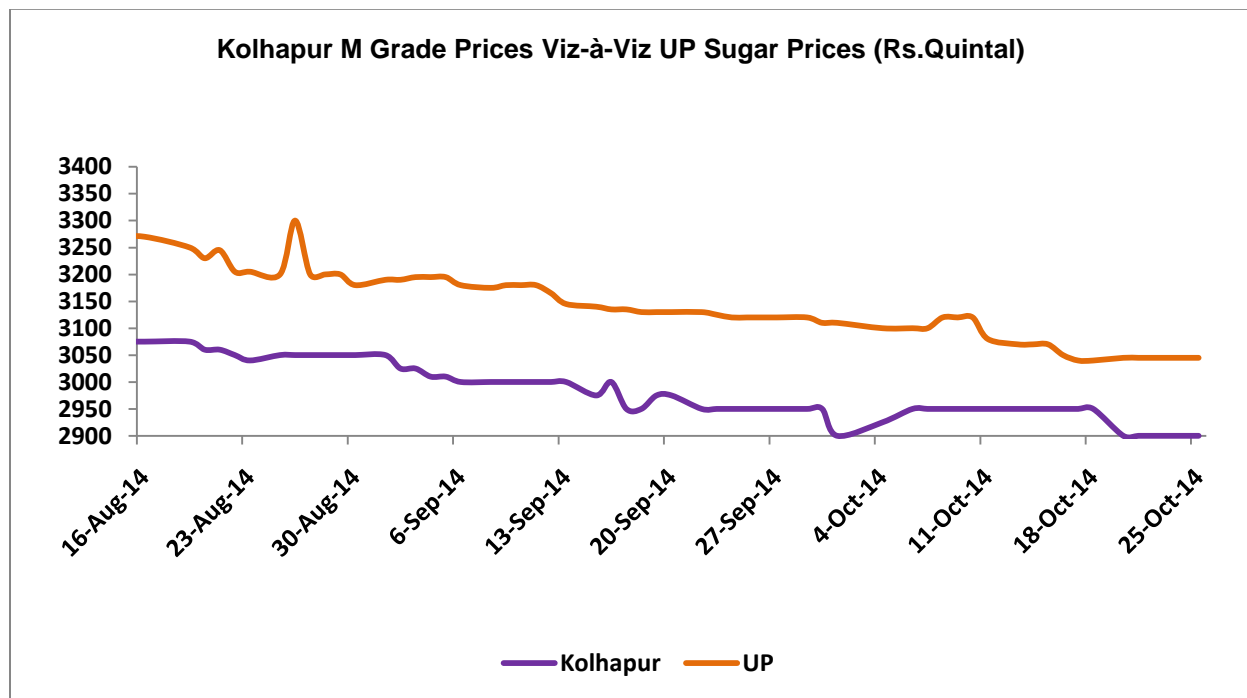


Sugar Price Trend and Outlook:

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.

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 week.



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.

News Highlights:

- As per the USDA report, Indian sugar production forecast for marketing year 2014-15 has been estimated at 25.3 million tons, which was 0.06 million tons less than the previous estimate. The revision had been primarily made considering less than expected cane acreage area in U.P and adjoining areas for 2014-15.

- 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.

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$516.27 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$479.77 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$427.75/ 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.61.28) till 27 th Oct, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$427.75	\$449.40/423.10	\$479.77

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.

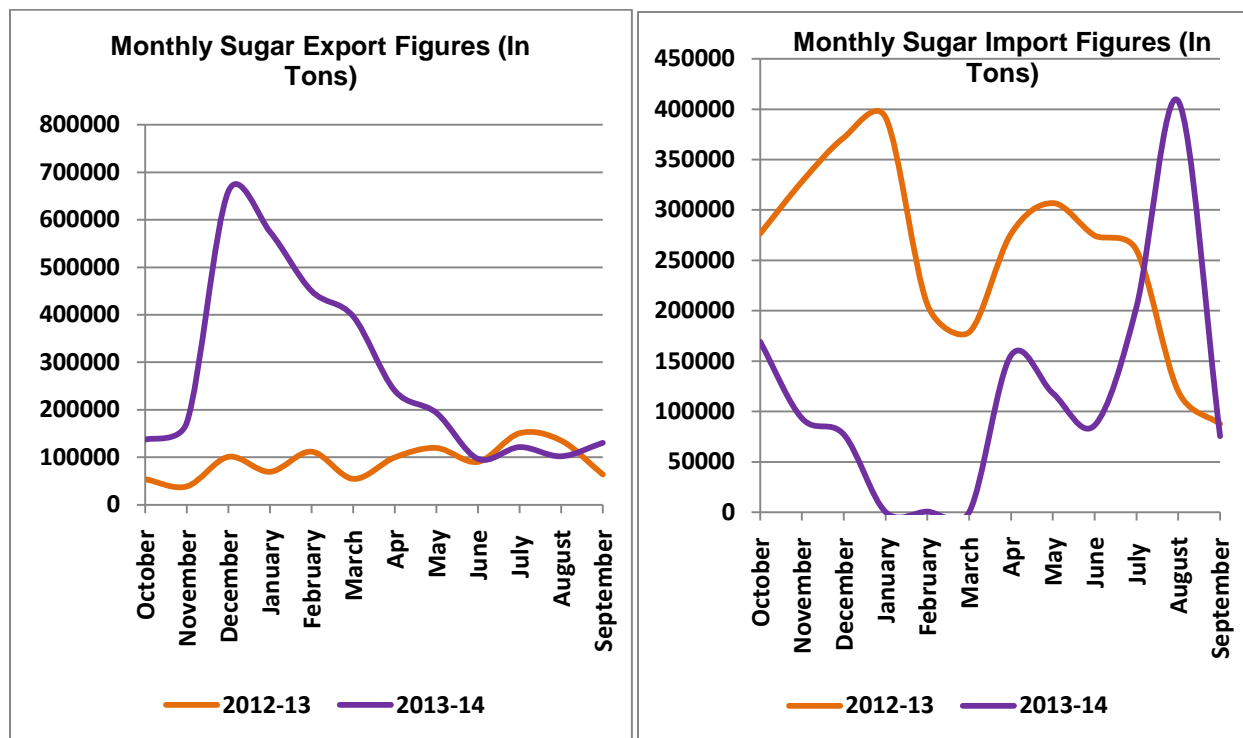
Tamil Nadu:

- 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.

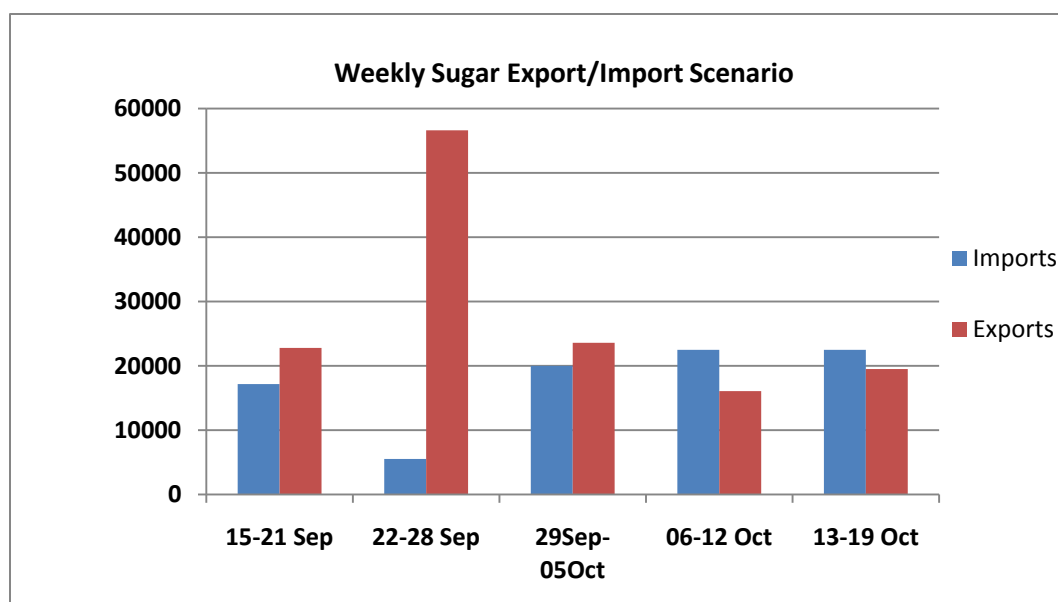
Sugar Import and Export Scenario:

Indian sugar exports rose tremendously during the last week of September marking a 148% surge from the exports made in previous week (0.23 lac tons). 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 month. Reportedly, India had imported only 5.5 thousand tons of sugar in the last week of September compared to 50.5 thousand tons in the month's beginning. Thus, the total sugar import made in the month of September falls by 3.33 lacs tons from the figure obtained (4.08 lacs tons) last month.



As depicted in the graph above, Indian sugar export surged 21% from 16 thousand tons to 19.4 thousand tons for the week ending 19th Oct, 2014. However, imports managed to occupy just the previous level of 22.5 thousand tons for the week.

On a whole, India imported 0.65 lacs tons of sugar in the first three weeks of October while exported only 0.53 lacs tons of sugar during the same period.

Spot Sugar Prices Scenario Weekly (Average)				
Commodity	Centre	18th Oct to 22 Oct 14	11th Oct to 17 Oct 14	Change
Sugar	Delhi - Grade M	3115	3127	-12
	Delhi - Grade S	3070	3085	-15
	Delhi - Grade L	3150	NA	-
	UP- Khatauli Grade M	3213	3223	-10
	UP- Ramala Grade M	3010	2994	16
	UP- Dhampur Grade M Ex-Mill	NA	3030	-
	UP- Dhampur Grade S Ex-Mill	NA	3055	-
	UP- Dhampur Grade L Ex-Mill	NA	3125	-
	Mumbai –Grade M	3164	3158	6
	Mumbai –Grade S	3040	3040	Unch
	Kolhapur – Grade M	2913	2950	-37
	Kolhapur – Grade S	2813	2850	-37
	Guhawati – Grade S	3119	3157	-38
	Shillong – Grade S	3133	3170	-37
	Vijayawada – Grade M	3480	3480	Unch
	Vijayawada- Grade S	3380	3380	Unch
	Nagpur – Grade M	3300	3330	-30
	Nagpur – Grade S	3100	3140	-40
	Kolkata – Grade M	NA	3270	-
	Chennai - Grade S	2950	2958	-8
	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
		22-Oct-14	17-Oct-14	22-Sep-14	22-Oct-13
Delhi	Grade M	3140	3100	3170	3100
	Grade S	3090	3070	3100	3060
	Grade L	3150	NA	NA	3150
UP- Khatauli	Grade M	3220	3215	3200	3100
UP- Ramala	Grade M	3010	2920	3100	3000
UP- Dhampur	Grade M Ex-Mill	NA	NA	3100	2970
	Grade S Ex-Mill	NA	NA	3080	2950
	Grade L Ex-Mill	NA	NA	3150	3020
Mumbai	Grade M	3172	3160	3202	3216
	Grade S	3040	3040	3066	2960
Kolhapur	Grade M	2900	2950	2950	2900
	Grade S	2800	2850	2850	2800
Guhawati	Grade S	3106	3157	3157	3106
Shillong	Grade S	3120	3170	3170	3120
Vijayawada	Grade M	3480	3480	3480	3500
	Grade S	3380	3380	3380	3250
Nagpur	Grade M	3300	3350	3250	3250
	Grade S	3100	3150	3150	3050
Kolkata	Grade M	NA	NA	NA	3280
Chennai	Grade S	NA	2950	3050	2980
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	18th Oct to 22 Oct 14	11th Oct to 17 Oct 14	Change
Muzaffar Nagar	Chaku	2989	3150	-161
	Chaku (Arrival)	26000	19000	7000
	Khurpa	2575	2754	-179
	Laddoo	2788	2842	-54
	Rascut	2375	2375	Unch
Seyana	Chaurasa	2534	2536	-2
Hapur	Balti	2508	2490	18
Maharashtra	Latur(Lal Variety)	3000	3000	Unch
Bangalore	Achhu	NA	NA	-
	Mudde	4200	4220	-20
Belgaum	Mudde	2700	2775	-75
Belthangadi	Yellow (Average)	3200	3230	-30
Bijapur	Achhu	2900	2950	-50
Gulbarga	Other (Average)	3000	3054	-54
Mahalingapura	Penti (Average)	NA	NA	-
Mandya	Achhu (Medium)	3150	NA	-
	Kurikatu (Medium)	2600	NA	-
	Other (Medium)	2725	NA	-
	Yellow (Medium)	3050	NA	-
Shimoga	Achhu (Average)	3250	3240	10

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		22-Oct-14	17-Oct-14	22-Sep-14	22-Oct-13
Muzaffar Nagar	Chaku	2875	3130	2825	3030
	Khurpa	NA	2763	NA	3075
	Laddoo	NA	3100	NA	3263
	Rascut	2375	2375	2700	2600
Seyana	Chaurasa	2478	2525	NA	NA
Hapur	Balti	2500	2463	NA	NA
Maharashtra	Latur(Lal Variety)	3000	3000	2850	3400
Bangalore	Achhu	NA	NA	NA	3400
	Mudde	NA	4200	4200	3600
Belgaum	Mudde	NA	2800	2800	NA
Belthangadi	Yellow (Average)	NA	3200	3450	2950
Bijapur	Achhu	NA	2950	3100	3250
Gulbarga	Other (Average)	NA	2850	3200	2950
Mahalingapura	Penti (Average)	NA	NA	2900	3100
Mandya	Achhu (Medium)	NA	NA	2873	2950
	Kurikatu (Medium)	NA	NA	NA	2500
	Other (Medium)	NA	NA	2683	2600
	Yellow (Medium)	NA	NA	2855	2900
Shimoga	Achhu (Average)	NA	3350	3300	3525

Commodity: Sugar
Contract: December

Exchange: NCDEX
Expiry: Dec 19, 2014

SUGAR (December Weekly Chart)

SUGARM 1412(NCSEMAZ4)2014/10/19 - Weekly B:2781.00 A:2789.00
O 2782.00 H 2800.00 L 2779.00 C 2784.00 ↓ V 2,900 I 15,120 +4 +0.14%



Technical Commentary:

- Sugar prices, volume and O.I are declining indicating consolidation in the market.
- 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	Dec	2700	2770	2784	2850	2930
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 2785	2805	2810	2773

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.
- 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	900.5	943	965	990.5	1002.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Nov	Buy	Above 965	980	982.5	956.5

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:

- A fire broke out in a warehouse at Santos port of Brazil, storing almost 50 thousand tons of sugar at time. Reportedly, the terminal called TEAG (of which the warehouse was a part) is co-jointly owned by Cargill and Biosev, the sugar unit of Louis Dreyfus Commodities. Though the immediate effect of tragedy is not yet felt on prices but is expected to reduce the global glut position in near terms.
- As per 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).
- 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.

International Sugar Prices (Weekly)				
	Contract Month	21-Oct-14	16-Oct-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	16.44	16.67	-0.23
	15-May	16.73	16.91	-0.18
	15-Jul	16.99	17.17	-0.18
LIFFE Sugar (US \$/MT)	14-Dec	422	464	-42.00
	15-Mar	428	427	1.00
	15-May	438	433	5.00

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



Technical Commentary:

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 429 with a target of 435.7

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'14	429	435.7

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



Technical Commentary:

- ICE raw sugar futures are trending downwards.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 16.38 with target of 16.07

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	16.38	16.07

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