

Sugar & Gur Domestic & International Fundamentals

- **After a slight recovery last week cash sugar market traded almost flat on** Monday despite improved demand from retail and wholesale markets. Naka and mill tender rates remained almost unmoved from Saturday's level.
- **In a latest development private trade has finalized export deals of 1.75 lakh T raw sugar for** Dec-Jan delivery. However, more deals may hamper if mills are forced to pay higher prices for farmers. Market participant says that dispute over price between farmers and millers may delay crushing in Maharashtra and Uttar Pradesh.
- **Major banks in U.P. have refused to provide working capital for sugar mills.** 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 opinions over cane price.** Farmers association has demanded Rs 2700-3500 per T as a first advance. Against it Sugar cooperatives say that they are unable to pay as production cost is much higher than actual realization. Sugar crushing season starts from 1st Nov. in Maharashtra.
- **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 Muzaffarnagar 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 as supply side is at comfortable level.

Global Market Update:

- **Malaysian domestic Trade, Co-operatives and Consumer Affairs Minister Datuk Seri Hasan Malek** said that Sugar will continue to be a controlled item and even without its subsidy, the cost will not be increased indiscriminately.
- **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	15	2874.00	2887.00	2867.00	2887.00
Dec-13	4.00	2872.00	2872.00	2864.00	2870.00
Jan-14	-2.00	2909.00	2909.00	2890.00	2894.00

Contract	Volume	Change	OI	Change
Nov-13	1,050	-950.00	23900	-730.00
Dec-13	370	-640.00	13550	50.00
Jan-14	660	-740.00	10380	270.00

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

Stocks	Demat 26.10.13	In-Process 26.10.13	Total 26.10.13	FED 21.10.13
Kolhapur M	-	-	-	1099
Kolhapur S	-	-	-	-
Sangli M	-	-	-	-
Delhi M	779	0	779	200

LIFFE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
13-Dec	501	505.5	500	503.3	1
14-Mar	502	506.8	501.7	504.9	1.5
14-May	506	510	505	507.7	1.3

NCDEX Gur Future Quotes:

Contract	+/-	Open	High	Low	Close
Nov-13	-22.50	1096.50	1096.50	1077.00	1080.00
Dec-13	-16.00	1030.00	1030.00	1016.00	1018.00
Jan-13	-10.00	1040.50	1042.00	1037.50	1038.00

Contract	Volume	Change	OI	Change
Nov-13	3,040	-1950.00	6260	440.00
Dec-13	1,330	150.00	3110	50.00
Jan-13	150	80.00	480	10.00

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	18.88	19.07	18.8	19.03	0.06
14-May	18.74	18.88	18.65	18.85	0.06
14-July	18.52	18.69	18.51	18.67	0.04

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
		28-Oct-13	26-Oct-13	
Sugar	Delhi - Grade M	3110	3080	30
	Delhi - Grade S	3060	3060	Unch
	Delhi - Grade L	3140	3120	20
	UP- Khatauli Grade M	3095	-	-
	UP- Ramala Grade M	3000	-	-
	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	3226	3206	20
	Mumbai –Grade S	2950	2916	34
	Kolhapur – Grade M	2900	2800	100
	Kolhapur – Grade S	2800	2750	50
	Guhawati – Grade S	3106	3055	51
	Shillong – Grade S	3120	3070	50
	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	-	3240	Unch
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
	Chennai - Grade S	2960	2960	Unch

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

Gur Spot Prices (Rs/Qtl)				
		28-Oct-13	26-Oct-13	Change

Muzaffar Nagar	Chaku	3125	3337	-212
	Khurpa(New)	1135	1225	-90
	Laddoo(New)	1225	1270	-45
	Rascut	2587	2600	-13
Maharashtra	Lal Variety	3300	3400	-100
Bangalore	Achhu	3500	3500	Unch
	Mudde	3950	3950	Unch
Belgaum	Mudde	2800	2800	Unch
Belthangadi	Yellow (Average)	3000	3000	Unch
Bijapur	Achhu	-	3300	-
Gulbarga	Other (Average)	2950	3000	-50
Mahalingapura	Penti (Average)	3160	-	-
Mandya	Achhu (Medium)	2900	2950	-50
	Kurikatu (Medium)	2500	2550	-50
	Other (Medium)	2500	2500	Unch
	Yellow (Medium)	2900	2900	Unch
Shimoga	Achhu (Average)	3300	3350	-50

UP Private Mills Tender Rates

Centre	Origin/Grade	28-Oct-13	26-Oct-13	Change
Dorala	M-30	3015	3000	15
Mawana	M-30	3025	3015	10
Khatauli	M-30	2995	2985	10
Modinagar	M-30	NA	NA	-
Malakpur	M-30	2950	2945	5
Simbholi	M-30	3240	3230	10
Asamoli	M-30	3210	3200	10
Dhanora	M-30	3000	2990	10
Dhampur	M-30	2970	2965	5
Kinnoni	M-31	3275	3260	15
Budhana	M-31	3000	3000	Unch
Thanabhavan	M-31	2995	3010	-15

UP Cooperative Mills Tender Rates

Centre	Origin/Grade	28-Oct-13	26-Oct-13	Change
Baghpat	M-30	2905	2905	Unch
Gajraula	M-30	2890	2890	Unch
BulandShahar	M-30	NA	NA	-
Anupshahar	M-30	2870	2880	-10

UP Government Mills Tender Rates

Centre	Origin/Grade	28-Oct-13	26-Oct-13	Change
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Morna	M-30	2905	2905	Unch
Nanotha	M-30	2895	2895	Unch
Nazibabad	M-30	2885	2885	Unch
Sakoti	M-30	2920	2920	Unch
Amroha	M-30	NA	NA	-
Chandpur	M-31	2895	2895	Unch

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