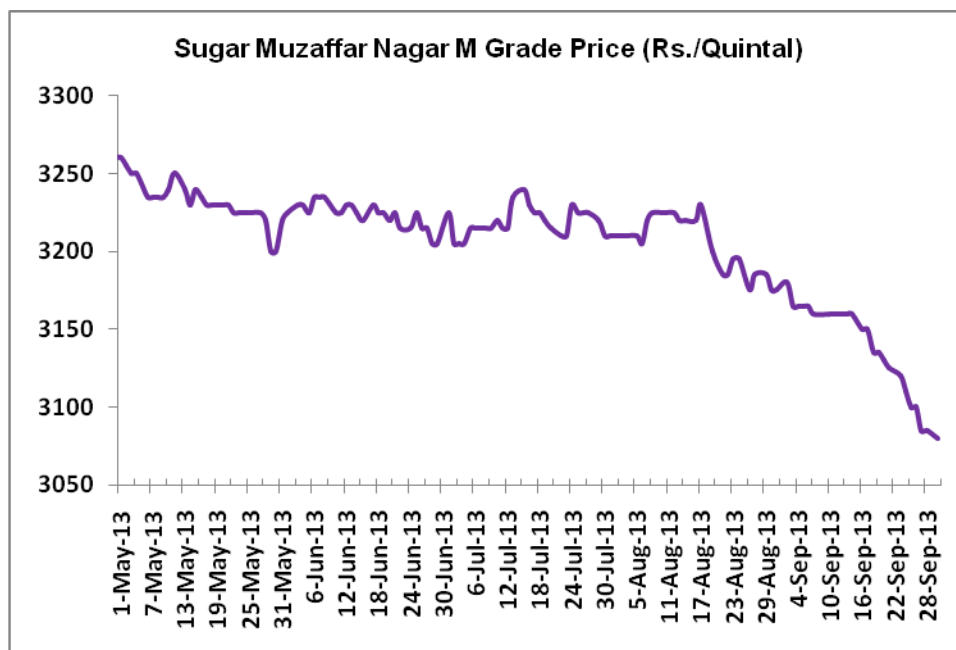


**Sugar Price Trend and Outlook:**

Sugar prices are falling sharply in key sugar spot markets during the week ended 30<sup>th</sup> September 2013. Weak local demand and huge stocks with mills spread fear in the markets at present.

However, stockists have started buying sugar at lower rates as they are expecting prices to move up in the coming weeks considering upcoming festivals.

**Domestic Sugar Price Outlook:**

Higher sugar stocks and weak demand led the sugar prices downwards and would likely to move southward movement in the coming week as expected.

However, lower sugarcane acreage for 2013-14 marketing year compared to last year and higher sugar export scenario for 2013-14 likely to give some boost to the prices in long term as expected.

**News Highlights:**

- Sugarcane yield likely to increase by 17% in 2013-14 compared to prior year owing to good rainfall in major sugarcane producing states like Maharashtra, Karnataka and UP.
- According to Ministry of Agriculture, Total around 48.74 lac hectares of sugarcane sowing has been done till 13<sup>th</sup> September 2013. However, this year progressive sowing till last week is 2.6% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 50.06 lac hectares at same period.
- In a latest development, delhi based Simbhaoli Sugars has planned to establish a sugar processing unit near Kandla port gauging the better export opportunity in the new season. With crushing capacity of 1000 T per day the unit will be able to produce 3 lakh T white sugar.
- ISMA increases its sugar production estimates for 2013-14 to 25 million tons up from 23.7 million tons estimated previously.

- Indian white sugar offered at FOB \$480 per ton at which exporters are seeking foreign buyers.

### Sugarcane Sowing Update:

According to Ministry of Agriculture, Total around 48.74 lac hectares of sugarcane sowing has been done till 13<sup>th</sup> September 2013. However, this year progressive sowing till last week is 2.6% lower compared to last year same period. It is notable that sugarcane has been sowed in 2012-13 was 50.06 lac hectares at same period.

### 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 \$520.31 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$469.65 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 30 <sup>th</sup> September 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	518.76	-	

### Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Prices (Rs/Qtl)		Change
		27.9.2013	20.9.2013	
-	Delhi - Grade M	-	3160	-
	Delhi - Grade S	-	3080	-
	Delhi - Grade L	-	3190	-
	UP- Khatauli Grade M	3085	3130	-45
	UP- Ramala Grade M	3050	3050	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	3232	3272	-40
	Mumbai –Grade S	3021	3062	-41
	Kolhapur – Grade M	2950	3000	-50
	Kolhapur – Grade S	2850	2900	-50
	Guhawati – Grade S	3157	3207	-50
	Shillong – Grade S	3170	3220	-50
	Vijayawada – Grade M	3550	3580	-30
	Vijayawada- Grade S	3320	3360	-40

	Nagpur – Grade S	3100	3150	-50
	Kolkata – Grade M	3180	-	-
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	-	-	-
	Chennai - Grade S	3075	3100	-25

### 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 617000 bags of gur (40kg each) stored in cold storages till 2<sup>th</sup> Sept 2013 lower from 680000 bags of gur at last year same period (40kg each). Out of total 617000 bags of gur, around 445000 bags of Chaku gur, 82564 bags of Rascut, and 93852 bags of Papdi, stored in the cold storages as reported.

Gur prices are likely to move in a range in the coming week.

Gur Spot Price Scenario (Weekly)				
Markets	Variety	27.9.2013	20.9.2013	Change
Muzaffar Nagar	Chaku	3000	2950	50
	Khurpa	-	-	-
	Laddu	-	-	-
	Rascut	-	-	-
Maharashtra	Latur(Lal Variety)	2675	2600	75
Bangalore	Achhu	3250	3250	Unch
	Mudde	3500	3400	100
Belgaum	Mudde	3800	3600	200
Belthangadi	Yellow (Average)	2800	2800	Unch
Bijapur	Achhu	2850	2850	Unch
Gulbarga	Other (Average)	3100	3200	-100
Mahalingapura	Penti (Average)	3000	3175	-175
Mandya	Achhu (Medium)	3160	-	-
	Kurikatu (Medium)	2900	2950	-50
	Other (Medium)	2400	2400	Unch
	Yellow (Medium)	2400	2400	Unch
Shimoga	Achhu (Average)	2800	2850	-50

Commodity: Sugar  
Contract: November

Exchange: NCDEX  
Expiry: Nov 20, 2013

### SUGAR (Weekly October Contract Chart)



#### Technical Commentary:

- Sugar prices are hovering at oversold region and now moving in a downtrend.
- However, prices have tested its bottom level and already achieved its lower target.
- Prices are lying on 138.2% retracement level from where it should rebound.
- Last candlestick depicts bearishness.

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Nov	-	2850	2891	2982	3007
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	Buy	Above 2880	2940	2970	2854

Commodity: Gur  
Contract: Nov

Exchange: NCDEX  
Expiry: Nov 20, 2013

### GUR (Nov Weekly Chart)

GURCHMUZR 1311(NCCHMX3)2013/09/29 - Weekly B:1122.00 A:1123.00  
O 1129.00 H 1129.50 L 1122.00 C 1123.00 V 2,910 | 6,680 -4.5 -0.40%  
SMA(9) 1128.8 (18) 1145.6 (6) 1129.9



#### Technical Commentary:

- Gur prices are hovering in a downtrend as chart depicts.
- Prices are presently moving in a short range.
- However, RSI is hovering near to oversold region.

**Strategy:** Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Nov	-	1076.5	1127.5	1154	1170
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	<b>Sell</b>	Near 1130	1115	1108	1139.5

## International Scenario

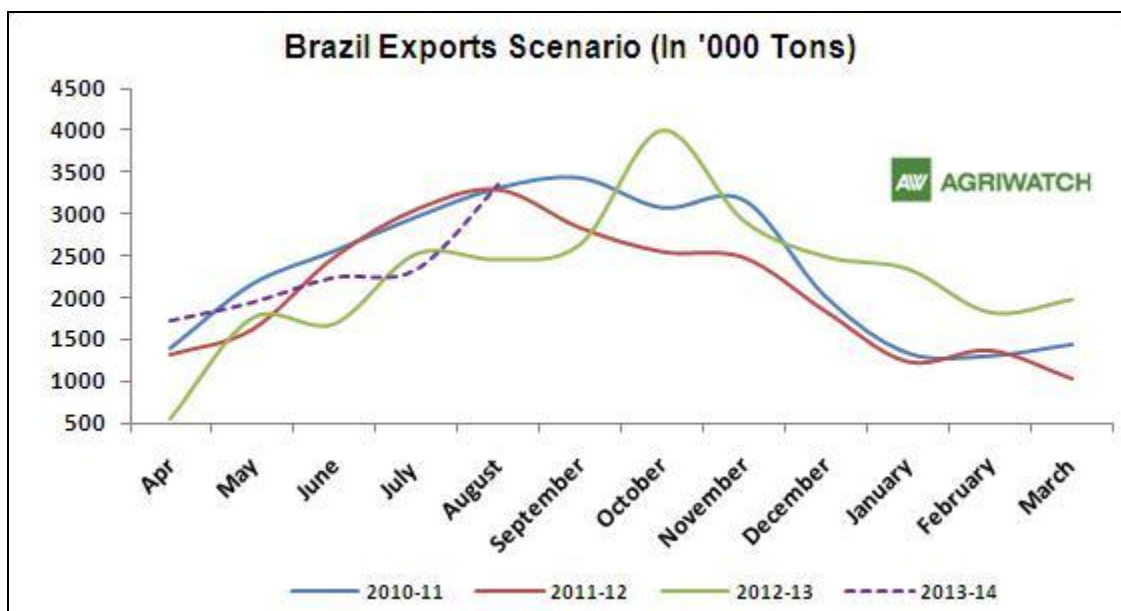
Sugar prices improved last week owing to shrink in global sugar surplus estimated by various trade houses. However, increasing sugar production estimates for India and Thailand curb any further hike in sugar prices.

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

## International Market News Highlights:

- Sugar price seems bullish in short term in international arena due to increasing sugar demand cuts surplus of sugar, according to Czarnikow.
- Tough competition from Brazil impacted adversely sugar export from India this year. Sugar production in new season( 2013-14) is expected to touch 25 million tons, 5 lakh T more than last year as per market source. Potential buyers for Indian white sugar are Pakistan, Afghanistan and Middle East countries. Brazil would remain dominant player once again. However, export opportunity for India still exists as prices have decreased considerably.
- China has imported 570628 tons of sugar in August 2013 which is up from 502199 tons imported in July 2013 and marginally lower quantity imported last year same period.
- Thai raw sugar premium fall drastically to 100 points over ICE Oct contract from previous 160 points as reported.

## 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	27-Sep-13	19-Sep-13	Change
ICE Sugar #11 (US Cent/lb)	Oct-13	16.87	17.17	-0.01
	Mar-14	17.74	17.74	0.01
	May-14	17.67	17.65	Unch
LIFFE Sugar (US \$/MT)	Oct-13	478.9	487.50	0.6
	Dec-13	478.8	484.90	-3.3
	Mar-13	482.8	487.60	0.1

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



### Technical Commentary:

- Sugar prices are presently consolidated in a range as chart depicts.
- Increase in prices has not supported by Volume.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'13	478.8	490



**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 bearishness in the market.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'13	16.87	17.30

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