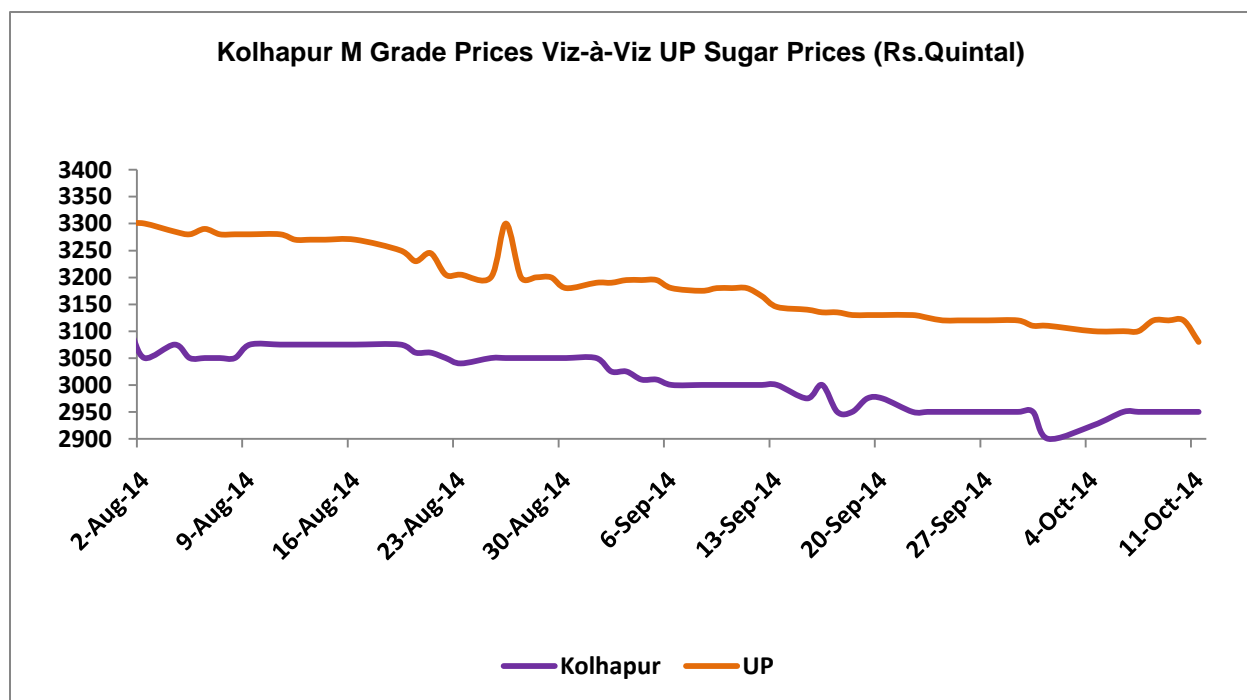


## Sugar Price Trend and Outlook:

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.

Sugar prices in Uttar Pradesh also showed a falling trend, narrowing down the spread between the two benchmarks (Kolhapur & U.P.).

However, prices are expected to improve marginally in the weeks 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 \$506.88 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$504.57 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$433.50/ 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.61.24) till 13 <sup>th</sup> Oct, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$433.50	\$449.40/425.60	\$504.57

### 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.

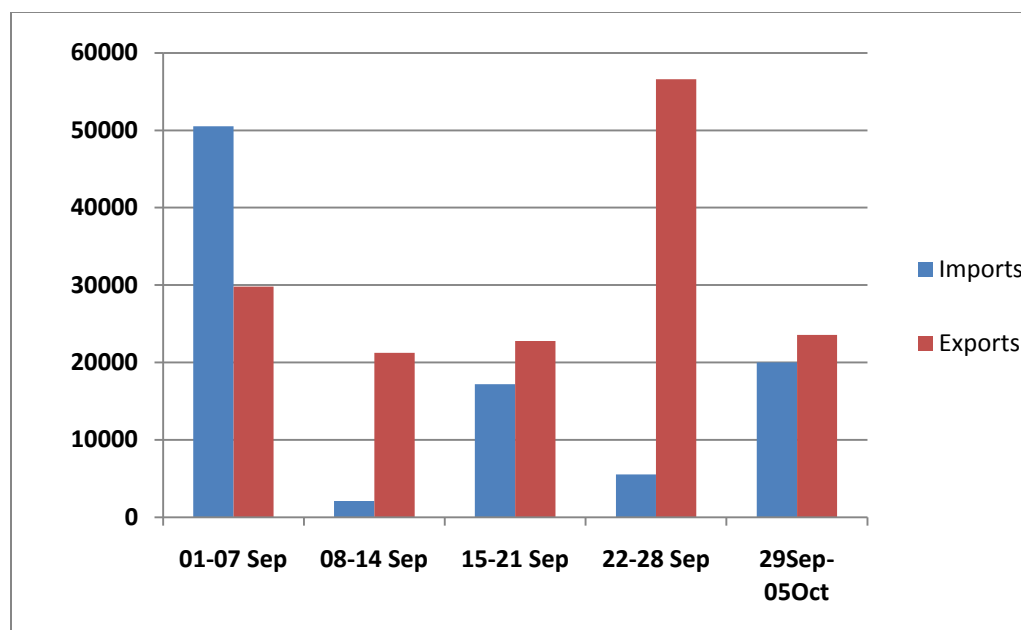
**Tamil Nadu:**

- The net sown area under cane cultivation in Tamil Nadu stands out at 3.39 lakh hectares as on 26<sup>th</sup> 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:**

After rising to the record high last week, Indian sugar exports fell down 58% from 56.5 thousand tons to 23.5thousand tons this week. However, it still managed to outpace the contemporary Indian imports with domestic currency following the depreciating trend.

It is notable that majority of the exports made this week had been to the Mid-East countries with Sudan topping the list with an import of 20. 3 thousand tons.



On the other hand, sugar imports made a fast recovery this week with the figure reaching out to 20 thousand tons from 5.5 thousand tons last week.

On a whole, India exported 32.81 lacs tons of sugar in 2013-14, which is 201% 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	4th Oct-10th Oct	27th Sep-1st Oct	Change
Sugar	Delhi - Grade M	3152	3130	22
	Delhi - Grade S	3084	3068	16
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3226	3195	31
	UP- Ramala Grade M	3045	3080	-35
	UP- Dhampur Grade M Ex-Mill	3075	3118	-43
	UP- Dhampur Grade S Ex-Mill	3055	3098	-43
	UP- Dhampur Grade L Ex-Mill	3125	3168	-43
	Mumbai –Grade M	3154	3151	3
	Mumbai –Grade S	3046	3049	-3
	Kolhapur – Grade M	2945	2938	7
	Kolhapur – Grade S	2845	2838	7
	Guhawati – Grade S	3152	3144	8
	Shillong – Grade S	3165	3158	7
	Vijayawada – Grade M	3480	3480	Unch
	Vijayawada- Grade S	3380	3380	Unch
	Nagpur – Grade M	3233	3200	33
	Nagpur – Grade S	3100	3083	17
	Kolkata – Grade M	3300	NA	-
	Chennai - Grade S	3000	3000	Unch
	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
		10-Oct-14	1-Oct-14	10-Sep-14	10-Oct-13
Sugar	Delhi - Grade M	3145	3140	3230	3180
	Delhi - Grade S	3090	3080	3180	3140
	Delhi - Grade L	NA	NA	-	3220
	UP- Khatauli Grade M	3235	3180	3300	3100
	UP- Ramala Grade M	3040	3050	3170	3025
	UP- Dhampur Grade M Ex-Mill	3050	3100	3185	3000
	UP- Dhampur Grade S Ex-Mill	3030	3080	3165	2980
	UP- Dhampur Grade L Ex-Mill	3100	3150	3235	3050
	Mumbai –Grade M	3156	3142	3270	3232
	Mumbai –Grade S	3040	3046	3102	3006
	Kolhapur – Grade M	2950	2900	3000	2900
	Kolhapur – Grade S	2850	2800	2900	2800
	Guhawati – Grade S	3157	3106	3207	3106
	Shillong – Grade S	3170	3120	3220	3120
	Vijayawada – Grade M	3480	3480	3520	3540
	Vijayawada- Grade S	3380	3380	3420	3300
	Nagpur – Grade M	3250	3150	3350	3150
	Nagpur – Grade S	3100	3050	3200	3050
	Kolkata – Grade M	NA	NA	3330	3145
	Chennai - Grade S	3000	3000	3050	3000
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3161	3161	3161	3100
	Ambikapur (Chattisgarh)- 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.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	4th Oct-10th Oct	27th Sep-1st Oct	Change
Muzaffar Nagar	Chaku	2508	2575	-67
	Chaku (Arrival)	NA	NA	-
	Khurpa	2638	NA	-
	Laddoo	2945	NA	-
	Rascut	2446	2556	-110
Hapur Maharashtra	Chaurasa	2344	NA	-
	Balti	2375	NA	-
	Latur(Lal Variety)	2700	2800	-100
Bangalore	Achhu	NA	NA	-
	Mudde	4200	4200	Unch
Belgaum	Mudde	2850	2150	700
Belthangadi	Yellow (Average)	3225	2400	825
Bijapur	Achhu	2850	2208	642
Gulbarga	Other (Average)	3162	3126	36
Mahalingapura	Penti (Average)	2840	2845	-5
Mandya	Achhu (Medium)	2959	751	2208
	Kurikatu (Medium)	2923	NA	-
	Other (Medium)	2581	668	1913
	Yellow (Medium)	2939	747	2192
Shimoga	Achhu (Average)	3400	2575	825

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		10-Oct-14	1-Oct-14	10-Sep-14	10-Oct-13
<b>Muzaffar Nagar</b>	Chaku	2525	2500	2775	2975
	Khurpa	2775	NA	NA	3000
	Laddu	3100	NA	NA	3250
	Rascut	2375	2500	2500	2600
<b>Hapur</b>	Chaurasa	2375	NA	NA	NA
	Balti	2375	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	2700	2750	3225	3325
<b>Bangalore</b>	Achhu	NA	NA	NA	3500
	Mudde	4200	4200	4200	3800
<b>Belgaum</b>	Mudde	2800	2800	NA	2800
<b>Belthangadi</b>	Yellow (Average)	3250	NA	3400	2950
<b>Bijapur</b>	Achhu	2850	NA	NA	3400
<b>Gulbarga</b>	Other (Average)	3175	3125	3210	3250
<b>Mahalingapura</b>	Penti (Average)	NA	2860	NA	3140
<b>Mandya</b>	Achhu (Medium)	NA	3004	NA	3000
	Kurikatu (Medium)	NA	NA	NA	2500
	Other (Medium)	NA	2671	NA	2650
	Yellow (Medium)	NA	2989	NA	2850
<b>Shimoga</b>	Achhu (Average)	3400	3500	3500	3350



Commodity: Sugar  
Contract: October

Exchange: NCDEX  
Expiry: Oct 20, 2014

### SUGAR (October Weekly Chart)



#### Technical Commentary:

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

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	2820	2885	2959	3030	3050
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 2958	2978	2980	2947

Commodity: Gur  
Contract: November

Exchange: NCDEX  
Expiry: Nov 20, 2014

### GUR (November Weekly Chart)



#### Technical Commentary:

- Gur prices are falling while volume and O.I surges up for the week.
- RSI is also hovering into a neutral zone.
- Last candlestick depicts bearishness in the market.

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Nov	900.5	940.5	963.5	997	1010.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	Buy	Above 968	983	985.5	959.5

**International Scenario**

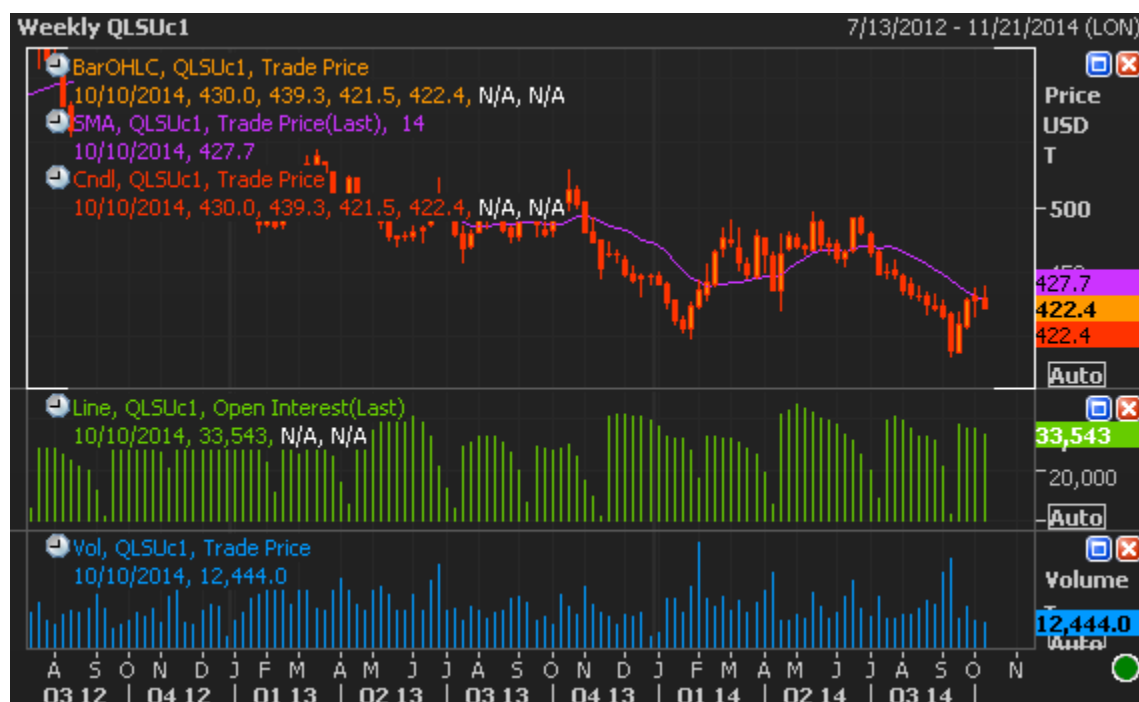
International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

**International Market News Highlights:**

- As per the Brazilian official sources, raw sugar export declined 5.3% from 18.6 lac tons in August to 17.6 lacs tons in the month of September. This was due to the excessive production worldwide and imposition of certain trade barriers by the major importing countries.
- Rabobank raised its global sugar supply deficit from an earlier estimate of 0.9 million tons to 3.2 million tons for 2014-15. The revision had been made considering prevalent draught like condition in major producing areas and an expected diversion of cane toward ethanol production in Brazil.
- However, contrary to the production estimates by leading trading houses, Platts Kingman predicted a 2% surge in Centre-South Brazilian cane output from 562 million tons in 2014/15 to 575 million tons in 2015/16.

International Sugar Prices (Weekly)				
	Contract Month	9-Oct-14	30-Sep-14	Change
ICE Sugar #11 (US Cent/lb)	14-Oct	17.68	15.48	2.2
	15-Mar	16.7	16.45	0.25
	15-May	16.99	16.69	0.3
LIFFE Sugar (US \$/MT)	14-Dec	425.6	422.3	3.3
	14-Mar	436.1	434.6	1.5
	14-May	446	443.8	2.2

### LIFFE Future Market Sugar Scenario (Dec'14 Contract):

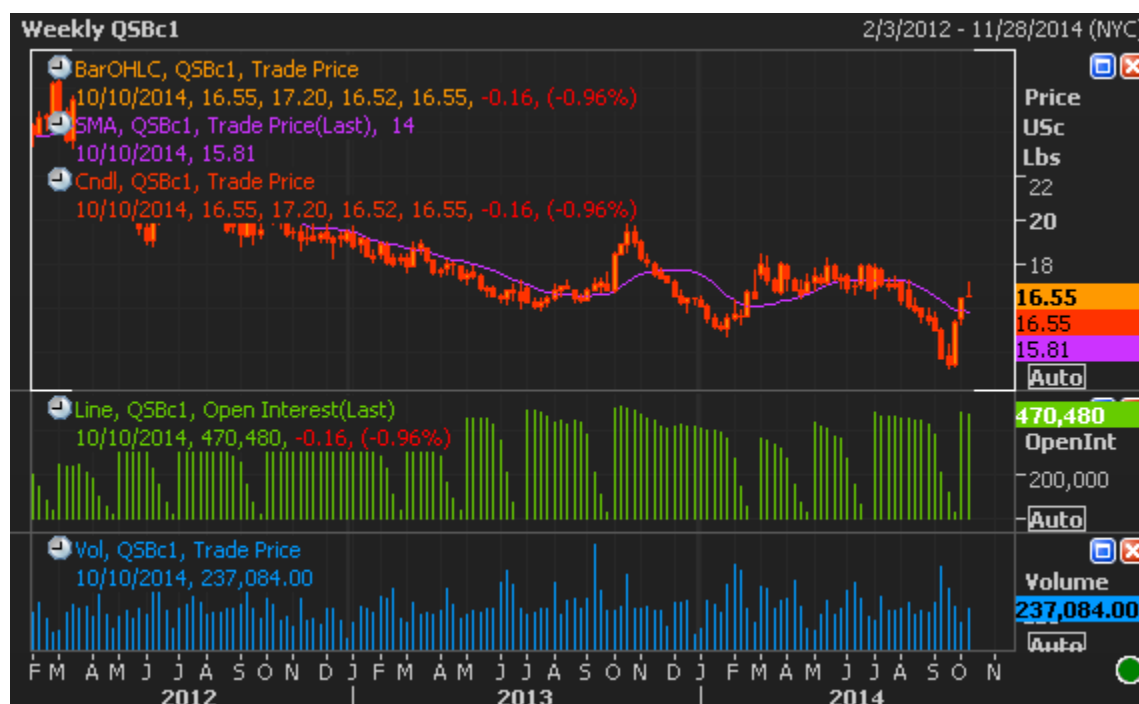


### Technical Commentary:

- LIFE future market trends downward for the week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 422 with a target of 407.6.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'14	422	407.6

### ICE Raw Sugar Future Market Scenario (Mar'15 Contract):



### Technical Commentary:

- ICE raw sugar futures are trending upward.
  - Last candlestick depicts indecision in the market.
- Strategy: Buy at 16.56 with target of 17.48

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	16.56	17.48

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