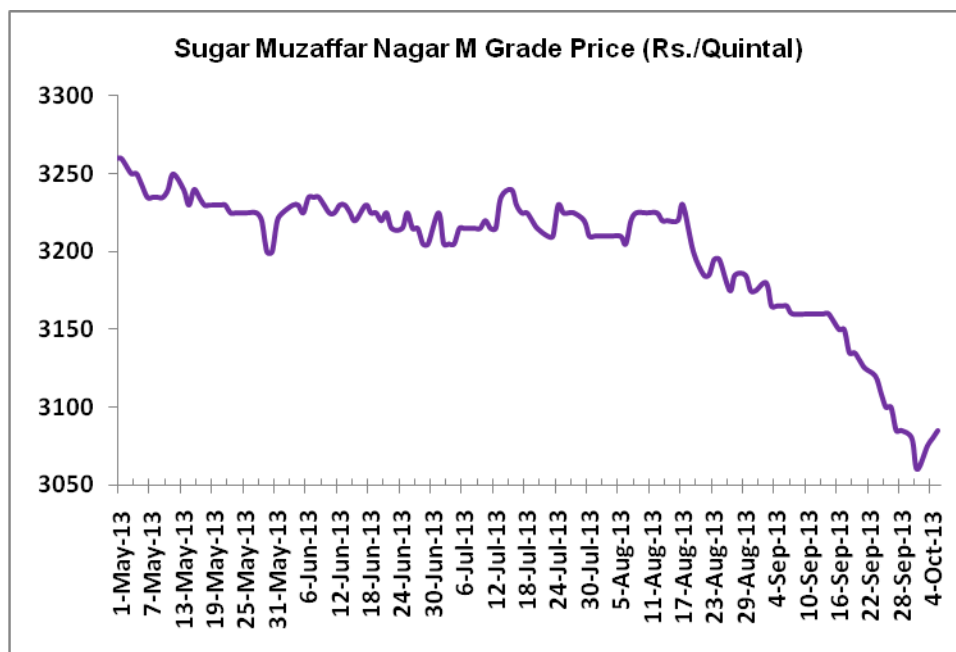


### Sugar Price Trend and Outlook:

Sugar prices are falling sharply in key sugar spot markets during the week ended 7<sup>th</sup> October 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:

Sugar prices are hovering near to its bottom levels. However, good news for millers is the raw sugar imports are not viable and imports are falling drastically M-o-M basis.

Recently, UP government is thinking to give some energy to the UP mills by linking sugarcane prices from sugar prices.

Considering upcoming festivals and expected delay in crushing season from UP mills will curb any further downside in the sugar prices. However, government policies would play important role which will decide the prices of sugar in future.

### News Highlights:

- UP state government is thinking over linking the cane prices with sugar prices to provide some benefits to state sugar mills which are suffering from lower sugar prices and Y-o-Y increase in cane prices.
- UP millers are not in a mood to run their cane crushing operations for 2013-14 due to mounting arrears and no hopes of rising sugar prices which put them into deep trouble. It is notable that Y-o-Y increase in cane prices by state government increases the cost of production of sugar for mills.

- 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)

Spot Sugar Prices Scenario (Weekly)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		04.10.2013	27.9.2013	
Sugar	Delhi - Grade M	3070	-	-
	Delhi - Grade S	3050	-	-
	Delhi - Grade L	3100	-	-
	UP- Khatauli Grade M	3080	3085	-5
	UP- Ramala Grade M	3025	3050	-25

UP- Dhampur Grade M Ex-Mill	2970	3000	<b>-30</b>
UP- Dhampur Grade S Ex-Mill	2950	2980	<b>-30</b>
UP- Dhampur Grade L Ex-Mill	3020	3050	<b>-30</b>
Mumbai –Grade M	3232	3232	<b>Unch</b>
Mumbai –Grade S	3063	3021	<b>+42</b>
Kolhapur – Grade M	2950	2950	<b>Unch</b>
Kolhapur – Grade S	2850	2850	<b>Unch</b>
Guhawati – Grade S	3157	3157	<b>Unch</b>
Shillong – Grade S	3170	3170	<b>Unch</b>
Vijayawada – Grade M	3540	3550	<b>-10</b>
Vijayawada- Grade S	3300	3320	<b>-20</b>
Nagpur – Grade S	3250	3100	<b>+150</b>
Kolkata – Grade M	3145	3180	<b>-35</b>
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	<b>Unch</b>
Ambikapur (Chattisgarh)- Grade S (Without Duty)	-	-	-
Chennai - Grade S	3050	3075	<b>-25</b>

### Gur Market Scenario and Outlook

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

Total around 380000 bags of gur (40kg each) stored in cold storages till 22<sup>rd</sup> September 2013 higher from 357000 bags of gur at last year same period (40kg each). Out of total 380000 bags of gur, around 238000 bags of Chaku gur, 58000 bags of Rascut, and 61000 bags of Papdi, stored in the cold storages as reported.

Gur Stock Position	Chaku	Raskut	Papdi	Total
<b>2013</b>	238000	58000	61000	380000
<b>2012</b>	207000	66500	50000	357000

Meanwhile, expected late crushing operations by millers in UP and Maharashtra also might urge farmers to divert their cane towards gur making. Weak lifting of gur by Rajasthan and Gujarat also curb any hike in prices of gur.

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

Gur Spot Price Scenario (Weekly)				
Markets	Variety	04.10.2013	27.9.2013	Change
<b>Muzaffar Nagar</b>	Chaku	3050	3000	+50
	Khurpa	-	-	-
	Laddu	-	-	-
	Rascut	-	-	-
<b>Maharashtra</b>	Latur(Lal Variety)	2637	2675	-38
<b>Bangalore</b>	Achhu	3300	3250	+50
	Mudde	-	3500	-
<b>Belgaum</b>	Mudde	-	3800	-
<b>Belthangadi</b>	Yellow (Average)	-	2800	-
<b>Bijapur</b>	Achhu	-	2850	-
<b>Gulbarga</b>	Other (Average)	-	3100	-
<b>Mahalingapura</b>	Penti (Average)	-	3000	-
<b>Mandya</b>	Achhu (Medium)	-	3160	-
	Kurikatu (Medium)	-	2900	-
	Other (Medium)	-	2400	-
	Yellow (Medium)	-	2400	-
<b>Shimoga</b>	Achhu (Average)	-	2800	-

Commodity: Sugar  
Contract: November

Exchange: NCDEX  
Expiry: Nov 20, 2013

### SUGAR (Weekly November 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 and likely to test 161.8% retracement level i.e. 2860 in the coming week.
- Last candlestick depicts bearishness.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Nov	-	2850	2898	2982	3007
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	<b>Sell</b>	Below 2900	2870	2855	2815

Commodity: Gur  
Contract: Nov

Exchange: NCDEX  
Expiry: Nov 20, 2013

### GUR (Nov Weekly Chart)



### 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 neutral region.

**Strategy:** Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Nov	1119.5	1126	1141.5	1170	1182
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	Buy	Above 1136	1150	1157	1129

## International Scenario

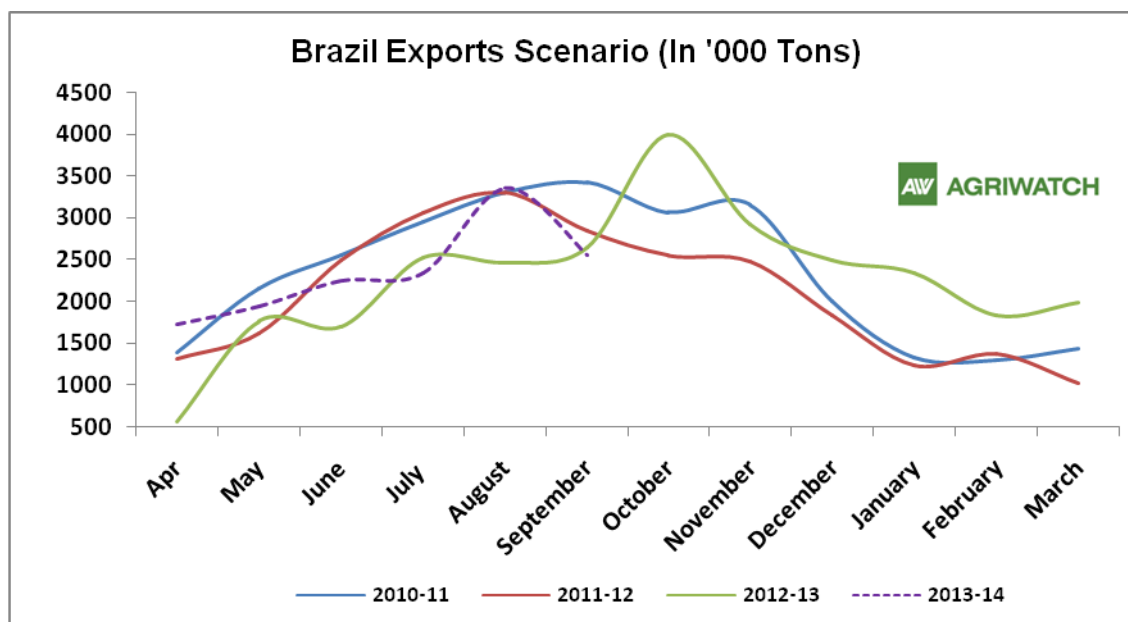
Sugar prices improved last week owing to shrink in global sugar surplus estimated by various trade houses. However, increasing sugar production estimates for India and Thailand curb any further hike in sugar prices.

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

## International Market News Highlights:

- International sugar prices show some signs of bullish over lower sugar production estimates for 2013-14. It is notable that Unica downgrade brazil's Center south sugar production estimate to 34.2 million tons which is around 3.7% lower compared to six month previous estimate.
- Global sugar surplus likely to increase thanks to good output expectations for next year. It is notable that trade houses like Czarnikow, Dataagro and Kingsman cut global sugar surplus estimate for 2013-14 which is starting from today.
- 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.

## Brazilian Sugar Export Scenario



Brazil has exported 2.55 million tons of sugar, raw value, in September 2013 marginally down from 2.63 million tons in the previous year.

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 14.14 million tons of sugar this year till September which was 11.63 million tons, raw value, last year same period.

It is expected that sugar exports from Brazil likely to decrease in the coming months considering lower sugar production estimates by various trade houses compared to sugar production estimated earlier.

International Sugar Prices (Weekly)				
	Contract Month	03-Oct-13	27-Sep-13	Change
ICE Sugar #11 (US Cent/lb)	Mar-14	18.52	17.74	0.78
	May-14	18.4	17.67	0.73
	Jul-14	18.3	17.59	0.71
LIFFE Sugar (US \$/MT)	Dec-13	491.2	478.9	12.3
	Mar-13	493.2	478.8	14.4
	May-13	496.7	482.8	13.9

### 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 and OI.
- Technical correction might occur from 61.8% retracement level.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'13	491.2	500

### ICE Raw Sugar Future Market Scenario (Mar'14 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.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'14	18.52	17.65



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