

Sugar & Gur Domestic & International Fundamentals

Sugar prices continued to reel under pressure due to increased pressure on mills to release hefty old stock as soon as possible. Higher production estimates over 25 million T and carryin (around 8.8 million T) would continue to restrict any uptrend in the short and medium term. Sugar traded almost unchanged at previous day level in Vashi market, Even Naka and mill tender rates remained unmoved. Volumes have decreased as millers are unwilling to release stock at lower prices.

However, demand for fine variety traded slightly higher ahead of festive demand. Millers sold in tender at the rate of Rs 2700 to 2840 per qtl. for S-grade and Rs 2830- 3000 per qtl for M grade. BSMA spot rates were quoted at Rs2900 to Rs 3050 per qtl and M grade were quoted in the range of Rs 3010 to Rs3250 per qtl.

In a latest development major banks in U.P. have refused to provide working capital for sugar mills in Uttar Pradesh. The main reason behind this refusal is mainly attributed to higher SAP, mill's persistence losses and fresh uncertainty over cane crushing this year.

Stir over cane price between Maharashtra farmers Sugar cooperative mills is likely to continue as both the party's have varied opinion over cane price. Farmers association have demanded Rs 2700-3500 per T as a first advance. Against it Sugar cooperatives say that they are unable to pay as production cost much higher than actual realization. Sugar crushing season starts from 1st Nov. in Maharashtra. Situation for farmers and millers may turn even more bitter if crushing gets delayed in both major sugar producing states.

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.

As per by Ministry of Agriculture, The total sugarcane Kharif sown area, as per reports received from States, during the week ending 11.10.2013 stands at 48.74 lakh hectare as compared to 50.06 lakh hectare at this time last year which is down about 1.32 lakh hectare from previous year. However against it ISMA projected total sugarcane acreage for crushing in India in sugar season 2013-14, will be around 52.89 lakh hectare which is almost 9% higher than the initial estimates of Ministry of Agriculture of 48.53 lakh hectare.

Gur prices are moving in a range from last couple of weeks in Muzaffar nagar spot market. However, overall sentiments remained bearish as expected delay in crushing season by UP millers might urge farmers to divert their cane for making gur.

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	-10	2895	2899	2871	2877
Dec-13	-14	2888	2897	2873	2873
Jan-14	-15	2919	2933	2907	2907

Contract	Volume	Change	OI	Change
Nov-13	3270	-460	25230	-1980
Dec-13	2100	-2220	13320	1590
Jan-14	2080	-90	9800	130

Spread	Nov-13	Dec-13	Jan-14
Basis			
Oct-13			
Nov-13			

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

LIFFE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
13-Dec	510.7	512.2	508	509	-4.8
14-Mar	510.7	511.8	508.4	510	-3.2
14-May	510.2	513.9	510.2	512.4	-2.5

NCDEX Gur Future Quotes:

Contract	+/-	Open	High	Low	Close
Nov-13	9	1096	1109	1096.50	1106.5
Dec-13	-0.50	1042	1042	1039	1039
Jan-13	-2.50	1077	1077	1048	1048

Contract	Volume	Change	OI	Change
Nov-13	4680	1270	5560	-1210
Dec-13	940	160	3020	340
Jan-13	100	-10	430	90

Spread	Nov-13	Dec-13	Jan-14
Basis			
Sept-13			
Oct-13			

Gur Stock Position	Chaku	Raskut	Papdi	Total
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	19.45	19.22	19.28	-0.17
14-May	19.18	19.19	19	19.05	-0.13
14-July	18.96	18.96	18.78	18.87	-0.09

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
		24-Oct-13	23-Oct-13	
Sugar	Delhi - Grade M	3140	3125	15
	Delhi - Grade S	3095	3080	15
	Delhi - Grade L	3120	3160	-40
	UP- Khatauli Grade M	3085	3095	-10
	UP- Ramala Grade M	3000	3000	Unch
	UP- Dhampur Grade M Ex-Mill	3000	3000	Unch
	UP- Dhampur Grade S Ex-Mill	2980	2980	Unch
	UP- Dhampur Grade L Ex-Mill	3050	3050	Unch
	Mumbai –Grade M	3211	3216	-5
	Mumbai –Grade S	2916	2942	-26
	Kolhapur – Grade M	2810	2900	-90
	Kolhapur – Grade S	2775	2775	Unch
	Guhawati – Grade S	3081	3081	Unch
	Shillong – Grade S	3095	3095	Unch
	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	3390	3330	60
	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)				
		24-Oct-13	23-Oct-13	Change

Muzaffar Nagar	Chaku	3025	3063	-38
	Khurpa(New)	1230	1250	-20
	Laddoo(New)	1290	1325	-35
	Rascut	2600	2625	-25
Maharashtra	Lal Variety	3400	3400	Unch
Bangalore	Achhu	3500	3500	Unch
	Mudde	3950	3950	Unch
Belgaum	Mudde	2700	2700	Unch
Belthangadi	Yellow (Average)	-	2950	-
Bijapur	Achhu	3350	NA	-
Gulbarga	Other (Average)	3150	3050	100
Mahalingapura	Penti (Average)	3160	3150	10
Mandya	Achhu (Medium)	3000	2950	50
	Kurikatu (Medium)	2550	2550	Unch
	Other (Medium)	2550	2600	-50
	Yellow (Medium)	2950	2950	Unch
Shimoga	Achhu (Average)	3475	3500	-25

UP Private Mills Tender Rates

Centre	Origin/Grade	24-Oct-13	23-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	24-Oct-13	23-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	24-Oct-13	23-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	2900	2900	-

Maharashtra Cooperative Mills Tender Prices

Centre	Origin/Grade	10/23/13
BIDRI	S1.PP	2738.00-2743.00

International Sugar Futures ICE

(Cents/Lb)

Futures month	% Change over previous year	Today 23-Oct-13	Week ago 16-Oct-13	Month Ago 23-Sep-13	Year Ago 23-Oct-12
14-Mar	-1.88	2652	2615	2443	2703
14-May	-2.56	2620	2594	2432	2689
14-Jul	-2.93	2596	2574	2422	2674

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE

(USD/MT)

Futures month	% Change over previous year	Today 23-Oct-13	Week ago 16-Oct-13	Month Ago 23-Sep-13	Year Ago 23-Oct-12
13-Dec	-6.09	3126	3113	2985	3328
14-Mar	-3.68	3132	3095	2973	3252
14-May	-3.77	3147	3113	2993	3270

(Source: Reuters)* Today – figures are a day ago Quotes.

Spot Prices of Sugar at NCDEX Delivery Centers

	% Change over previous year	Today 24-Oct-13	Week ago 17-Oct-13	Month Ago 24-Sep-13	Year Ago 24-Oct-12
Sugar S Grade					
Erode	-12.86	3048	3048	3148	3498
Kolhapur	-19.07	2750	2766	2873	3398
Kolkata	-100.00	NA	NA	NA	3700
Vashi	-16.73	2932	2961	3046	3521
Sugar M Grade					
Delhi	-13.11	3135	3125	3132	3608
Erode	-13.56	3110	3048	3223	3598
Kanpur	-12.50	3220	3220	3280	3680
Kolhapur	-17.63	2878	2883	2983	3494
Kolkata	-12.29	3289	3300	3242	3750
Muzaffar Nagar	-13.79	3162	3154	3195	3668

*NA: Not Available

Source: NCDEX; NCDEX delivery prices are inclusive of mandi tax and other applicable.

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>
© 2013 Indian Agribusiness Systems Pvt Ltd.