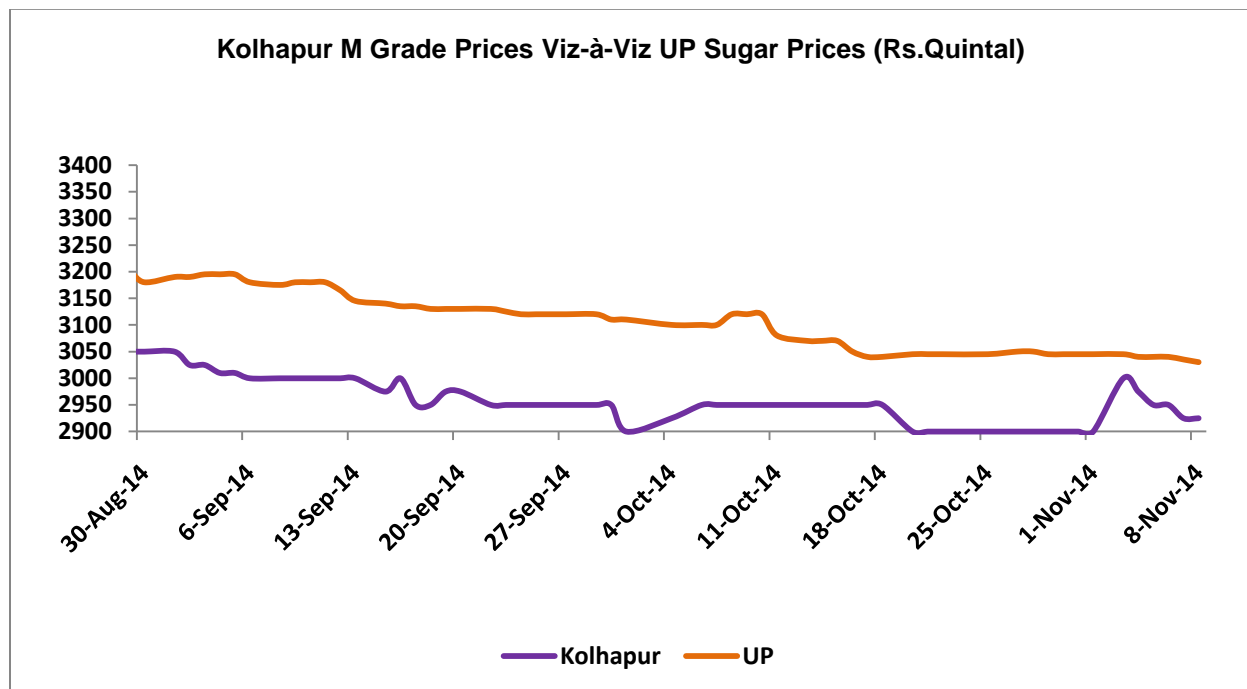


## Sugar Price Trend and Outlook:

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 in Kolhapur market tried to strengthen up initially but fell back amid excess supply by the end of week. Similarly, prices in Uttar Pradesh market also headed southward during the period.



## 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:

- Sudden forecasted Indian raw sugar export of 1.0-1.5 million tons in 2014-15. However, the organization emphasis govt. role in extending export subsidy scheme to attain the desirable figure. Reportedly, India had offered an export subsidy of Rs 3300/tons for export of raw sugar in 2013-14 which significantly boosted the export figure last year.

- Tamil Nadu govt. had exempted purchase tax on sugarcane but imposed an additional 5% VAT on sugar. The act is likely to hurt the local millers who are already facing a stiff price competition from the adjoining areas (amid better recovery and lower cost of production) and draught condition in the state. Reportedly, sugar production in the state declined 43% from 25.99 lakh tons in 2006-07 to 14.73 lakh tons in 2013-14.
- 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.

### Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$492.78 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$482.27 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$411.25/ 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.61.48) till 08 <sup>th</sup> Nov, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$411.25	\$449.40/415.40	\$482.27

### 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:**

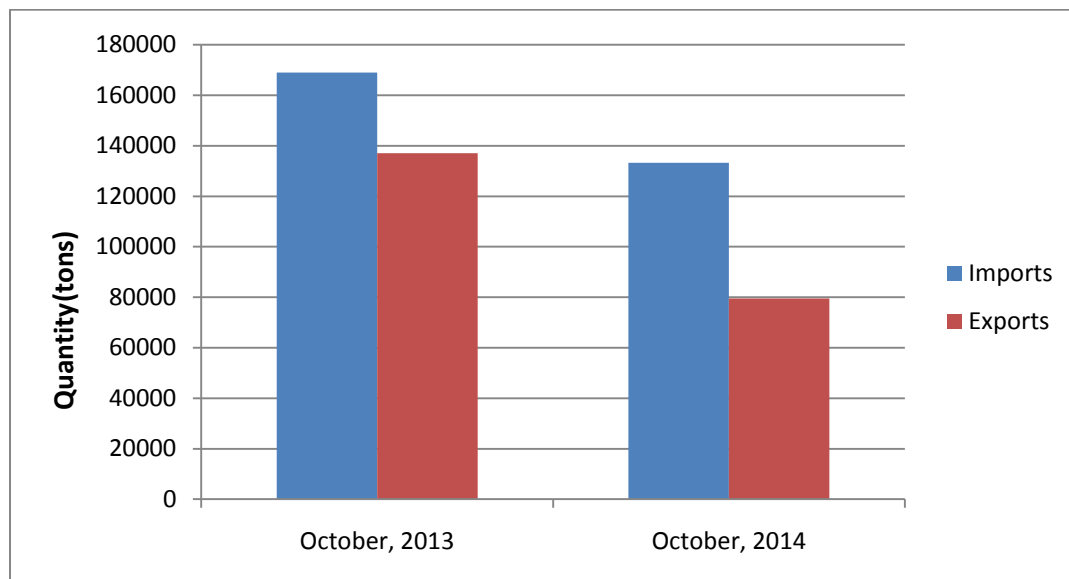
- Around 21.41 lakh hectares of land area in U.P was brought under cane cultivation till 26th Sep, 2014.
- Crop is presently in a good state with ample amount of artificial irrigation facilities available in UP.
- Also, less rainfall this year in the major growing regions also likely to boost the cane 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:**

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.

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	01st November-7th November	25th October- 31st October	Change
Sugar	Delhi - Grade M	3083	3102	-19
	Delhi - Grade S	3049	3051	-2
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3156	3188	-32
	UP- Ramala Grade M	3004	3009	-5
	UP- Dhampur Grade M Ex-Mill	2998	3052	-54
	UP- Dhampur Grade S Ex-Mill	2970	3032	-62
	UP- Dhampur Grade L Ex-Mill	3040	3102	-62
	Mumbai –Grade M	3191	3175	16
	Mumbai –Grade S	3019	3023	-4
	Kolhapur – Grade M	2950	2900	50
	Kolhapur – Grade S	2850	2800	50
	Guhawati – Grade S	3157	3106	51
	Shillong – Grade S	3170	3120	50
	Vijayawada – Grade M	3450	3475	-25
	Vijayawada- Grade S	3350	3375	-25
	Nagpur – Grade M	3250	3258	-8
	Nagpur – Grade S	3050	3091	-41
	Kolkata – Grade M	3208	NA	-
	Chennai - Grade S	2938	2950	-12
	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
		7-Nov-14	31-Oct-14	7-Oct-14	7-Nov-13
Sugar	Delhi - Grade M	3075	3090	3150	3110
	Delhi - Grade S	3055	3065	3090	3065
	Delhi - Grade L	NA	NA	NA	3150
	UP- Khatauli Grade M	3150	3165	3260	3090
	UP- Ramala Grade M	3000	3010	3050	3005
	UP- Dhampur Grade M Ex-Mill	NA	2950	3100	3000
	UP- Dhampur Grade S Ex-Mill	2940	2930	3080	2980
	UP- Dhampur Grade L Ex-Mill	3010	3000	3150	3050
	Mumbai –Grade M	2992	3182	3156	3171
	Mumbai –Grade S	3196	3012	3046	2900
	Kolhapur – Grade M	2925	2900	2950	2875
	Kolhapur – Grade S	2825	2800	2850	2770
	Guhawati – Grade S	3131	3106	3157	3075
	Shillong – Grade S	3145	3120	3170	3090
	Vijayawada – Grade M	3450	3450	3480	3500
	Vijayawada- Grade S	3350	3350	3380	3250
	Nagpur – Grade M	3250	3250	3250	3250
	Nagpur – Grade S	3050	3050	3100	3050
	Kolkata – Grade M	3230	NA	NA	3150
	Chennai - Grade S	2925	2950	3000	2940
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	3160	3161	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	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.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	01st November-7th November	25th October-31st October	Change
Muzaffar Nagar	Chaku	2535	2849	-314
	Chaku (Arrival)	57000	32000	25000
	Khurpa	2370	2528	-158
	Laddoo	2473	2660	-187
	Rascut	NA	2313	-
Hapur	Chaurasa	2231	2438	-207
	Balti	2219	2438	-219
Maharashtra	Latur(Lal Variety)	2920	3050	-130
Bangalore	Achhu	NA	NA	-
	Mudde	4194	4225	-31
Belgaum	Mudde	2725	2825	-100
Belthangadi	Yellow (Average)	3250	3250	Unch
Bijapur	Achhu	2925	2863	62
Gulbarga	Other (Average)	3117	3083	34
Mahalingapura	Penti (Average)	2875	2964	-89
Mandya	Achhu (Medium)	3138	3213	-75
	Kurikatu (Medium)	2525	2550	-25
	Other (Medium)	2688	2738	-50
	Yellow (Medium)	3038	3100	-62
Shimoga	Achhu (Average)	3200	3200	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		7-Nov-14	31-Oct-14	7-Oct-14	7-Nov-13
<b>Muzaffar Nagar</b>	Chaku	2550	2820	2375	2675
	Khurpa	2250	2650	2563	2500
	Laddu	2563	2650	2875	2750
	Rascut	NA	NA	2500	2500
<b>Hapur</b>	Chaurasa	2150	2438	2313	NA
	Balti	2125	2438	2375	NA
<b>Maharashtra</b>	Latur(Lal Variety)	2900	3050	2700	2800
<b>Bangalore</b>	Achhu	NA	NA	NA	3500
	Mudde	4100	4225	4200	3950
<b>Belgaum</b>	Mudde	2700	2800	NA	2700
<b>Belthangadi</b>	Yellow (Average)	3250	3100	NA	3000
<b>Bijapur</b>	Achhu	2975	2800	2800	3200
<b>Gulbarga</b>	Other (Average)	3100	3115	NA	3050
<b>Mahalingapura</b>	Penti (Average)	2800	3080	2840	2960
<b>Mandya</b>	Achhu (Medium)	3050	3250	2964	2900
	Kurikatu (Medium)	2500	2550	NA	2500
	Other (Medium)	2600	2700	2653	2600
	Yellow (Medium)	2950	3100	2939	2850
<b>Shimoga</b>	Achhu (Average)	3200	3200	3400	3300



**Commodity: Sugar**  
**Contract: December**
**Exchange: NCDEX**  
**Expiry: Dec 19, 2014**
**SUGAR (December Weekly Chart)**

**Technical Commentary:**

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

**Strategy: Sell**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2650	2674	2739	2820	2890
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	<b>Sell</b>	Below 2738	2718	2715	2750

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

GURCHMUZR 1412(NCCHMZ4)2014/11/09 - Weekly B:957.50 A:960.00  
 O 956.00 H 960.00 L 951.50 C 959.00 ↓ V 920 | 2,500 -4.5 -0.47%


**Technical Commentary:**

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

**Strategy: Sell**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Dec	901	932.5	959	989.5	1050.5
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Dec	<b>Sell</b>	Below 957	945	942.5	964

## 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:

- Brazilian govt. furnished an export of 2.1 million tons of raw sugar in October, 2014 compared to 1.7 million tons last month. Also there saw a rise of 0.03 million tons of raw export when made comparison on y-o-y basis.
- 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.
- 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).

International Sugar Prices (Weekly)				
	Contract Month	6-Nov-14	30-Oct-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	15.48	16.3	-0.82
	15-May	15.89	16.59	-0.70
	15-Jul	16.21	16.85	-0.64
LIFFE Sugar (US \$/MT)	14-Dec	415.4	428	-12.60
	15-Mar	410.5	427	-16.50
	15-May	419.5	435	-15.50

### 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 417.5 with a target of 408

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'14	417.5	408

### 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 15.65 with target of 15.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	15.65	15.00

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