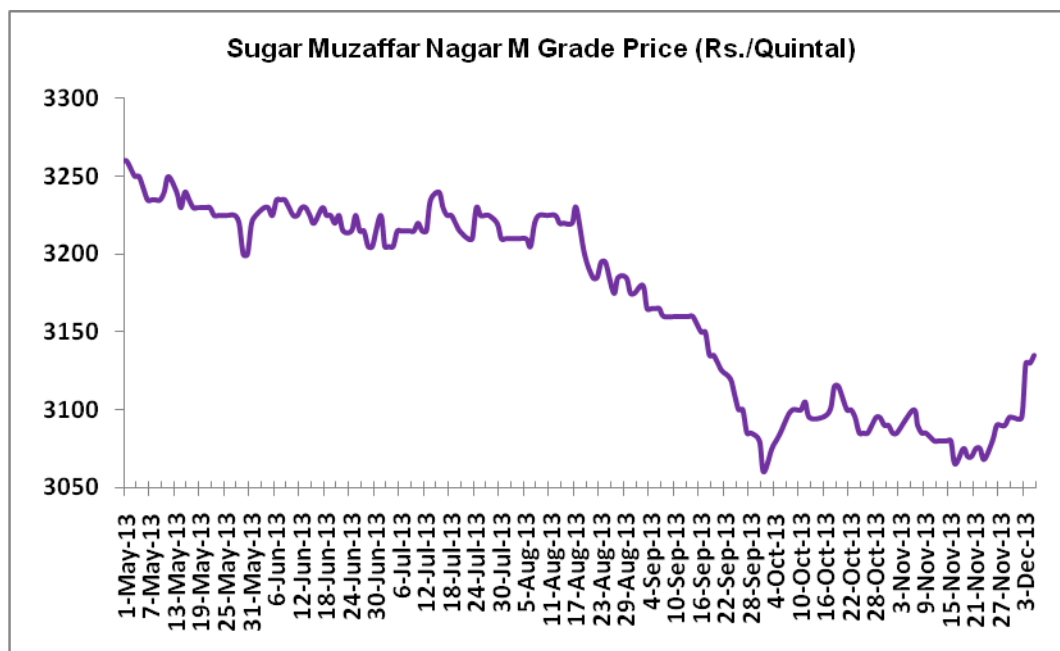


### Sugar Price Trend and Outlook:

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.



### 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:

- Food Minister would write to prime minister to make a buffer stock for sugar industry. He also proposes to increase the sugar import duty to curb raw sugar imports from Brazil.
- UP sugar mills are ready to start their cane crushing operations as soon as possible. As per UP cane managers of various mills, recovery of sugar from sugarcane is likely to increase as late harvesting gives time to the sugarcane to grow resulted in better yield as well recovery.
- Sugar future prices tumbled down sharply in Ncdex platform but it is not supporting by spot prices which clearly indicating that prices of sugar is not bearish and likely to correct in the coming days as expected.
- UP government able to make UP millers agree to start their cane crushing operations for 2013-14. It is notable that government gives some relief to millers by removing 2% entry tax levied on sugar mills. In addition to it, government allows sugar mills to pay sugarcane payment to farmers in two tranches.

- Indian sugar consumption could reach upto 30 million tons by 2020, according to ISMA director. However, according to Agriwatch estimates, it should reach before 2020 considering Y-o-Y growth of sugar consumption levels in India.
- Iran trade embargo are likely to remove the trade benefits for India as now Iranian traders could trade commodities from other southeast countries like Pakistan, Thailand etc which can provide it cheaper sugar and other commodities.
- India is offering \$480 per ton FOB prices which is \$25 higher than LIFFE March futures. However, there is no export parity at current FOB prices; however, we expect international prices to improve as is it already ruling at lower levels. Slight improvement in international prices may open export window for India as Indian prices are at its lowest levels.

### Raw Sugar Import Opportunity:

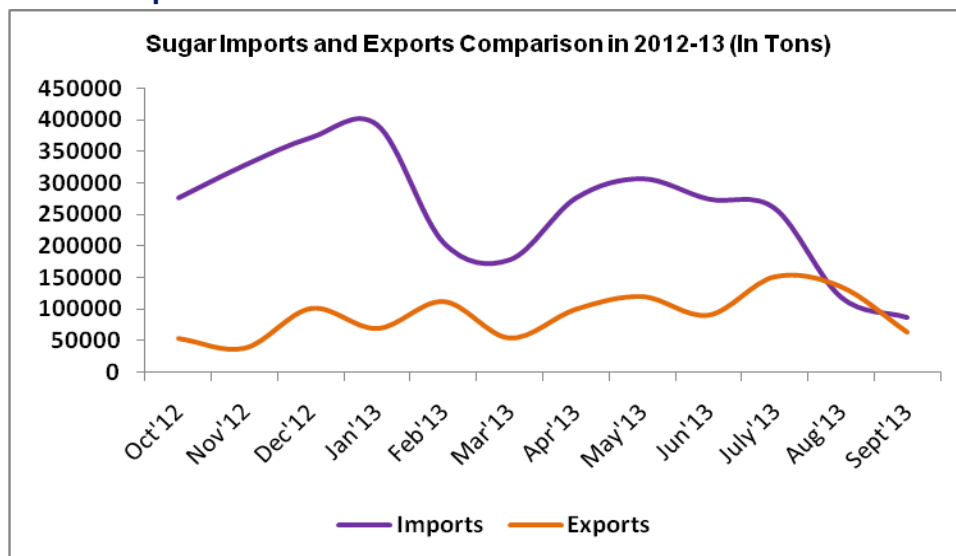
Indian sugar refiners now slowly losing opportunity to import raw sugar from Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets decrease the import parity in case of sugar imports. In addition to it, govt. stand to increase raw sugar import duty 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	30th Nov-6th Dec	23th Nov-29nd Nov	Change
Sugar	Delhi - Grade M	3123	3122	1
	Delhi - Grade S	3045	3041	4
	Delhi - Grade L	-	-	-
	UP- Khatauli Grade M	3125	3085	40
	UP- Ramala Grade M	2968	2976	-8
	UP- Dhampur Grade M Ex-Mill	2992	3025	-33
	UP- Dhampur Grade S Ex-Mill	2972	3005	-33
	UP- Dhampur Grade L Ex-Mill	3042	3075	-33
	Mumbai –Grade M	3157	3202	-45
	Mumbai –Grade S	2940	2937	3
	Kolhapur – Grade M	2879	2883	-4
	Kolhapur – Grade S	2733	2750	-17
	Guhawati – Grade S	2993	3055	-62
	Shillong – Grade S	3053	3070	-17
	Vijayawada – Grade M	3550	3550	Unch
	Vijayawada- Grade S	3250	3250	Unch
	Nagpur – Grade S	3000	3000	Unch
	Kolkata – Grade M	3224	-	-
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3100	3100	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-
	Chennai - Grade S	2900	2900	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		6-Dec-13	29-Nov-13	6-Nov-13	6-Dec-12
Sugar	Delhi - Grade M	3110	3120	3135	3525
	Delhi - Grade S	3050	3040	3085	3500
	Delhi - Grade L	NA	NA	3175	3550
	UP- Khatauli Grade M	3135	3095	3100	3500
	UP- Ramala Grade M	2970	2970	2995	3320

	UP- Dhampur Grade M Ex-Mill	3000	2950	3000	NA
	UP- Dhampur Grade S Ex-Mill	2980	2930	2980	NA
	UP- Dhampur Grade L Ex-Mill	3050	3000	3050	NA
	Mumbai –Grade M	3202	3156	3171	3581
	Mumbai –Grade S	2926	2942	2901	3421
	Kolhapur – Grade M	2850	2850	2900	3375
	Kolhapur – Grade S	2725	2750	2775	3275
	Vijayawada – Grade M	3550	3550	3500	3900
	Vijayawada- Grade S	3250	3250	3250	3700
	Nagpur – Grade S	3000	3000	3050	3550
	Kolkata – Grade M	3290	NA	3140	NA
	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	2930	3350

### 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	30th Nov-6th Dec	22th Nov-29nd Nov	Change
<b>Muzaffar Nagar</b>	Chaku	2418	2392	26
	Chaku (Arrival)	10500	12143	-1643
	Khurpa	2264	2193	71
	Laddoo	2377	2352	25
	Rascut	2268	NA	-
<b>Maharashtra</b>	Latur(Lal Variety)	2550	2567	-17
<b>Bangalore</b>	Achhu	-	3550	-
	Mudde	3100	3480	-380
<b>Belgaum</b>	Mudde	3025	3000	25

<b>Belthangadi</b>	Yellow (Average)	3100	3017	<b>83</b>
<b>Bijapur</b>	Achhu	2836	2735	<b>101</b>
<b>Gulbarga</b>	Other (Average)	3160	3108	<b>52</b>
<b>Mahalingapura</b>	Penti (Average)	2723	2698	<b>25</b>
<b>Mandya</b>	Achhu (Medium)	2733	2725	<b>8</b>
	Kurikatu (Medium)	2400	2417	<b>-17</b>
	Other (Medium)	2417	2450	<b>-33</b>
	Yellow (Medium)	2700	2717	<b>-17</b>
<b>Shimoga</b>	Achhu (Average)	2917	3230	<b>-313</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>6-Dec-13</b>	<b>29-Nov-13</b>	<b>6-Nov-13</b>	<b>6-Dec-12</b>
<b>Muzaffar Nagar</b>	Chaku	2488	2375	2875	2663
	Khurpa(New)	2314	2125	2463	2413
	Laddu(New)	2475	2313	2688	2600
	Rascut	2275	NA	2513	NA
<b>Maharashtra</b>	Latur(Lal Variety)	2600	2500	3250	NA
<b>Bangalore</b>	Achhu	NA	NA	3500	3200
	Mudde	3100	3100	3950	3400
<b>Belgaum</b>	Mudde	3000	3000	2700	3000
<b>Belthangadi</b>	Yellow (Average)	3000	3100	3000	3400
<b>Bijapur</b>	Achhu	2900	2755	NA	3050
<b>Gulbarga</b>	Other (Average)	3250	3150	3150	3050
<b>Mahalingapura</b>	Penti (Average)	2780	2910	2960	3040
<b>Mandya</b>	Achhu (Medium)	2750	2700	2900	2650
	Kurikatu (Medium)	2400	2400	2450	2550
	Other (Medium)	2400	2450	2450	2500
	Yellow (Medium)	2700	2700	2850	2700
<b>Shimoga</b>	Achhu (Average)	2900	NA	3250	3425

Commodity: Sugar  
Contract: January

Exchange: NCDEX  
Expiry: Jan 20, 2013

### SUGAR (Weekly January Contract Chart)



#### Technical Commentary:

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

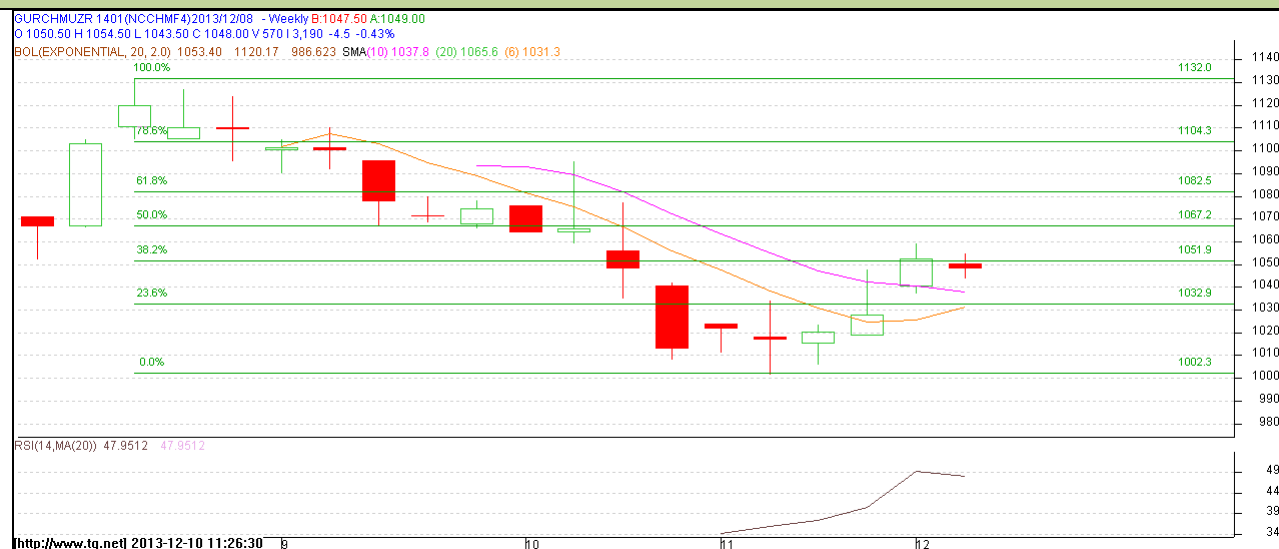
#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jan	2630	2722	2784	2878	2915
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jan	<b>Sell</b>	Below 2780	2750	2735	2798

Commodity: Gur  
Contract: Jan

Exchange: NCDEX  
Expiry: Jan 20, 2013

### GUR (January Weekly Chart)



#### Technical Commentary:

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

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Jan	1002	1033	1052.5	1067.5	1082.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Jan	Buy	Above 1046	1060	1067	1037.5

### International Scenario

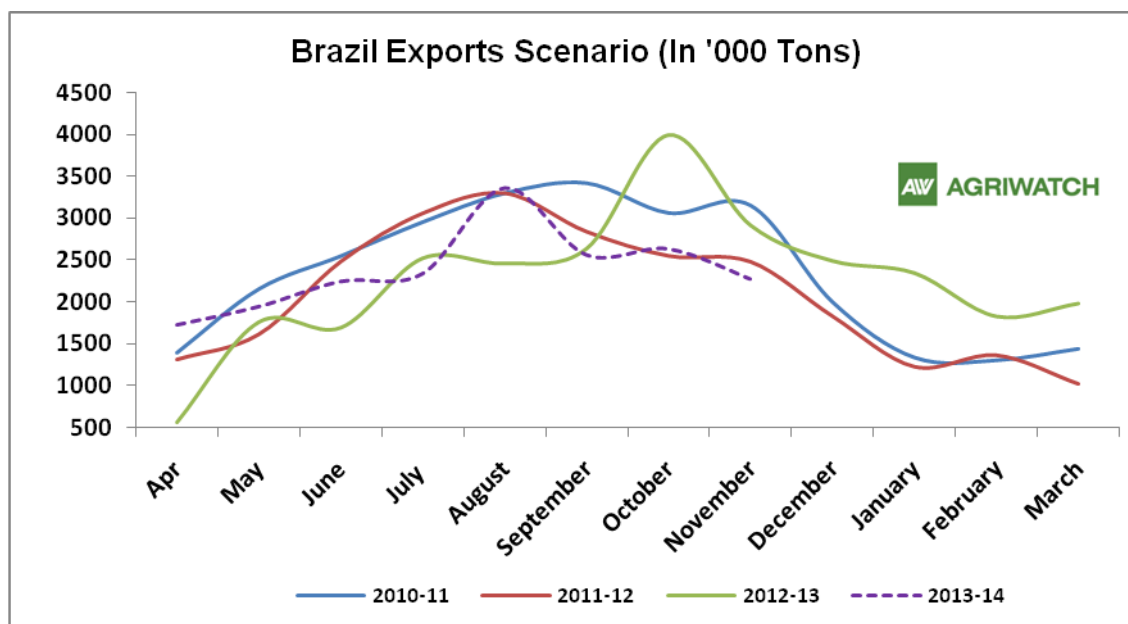
Sugar prices continue its southward movement due to higher sugar supply from Brazil. In addition to it, start of cane crushing operations by India and Thailand for 2013-14 also increase the supply of sugar in the global markets.

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

### International Market News Highlights:

- Brazil has exported 2.26 million tons of sugar in November 2013 which is down from 2.62 million tons in the previous month.
- Thailand has finally started its cane crushing operations for 2013-14 season after delay due to rainfall. Thai mills have crushed 479000 tons of cane so far which is down from 2.2 million tons cane crushed by millers at last year same period.
- Thai raw sugar premium stood at 75 to 80 points over March ICE raw sugar futures.

### Brazilian Sugar Export Scenario



Brazil has exported 2.26 million tons of sugar, raw value, in November 2013 marginally down from 2.91 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 19.04 million tons of sugar this year till November which was 18.54 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	5-Dec-13	29-Nov-13	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	16.69	17.15	-0.46
	14-May	16.8	17.24	-0.44
	14-Jul	16.91	17.3	-0.39
LIFFE Sugar (US \$/MT)	13-Dec	449.9	464	-14.1
	14-Mar	457.3	469.7	-12.4
	14-May	462.8	474.4	-11.6

### LIFFE Future Market Sugar Scenario (Mar'14 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. \$436.8 per ton.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'13	449.9	438

### 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 already breach its immediate support level i.e. 16.73 which also lying over 100% retracement level and now it is heading towards its next support level i.e. 15.42.
  - Last candlestick depicts bearishness in the market.
  - However, decrease in prices has not supported by OI and Volume.
- Strategy: Create new sell positions at 16.73 and book profits near to 16.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'14	16.69	16.50

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