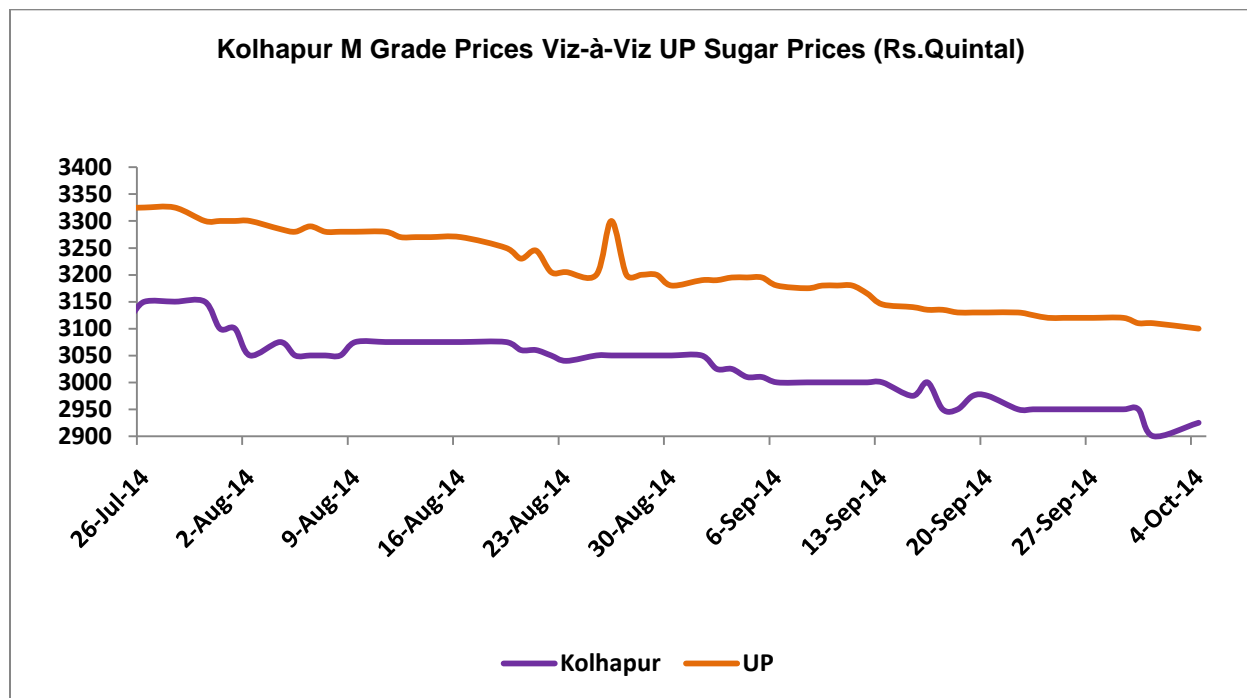


Sugar Price Trend and Outlook:

Sugar prices continued to trade low amidst huge stock availability and sluggish domestic/global demand this week. In addition, higher Indian sugar production estimates for 2014-15 and weak international sugar prices further landed support to the prevailing downtrend.

However, prices are expected to improve marginally in the months ahead with proximity to the forthcoming festive season in the country.



Price Outlook:

Sugar prices are currently hovering in a range with weaker tone due to lackluster trade. However, upcoming festive demand likely to increase sugar prices in the medium term as expected.

News Highlights:

- 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.
- As per the new estimates by ISMA, sugar production in the country is likely to range in between 250-255 lakh tons for 2014-15. However, a consolidated figure will be released soon, after making careful evaluation of monsoonal impact on the crop.

- NCDEX will be launching forward trading in sugar contract from 25th Sep 2014 wherein the quality, grade and other norms will be decided at the time of signing the contract. In addition, a new category namely, 'Commodity Participant Members (CPM)' will be introduced wherein any farmer or processor could avail membership to the exchange by paying a one-time admission fee of Rs 50,000 and an annual membership fee of Rs 10,000 respectively.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$522.22 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$477.58 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$435.50/ 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.61.56) till 04 th Oct, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$435.50	\$422.40/419.00	\$477.58

Sugarcane Crop Update

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.

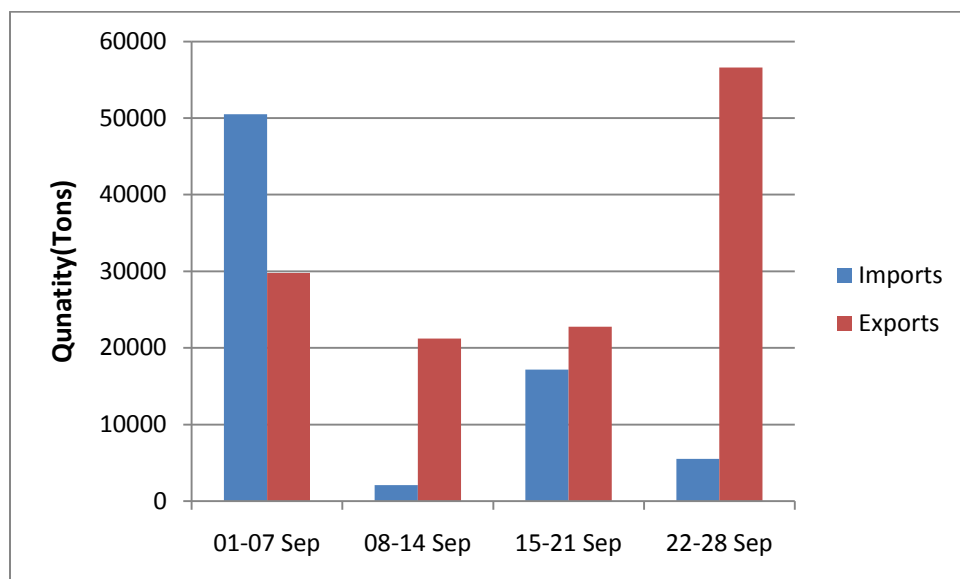
Tamil Nadu:

- 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.

Sugar Import and Export Scenario:

Indian sugar exports rose tremendously marking a 148% surge from 0.23 lac tons (last week) to 0.57 lac tons this week. A depreciating Indian currency and a generous sugar supply made the exports all together viable from the country. With this, the total export made in September rose to 1.30 lacs tons compared to 1.02 lacs tons in August.

It is notable that majority of the exports made in September had been to the Mid-East countries with Sudan topping the list with an import of 38 thousand tons followed by Iran and Somalia with an import of 25.1 and 17.4 thousand tons respectively.



On the other hand, deteriorating EID parry to sugar import (due to surge in import duty to 25%) and a slacking domestic demand together attributed to the fall in imports this week. Reportedly, India had imported only 5.5 thousand tons of sugar this week compared to 17.1 thousand tons last week.

Also, the total sugar import made in the month of September falls 3.33 lacs tons from the figure achieved (4.08 lacs tons) last month.

On a whole, India exported 32.75/ lacs tons of sugar in 2013-14, which is 200% higher than the figure (10.90 lacs tons) achieved in 2012-13. Whilst, it only imported 13.86 lacs tons of sugar in 2013-14 compared to 30.79 lacs tons last year.

Spot Sugar Prices Scenario Weekly (Average)				
Commodity	Centre	27th Sept to 1 Oct 14	20th To 26th Sept 14	Change
Sugar	Delhi - Grade M	3130	3155	-25
	Delhi - Grade S	3068	3075	-8
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3195	3200	-5
	UP- Ramala Grade M	3080	3110	-30
	UP- Dhampur Grade M Ex-Mill	3118	3121	-4
	UP- Dhampur Grade S Ex-Mill	3098	3101	-4

	UP- Dhampur Grade L Ex-Mill	3168	3171	-4
	Mumbai –Grade M	3151	3199	-48
	Mumbai –Grade S	3049	3052	-4
	Kolhapur – Grade M	2938	2954	-17
	Kolhapur – Grade S	2838	2858	-21
	Guhawati – Grade S	3144	3165	-21
	Shillong – Grade S	3158	3178	-21
	Vijayawada – Grade M	3480	3480	Unch
	Vijayawada- Grade S	3380	3380	Unch
	Nagpur – Grade M	3200	3250	-50
	Nagpur – Grade S	3083	3150	-68
	Kolkata – Grade M	NA	NA	-
	Chennai - Grade S	3000	3017	-17
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3161	3161	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3135	3135	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week ago	Month ago	Year ago
		1-Oct-14	26-Sep-14	30-Aug-14	1-Oct-13
Delhi	Grade M	3140	3140	3300	3060
	Grade S	3080	3040	3200	3030
	Grade L	NA	NA	NA	3100
UP- Khatauli	Grade M	3180	3200	3285	3060
UP- Ramala	Grade M	3050	3100	3200	3025
UP- Dhampur	Grade M Ex-Mill	3100	3140	3220	2970
	Grade S Ex-Mill	3080	3120	3200	2950
	Grade L Ex-Mill	3150	3190	3270	3020
Mumbai	Grade M	3142	3166	3340	3232
	Grade S	3046	3056	3172	3036
Kolhapur	Grade M	2900	2950	3050	2925
	Grade S	2800	2850	2950	2825
Guhawati	Grade S	3106	3157	3258	3131
Shillong	Grade S	3120	3170	3270	3145
Vijayawada	Grade M	3480	3480	3540	3540
	Grade S	3380	3380	3440	3300
Nagpur	Grade M	3150	3250	3350	3250

	Grade S	3050	3150	3150	3050
Kolkata	Grade M	NA	NA	NA	3145
Chennai	Grade S	3000	3000	3080	3050
Ambikapur (Chattisgarh)	Grade M (Without Duty)	3161	3161	3171	3100
	Grade S (Without Duty)	3135	3135	3135	NA

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 week ahead.

Gur Spot Prices Scenario Weekly (Average)				
Markets	Variety	27th Sept to 1 Oct 14	20th To 26th Sept 14	Change
Muzaffar Nagar	Chaku	2575	2756	-181
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2556	2652	-96
Seyana	Chaurasa	NA	NA	-
Hapur	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	2800	2858	-58
Bangalore	Achhu	NA	NA	-
	Mudde	4200	3500	700
Belgaum	Mudde	2150	1433	717
Belthangadi	Yellow (Average)	2400	1675	725
Bijapur	Achhu	2208	2471	-264
Gulbarga	Other (Average)	3126	2108	1018
Mahalingapura	Penti (Average)	2845	1947	898
Mandya	Achhu (Medium)	751	1427	-676
	Kurikatu (Medium)	NA	NA	-
	Other (Medium)	668	1349	-681
	Yellow (Medium)	747	1436	-689
Shimoga	Achhu (Average)	2575	2800	-225

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week ago	Month ago	Year ago
		1-Oct-14	26-Sep-14	30-Aug-14	1-Oct-13
Muzaffar Nagar	Chaku	2500	2725	2750	3000
	Khurpa	NA	NA	2700	NA
	Laddoo	NA	NA	2875	NA
	Rascut	2500	2500	2625	NA
Seyana	Chaursa	NA	NA	NA	NA
Hapur	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	2750	2850	3250	3300
Bangalore	Achhu	NA	NA	NA	3000
	Mudde	4200	4200	NA	3200
Belgaum	Mudde	2800	2900	2800	2900
Belthangadi	Yellow (Average)	NA	3300	3400	2850
Bijapur	Achhu	NA	3000	2925	3200
Gulbarga	Other (Average)	3125	3150	3200	3250
Mahalingapura	Penti (Average)	2860	2950	NA	3180
Mandya	Achhu (Medium)	3004	NA	3130	2850
	Kurikatu (Medium)	NA	NA	2831	2400
	Other (Medium)	2671	NA	2852	2400
	Yellow (Medium)	2989	NA	3015	2850
Shimoga	Achhu (Average)	3500	3400	3500	3300

Commodity: Sugar
Contract: October

Exchange: NCDEX
Expiry: Oct 20, 2014

SUGAR (Weekly Oct Contract Chart)



Technical Commentary:

- Sugar prices are increasing while volume and O.I declines down for the week.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bullishness.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	2758	2811	2898	3000	3035
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 2897	2921	2923	2883

Commodity: Gur
Contract: November
Exchange: NCDEX
Expiry: Nov 20, 2014
GUR (November Weekly Chart)

Technical Commentary:

- Gur prices, volume and O.I are declining indicating consolidation in the market.
- Last candlestick depicts bearishness.
- However, RSI is hovering into a neutral zone.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Nov	912.5	952.5	972.5	997.5	1015.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	Sell	Below 972	960	958.5	979

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:

- Brazil's centre south region (that accounts for 90% of country's cane production) witnessed a 17% decline in sugar production from 3.02 million tons (second half of august) to 2.5 million tons in the first half of September 2014. Slowdown in cane crushing in the area and a diversion of harvested cane towards ethanol production could be cited responsible for this fall.
- Mounting piles of unsold stock and prompt supply from global market may pressurize Thai govt. to lower its retail sugar prices in the month ahead. Currently, Thai domestic retail sugar price is hovering at 23.5 baht (\$0.73) per kg; which is about 5 baht higher than the global price of 15 baht.
- With a 29% surge in import, Indonesia is likely to emerge as the top raw sugar importer in the world by 2015. Moreover, import shipment by the country is likely to increase from 2.8 million tons (in 2014) to 3.6 million metric tons by 2015.

International Sugar Prices (Weekly)				
	Contract Month	30-Sep-14	25-Sep-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	15.48	14.70	0.78
	15-Mar	16.45	16.08	0.37
	15-May	16.69	16.35	0.34
LIFFE Sugar (US \$/MT)	14-Dec	422.30	418.50	3.80
	14-Mar	434.60	429.50	5.10
	14-May	443.80	437.80	6.00

LIFFE Future Market Sugar Scenario (Oct'14 Contract):

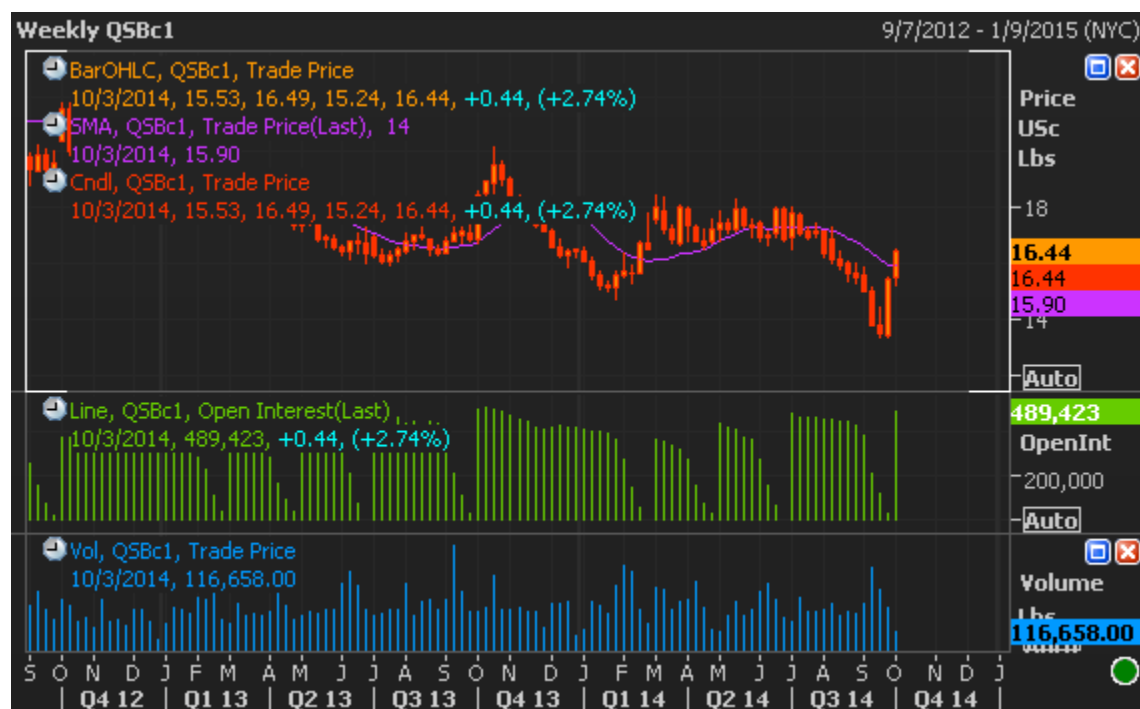


Technical Commentary:

- LIFE future market marginally trends up for this week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 428 with a target of 408.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'14	428	408.5

ICE Raw Sugar Future Market Scenario (Oct'14 Contract):



Technical Commentary:

- ICE raw sugar futures are trending upward.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 16.46 with target of 17.10

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'14	16.46	17.10



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