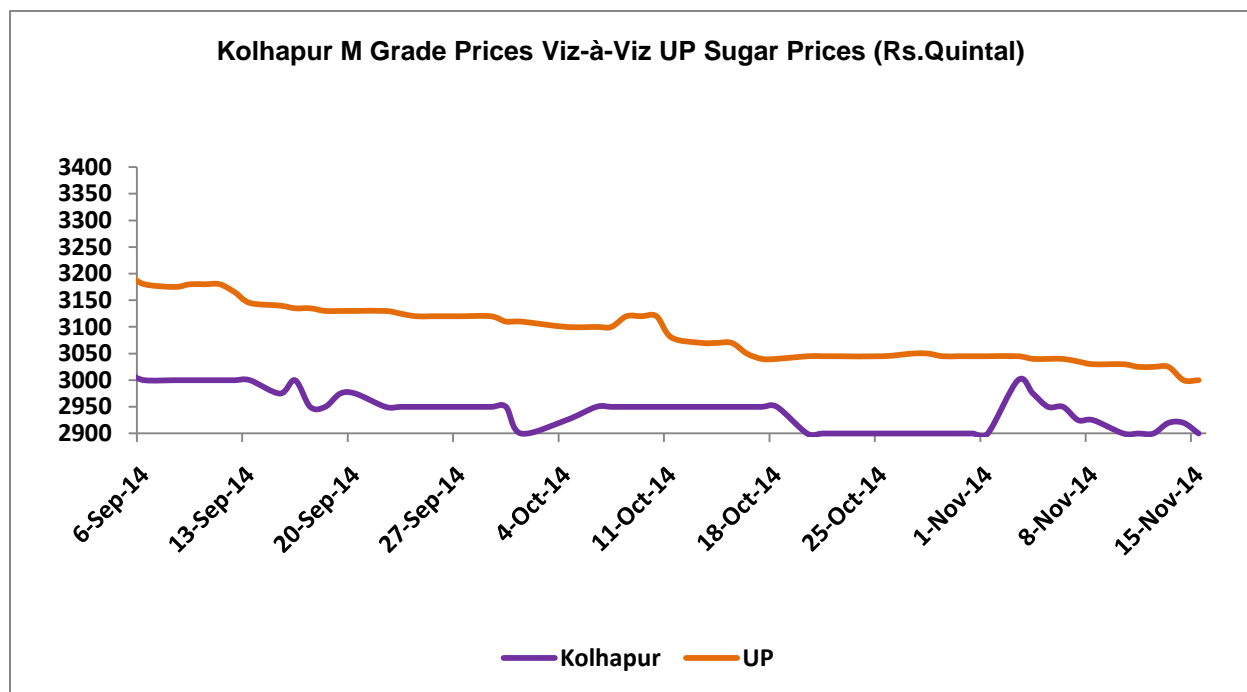


## Sugar Price Trend and Outlook:

Sugar prices dropped sharply this week as selling pressure increased and producers started selling old stocks at lower rates. In addition, higher Indian sugar production estimates for 2014-15 and weak international sugar prices landed support to the prevailing downtrend.

Also, the spread between the two benchmarks got narrowed this week with Kolhapur closing at Rs2900/quintal while prices in Uttar Pradesh stand out at Rs3000/quintal.



## 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:

- U.P govt. declared cane SAP of Rs 280/quintal (normal variety), Rs 290/quintal (early ripening variety) and Rs 275/quintal (late variety) for marketing year 2014-15; which are similar to the rate fixed last year. The govt. had also made it compulsory for the millers to pay the first installment of

Rs 240/quintal within 14 days of procurement while the remaining amount needs to be paid within three months of completion of crushing.

- Sucden 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.

### Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$494.97 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$476.81 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$413.25/ 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.61.66) till 17 <sup>th</sup> Nov, 2014			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$413.25	\$430.35/424.10	\$476.81

### 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:**

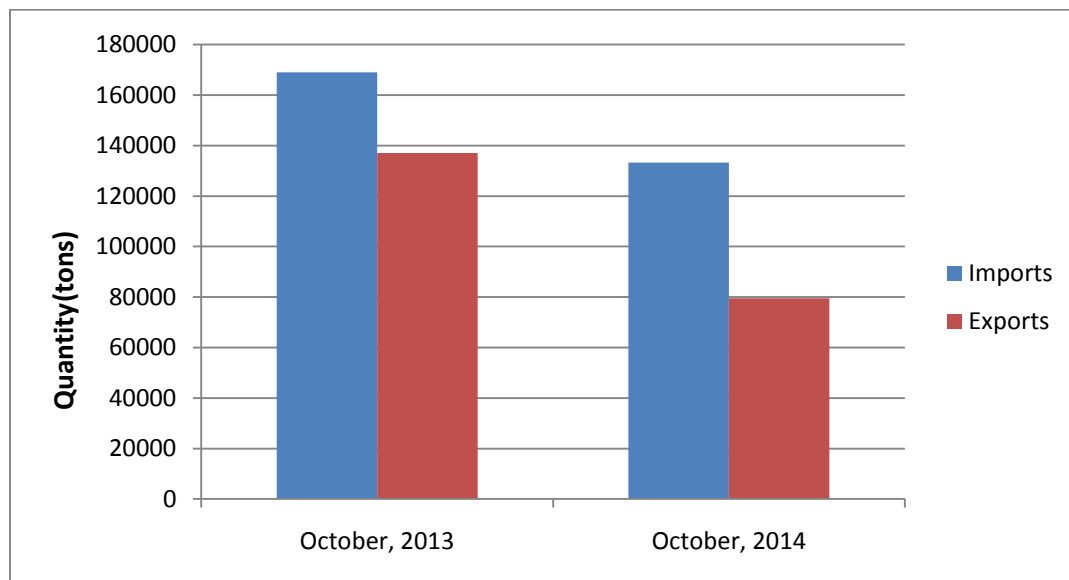
- Around 21.41 lakh hectares of land area in U.P was brought under cane cultivation till 26<sup>th</sup> Sep, 2014.
- Crop is presently in a good state with ample amount of artificial irrigation facilities available in UP.
- Also, less rainfall this year in the major growing regions also likely to boost 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	08th November-14th November	01st November-7th November	Change
Sugar	Delhi - Grade M	3033	3083	-50
	Delhi - Grade S	2991	3049	-58
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	3124	3156	-32
	UP- Ramala Grade M	2958	3004	-46
	UP- Dhampur Grade M Ex-Mill	3013	2998	15
	UP- Dhampur Grade S Ex-Mill	2957	2970	-13
	UP- Dhampur Grade L Ex-Mill	3027	3040	-13
	Mumbai –Grade M	3170	3191	-21
	Mumbai –Grade S	2963	3019	-56
	Kolhapur – Grade M	2911	2950	-39
	Kolhapur – Grade S	2811	2850	-39
	Guhawati – Grade S	3117	3157	-40
	Shillong – Grade S	3131	3170	-39
	Vijayawada – Grade M	3450	3450	Unch
	Vijayawada- Grade S	3350	3350	Unch
	Nagpur – Grade M	3152	3250	-98
	Nagpur – Grade S	2973	3050	-77
	Kolkata – Grade M	3125	3208	-83
	Chennai - Grade S	2917	2938	-21
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	3161	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	3135	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		14-Nov-14	7-Nov-14	14-Oct-14	14-Nov-13
Sugar	Delhi - Grade M	3020	3075	3130	3100
	Delhi - Grade S	2960	3055	3080	3060
	Delhi - Grade L	NA	NA	NA	3140
	UP- Khatauli Grade M	3105	3150	3225	3080
	UP- Ramala Grade M	2920	3000	3040	2990
	UP- Dhampur Grade M Ex-Mill	3010	NA	NA	3100
	UP- Dhampur Grade S Ex-Mill	2990	2940	NA	3080
	UP- Dhampur Grade L Ex-Mill	3060	3010	NA	3150
	Mumbai –Grade M	2952	2992	3160	3226
	Mumbai –Grade S	3166	3196	3040	2918
	Kolhapur – Grade M	2920	2925	2950	2875
	Kolhapur – Grade S	2820	2825	2850	2750
	Guhawati – Grade S	3126	3131	3157	3055
	Shillong – Grade S	3140	3145	3170	3070
	Vijayawada – Grade M	3450	3450	3480	3530
	Vijayawada- Grade S	3350	3350	3380	3250
	Nagpur – Grade M	3150	3250	3350	3200
	Nagpur – Grade S	2950	3050	3150	3050
	Kolkata – Grade M	NA	3230	NA	3150
	Chennai - Grade S	2900	2925	2950	2920
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	NA	3161	3100
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	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	08th November -14th November	01st November- 7th November	Change
Muzaffar Nagar	Chaku	2386	2535	-149
	Chaku (Arrival)	48000	57000	-9000
	Khurpa	2238	2370	-132
	Laddoo	2373	2473	-100
	Rascut	NA	NA	-
Hapur	Chaurasa	2167	2231	-64
	Balti	2110	2219	-109
Maharashtra	Latur(Lal Variety)	2783	2920	-137
Bangalore	Achhu	NA	NA	-
	Mudde	4100	4194	-94
Belgaum	Mudde	2725	2725	Unch
Belthangadi	Yellow (Average)	3250	3250	Unch
Bijapur	Achhu	2783	2925	-142
Gulbarga	Other (Average)	3044	3117	-73
Mahalingapura	Penti (Average)	2796	2875	-79
Mandya	Achhu (Medium)	2830	3138	-308
	Kurikatu (Medium)	2420	2525	-105
	Other (Medium)	2420	2688	-268
	Yellow (Medium)	2780	3038	-258
Shimoga	Achhu (Average)	3200	3200	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		14-Nov-14	7-Nov-14	14-Oct-14	14-Nov-13
<b>Muzaffar Nagar</b>	Chaku	2375	2550	2875	2500
	Khurpa	2200	2250	2800	2500
	Laddu	2350	2563	3100	2600
	Rascut	NA	NA	2500	2713
<b>Hapur</b>	Chaurasa	2170	2150	2553	NA
	Balti	2100	2125	2550	NA
<b>Maharashtra</b>	Latur(Lal Variety)	2600	2900	3000	2800
<b>Bangalore</b>	Achhu	NA	NA	NA	3500
	Mudde	4100	4100	4250	3600
<b>Belgaum</b>	Mudde	2700	2700	2900	2700
<b>Belthangadi</b>	Yellow (Average)	NA	3250	3250	3000
<b>Bijapur</b>	Achhu	2650	2975	2978	3050
<b>Gulbarga</b>	Other (Average)	3050	3100	3125	3100
<b>Mahalingapura</b>	Penti (Average)	2710	2800	NA	2910
<b>Mandya</b>	Achhu (Medium)	2750	3050	NA	2800
	Kurikatu (Medium)	2400	2500	NA	2500
	Other (Medium)	2400	2600	NA	2550
	Yellow (Medium)	2700	2950	NA	2700
<b>Shimoga</b>	Achhu (Average)	3200	3200	3100	3325

Commodity: Sugar  
Contract: December

Exchange: NCDEX  
Expiry: Dec 19, 2014

### SUGAR (December Weekly Chart)



#### Technical Commentary:

- Sugar volume is falling while 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	2683	2700	2743	2792	2810
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 2740	2755	2765	2732

Commodity: Gur  
Contract: December

Exchange: NCDEX  
Expiry: Dec 19, 2014

### GUR (December 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 bearishness in the market.

**Strategy:** Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Dec	900	940.5	961	990.5	1053
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Dec	Buy	Above 960	972	979.5	953



### 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:

- Raw sugar price surges high in the international market amid lower productivity from the largest cane producer, Brazil that is facing the dual problem of draught and early closure of mills in the country. Reportedly, Brazil's main central south region produced only 2.05 MMT of sugar in the second half of October compared to 2.47 MMT last year in 2013.
- Sugar production in Thailand is expected to range in between 10- 11 million tons for MY 2014-15 against a record high of 11.3 million tons the previous year. Hot and humid climate condition coupled with scanty rainfall this year cited cues for this fall in expectation.
- 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	13-Nov-14	6-Nov-14	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	16.01	15.48	0.53
	15-May	16.3	15.89	0.41
	15-Jul	16.5	16.21	0.29
LIFFE Sugar (US \$/MT)	14-Dec	420.8	415.4	5.40
	15-Mar	428.8	410.5	18.30
	15-May	440.3	419.5	20.80

### 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 425 with a target of 430.8

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'14	425	430.8

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



### Technical Commentary:

- ICE raw sugar futures are trending upwards.
  - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 16.00 with target of 16.64

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'15	16.00	16.64

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