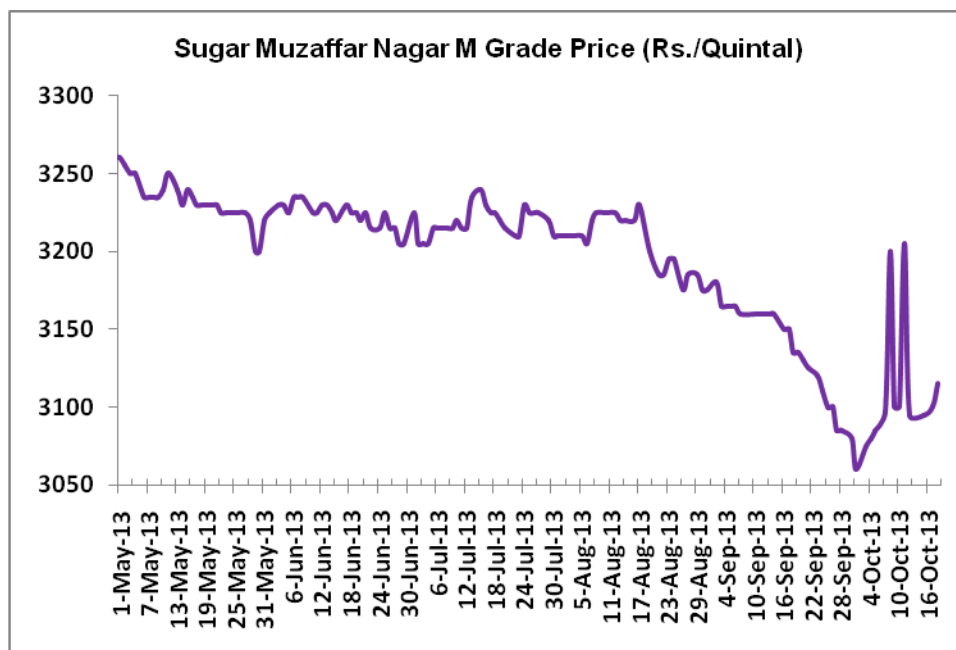


**Sugar Price Trend and Outlook:**

Sugar prices are moving in a range with weak tone during the week ended 18<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:**

- 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.

- 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.
- 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 reaches 2-2.5 million.
- 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).
- ISMA has estimated sugarcane acreage to be around 9.4 lac hectares for Maharashtra which is almost similar to 2012-13.

### 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 (Average)				
Commodity	Centre	12th-18th Oct	5th-11th Oct	Change
Sugar	Delhi - Grade M	3186	3160	26
	Delhi - Grade S	3141	3100	41
	Delhi - Grade L	3216	3197	19
	UP- Khatauli Grade M	3101	3131	-30
	UP- Ramala Grade M	3008	3087	-79
	UP- Dhampur Grade M Ex-Mill	2980	2980	Unch
	UP- Dhampur Grade S Ex-Mill	2960	2960	Unch

UP- Dhampur Grade L Ex-Mill	3030	3030	Unch
Mumbai –Grade M	3233	3234	-1
Mumbai –Grade S	3000	3012	-12
Kolhapur – Grade M	2900	2933	-33
Kolhapur – Grade S	2800	2833	-33
Guhawati – Grade S	3106	3140	-34
Shillong – Grade S	3120	3153	-33
Vijayawada – Grade M	3500	3540	-40
Vijayawada- Grade S	3295	3300	-5
Nagpur – Grade S	3038	3050	-12
Kolkata – Grade M	3290	3145	145
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
Chennai - Grade S	3000	3018	-18

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week ago	Month ago	Year ago
		18-Oct-13	11-Oct-13	18-Sep-13	18-Oct-12
Delhi	Grade M	3200	3185	3130	3650
	Grade S	3150	3145	3100	3565
	Grade L	3225	3220	NA	NR
UP- Khatauli	Grade M	3115	3205	3135	3680
UP- Ramala	Grade M	3015	3105	3060	3515
UP- Dhampur	Grade M Ex-Mill	2970	3000	3015	NR
	Grade S Ex-Mill	2950	2980	2995	NR
	Grade L Ex-Mill	3020	3050	3065	NR
Mumbai	Grade M	3236	3232	Closed	3711
	Grade S	3020	3002	Closed	3561
Kolhapur	Grade M	2900	2900	Closed	3500
	Grade S	2800	2800	Closed	3400
Vijayawada	Grade M	3500	3540	3580	3920
	Grade S	3280	3300	3360	3750
Nagpur	Grade S	3000	3050	3225	3800
Kolkata	Grade M	3290	Closed	NA	3800
Ambikapur (Chattisgarh)	Grade M (Without Duty)	3100	3100	3100	NR

	Grade S (Without Duty)	NA	NA	NA	NR
<b>Chennai</b>	Grade S	3000	3000	3100	3400

### 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 22nd 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 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.

### Spot Jaggery (Gur) Prices Scenario (Weekly)

Gur Spot Prices Scenario Weekly (Average)				
Markets	Variety	12th-18th Oct	5th-11th Oct	Change
<b>Muzaffar Nagar</b>	Chaku	2956	3094	<b>-138</b>
	Chaku (Arrival)	NA	NA	<b>-</b>
	Khurpa	1255	1216	<b>39</b>
	Laddu	1298	1326	<b>-28</b>
	Rascut	2672	2653	<b>19</b>
<b>Maharashtra</b>	Latur(Lal Variety)	3356	3316	<b>40</b>
<b>Bangalore</b>	Achhu	3400	3267	<b>133</b>
	Mudde	3600	3517	<b>83</b>
<b>Belgaum</b>	Mudde	2800	2825	<b>-25</b>
<b>Belthangadi</b>	Yellow (Average)	2900	2925	<b>-25</b>
<b>Bijapur</b>	Achhu	3175	3280	<b>-105</b>
<b>Gulbarga</b>	Other (Average)	2975	3210	<b>-235</b>
<b>Mahalingapur</b>	Penti (Average)	3070	3140	<b>-70</b>

a				
<b>Mandya</b>	Achhu (Medium)	2950	2970	<b>-20</b>
	Kurikatu (Medium)	2500	2500	<b>Unch</b>
	Other (Medium)	2575	2620	<b>-45</b>
	Yellow (Medium)	2825	2870	<b>-45</b>
<b>Shimoga</b>	Achhu (Average)	3400	3315	<b>85</b>

<b>Spot Jaggery(Gur) Prices Scenario (Weekly)</b>					
<b>Markets</b>	<b>Variety</b>	<b>Today</b>	<b>Week ago</b>	<b>Month ago</b>	<b>Year ago</b>
		<b>18-Oct-13</b>	<b>11-Oct-13</b>	<b>18-Sep-13</b>	<b>18-Oct-12</b>
<b>Muzaffar Nagar</b>	Chaku	2950	2975	2913	3250
	Khurpa(New)	1270	1200	NA	2900
	Laddu(New)	1340	1300	2900	3125
	Rascut	2600	2600	2600	2725
<b>Maharashtra</b>	Latur(Lal Variety)	3400	3325	3250	3200
<b>Bangalore</b>	Achhu	NA	3400	3000	3000
	Mudde	NA	3600	3600	3100
<b>Belgaum</b>	Mudde	NA	2800	NA	2800
<b>Belthangadi</b>	Yellow (Average)	NA	2900	NA	3000
<b>Bijapur</b>	Achhu	NA	3350	NA	3100
<b>Gulbarga</b>	Other (Average)	NA	3050	NA	2900
<b>Mahalingapura</b>	Penti (Average)	NA	3140	NA	3230
<b>Mandya</b>	Achhu (Medium)	NA	2950	3000	2850
	Kurikatu (Medium)	NA	2500	2400	2450
	Other (Medium)	NA	2600	2400	2450
	Yellow (Medium)	NA	2850	2800	2750
<b>Shimoga</b>	Achhu (Average)	NA	3300	NA	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	2900	2982	3007
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	<b>Sell</b>	Below 2900	2870	2855	2915

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.
- However, RSI is hovering near to oversold region.
- Last candlesticks depict bearishness.

**Strategy:** Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Nov	1028.5	1047	1098.5	1170	1182
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	<b>Sell</b>	Below 1100	1080	1070	1112

## International Scenario

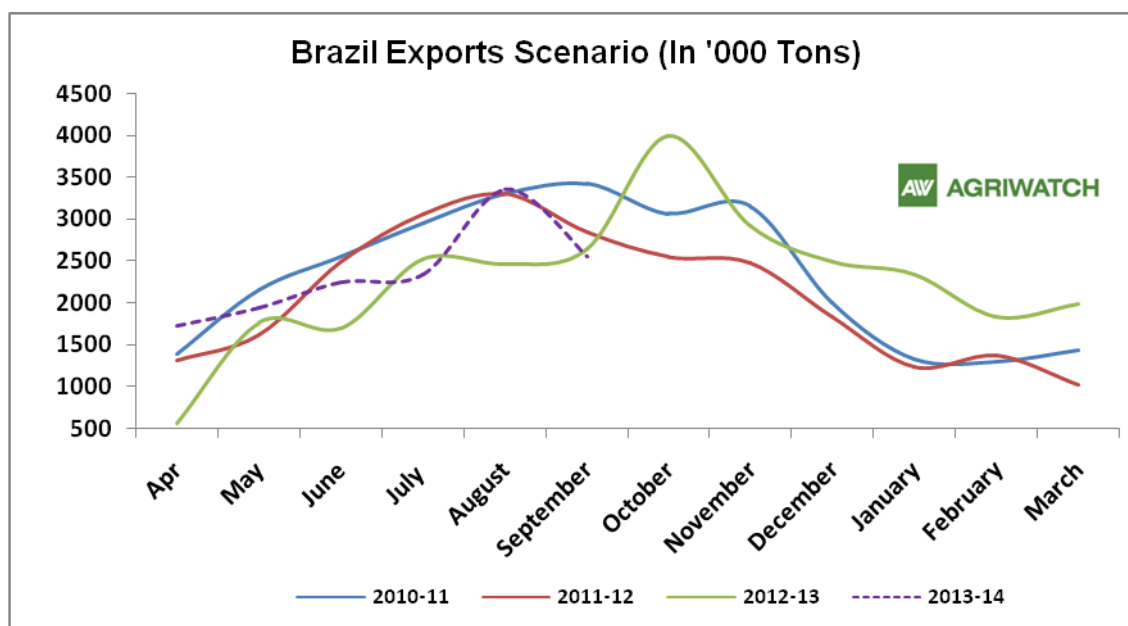
Sugar prices surge sharply during last week owing to weak harvesting in Brazil due to wet conditions which ultimately decline the sugar production. In addition to it, around 3 lac tons sugar destroyed in a fire in Brazil sugar terminal also support the prices.

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

## International Market News Highlights:

- Sugar output declined in key Brazil's Center South region by 15% in the first fortnight of October compared to last fortnight of September 2013 due to recent rainfall in the region.
- Around 3 lac tons Brazil sugar destroyed in a fire in one of the sugar terminal in Brazil. It is feared to support international sugar prices as it would affect the ready sugar availability from Brazil for export.
- Recent hike in International sugar prices thanks to wet conditions decrease the sugarcane production in Brazil for 2013-14. This hike in sugar prices would give some boost to sugar export from India.
- 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.

## 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.

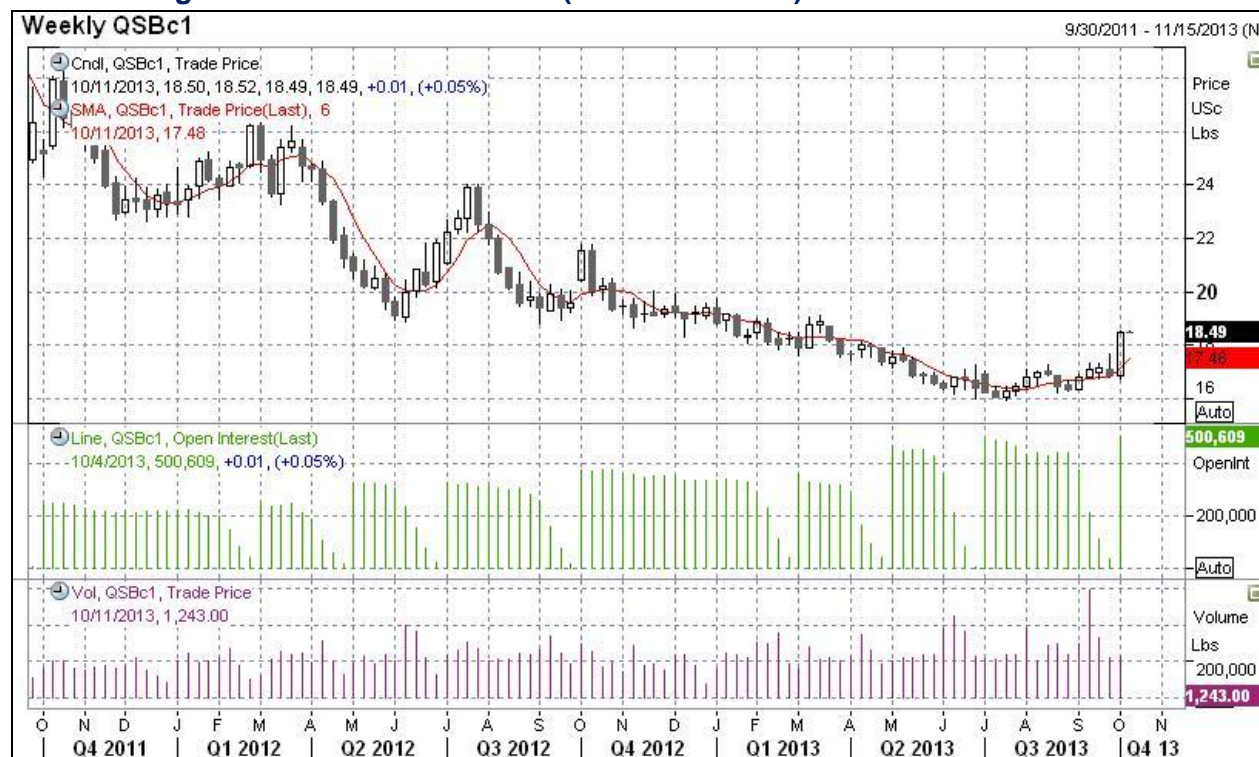
International Sugar Prices (Weekly)				
	Contract Month	17-Oct-13	10-Oct-13	Change
ICE Sugar #11 (US Cent/lb)	Mar-14	19.00	18.72	0.28
	May-14	18.84	18.61	0.23
	Jul-14	18.69	18.51	0.18
LIFFE Sugar (US \$/MT)	Dec-13	506.30	506.00	0.3
	Mar-13	504.30	499.00	5.3
	May-13	507.40	502.00	5.4

**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	506.3	515

**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	19	19.62

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