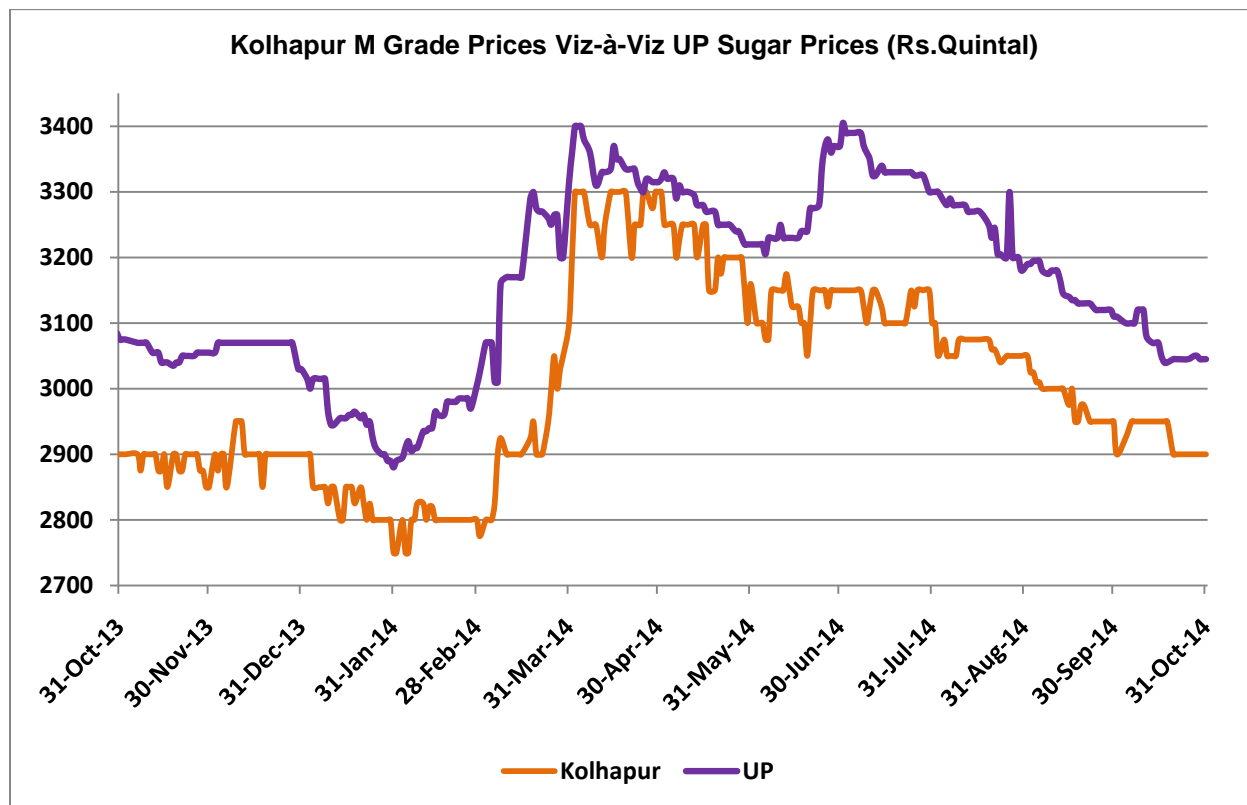


Domestic Market Recap & Price Outlook:

Sugar prices declined in the domestic market on persistent selling by stockiest amid lower demand and adequate supply position. In addition, higher Indian sugar production estimates for 2014-15 and weak international sugar prices further landed support to the prevailing downtrend.

Prices fell down to seven-month low in key Kolhapur market while U.P sugar prices strengthened a bit giving its way to a broader stretch this month.



Price Outlook:

Sugar prices are currently hovering in a range with weaker tone due to lackluster trade. However, lower expected yield in Brazil due to persistent dry weather condition and lengthening of intra-harvest period could stimulate prices in near future.

Major Happenings in Domestic Sugar Industry:

- As per the data released by govt., India is expected to produce around 25.04 million tons of sugar for 2014-15, which is 2% higher than the figure achieved last year. Similarly, states govt. of the country turned around with a calculated figure of 25.5 million tons at the national level. While, sugar industry body ISMA projected the production to lay in between 25-25.5 million tons for 2014-15.
- Sugarcane commissions of Maharashtra, U.P and Karnataka estimated a sugar production of 9.1, 6.2 and 4.2 million tons this marketing year 2014-15. Also, the total Indian production for the same period is evaluated out at 25.5 million tons by the commissions.
- Karnataka govt. had given its approval for constitution of an expert committee, called Sugarcane Control Board under the new amended Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2014. The amended act is expected to ensure better transparency in sale and purchase of sugarcane as the newly constituted committee will calculate actual realization by millers' vis-à-vis report submitted by them.

Crop Updates

Maharashtra:

- As per the govt. sources; the net sown area under cane cultivation till 26th Sep, 2014 in Maharashtra was 9.23 lakh hectares.
- Cane quality is presently good with sufficient water availability especially in South Maharashtra.
- Also good agricultural practices on cane (like proper implementation of fertilizers, crop rotation) by farmers this year support the cane yield and recovery.
- We also find an increase in Adsali (18-month crop) this year compared to prior year, which generally gives very good yield, as well as recovery, which is beneficiary for both millers and farmers.

Uttar Pradesh:

- Around 21.41 lakh hectares of land area in U.P was brought under cane cultivation till 26th Sep, 2014.
- Crop is presently in a good state with ample amount of artificial irrigation facilities available in UP.
- Also, less rainfall this year in the major growing regions also likely to boost the cane yield for the coming marketing year. It is notable that excess rainfall in UP increase the possibilities of diseases and increases the water logging situation in low-lying areas.

- Presently, crop is in Elongation phase and cane millers are presently expecting good cane yield. If rainfall happens in Mid Sept-October month then it will also boost the sucrose content in cane as reported.

Tamil Nadu:

- The net sown area under cane cultivation in Tamil Nadu stands out at 3.39 lakh hectares as on 26th Sep, 2014.
- Three new variety sugarcane seed Co0403, Co06027, and Co06030 had been developed by the Sugarcane Breeding Institute (SBI), Coimbatore to enhance cane productivity in the area. The variety has been tested well across the nation and is found fruitful in almost all the regions.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$510.63 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$477.89 per ton Kolhapur based.

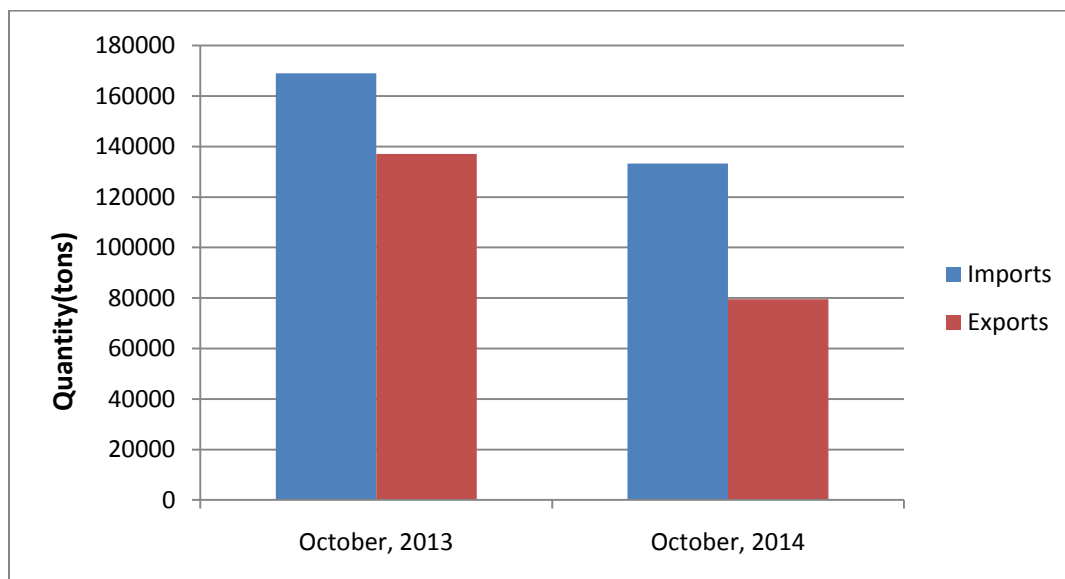
On International front, Brazil sugar FOB prices quoted at \$423.50/ Ton.

Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.61.52) till 03 rd Nov, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$423.50	\$449.40/427.60	\$477.89

Sugar Import and Export Scenario:

Indian trade scenario remained subdued amid falling sugar export/import this October, when compared on y-o-y basis. Reportedly, India exported/imported 0.79/1.33 lacs million tons of sugar in October, 2014 compared to 1.37/1.69 lacs million tons in October, 2013.



Similarly, the country also witnessed a 41% fall in export when made comparison to the previous month. However, the rampant was majorly observed in the last week of October when exports fall all together from 16.1 thousand tons to 9.6 thousand tons. This was primarily due to the strengthening of Indian rupee and a sudden surge in Brazilian crushing process amid favorable weather condition in the country.

It is notable that majority of the exports made in October had been to the Mid-East countries with Sudan topping the list with an import of 24.2 thousand tons followed by UAE and Djibouti which imported 13.2 and 8.7 thousand tons of sugar respectively.

On the other hand, sugar imports by the country rose 77% from 0.75 lacs tons in the month of September to 1.33 lacs tons this month. This was due to the weak sugar prices prevailing in the international market and EID parry to sugar import by the country.

Sugar Domestic Balance Sheet:

Qty in lakh Ton	Estimated Balance sheet	
	2013-14	2014-15
Opening Sugar stock	58.89	39.94
Estimated sugar production	245	249
Imports (IBIS)	13.86	1.33
Estimated sugar availability	317.75	290.28
Total Export (IBIS)	32.81	0.82
Total Available for domestic consumption (D-E)	284.94	289.45
Estimates sugar consumption	245	250.39
Ending Stock	39.94	39.06

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario (Monthly-Average)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		31-Oct	30-Sep	
Sugar	Delhi - Grade M	3126	3188	-62
	Delhi - Grade S	3074	3119	-45
	Delhi - Grade L	NA	3240	-
	UP- Khatauli Grade M	3210	3240	-30
	UP- Ramala Grade M	3028	3145	-117
	UP- Dhampur Grade M Ex-Mill	3065	3161	-96
	UP- Dhampur Grade S Ex-Mill	3045	3141	-96
	UP- Dhampur Grade L Ex-Mill	3115	3211	-96
	Mumbai –Grade M	3161	3106	55
	Mumbai –Grade S	3038	2978	60
	Kolhapur – Grade M	2926	2866	60
	Kolhapur – Grade S	2826	2771	55
	Guhawati – Grade S	3086	3067	19
	Shillong – Grade S	3133	3079	54
	Vijayawada – Grade M	3478	3504	-26
	Vijayawada- Grade S	3378	3404	-26
	Nagpur – Grade M	3270	3283	-13
	Nagpur – Grade S	3105	3159	-54
	Kolkata – Grade M	3236	3326	-90

	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3161	3161	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	3135	Unch
	Chennai - Grade S	2970	3042	-72

Gur Market Scenario and Outlook

Gur prices witness sharp decline due to good stock availability in the Maharashtra markets. It is notable that cane has diverted more towards gur production in Pune and Sangli area this year. In addition to it, market participants is expecting early arrivals of gur for the next marketing year which drive the prices southwards in the medium term.

Thus, prices of gur are likely to deteriorate in the months ahead.

Spot Jaggery(Gur) Prices Scenario (Monthly):

Jaggery(Gur) Spot Prices Scenario (Monthly-Average)				
Markets	Variety	31-Oct	30-Sep	Change
Muzaffar Nagar	Chaku	2971	2755	216
	Chaku(Arrival-Sum)	77000	NA	-
	Khurpa	2600	2664	-64
	Laddu	2747	2886	-139
	Rascut	2361	2619	-258
Hapur	Chaurasa	2461	NA	-
	Balti	2452	NA	-
Maharashtra	Latur(Lal Variety)	2897	3065	-168
Bangalore	Achhu	NA	NA	-
	Mudde	4213	4156	57
Belgaum	Mudde	2800	2853	-53
Belthangadi	Yellow (Average)	3232	3355	-123
Bijapur	Achhu	2893	2963	-70
Gulbarga	Other (Average)	3070	3154	-84
Mahalingapura	Penti (Average)	2931	2969	-38
Mandya	Achhu (Medium)	3109	2923	186
	Kurikatu (Medium)	2680	2400	280
	Other (Medium)	2677	2726	-49
	Yellow (Medium)	3024	2909	115
Shimoga	Achhu (Average)	3278	3404	-126

Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGAR Continuous Chart (C1)

Technical Commentary:

- Sugar prices are rising and are expected to range between Rs2792-2950.
- Breach of Rs 2870 level would take the prices up to Rs 2900.
- The last candlestick depicts bearishness in the market.



Strategy: We advise market participants to Buy.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2605	2687	2791	2893	2950
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1 Chart	Buy	Above 2792	2870	2900	2745

Commodity: Gur
Contract: Continuous Chart

Exchange: NCDEX

GUR Continuous Chart (C1)

Technical Commentary:

- Gur prices are trending downwards.
- RSI is moving up near to neutral region.
- Prices, volume and O.I are declining indicating consolidation in the market.
- Last candlestick depicts bullishness in the market.



Strategy: We advise market participants to Sell

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	C1 Chart	885.5	940.5	996	1065.5	1120
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	C1 Chart	Sell	Below 985	925	920.5	1020.5

International Focus- Agriwatch

International Scenario

International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

International Market News Highlights:

- As per the UNICA report, Brazilian sugar production paced up in the first half of October as the central south region produced 2.37 million tons of sugar compared to 1.64 million tons in late September. This was due to the hot and dry weather condition prevailing in the country, which favors better cane crushing in the country. In addition to it lower cane yield urges millers to fasten their crushing operation to curb for the loss of cane recovery.
- According to the USDA report, Philippines raw sugar production is expected to reach 2.45 million tons for 2013-14 that is 2.7% higher than the figure achieved last year in 2012-13. Favorable weather conditions, higher sugar recovery (from cane) and improved farm yields this marketing year could be cited responsible for the surge.
- China's sugar import declined 39% y-o-y from 0.59 million tons to 0.36 million tons in the month of September. Similarly, a depreciating domestic currency and ample stock build up within the nation caused total imports to fall by 17.8% to 2.4 million tons in 2014(Jan-Sep).

Technical Futures Sugar 11#

As of **01st Nov 2014**, ICE Raw sugar prices settled at 16.04 cents per lbs. On monthly chart, 15.37 cents is the immediate support level, breach of the mentioned level would take the prices down to 14.02 which also lying over its support trend line.

On the upper side, 17.38 and 18.52 cents per lbs are the resistance levels.



Source: Reuters Eikon



Source: Reuters Eikon

As of **01st Nov 2014**, Prices of Refined Sugar London exchange traded at \$422.4 per ton. Here, prices got support at \$397.1 per ton if breach then it could test \$371.4. On the northward direction, \$469.8 & \$521.1 per ton are the next resistance levels.

International Sugar Prices (Monthly)				
	Contract Month	30-Oct-14	30-Sep-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	17.30	15.48	1.82
	15-Mar	16.30	16.45	-0.15
	15-May	16.59	16.69	-0.1
LIFFE Sugar (US \$/MT)	14-Oct	453.5	422.3	31.2
	14-Dec	427.6	434.6	-7
	15-Mar	426.9	443.8	-16.9

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