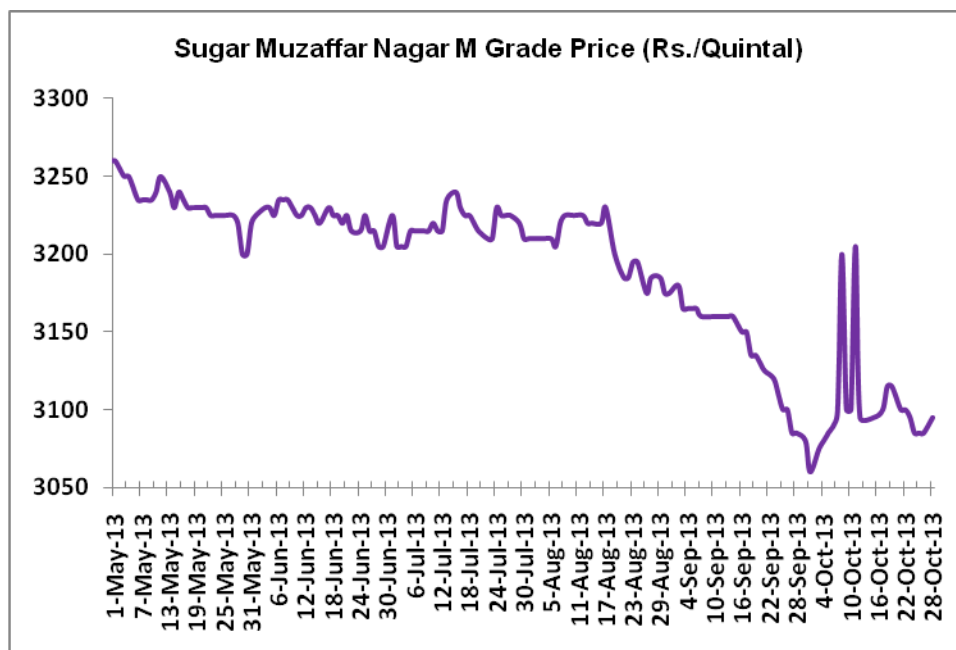


### Sugar Price Trend and Outlook:

Sugar prices are moving in a range with weak tone during the week ended 4<sup>th</sup> November 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	26th Oct-1st Nov	19th-25th Oct	Change
Sugar	Delhi - Grade M	3118	3107	11
	Delhi - Grade S	3075	3069	6
	Delhi - Grade L	3162	3135	27
	UP- Khatauli Grade M	3091	3097	-6
	UP- Ramala Grade M	2998	3002	-4

UP- Dhampur Grade M Ex-Mill	3000	2985	15
UP- Dhampur Grade S Ex-Mill	2980	2960	20
UP- Dhampur Grade L Ex-Mill	3050	3035	15
Mumbai –Grade M	3198	3219	-21
Mumbai –Grade S	2935	2946	-11
Kolhapur – Grade M	2883	2885	-2
Kolhapur – Grade S	2771	2792	-21
Guhawati – Grade S	3076	3097	-21
Shillong – Grade S	3091	3112	-21
Vijayawada – Grade M	3500	3500	Unch
Vijayawada- Grade S	3250	3250	Unch
Nagpur – Grade S	3050	3050	Unch
Kolkata – Grade M	3243	3302	-59
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
Chennai - Grade S	2960	2980	-20

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week ago	Month ago	Year ago
		1-Nov-13	25-Oct-13	1-Oct-13	1-Nov-12
Delhi	Grade M	3135	3080	3060	3650
	Grade S	3085	3060	3030	3600
	Grade L	3175	3120	3100	NA
UP- Khatauli	Grade M	3085	3085	3060	3625
UP- Ramala	Grade M	2995	3000	3025	3570
UP- Dhampur	Grade M Ex-Mill	3000	3000	2970	NR
	Grade S Ex-Mill	2980	2980	2950	NR
	Grade L Ex-Mill	3050	3050	3020	NR
Mumbai	Grade M	3176	3206	3232	3696
	Grade S	2922	2916	3036	3526
Kolhapur	Grade M	2900	2800	2925	3475
	Grade S	2775	2750	2825	3375
Vijayawada	Grade M	3500	3500	3540	3920
	Grade S	3250	3250	3300	3750
Nagpur	Grade S	3050	3050	3050	3680
Kolkata	Grade M	3250	3240	3145	3700
Chennai	Grade S	2960	2960	3050	3475

Ambikapur (Chattisgarh)	Grade M (Without Duty)	3100	3100	3100	NR
	Grade S (Without Duty)	NA	NA	NA	NR

### 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	26th Oct-1th Nov	19th-25th Oct	Change
Muzaffar Nagar	Chaku	2985	3064	-79
	Chaku (Arrival)	NA	NA	-
	Khurpa	2660	3095	-435
	Laddu	2835	3279	-444
	Rascut	2545	2640	-95
Maharashtra	Latur(Lal Variety)	3433	3400	33
Bangalore	Achhu	3500	3450	50
	Mudde	3950	3725	225
Belgaum	Mudde	2750	2780	-30
Belthangadi	Yellow (Average)	3000	2930	70
Bijapur	Achhu	3300	3200	100
Gulbarga	Other (Average)	2988	3079	-91
Mahalingapura	Penti (Average)	3068	3118	-50
Mandya	Achhu (Medium)	2930	2942	-12

	Kurikatu (Medium)	2510	2525	-15
	Other (Medium)	2500	2583	-83
	Yellow (Medium)	2900	2900	Unch
<b>Shimoga</b>	Achhu (Average)	3320	3488	-168

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week ago	Month ago	Year ago
		1-Nov-13	25-Oct-13	1-Oct-13	1-Nov-12
<b>Muzaffar Nagar</b>	Chaku	2775	3290	3000	3038
	Khurpa(New)	2375	1240	NA	2638
	Laddu(New)	2525	1290	NA	2750
	Rascut	2500	2587	3625	2400
<b>Maharashtra</b>	Latur(Lal Variety)	3600	3400	3300	2950
<b>Bangalore</b>	Achhu	NA	3500	3000	3200
	Mudde	NA	3650	3200	3400
<b>Belgaum</b>	Mudde	NA	2700	2900	2800
<b>Belthangadi</b>	Yellow (Average)	NA	2950	2850	3050
<b>Bijapur</b>	Achhu	NA	3300	3200	3200
<b>Gulbarga</b>	Other (Average)	NA	3100	3250	3000
<b>Mahalingapura</b>	Penti (Average)	NA	3140	3180	3210
<b>Mandya</b>	Achhu (Medium)	NA	2950	2850	2800
	Kurikatu (Medium)	NA	2550	2400	2400
	Other (Medium)	NA	2550	2400	2500
	Yellow (Medium)	NA	2900	2850	2700
<b>Shimoga</b>	Achhu (Average)	NA	3425	3300	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	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

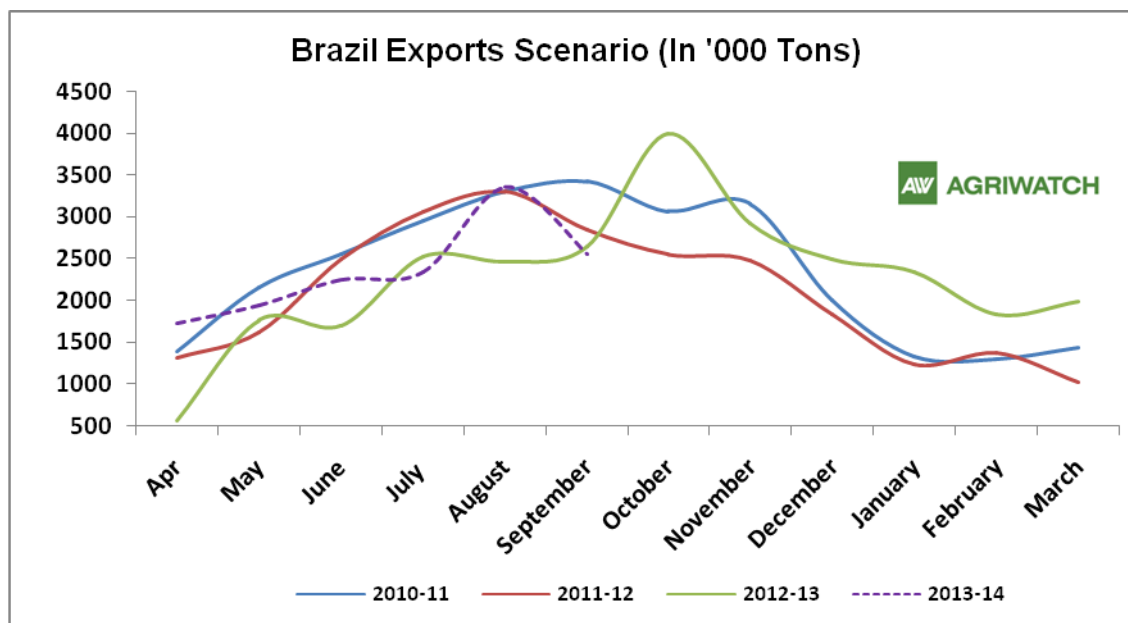
Sugar prices surge sharply during last week owing to weak harvesting in Brazil due to wet conditions which ultimately decline the sugar production. In addition to it, around 3 lac tons sugar destroyed in a fire in Brazil sugar terminal also support the prices.

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	31-Oct-13	24-Oct-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	18.32	19.28	-0.96
	14-May	18.19	19.05	-0.86
	14-Jul	18.05	18.87	-0.82
LIFFE Sugar (US \$/MT)	13-Dec	483.30	509.00	-25.7
	14-Mar	488.30	510.00	-21.7
	14-May	493.10	512.40	-19.3

### 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	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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