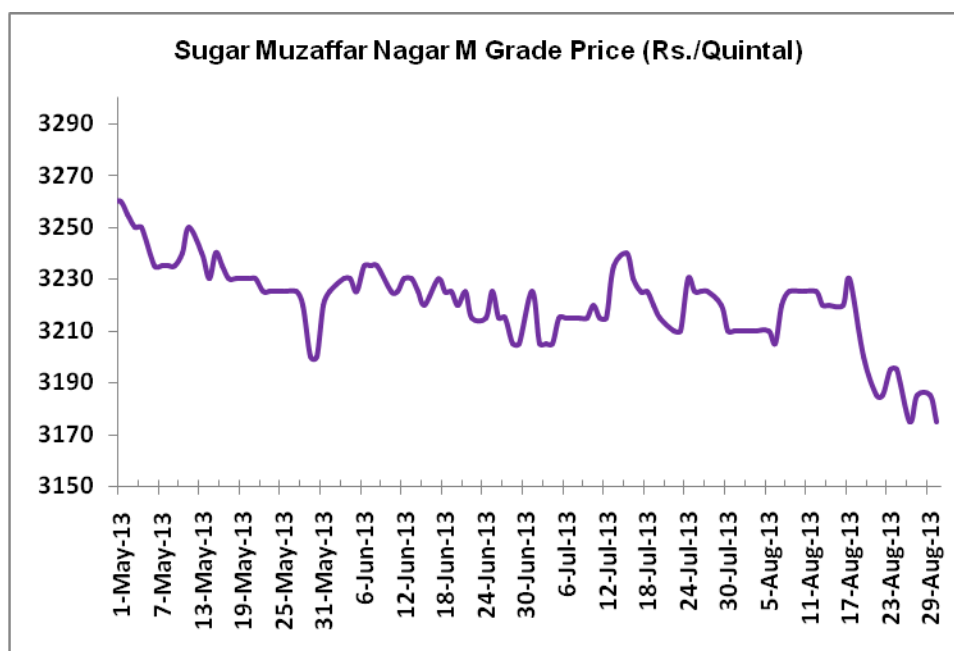


**Sugar Price Trend and Outlook:**

Prices of sugar are hovering in a short trading range during couple of weeks thanks to consistent sugar supply from mills and moderate demand from abroad. However, weak demand from domestic arena curb any hike in sugar prices at present.

**Domestic Sugar Price Outlook:**

Sugar prices are likely to move steady to firm tone in the coming months considering moderate festival sugar demand. In addition to it, rupee depreciation also open some window to export sugar to some Middle East countries which also support the sugar prices.

In addition to it, lower sugarcane acreage for 2013-14 marketing year compared to last year and lower sugar production estimates for 2013-14 likely to give some boost to the prices for the shorter term as expected.

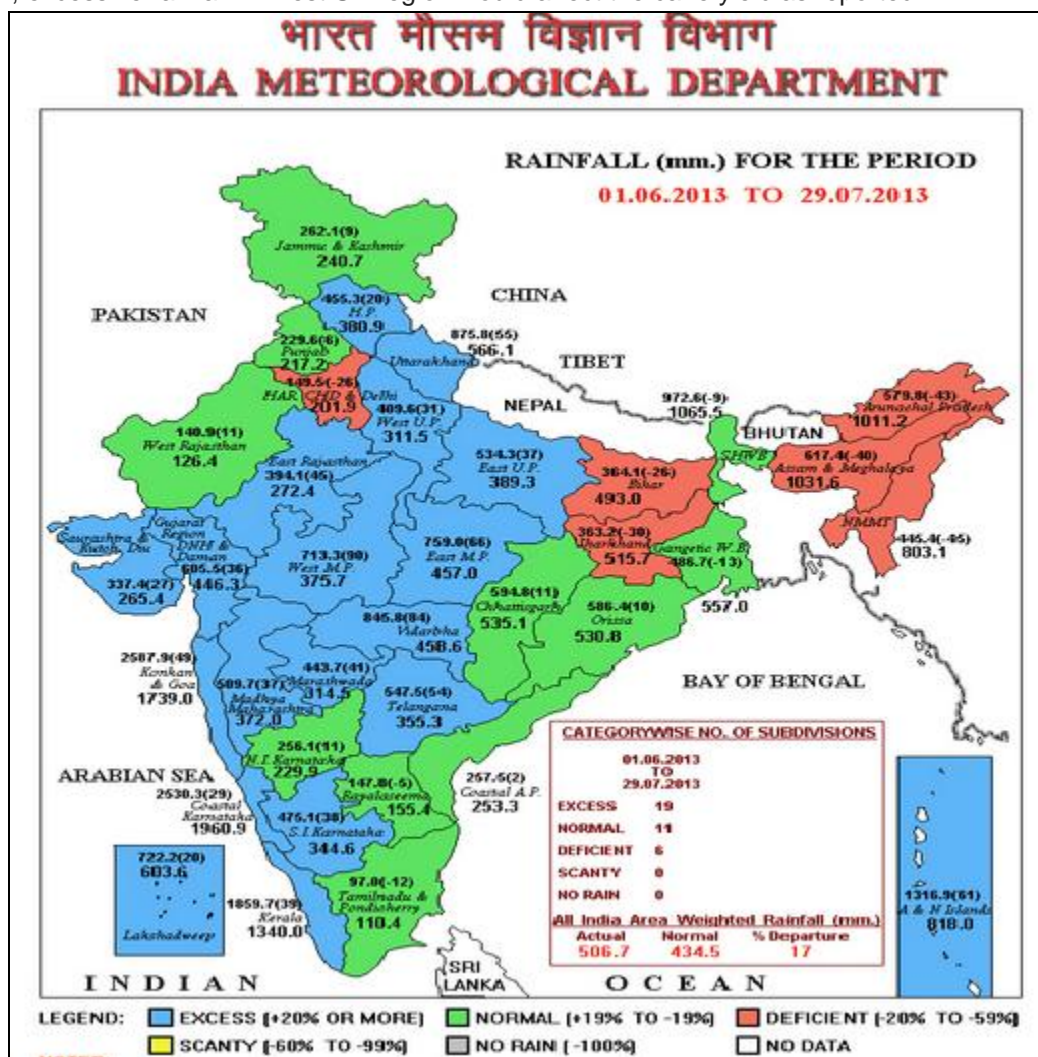
**News Highlights:**

- We can now see some zigzag situation as far as sugar markets are concerned. Definitely there are no such big upside or downside in the sugar market thanks to moderate demand and global sugar surplus.
- Around 2 lac tons export deals has been reported from India thanks to weak rupee against dollar.
- In contrary to the domestic market, sugar prices in International arena move downwards considering higher sugar supplies from Brazil and India next year.
- Indian likely to export 0.5-1.5 million tons of sugar in the next marketing year i.e. 2013-14 considering around 1.5 million tons of raw sugar imports in the current year, according to Olam International ltd. It is notable that millers which import raw sugar have to re-export white sugar through ALS scheme.

### Sugarcane Sowing Update:

Total around 48.5 lac hectares of sugarcane sowing has been done till 2<sup>nd</sup> August 2013. However, this year progressive sowing till last week is 3.2% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 50.1 lac hectares at same period. KALPANA.BOINA

However, excessive rainfall in West UP region would affect the cane yield as reported.



As satellite picture shows, till last week around 20% excess rainfall has been recorded in key sugarcane growing belt.

### Raw Sugar Import Opportunity:

Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty to 15% also dampen the possibility of import.

Indian indicative raw sugar CIF prices from Brazil quoted at \$518.76 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$504.78 per ton Kolhapur based.

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

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.61.28) till 12 <sup>th</sup> August 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	518.76	-	

**Spot Sugar Prices Scenario (Weekly)**

Commodity	Centre	Prices (Rs/Qtl)		Change
		30-08-13	23-08-13	
Sugar	Delhi - Grade M	3220	3245	-25
	Delhi - Grade S	3165	3175	-10
	Delhi - Grade L	3280	3290	-10
	UP- Khatauli Grade M	3175	3195	-20
	UP- Ramala Grade M	3110	3150	-40
	UP- Dhampur Grade M Ex-Mill	3060	3060	Unch
	UP- Dhampur Grade S Ex-Mill	3040	3040	Unch
	UP- Dhampur Grade L Ex-Mill	3110	3110	Unch
	Mumbai –Grade M	3262	3262	Unch
	Mumbai –Grade S	3092	3102	-10
	Kolhapur – Grade M	3025	3050	-25
	Kolhapur – Grade S	2925	2950	-25
	Guhawati – Grade S	3233	3258	-25
	Shillong – Grade S	3245	3270	-25
	Vijayawada – Grade M	-	3530	-150
	Vijayawada- Grade S	-	3380	-230
	Nagpur – Grade S	-	3150	220
	Kolkata – Grade M	3370	3280	90
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	-	-	-
	Chennai - Grade S	3080	3110	-30

### Gur Market Scenario and Outlook

Gur prices are moving in a range with weak tone presently owing to consistent arrivals and demand in cash market.

However, considering lower stock position in the cold storages, prices of gur likely to surge in the medium to long term.

Total around 967000 bags of gur (40kg each) stored in cold storages till 5<sup>th</sup> August 2013 lower from 985000 bags of gur at last year same period (40kg each). Out of total 967000 bags of gur, around 621000 bags of Chaku gur, 107000 bags of Rascut, and 145000 bags of Papdi, stored in the cold storages as reported.

Gur prices are likely to move in a range with firm tone in the coming week owing to lower gur stock.

Gur Spot Price Scenario (Weekly)				
Markets	Variety	30-08-13	23-08-13	Change
Muzaffar Nagar	Chaku	2900	2900	Unch
	Khurpa	2600	2600	Unch
	Laddu	2800	2700	100
	Rascut	2625	2700	-75
Maharashtra	Latur(Lal Variety)	3250	3250	Unch
Bangalore	Achhu	3000	3000	Unch
	Mudde	3100	3100	Unch
Belgaum	Mudde	2900	3000	-100
Belthangadi	Yellow (Average)	2900	-	-
Bijapur	Achhu	3150	3100	50
Gulbarga	Other (Average)	3050	2950	100
Mahalingapura	Penti (Average)	3100	3100	Unch
Mandya	Achhu (Medium)	2900	2900	Unch
	Kurikatu (Medium)	2500	2500	Unch
	Other (Medium)	2500	2500	Unch
	Yellow (Medium)	2800	2850	-50
Shimoga	Achhu (Average)	3475	3500	-25

**Commodity: Sugar**  
**Contract: Oct**
**Exchange: NCDEX**  
**Expiry: Oct 20, 2013**
**SUGAR (Weekly October Contract Chart)**

**Technical Commentary:**

- Sugar prices are showing some upward strength as chart depicts.
- Prices are hovering in range between Rs 2950 to Rs 3118, breach of the mentioned level either side would give the sugar prices a new direction.
- Last candlestick depicts bullishness in the prices.

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	-	2900	3023	3066	3109
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Near 3000	3020	3030	2990

Commodity: Gur  
Contract: Sept

Exchange: NCDEX  
Expiry: Sept 20, 2013

### GUR (Sept Weekly Chart)



### Technical Commentary:

- Gur prices are hovering in a downtrend as chart depicts.
- Prices have already achieved its objective and likely to move down in the coming week.
- However, RSI is hovering near to oversold region.

### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Sept	1147.5	1155.5	1220.5	1218	1258.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Sept	<b>Sell</b>	Near 1215	1195	1185	1225



## International Scenario

Sugar prices improved in last couple of weeks as per our expectations. Wet weather conditions, lower sugar exports Y-o-Y in July month and recent frost damage the standing cane crop became the major influencing factors which drive the prices upwards.

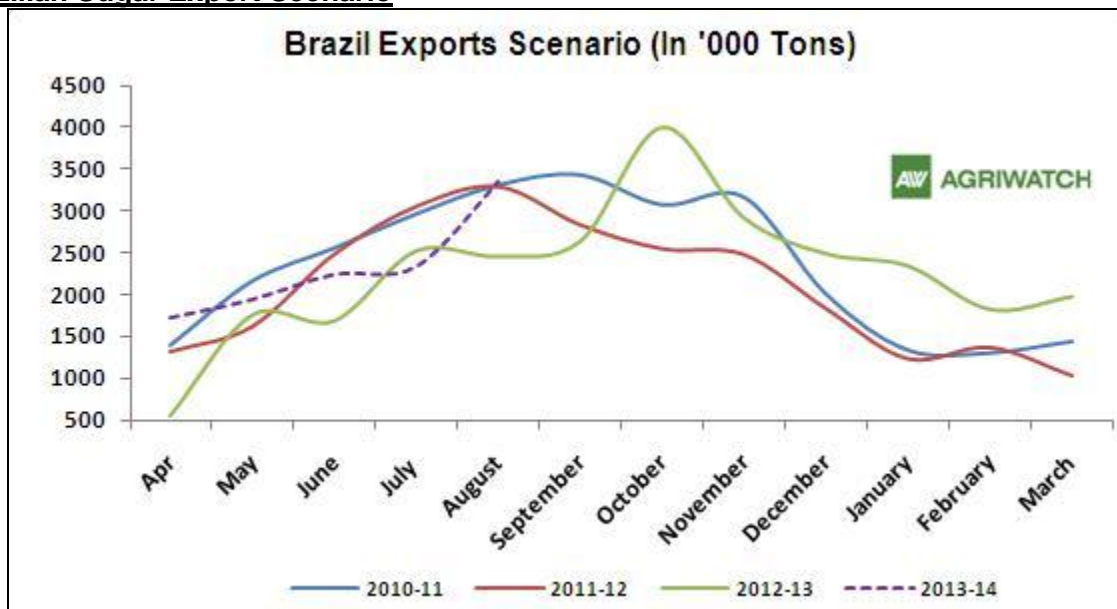
In addition to it, recent sugars bought by USDA also support the prices.

We expect prices to remain stable to firm in ICE as well as in LIFFE for the shorter term.

## International Market News Highlights:

- China sugar imports rise up by 25% to 504000 tons, raw value, in July 2013 compared to last year same period. July sugar imports takes the total Chinese sugar imports to 2.5 million tons in the first ten months which was 3.1 million tons a year earlier.
- International sugar prices continuously improving in ICE as well as LIFFE. On charts, prices should move up to 17.20 cents per lb in the coming week as expected.
- Brazil mills had increase cane allocation to make ethanol to 55% from earlier 54.6% considering higher demand.
- Thai raw sugar premium stood at 130 points over ICE raw sugar future contract which was 75 to 80 points. It is notable that the refining cost of raw sugar is about \$60-\$70 per ton. Meanwhile, white over raw sugar premium quoted at \$121 per ton.
- Canaplan cuts its estimate of sugar production in Brazil's Center South region for 2013-14 to 33 million tons from 34.5 million tons forecasted earlier.

## Brazilian Sugar Export Scenario



Brazil has exported 3.35 million tons of sugar, raw value, in August 2013 up from 2.33 million tons in the previous month. This is the highest sugar export figure in August month in last 5 years.

Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. It is notable that Brazil has exported 11.58 million tons of sugar this year till August which was 8.99 million tons, raw value, last year same period.

International Sugar Prices (Weekly)				
	Contract Month	29-Aug-13	22-Aug-13	Change
ICE Sugar #11 (US Cent/lb)	Oct-13	16.37	16.28	0.09
	Mar-14	16.89	16.83	0.06
	May-14	16.82	16.75	0.07
LIFFE Sugar (US \$/MT)	Oct-13	476.7	482.2	-5.5
	Dec-13	471.7	472.2	-0.5
	Mar-13	469.3	469.5	-0.2

### LIFFE Future Market Sugar Scenario (Oct Contract):



### Technical Commentary:

- Sugar prices are presently consolidated in a range as chart depicts.
- Prices tested 23.6% Fibonacci projection level from where market participants could book their profits. We expect prices to take downward correction.
- Increase in prices has not supported by Volume.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week



<b>LIFFE Sugar (US \$/MT)</b>	<b>Oct'13</b>	476.7	495
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**ICE Raw Sugar Future Market Scenario (Oct'13 Contract):**

**Technical Commentary:**

- ICE raw sugar futures are trading in a downward channel. However, trying to rebound from present level.
- Last candlestick depicts bullishness in the market.
- Profit booking might occur at present level which would take the prices down to 17 cents per lb.

<b>International Sugar Futures Price Projection</b>			
	<b>Contract Month</b>	<b>Present Quote</b>	<b>Expected Price level for next week</b>
<b>ICE Sugar #11 (US Cent/lb)</b>	<b>Oct'13</b>	16.37	17



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