 22.10.13	FED 21.10.13
Kolhapur M		0	1099	1099
Kolhapur S	-	-	-	-
Sangli M	-	-	-	-
Delhi M	1198	0	1198	200

LIFFE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
13-Dec	511.00	515.30	510.20	513.80	1.90
14-Mar	511.70	514.90	510.30	513.20	1.30
14-May	514.00	515.40	511.80	514.90	1.00

NCDEX Gur Future Quotes:

Contract	+/-	Open	High	Low	Close
Nov-13	-11.5	1095	1103	1092	1097.5
Dec-13	-8	1039	1042	1028	1038.50
Jan-13	0.50	1049	1053	1035	1048.50

Contract	Volume	Change	OI	Change
Nov-13	3410	-1070	6770	250
Dec-13	780	-790	2680	80
Jan-13	110	40	340	30

Spread	Nov-13	Dec-13	Jan-14
Basis	43.5		
Sept-13		-66	-53
Oct-13			13

Gur Stock Position	Chaku	Raskut	Papdi	Total
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2013	101000	40000	36000	186000
2012	60000	45000	30000	157000

*Stock Positions stored in Warehouses are till 7th Oct 2013 (All figures in Bags 40 kg each)

ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
14-Mar	19.42	19.49	19.25	19.45	0.03
14-May	19.14	19.21	18.99	19.18	0.02
14-July	18.91	18.98	18.76	18.96	0.03

Brazil Sugar Quotes (Kingsman US\$/MT)

Commodity	Place	Price	Change
Raw Sugar FOB (\$/MT)	Santos Port	417.00	-
Raw Sugar C&F (\$/MT)	Black Sea	445.75	-
Sugar White FOB (\$/MT)	Santos Port	510.00	-

Brazil White Sugar Premium (US\$/MT)

Contract	Close	+/-
Dec'13/Mar'14	89.50	
Mar'14/Mar'14	85.00	
May'14/May'14	90.50	

Brazil Sugar/ Ethanol Prices (In Cents/lb)

Contract	Close	+/-
Brazil Domestic Sugar	19.95	
Brazil Anhydrous	18.37	
Brazil Hydrous	17.90	

Sugar and Gur Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		23-Oct-13	22-Oct-13	
Sugar	Delhi - Grade M	3125	3100	25
	Delhi - Grade S	3080	3060	20
	Delhi - Grade L	3160	3150	10
	UP- Khatauli Grade M	3095	3100	-5
	UP- Ramala Grade M	3000	3000	Unch
	UP- Dhampur Grade M Ex-Mill	3000	2970	30
	UP- Dhampur Grade S Ex-Mill	2980	2950	30
	UP- Dhampur Grade L Ex-Mill	3050	3020	30
	Mumbai –Grade M	3216	3216	Unch
	Mumbai –Grade S	2942	2960	-18
	Kolhapur – Grade M	2900	2900	Unch
	Kolhapur – Grade S	2775	2800	-25
	Guhawati – Grade S	3081	3106	-25
	Shillong – Grade S	3095	3120	-25
	Vijayawada – Grade M	3500	3500	Unch
	Vijayawada- Grade S	3250	3250	Unch
	Nagpur – Grade M	3250	3250	Unch
	Nagpur – Grade S	3050	3050	Unch
	Kolkata – Grade M	3330	3280	50
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
	Chennai - Grade S	2980	2980	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Gur Spot Prices (Rs/Qtl)				
		23-Oct-13	22-Oct-13	Change
Muzaffar Nagar	Chaku	3063	3030	33
	Khurpa(New)	1250	1230	20
	Laddoo(New)	1325	1305	20
	Rascut	2625	2600	25
Maharashtra	Lal Variety	3400	3400	Unch
Bangalore	Achhu	3500	3400	100
	Mudde	3950	3600	350
Belgaum	Mudde	2700	NA	-
Belthangadi	Yellow (Average)	2950	2950	Unch
Bijapur	Achhu	NA	3250	-
Gulbarga	Other (Average)	3050	2950	100
Mahalingapura	Penti (Average)	3150	3100	50
Mandya	Achhu (Medium)	2950	2950	Unch
	Kurikatu (Medium)	2550	2500	50
	Other (Medium)	2600	2600	Unch
	Yellow (Medium)	2950	2900	50
Shimoga	Achhu (Average)	3500	3525	-25

UP Private Mills Tender Rates				
Centre	Origin/Grade	23-Oct-13	22-Oct-13	Change
Dorala	M-30	NA	3020	-
Mawana	M-30	NA	3030	-
Khatauli	M-30	NA	3010	-
Modinagar	M-30	NA	NA	-
Malakpur	M-30	NA	2950	-
Simbholi	M-30	NA	3245	-
Asamoli	M-30	NA	3220	-
Dhanora	M-30	NA	3000	-
Dhampur	M-30	NA	2980	-
Kinnoni	M-31	NA	3285	-
Budhana	M-31	NA	3015	-
Thanabhavan	M-31	NA	3010	-
UP Cooperative Mills Tender Rates				
Centre	Origin/Grade	23-Oct-13	22-Oct-13	Change
Baghpat	M-30	NA	2910	-
Gajraula	M-30	NA	2890	-

BulandShahar	M-30	NA	NA	-
Anupshahar	M-30	NA	2880	-
UP Government Mills Tender Rates				
Centre	Origin/Grade	23-Oct-13	22-Oct-13	Change
Morna	M-30	NA	2910	-
Nanotha	M-30	NA	2900	-
Nazibabad	M-30	NA	2890	-
Sakoti	M-30	NA	2915	-
Amroha	M-30	NA	NA	-
Chandpur	M-31	NA	2900	-

Maharashtra Cooperative Mills Tender Prices		
Centre	Origin/Grade	10/22/13
BARAMATI	S1.PP	2835
BHIMA TAKLI	S.PP	2791
	M.PP	2913
ADINATH	S.PP	2728
	S.JB	2780
SHRIGONDA	S.PP	2740
	S.JB	2780
BHIMA PATAS	S.PP	2748-2750
KOLPEWADI	S.PP	2815
CHIKKODI	S2.PP	2640-2650
MALINAGAR	S.JK	2768
BHAIRAVNATH VIHAR	S1.PP	2800
BHAIRAVNATH SONERI	S.PP	2725
	S.JB	2775
SANT TUKARAM	S.PP	2783
	M.PP	2858
BHIMA SHANKAR	S.PP-JB	2776-2793
	M.PP	2945-2947
NEERA BHIMA	S.PP	2753-2758
	M.PP	2868
SAHYADRI	S.PP	2760-2765
	M.PP	2870-2880
VISHWAS	S1.PP-JK	2763-2770
	M.PP	2923-2928

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