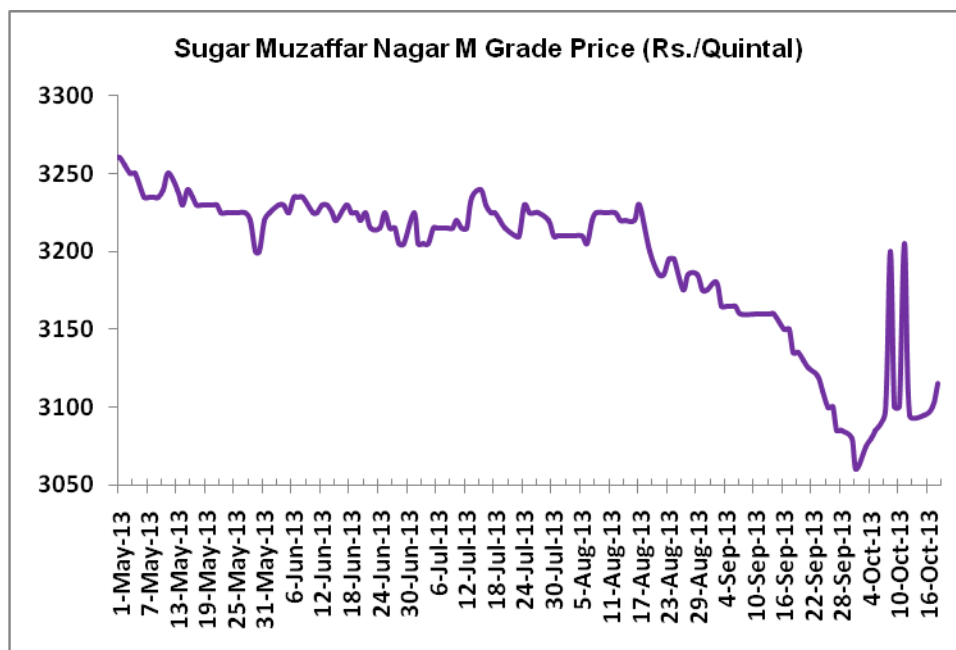


### Sugar Price Trend and Outlook:

Sugar prices are moving in a range with weak tone during the week ended 28<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.

- According to the first advance estimates released by the government, sugarcane production is estimated at 341.77 million metric tonnes compared with 338.96 million metric tonnes in the previous season.
- 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	19th-25th Oct	12th-18th Oct	Change
Sugar	Delhi - Grade M	3107	3186	-79
	Delhi - Grade S	3069	3141	-72
	Delhi - Grade L	3135	3216	-81
	UP- Khatauli Grade M	3097	3101	-4
	UP- Ramala Grade M	3002	3008	-6

UP- Dhampur Grade M Ex-Mill	2985	2980	5
UP- Dhampur Grade S Ex-Mill	2960	2960	Unch
UP- Dhampur Grade L Ex-Mill	3035	3030	5
Mumbai –Grade M	3219	3233	-14
Mumbai –Grade S	2946	3000	-54
Kolhapur – Grade M	2885	2900	-15
Kolhapur – Grade S	2792	2800	-8
Guhawati – Grade S	3097	3106	-9
Shillong – Grade S	3112	3120	-8
Vijayawada – Grade M	3500	3500	Unch
Vijayawada- Grade S	3250	3295	-45
Nagpur – Grade S	3050	3038	12
Kolkata – Grade M	3302	3290	12
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
Chennai - Grade S	2980	3000	-20

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week ago	Month ago	Year ago
		25-Oct-13	18-Oct-13	25-Sep-13	25-Oct-12
Delhi	Grade M	3080	3200	3090	3620
	Grade S	3060	3150	3050	3580
	Grade L	3120	3225	3120	NR
UP- Khatauli	Grade M	3085	3115	3100	3640
UP- Ramala	Grade M	3000	3015	3050	3500
UP- Dhampur	Grade M Ex-Mill	3000	2970	3000	NR
	Grade S Ex-Mill	2980	2950	2980	NR
	Grade L Ex-Mill	3050	3020	3050	NR
Mumbai	Grade M	3206	NA	NA	3681
	Grade S	2916	3020	NA	3521
Kolhapur	Grade M	2800	2900	2950	3475
	Grade S	2750	2800	2850	3375
Vijayawada	Grade M	3500	3500	3580	2920
	Grade S	3250	3280	3360	3750
Nagpur	Grade S	3050	3000	3150	3650
Kolkata	Grade M	3240	3290	NA	3700

Ambikapur (Chattisgarh)	Grade M (Without Duty)	3100	3100	3100	NR
	Grade S (Without Duty)	NA	NA	NA	NR
Chennai	Grade S	2960	3000	3075	3450

### 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
2013	238000	58000	61000	380000
2012	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.

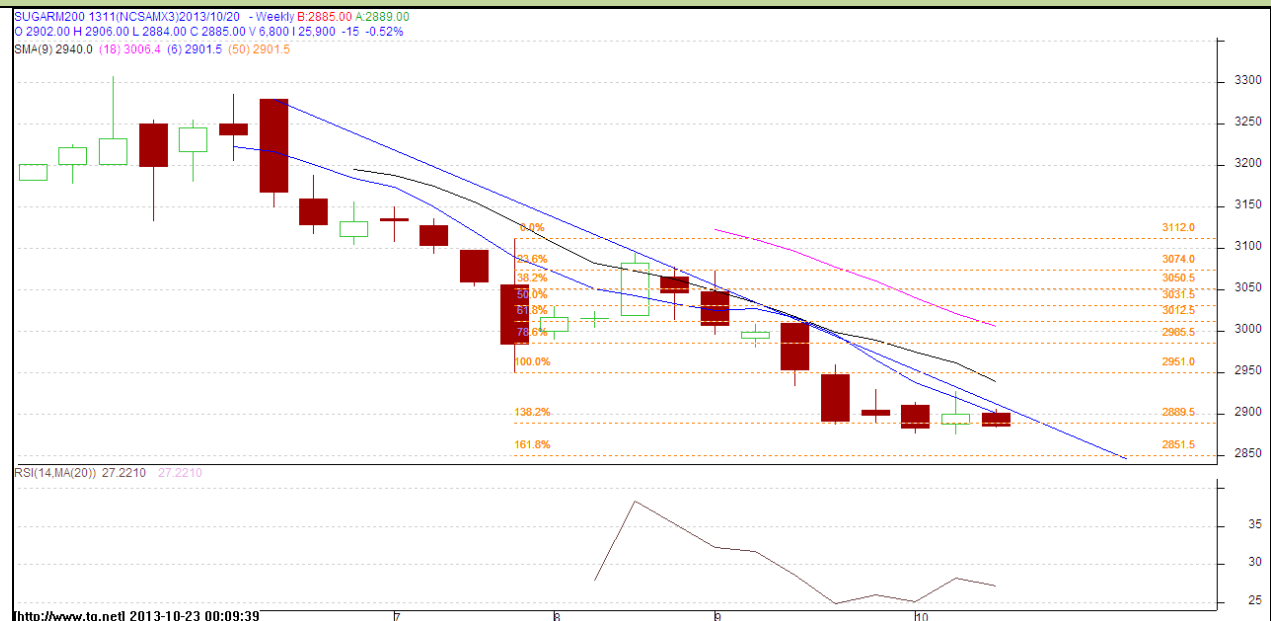
Gur prices are likely to move in a range in the coming week.

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

Gur Spot Prices Scenario Weekly (Average)				
Markets	Variety	19th-25th Oct	12th-18th Oct	Change
Muzaffar Nagar	Chaku	3064	2956	108
	Chaku (Arrival)	NA	NA	-
	Khurpa	1238	1255	-17
	Laddu	1311	1298	13
	Rascut	2640	2672	-32
Maharashtra	Latur(Lal Variety)	3400	3356	44
Bangalore	Achhu	3450	3400	50
	Mudde	3725	3600	125
Belgaum	Mudde	2780	2800	-20
Belthangadi	Yellow (Average)	2930	2900	30
Bijapur	Achhu	3200	3175	25
Gulbarga	Other (Average)	3079	2975	104
Mahalingapura	Penti (Average)	3118	3070	48

Mandya	Achhu (Medium)	2942	2950	-8
	Kurikatu (Medium)	2525	2500	25
	Other (Medium)	2583	2575	8
	Yellow (Medium)	2900	2825	75
Shimoga	Achhu (Average)	3488	3400	88

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week ago	Month ago	Year ago
		25-Oct-13	18-Oct-13	25-Sep-13	25-Oct-12
Muzaffar Nagar	Chaku	3290	2950	3000	2813
	Khurpa(New)	1240	NA	NA	2550
	Laddu(New)	1290	1340	NA	2813
	Rascut	2587	2600	2663	2575
Maharashtra	Latur(Lal Variety)	3400	3400	3250	3000
Bangalore	Achhu	3500	3400	3400	3200
	Mudde	3650	3600	3600	3400
Belgaum	Mudde	2700	2800	2800	3000
Belthangadi	Yellow (Average)	-	NA	2850	3000
Bijapur	Achhu	3300	NA	NA	3000
Gulbarga	Other (Average)	3100	NA	3100	2950
Mahalingapura	Penti (Average)	3140	NA	3180	3250
Mandya	Achhu (Medium)	2950	NA	2950	2800
	Kurikatu (Medium)	2550	NA	2400	2400
	Other (Medium)	2550	NA	2400	2450
	Yellow (Medium)	2900	NA	2850	2700
Shimoga	Achhu (Average)	3425	NA	3500	3050

**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	2872	2982	3007
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Nov	Buy	Below 2860	2890	2905	2850

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	1102.5	1170	1182
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	<b>Sell</b>	Below 1100	1080	1070	1112

## International Scenario

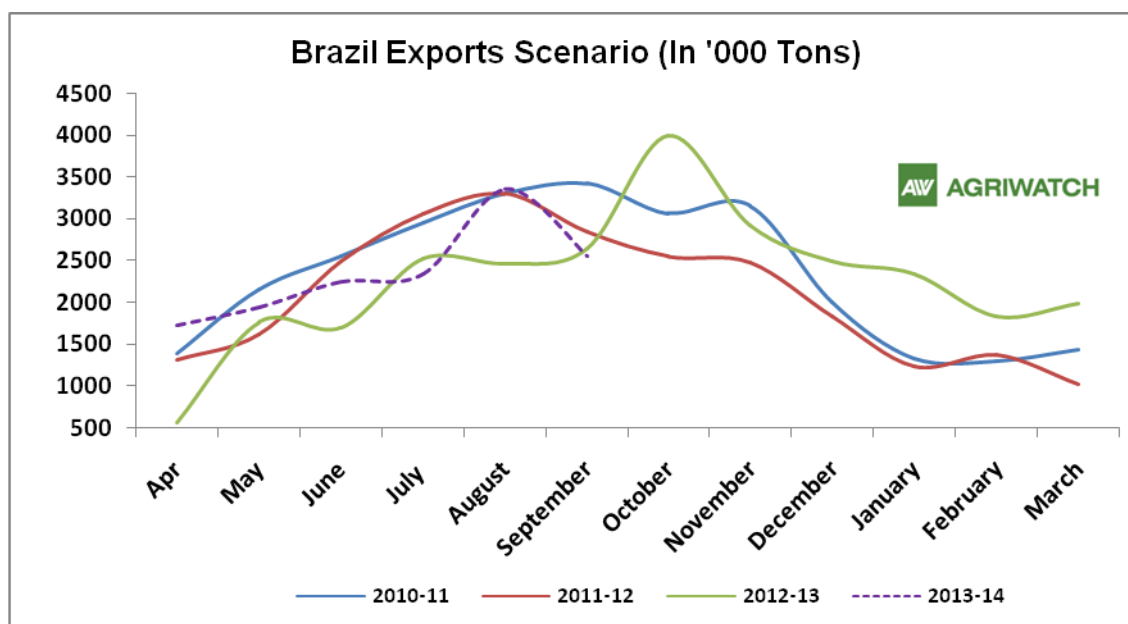
Sugar prices surge sharply during last week owing to weak harvesting in Brazil due to wet conditions which ultimately decline the sugar production. In addition to it, around 3 lac tons sugar destroyed in a fire in Brazil sugar terminal also support the prices.

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	24-Oct-13	17-Oct-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	19.28	19.00	0.28
	14-May	19.05	18.84	0.21
	14-Jul	18.87	18.69	0.18
LIFFE Sugar (US \$/MT)	13-Dec	509.0	506.30	2.7
	14-Mar	510.0	504.30	5.7
	14-May	512.4	507.40	5

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



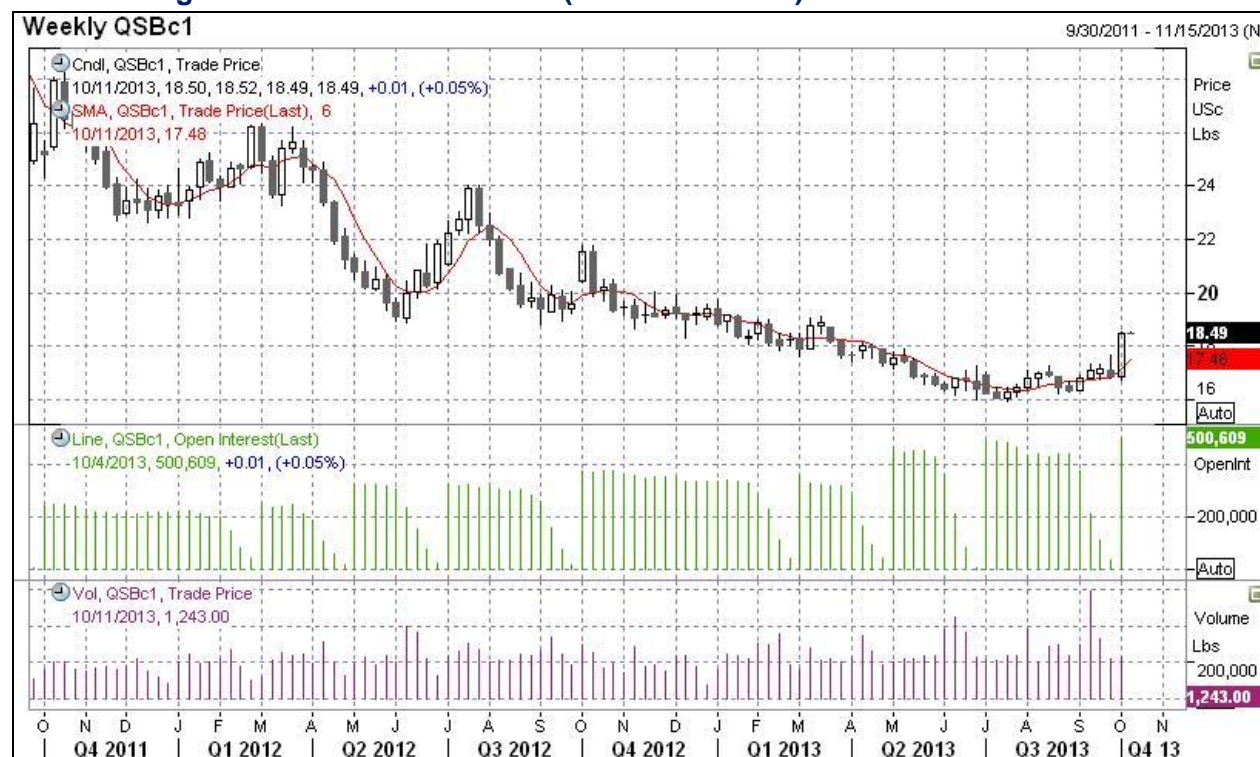
### Technical Commentary:

- 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	Present Quote	Expected Price level for next week

	Month		
LIFFE Sugar (US \$/MT)	Dec'13	509	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	19.28	19.50



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