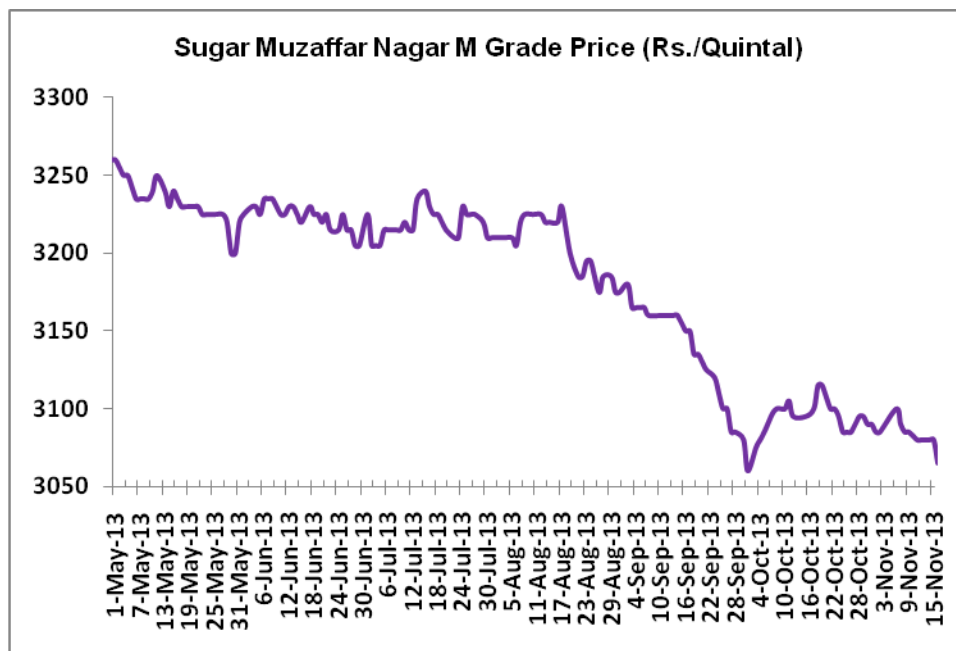


### Sugar Price Trend and Outlook:

Sugar prices are moving in a downtrend. However, considering delay in sugarcane crushing decline the sugar production prospects for India. Presently, UP millers also agree to run their sugar mills at present SAP.

Considering 2-3 million tons sugar exports and lower sugar production prospects of sugar, the prices of sugar should move upwards in the coming weeks ahead.

Markets are just waiting for upcoming Central meeting held on 6<sup>th</sup> December 2013 in which Mr. Sharad Pawar would take decision on the future of sugar prices.



### Domestic Sugar Price Outlook:

Sugar prices are hovering near to its bottom levels. Weak international sentiments of sugar also led the prices lower. However, lower sugar production scenario of sugar for 2013-14 due to delay in crushing season would support the sugar prices up to certain extent.

### News Highlights:

- UP government strictly say no to any decline in existing sugarcane prices for 2013-14 and ordered UP western and Eastern millers to run their sugar mills upto 5 to 7 December respectively. However, government also give some benefits to sugar mills by removing 2% entry tax levied on sugar mills and to waive off interest subvention.
- 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 8<sup>th</sup> Nov 2013-14 which was 0.45 million hectares sowed at same period last year.

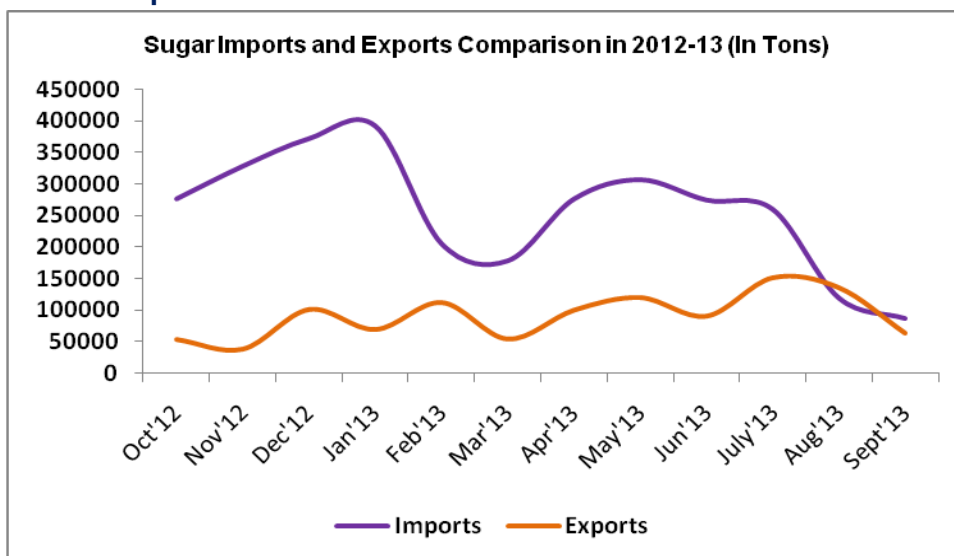
### Raw Sugar Import Opportunity:

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 <sup>th</sup> 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	23th Nov-29nd Nov	16th Nov-22nd Nov	Change
Sugar	Delhi - Grade M	3122	3113	9
	Delhi - Grade S	3041	3050	-9
	Delhi - Grade L	-	3130	-
	UP- Khatauli Grade M	3085	3072	13
	UP- Ramala Grade M	2976	2984	-8
	UP- Dhampur Grade M Ex-Mill	3025	3100	-75
	UP- Dhampur Grade S Ex-Mill	3005	3080	-75
	UP- Dhampur Grade L Ex-Mill	3075	3150	-75
	Mumbai –Grade M	3202	3210	-8
	Mumbai –Grade S	2937	2923	14
	Kolhapur – Grade M	2883	2883	0
	Kolhapur – Grade S	2750	2758	-8
	Guhawati – Grade S	3055	3064	-9
	Shillong – Grade S	3070	3078	-8

	Vijayawada – Grade M	3550	3550	0
	Vijayawada- Grade S	3250	3250	0
	Nagpur – Grade S	3000	3000	0
	Kolkata – Grade M	-	3163	-
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	0
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
	Chennai - Grade S	2900	2910	-10

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		29-Nov-13	22-Nov-13	29-Oct-13	29-Nov-12
Sugar	Delhi - Grade M	3120	3120	3125	3580
	Delhi - Grade S	3040	NA	3080	3540
	Delhi - Grade L	NA	NA	3180	NA
	UP- Khatauli Grade M	3095	3075	3095	3560
	UP- Ramala Grade M	2970	2980	3000	3420
	UP- Dhampur Grade M Ex-Mill	2950	3100	3000	NA
	UP- Dhampur Grade S Ex-Mill	2930	3080	2980	NA
	UP- Dhampur Grade L Ex-Mill	3000	3150	3050	NA
	Mumbai –Grade M	3156	3222	3226	3631
	Mumbai –Grade S	2942	2932	2950	3463
	Kolhapur – Grade M	2850	2900	2900	3450
	Kolhapur – Grade S	2750	2750	2750	3350
	Vijayawada – Grade M	3550	3550	3500	3900
	Vijayawada- Grade S	3250	3250	3250	3730
	Nagpur – Grade S	3000	3000	3050	3600
	Kolkata – Grade M	NA	NA	3250	3630
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	3100	NA
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	NA
	Chennai - Grade S	2900	2900	2960	3375

**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	22th Nov-29nd Nov	16th Nov-22nd Nov	Change
Muzaffar Nagar	Chaku	2392	2398	-6
	Chaku (Arrival)	15000	15000	0
	Khurpa	2193	2315	-122
	Laddoo	2352	2446	-94
	Rascut	NA	NA	-
Maharashtra	Latur(Lal Variety)	2567	2658	-91
Bangalore	Achhu	3550	3550	0
	Mudde	3480	3600	-120
Belgaum	Mudde	3000	3060	-60
Belthangadi	Yellow (Average)	3017	3000	17
Bijapur	Achhu	2735	2971	-236
Gulbarga	Other (Average)	3108	3130	-22
Mahalingapura	Penti (Average)	2698	2823	-125
Mandya	Achhu (Medium)	2725	2790	-65
	Kurikatu (Medium)	2417	2500	-83
	Other (Medium)	2450	2510	-60
	Yellow (Medium)	2717	2760	-43
Shimoga	Achhu (Average)	3230	3245	-15

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		29-Nov-13	22-Nov-13	29-Oct-13	29-Nov-12
<b>Muzaffar Nagar</b>	Chaku	2375	2375	2975	2588
	Khurpa(New)	2125	2125	2788	2375
	Laddu(New)	2313	2288	2875	2575
	Rascut	NA	NA	2575	NA
<b>Maharashtra</b>	Latur(Lal Variety)	2500	2550	3250	NA
<b>Bangalore</b>	Achhu	NA	3600	3500	3200
	Mudde	3100	NA	3950	3400
<b>Belgaum</b>	Mudde	3000	3100	NA	3000
<b>Belthangadi</b>	Yellow (Average)	3100	NA	3000	3400
<b>Bijapur</b>	Achhu	2755	2870	3300	3150
<b>Gulbarga</b>	Other (Average)	3150	3200	2850	3125
<b>Mahalingapura</b>	Penti (Average)	2910	2640	3140	3010
<b>Mandya</b>	Achhu (Medium)	2700	2750	2950	2900
	Kurikatu (Medium)	2400	2500	2500	2700
	Other (Medium)	2450	2500	2500	2750
	Yellow (Medium)	2700	2750	2900	2850
<b>Shimoga</b>	Achhu (Average)	NA	3225	3300	3400

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	<b>Sell</b>	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

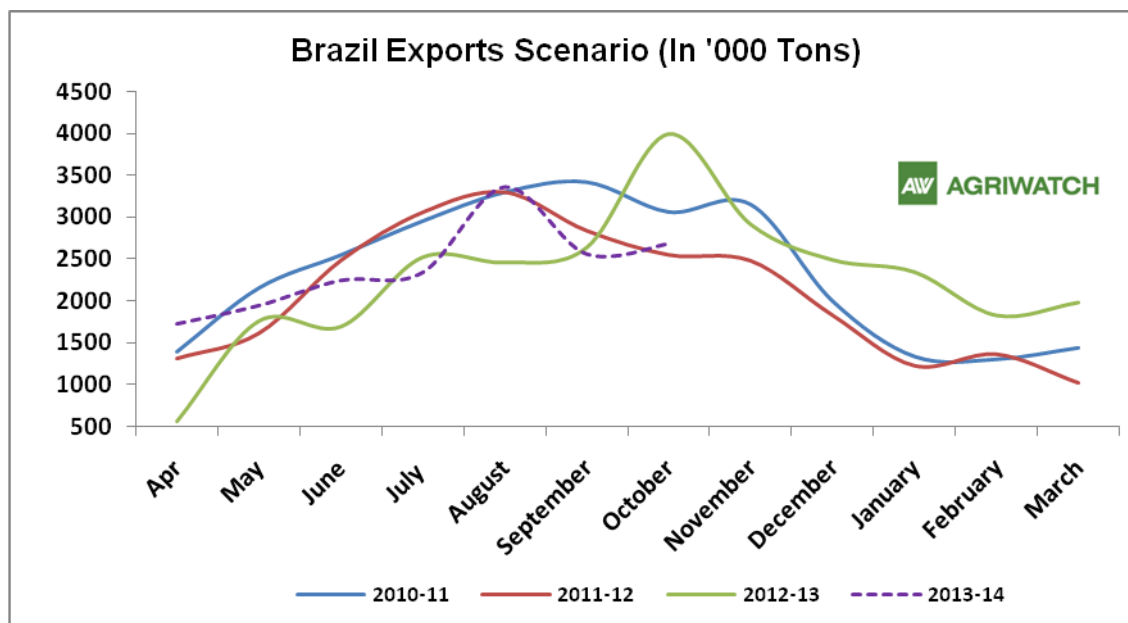
Sugar prices are not showing any signs of bullishness presently. Higher sugar supply from Brazil proved by October sugar export figures and higher sugar surplus globally would curb any hike in sugar prices.

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	29-Nov-13	22-Nov-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	17.15	17.51	-0.36
	14-May	17.24	17.58	-0.34
	14-Jul	17.3	17.63	-0.33
LIFFE Sugar (US \$/MT)	13-Dec	464	467.4	-3.4
	14-Mar	469.7	474.1	-4.4
	14-May	474.4	477.9	-3.5

### LIFFE Future Market Sugar Scenario (Mar 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. \$450 per ton.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'13	469.7	452

### 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 should test its next support level of 16.73 i.e. lying over 100% retracement level.
  - Last candlestick depicts bearishness in the market.
  - However, decrease in prices has not supported by OI and Volume.
- Strategy: Book Profits at 16.80 cents per lb.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'14	17.15	16.80

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