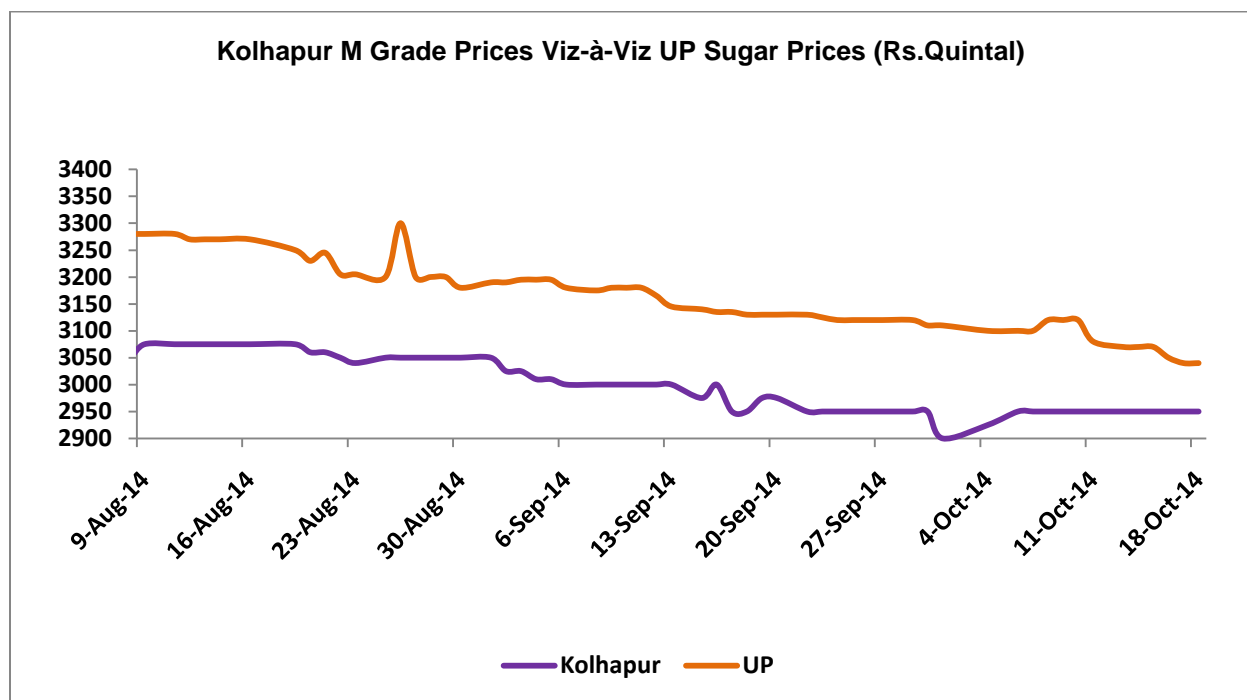


## Sugar Price Trend and Outlook:

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.

Also, the spread between the two benchmarks narrowed down further with sugar prices falling down sharply in Uttar Pradesh. However, prices are expected to improve in the weeks ahead amid 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:

- On the wake of finding minimal/no solution to the centre and state cane pricing policy, farmers in U.P started selling off their cane to the alternative jaggery units called Kolhus in the state. Reportedly, farmers are selling one of the premium quality cane at a price of Rs 180/quintal when the FRP had been fixed at Rs.220/quintal for 2014-15.

- 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 \$518.15 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$488.72 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$428.50/ 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.61.18) till 20 <sup>th</sup> Oct, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$428.50	\$449.40/427.20	\$488.72

### 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.

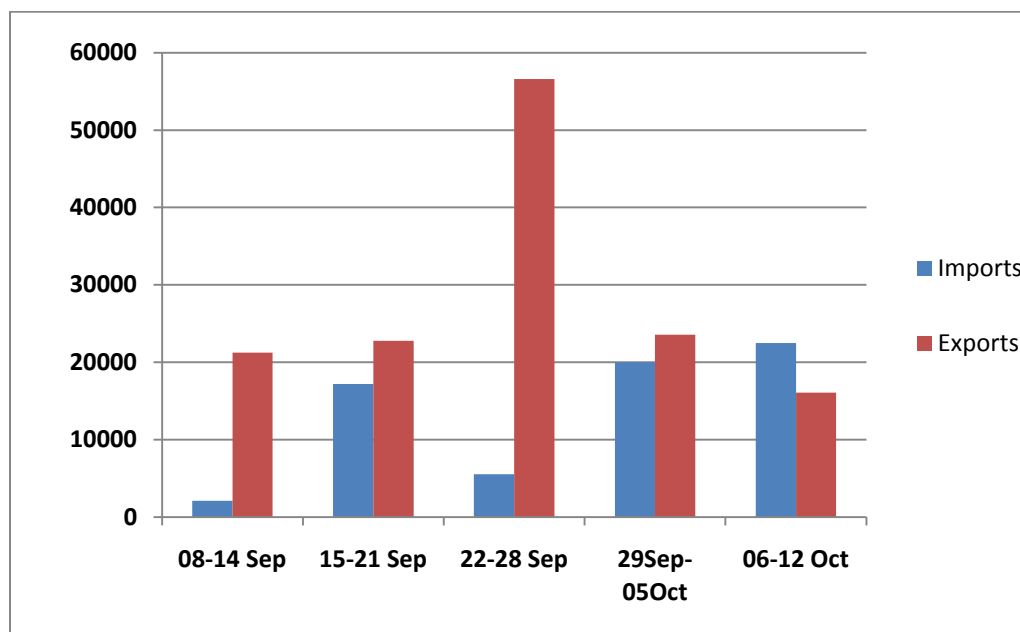
**Tamil Nadu:**

- 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:**

With a gradual strengthening of Indian domestic currency, sugar export from the country fell down 32% from 23.5 thousand tons to 16 thousand tons last week.

It is notable that majority of the exports made had been to the Mid-East countries with U.A.E topping the list with an import of 4.6 thousand tons followed by Sudan and Djibouti who had imported 3.4 & 2.6 thousand tons of sugar respectively.



On the other hand, sugar imports made a marginal recovery of 13% from 20 thousand tons to 22.5 thousand tons last week.

On a whole, India imported 0.43 lacs tons of sugar in the first two weeks of October while exported only 0.34 lacs tons of sugar during the same period.

Spot Sugar Prices Scenario Weekly (Average)				
Commodity	Centre	11th Oct- 17 Oct 14	4th Oct- 10th Oct	Change
Sugar	Delhi - Grade M	3127	3152	-25
	Delhi - Grade S	3085	3084	1
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3223	3226	-3
	UP- Ramala Grade M	2994	3045	-51
	UP- Dhampur Grade M Ex-Mill	3030	3075	-45
	UP- Dhampur Grade S Ex-Mill	3055	3055	Unch
	UP- Dhampur Grade L Ex-Mill	3125	3125	Unch
	Mumbai –Grade M	3158	3154	4
	Mumbai –Grade S	3040	3046	-6
	Kolhapur – Grade M	2950	2945	5
	Kolhapur – Grade S	2850	2845	5
	Guhawati – Grade S	3157	3152	5

	Shillong – Grade S	3170	3165	5
	Vijayawada – Grade M	3480	3480	Unch
	Vijayawada- Grade S	3380	3380	Unch
	Nagpur – Grade M	3330	3233	97
	Nagpur – Grade S	3140	3100	40
	Kolkata – Grade M	3270	3300	-30
	Chennai - Grade S	2958	3000	-42
	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
		17-Oct-14	12-Oct-14	17-Sep-14	17-Oct-13
Delhi	Grade M	3100	3145	3170	3175
	Grade S	3070	3080	3115	3125
	Grade L	NA	NA	NA	3200
UP- Khatauli	Grade M	3215	3230	3250	3100
UP- Ramala	Grade M	2920	3040	3160	3005
UP- Dhampur	Grade M Ex-Mill	NA	3050	3150	2970
	Grade S Ex-Mill	NA	3030	3130	2950
	Grade L Ex-Mill	NA	3100	3200	3020
Mumbai	Grade M	3160	3156	3252	3236
	Grade S	3040	3040	3086	2982
Kolhapur	Grade M	2950	2950	2950	2900
	Grade S	2850	2850	2850	2800
Guhawati	Grade S	3157	3157	3157	3106
Shillong	Grade S	3170	3170	3170	3120
Vijayawada	Grade M	3480	3480	3500	3500
	Grade S	3380	3380	3400	3300
Nagpur	Grade M	3350	3250	3250	3250
	Grade S	3150	3100	3150	3050
Kolkata	Grade M	NA	NA	NA	NA
Chennai	Grade S	2950	3000	3050	3000
Ambikapur (Chattisgarh)	Grade M (Without Duty)	3161	3161	3161	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 are 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.

Jaggery(Gur) Spot Prices Scenario Weekly (Average)				
Markets	Variety	11th Oct- 17 Oct 14	4th Oct- 10th Oct	Change
Muzaffar Nagar	Chaku	3150	2508	642
	Chaku (Arrival)	19000	NA	-
	Khurpa	2754	2638	116
	Laddoo	2842	2945	-103
	Rascut	2375	2446	-71
Seyana	Chaurasa	2536	2344	192
Hapur	Balti	2490	2375	115
Maharashtra	Latur(Lal Variety)	3000	2700	300
Bangalore	Achhu	NA	NA	-
	Mudde	4220	4200	20
Belgaum	Mudde	2775	2850	-75
Belthangadi	Yellow (Average)	3230	3225	5
Bijapur	Achhu	2950	2850	100
Gulbarga	Other (Average)	3054	3162	-108
Mahalingapura	Penti (Average)	NA	2840	-
Mandya	Achhu (Medium)	NA	2959	-
	Kurikatu (Medium)	NA	2923	-
	Other (Medium)	NA	2581	-
	Yellow (Medium)	NA	2939	-
Shimoga	Achhu (Average)	3240	3400	-160

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week ago	Month ago	Year ago
		17-Oct-14	12-Oct-14	17-Sep-14	17-Oct-13
Muzaffar Nagar	Chaku	3130	2625	2825	2950
	Khurpa	2763	2800	NA	3163
	Laddoo	3100	3100	NA	3100
	Rascut	2375	2500	NA	2613
Seyana	Chaurasa	2525	2400	NA	NA
Hapur	Balti	2463	2313	NA	NA
Maharashtra	Latur(Lal Variety)	3000	3000	3150	3275
Bangalore	Achhu	NA	NA	NA	3400
	Mudde	4200	NA	4200	3600
Belgaum	Mudde	2800	2900	2800	2800
Belthangadi	Yellow (Average)	3200	NA	3400	2900
Bijapur	Achhu	2950	NA	NA	3150
Gulbarga	Other (Average)	2850	3150	NA	3050
Mahalingapura	Penti (Average)	NA	NA	3010	3060
Mandya	Achhu (Medium)	NA	NA	2884	3000
	Kurikatu (Medium)	NA	NA	NA	2500
	Other (Medium)	NA	NA	2737	2600
	Yellow (Medium)	NA	NA	2887	2850
Shimoga	Achhu (Average)	3350	NA	3400	3450

Commodity: Sugar  
Contract: December

Exchange: NCDEX  
Expiry: Dec 19, 2014

### SUGAR (December Weekly Chart)

SUGARM1412(NCSMAZ4)2014/10/12 - Weekly B:2781.00 A:2785.00  
O 2830.00 H 2849.00 L 2770.00 C 2780.00 ↓ V 11,690 I 15,590 -44 -1.56%



#### Technical Commentary:

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

#### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2686	2708	2780	3053	3072
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 2795	2819	2825	2781



Commodity: Gur  
Contract: November

Exchange: NCDEX  
Expiry: Nov 20, 2014

### GUR (November Weekly Chart)



### Technical Commentary:

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

**Strategy:** Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Nov	907.5	945.5	966.5	990	1000.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	Buy	Above 966	984	986.5	955.5



### 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	16-Oct-14	9-Oct-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	16.67	17.68	-1.01
	15-May	16.91	16.7	0.21
	15-Jul	17.17	16.99	0.18
LIFFE Sugar (US \$/MT)	14-Dec	427.2	425.6	1.60
	15-Mar	432.6	436.1	-3.50
	15-May	442.6	446	-3.40

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

### Technical Commentary:

- LIFE future market trends downward for the week.
  - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 428 with a target of 434.7

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'14	428	434.7

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



### Technical Commentary:

- ICE raw sugar futures are trending upward.
  - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 16.65 with target of 17.50

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	16.65	17.50

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