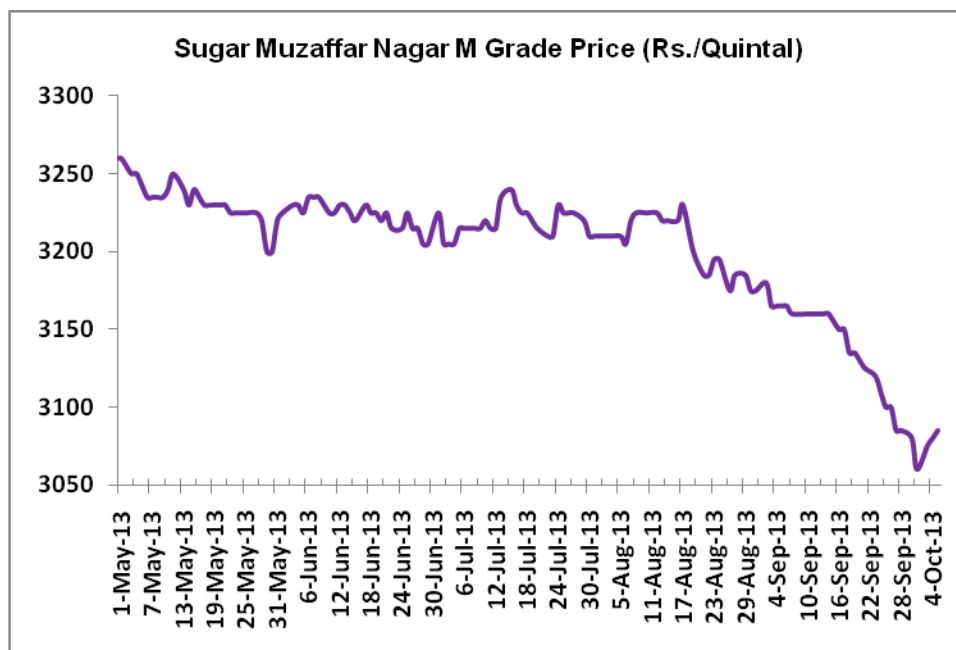


Sugar Price Trend and Outlook:

Sugar prices are falling sharply in key sugar spot markets during the week ended 7th 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:

- India imported 3.07 million tons of raw as well as white sugar and exported around 1.09 million tons of sugar in 2012-13 marketing year (Oct-Sept).
- Sugarcane cultivators in Uttar Pradesh have upped the stake, demanding the State Advised Price (SAP) of their produce be fixed at Rs 327 per quintal for 2013-14. However UP Cane Research Institute at Shahjahanpur had recommended cane price of Rs 228 per quintal during the previous season of 2012-13.

- Indian white sugars FOB prices quoted at \$470 per ton which is lower compared to previous week i.e. \$490 per ton. However, Asian buyers are now shifting towards India and Thailand due to lower price. As far as International sugar prices are concerned, it has improved this week but still hovering below \$500 per ton.
- India has an opening stock of 85 lac tons of sugar for 2013-14 marketing year starting from 1st October, according to ISMA.
- DGFT suggests relaxation of sugar export norms of around 2-2.5 million tons. It means an exporter now doesn't need to register for sugar export until sugar export reach 2-2.5 million.
- Sugar export business likely to get boost in the coming years considering increasing amount of refineries near to ports. Presently, Shree Renuka Sugars become the leader in India as far as sugar refineries are concerned. It is notable that it has imported raw sugar at very reasonable rates from its Brazilian unit and then refines it here for re-export purpose.
- Demand of sugar is likely to pick up in the coming days for sugar which would drive the prices up.

Sugarcane Sowing Update:

According to Ministry of Agriculture, Total around 48.74 lac hectares of sugarcane sowing has been done till 13th 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 th September 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	518.76	-	

Spot Sugar Prices Scenario (Weekly Average)

Spot Sugar Prices Scenario (Weekly Average)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		11.10.2013	4.10.2013	
Sugar	Delhi - Grade M	3160	3082	78
	Delhi - Grade S	3100	3040	60
	Delhi - Grade L	3197	3112	85

UP- Khatauli Grade M	3131	3078	53
UP- Ramala Grade M	3087	3038	49
UP- Dhampur Grade M Ex-Mill	2980	2975	5
UP- Dhampur Grade S Ex-Mill	2960	2955	5
UP- Dhampur Grade L Ex-Mill	3030	3025	5
Mumbai –Grade M	3234	3232	2
Mumbai –Grade S	3012	3031	-19
Kolhapur – Grade M	2933	2946	-13
Kolhapur – Grade S	2833	2838	-5
Guhawati – Grade S	3140	3144	-4
Shillong – Grade S	3153	3158	-5
Vijayawada – Grade M	3540	3543	-3
Vijayawada- Grade S	3300	3306	-6
Nagpur – Grade S	3050	3083	-33
Kolkata – Grade M	3145	3163	-18
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
Chennai - Grade S	3018	3063	-45

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre				
		11-Oct-13	4-Oct-13	11-Sep-13	11-Oct-12
Sugar	Delhi - Grade M	3185	3070	3170	3660
	Delhi - Grade S	3145	3050	3115	NA
	Delhi - Grade L	3220	3100	NA	NA
	UP- Khatauli Grade M	3205	3080	NA	3665
	UP- Ramala Grade M	3105	3025	NA	3655
	UP- Dhampur Grade M Ex-Mill	3000	2970	3025	NA
	UP- Dhampur Grade S Ex-Mill	2980	2950	3005	NA
	UP- Dhampur Grade L Ex-Mill	3050	3020	3050	NA
	Mumbai –Grade M	3232	3232	3242	3691
	Mumbai –Grade S	3002	3063	3102	3558
	Kolhapur – Grade M	2900	2950	3000	3450
	Kolhapur – Grade S	2800	2850	2900	3350
	Vijayawada – Grade M	3540	3540	3580	3940
	Vijayawada- Grade S	3300	3300	3380	3780
	Nagpur – Grade S	3050	3050	3150	3680
	Kolkata – Grade M	Closed	3145	NA	3730

	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	3100	NA
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	NA
	Chennai - Grade S	3000	3050	3100	3350

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 22rd 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
2013	238000	58000	61000	380000
2012	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.

Weekly Average Gur Spot Prices (Rs/Qtl)				
Markets	Variety	11.10.2013	4.10.2013	Change
Muzaffar Nagar	Chaku	3094	3025	69
	Chaku (Arrival)	NA	NA	-
	Khurpa	1216	NA	-
	Laddu	1326	NA	-
	Rascut	2653	2648	5
Maharashtra	Latur(Lal Variety)	3316	3275	41
Bangalore	Achhu	3267	3070	197
	Mudde	3517	3300	217
Belgaum	Mudde	2825	2850	-25
Belthangadi	Yellow (Average)	2925	2850	75
Bijapur	Achhu	3280	3190	90
Gulbarga	Other (Average)	3210	3075	135
Mahalingapura	Penti (Average)	3140	3152	-12

Mandya	Achhu (Medium)	2970	2880	90
	Kurikatu (Medium)	2500	2400	100
	Other (Medium)	2620	2400	220
	Yellow (Medium)	2870	2820	50
Shimoga	Achhu (Average)	3315	3345	-30

Jaggery(Gur) Spot Prices (Rs/Qtl)					
Markets	Variety	11-Oct-13	4-Oct-13	11-Sep-13	11-Oct-12
Muzaffar Nagar	Chaku	2975	3050	2875	2900
	Khurpa(New)	1200	NA	NA	NA
	Laddu(New)	1300	NA	NA	NA
	Rascut	2600	2637	2600	2750
Maharashtra	Latur(Lal Variety)	3325	3300	3250	3100
Bangalore	Achhu	3400	NA	3000	3000
	Mudde	3600	NA	3600	3100
Belgaum	Mudde	2800	NA	2800	3000
Belthangadi	Yellow (Average)	2900	NA	2800	2950
Bijapur	Achhu	3350	NA	NA	3000
Gulbarga	Other (Average)	3050	NA	NA	3000
Mahalingapura	Penti (Average)	3140	NA	3180	3200
Mandya	Achhu (Medium)	2950	NA	2950	2600
	Kurikatu (Medium)	2500	NA	2450	2400
	Other (Medium)	2600	NA	2400	2400
	Yellow (Medium)	2850	NA	2850	2550
Shimoga	Achhu (Average)	3300	NA	3650	3125

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	Sell	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

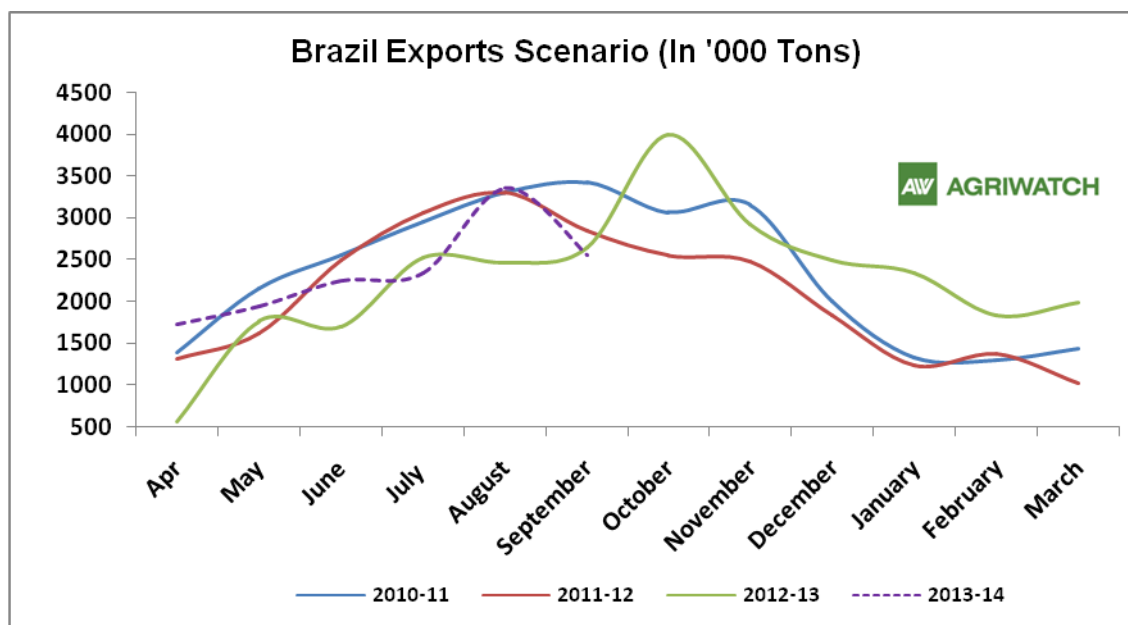
Sugar prices improved last week owing to shrink in global sugar surplus estimated by various trade houses. However, increasing sugar production estimates for India and Thailand curb any further hike in sugar prices.

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.
- 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.
-

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	10-Oct-13	03-Oct-13	Change
ICE Sugar #11 (US Cent/lb)	Mar-14	18.72	18.40	0.32
	May-14	18.61	18.30	0.31
	Jul-14	18.51	18.54	-0.03
LIFFE Sugar (US \$/MT)	Dec-13	506	491.20	14.8
	Mar-13	499	493.20	5.8
	May-13	502	496.70	5.3

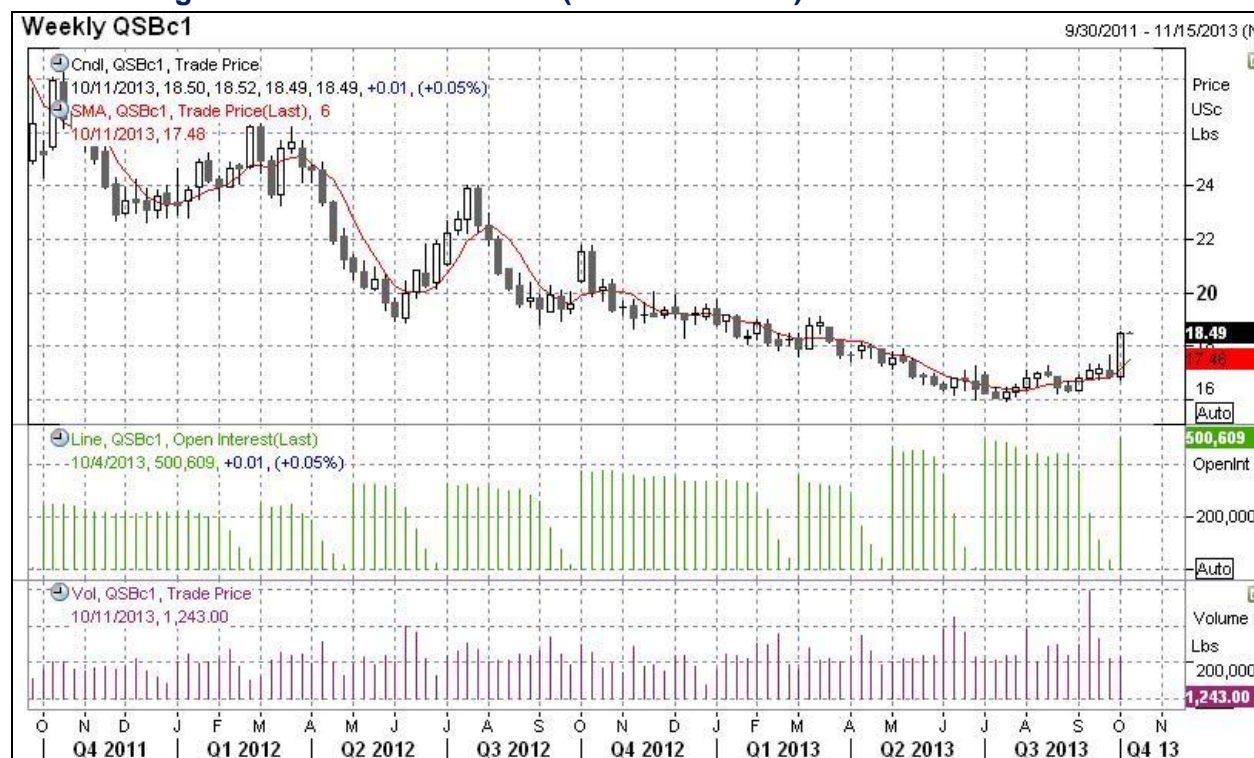
LIFFE Future Market Sugar Scenario (Dec Contract):



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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