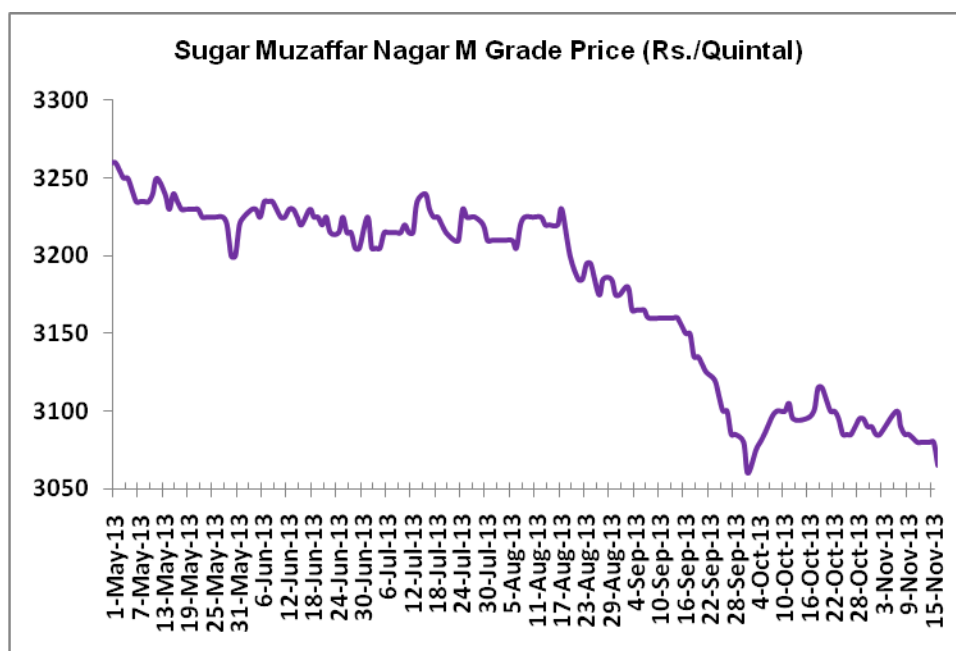


Sugar Price Trend and Outlook:

Sugar prices witnessed some upward correction last week. Delay in cane crushing operations by UP mills and expectation of any bailout package or subsidy given by government to mills give buyers an opportunity.

**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 has imported 29940 tons of raw sugar from Brazil mainly from Kolkata port in the third week of November as reported. This take the total sugar imports to 91460 tons till third week of November 2013.
- Food ministry will ask permission from Cabinet for interest free loan to mills to meet their working capital requirements.
- Maharashtra sugar millers are likely to adopt Brazilian model considering Y-o-Y increase in sugar production. Millers are now planning to make more ethanol and less sugar from cane which would give them more profits.
- Farmers as well as millers both are dissatisfied with the cane purchasing price at Rs 250 per quintal which was fixed by Karnataka government.

- UP government kept the sugarcane SAP prices unchanged ~280 per quintal for 2013-14 compared to last year. However, mills don't want to start their crushing operations at current rate due to higher cost of production and lower sugar prices.
- India has imported 61520 tons of raw sugar from Brazil in the first two weeks of November 2013.
- UP state government asked Central government to increase the sugar import duty to 30 percent from current 15 percent to stop the raw sugar supply in India from Brazil. It is notable that decline in sugar prices in International markets gives refiners again an opportunity to import raw sugar from Brazil.
-

Sugarcane Sowing Update:

According to Ministry of Agriculture, Farmers has sown sugarcane in 0.81 million hectares till 8th Nov 2013-14 which was 0.45 million hectares sowed at same period last year.

Raw Sugar Import Opportunity:

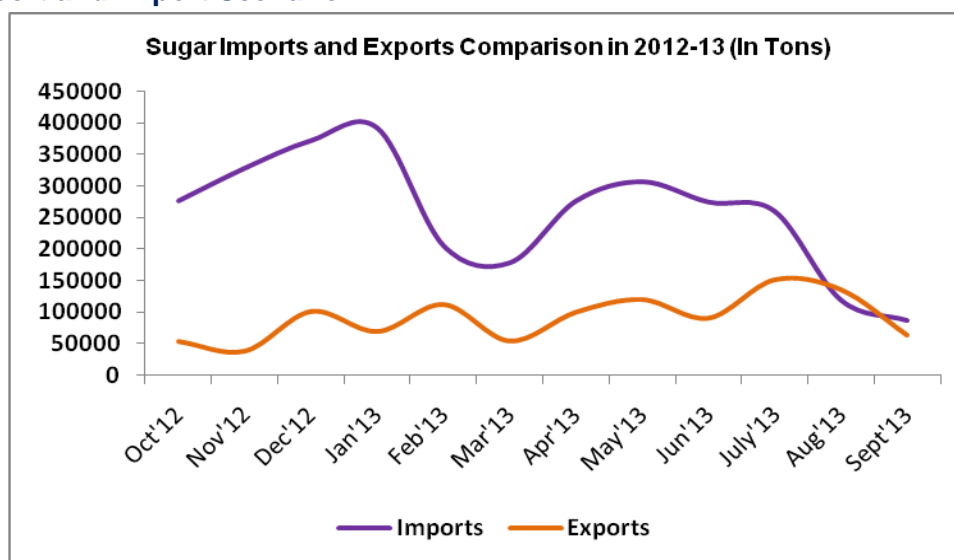
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty to 15% also dampen the possibility of import.

Indian indicative raw sugar CIF prices from Brazil quoted at \$530.39 per ton (including 15% import duty) and Indian domestic refined sugar FOB prices quoted at \$474.28 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.63.57) till 11 th October 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	530.39	-	

Sugar Import and Export Scenario:



India has become net importer in the marketing year 2012-13 as big refiners like Shree Renuka Sugars take full benefit of lower raw sugar prices in Brazil despite of 10-15% sugar import duty (on both raws and whites).

As far as sugar imports are concerned, 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).

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	16th Nov-22nd Nov	9th Nov-15th Nov	Change
Sugar	Delhi - Grade M	3113	3098	15
	Delhi - Grade S	3050	3052	-2
	Delhi - Grade L	3130	3138	-8
	UP- Khatauli Grade M	3072	3084	-12
	UP- Ramala Grade M	2984	2990	-6
	UP- Dhampur Grade M Ex-Mill	3100	3067	33
	UP- Dhampur Grade S Ex-Mill	3080	3047	33
	UP- Dhampur Grade L Ex-Mill	3150	3117	33
	Mumbai –Grade M	3210	3219	-9
	Mumbai –Grade S	2923	2917	6
	Kolhapur – Grade M	2883	2892	-9
	Kolhapur – Grade S	2758	2766	-8
	Guhawati – Grade S	3064	3068	-4
	Shillong – Grade S	3078	3083	-5
	Vijayawada – Grade M	3550	3528	22
	Vijayawada- Grade S	3250	3250	Unch
	Nagpur – Grade S	3000	3042	-42
	Kolkata – Grade M	3163	3150	13
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
	Chennai - Grade S	2910	2928	-18

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		22-Nov-13	15-Nov-13	22-Oct-13	22-Nov-12

Sugar	Delhi - Grade M	3120	3090	3100	3585
	Delhi - Grade S	NA	3030	3060	3550
	Delhi - Grade L	NA	3130	3150	NA
	UP- Khatauli Grade M	3075	3080	3100	3565
	UP- Ramala Grade M	2980	2990	3000	3470
	UP- Dhampur Grade M Ex-Mill	3100	3100	2970	NA
	UP- Dhampur Grade S Ex-Mill	3080	3080	2950	NA
	UP- Dhampur Grade L Ex-Mill	3150	3150	3020	NA
	Mumbai –Grade M	3222	3206	3216	3641
	Mumbai –Grade S	2932	2920	2960	3493
	Kolhapur – Grade M	2900	2900	2900	3450
	Kolhapur – Grade S	2750	2750	2800	3350
	Vijayawada – Grade M	3550	3550	3500	3900
	Vijayawada- Grade S	3250	3250	3250	3730
	Nagpur – Grade S	3000	3000	3050	3625
	Kolkata – Grade M	NA	3150	3280	3700
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	3100	NA
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	NA
	Chennai - Grade S	2900	2920	2980	3400

Gur Market Scenario and Outlook

Gur prices currently moving downwards due to fresh arrivals in the markets. Delay in cane crushing operations by UP millers bound farmers to sell their sugarcane crop to gur manufacturers at lower rates.

In addition to it, weak demand from Rajasthan and Gujarat also pressurize the gur prices in key mandis.

Overall price sentiments of gur are weak owing to higher gur production estimate this year. However, short term gain cant be ruled out in the prices in case government hike cane prices in UP.

Spot Jaggery(Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	16th Nov-22nd Nov	9th Nov-15th Nov	Change
Muzaffar Nagar	Chaku	2398	2596	-198
	Chaku (Arrival)	15000	NA	-
	Khurpa	2315	2486	-171
	Laddoo	2446	2627	-181
	Rascut	NA	2542	-

Maharashtra	Latur(Lal Variety)	2658	2775	-117
Bangalore	Achhu	3550	3500	50
	Mudde	3600	3663	-63
Belgaum	Mudde	3060	2733	327
Belthangadi	Yellow (Average)	3000	3000	Unch
Bijapur	Achhu	2971	3067	-96
Gulbarga	Other (Average)	3130	3080	50
Mahalingapura	Penti (Average)	2823	2943	-120
Mandya	Achhu (Medium)	2790	2833	-43
	Kurikatu (Medium)	2500	2500	Unch
	Other (Medium)	2510	2533	-23
	Yellow (Medium)	2760	2750	10
Shimoga	Achhu (Average)	3245	3294	-49

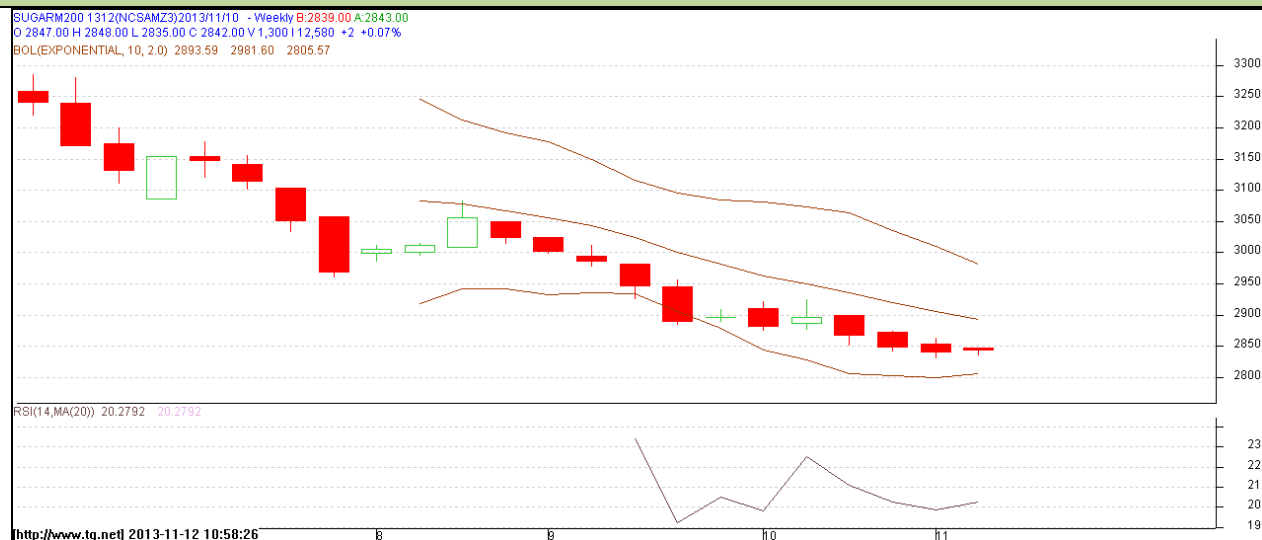
Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		22-Nov-13	15-Nov-13	22-Oct-13	22-Nov-12
Muzaffar Nagar	Chaku	2375	2575	3030	2600
	Khurpa(New)	2125	2500	3075	2513
	Laddu(New)	2288	2563	3263	2700
	Rascut	NA	NA	2600	NA
Maharashtra	Latur(Lal Variety)	2550	2750	3400	2800
Bangalore	Achhu	3600	NA	3400	3200
	Mudde	NA	NA	3600	3400
Belgaum	Mudde	3100	NA	NA	3000
Belthangadi	Yellow (Average)	NA	NA	2950	NA
Bijapur	Achhu	2870	NA	3250	3200
Gulbarga	Other (Average)	3200	NA	2950	3050
Mahalingapura	Penti (Average)	2640	NA	3100	3140
Mandya	Achhu (Medium)	2750	NA	2950	3000
	Kurikatu (Medium)	2500	NA	2500	2850
	Other (Medium)	2500	NA	2600	2750
	Yellow (Medium)	2750	NA	2900	2900
Shimoga	Achhu (Average)	3225	NA	3525	3325



Commodity: Sugar
Contract: December

Exchange: NCDEX
Expiry: Dec 20, 2013

SUGAR (Weekly December Contract Chart)



Technical Commentary:

- Sugar prices are hovering at oversold region and now moving in a downtrend.
- Last candlestick depicts bearishness.
-

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2630	2750	2827	2878	2915
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Sell	Below 2830	2810	2800	2840

Commodity: Gur
Contract: Dec
Exchange: NCDEX
Expiry: Dec 20, 2013
GUR (Dec Weekly Chart)

Technical Commentary:

- Gur prices are hovering in a downtrend as chart depicts.
- However, RSI is hovering at oversold region.
- Last candlesticks depict indecision.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Dec	911.5	966	993	1037.5	1054.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Dec	Buy	Above 995	1005	1010	990

International Scenario

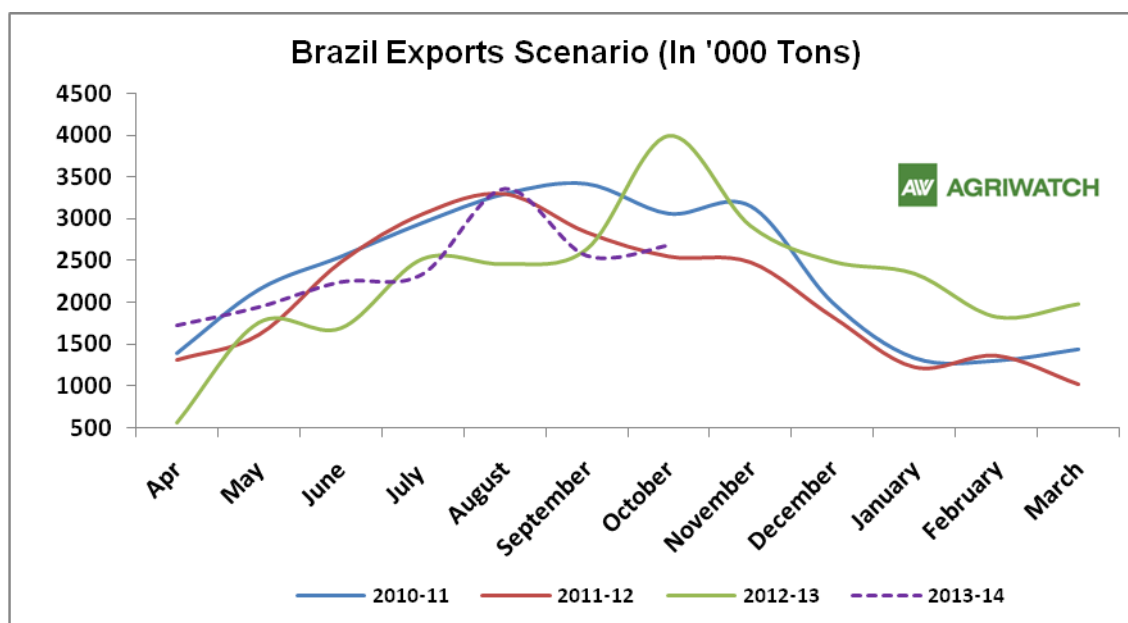
Sugar prices are not showing any signs of bullishness presently. Higher sugar supply from Brazil proved by October sugar export figures and higher sugar surplus globally would curb any hike in sugar prices.

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

International Market News Highlights:

- Brazil center south region have crushed 38.8 million tons of cane till mid Oct which is 7.3% higher compared to cane crushed by mills at last year same period. Higher cane crushing data becomes the major influencing factor for decline in sugar prices in International exchanges.
- ISO sees sugar surplus would end in 2014-15 considering lower output by major sugar producers.
- Thai raw sugar premium lifted up to 100 points over ICE raw sugar futures this week which was 60-90 points last week. Heavy rainfall delay the Thai sugar crushing season 2013-14 by two weeks become the main reason for increase in Thai raw sugar premium.
- Global sugar surplus will squeeze in the long term, according to various analyst consensus attending the Global Grains conference in Geneva. Despite of higher sugar production overall, expected higher demand from emerging markets would offset the impact of sugar surplus.
- Global sugar surplus pegged at 4.4 million tons for 2013-14 by FO Litch that is less from previous year surplus i.e. 8.4 million tons. It is notable that higher sugar surplus for this year become the major influencing factor which curb any hike in prices.
- Philippines typhoon likely to cut 150000 tons of domestic raw sugar output this year, according to news sources. However, still there are enough sugar stock which would fulfill the domestic sugar demand.

Brazilian Sugar Export Scenario



Brazil has exported 2.67 million tons of sugar, raw value, in October 2013 marginally up from 2.55 million tons in the previous month.

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 16.81 million tons of sugar this year till October which was 15.63 million tons, raw value, last year same period.

It is expected that sugar exports from Brazil likely to remain constant 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	22-Nov-13	15-Nov-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	17.51	17.64	-0.13
	14-May	17.58	17.55	0.03
	14-Jul	17.63	17.46	0.17
LIFFE Sugar (US \$/MT)	13-Dec	467.40	468.10	-0.7
	14-Mar	474.10	475.10	-1
	14-May	477.90	478.30	-0.4

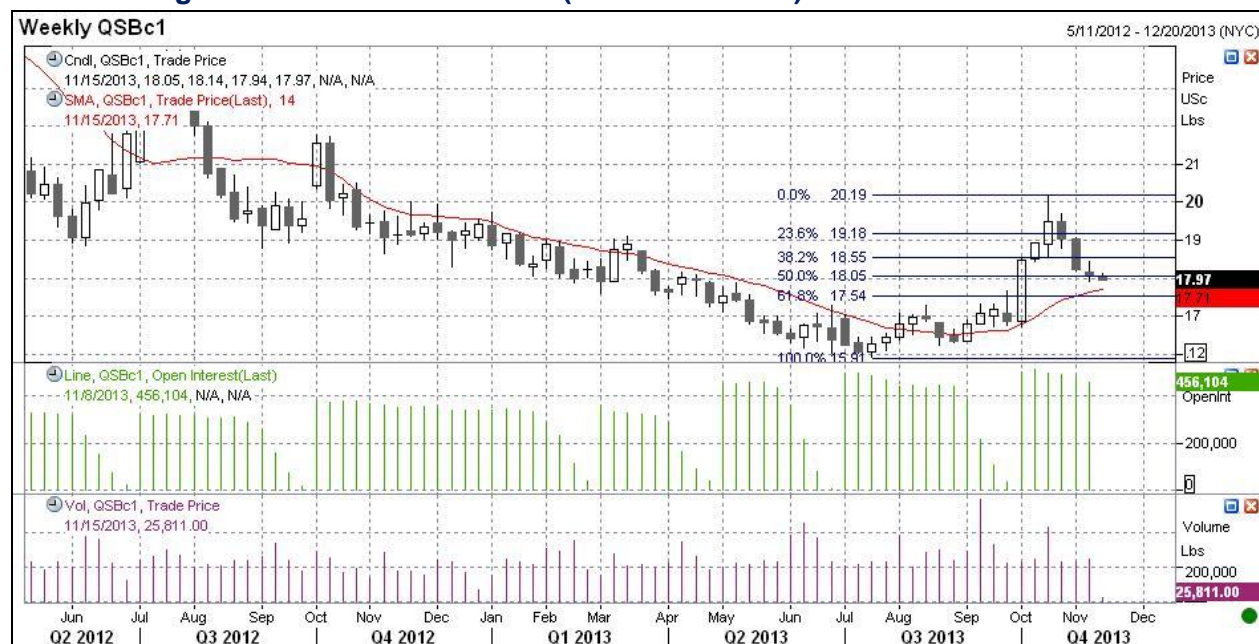
LIFFE Future Market Sugar Scenario (Dec Contract):



Technical Commentary:

- Sugar prices are presently hovering in a downtrend as chart depicts.
- Decrease in prices has not supported by Volume and OI.
- Prices should test its next support level i.e. \$460 per ton.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'13	468.10	460

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.
- Prices likely to test its 14 day SMA as chart depicts.
- Last candlestick depicts bearishness 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	17.64	18

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