

Sugar sentiment positive on festival demand

Our Correspondent

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Physical sugar prices were mixed and stable in the Vashi wholesale sugar market but on futures market, the commodity lost more than Rs 20 on Friday.

In the last three days, sugar futures lost more than Rs 40 a quintal.

The under current was steady. A Vashi-based wholesaler said "At producing level, continuous off take kept sentiment positive as millers are expecting good consumer bulk buying ahead of festivals which will start with Ramadan next month.

The State Government may also have started procuring sugar for public distribution systems (PDS) from the open markets. Producers are not very keen to sell at lower rates as current prices are below the cost of production".

"Surplus supplies kept sugar prices depressed for the last few months but now all are expecting lower production in 2013-14 in Maharashtra and Karnataka due to drought. This should support prices", an analyst said.

"Sugar output in Maharashtra is likely to fall by 25 per cent year-on-year to 6.5 mt-6.8 million tonnes in 2013-14 as drought reduced the acreage under the crop.

"India is likely to produce



22.5 mt-23 mt sugar in 2013-14 against an annual demand of about 23 mt," he said.

In the Vashi market, arrivals were 64-65 truck loads (each of 100 bags) and local despatches were about 61-62 truck loads.

On Thursday, about 14-15 mills offered tenders and sold about 43,000-45,000 bags to local traders at Rs 2,950-3,010 (Rs 2,950-3,010) for S-grade and Rs 3,020-3,120 (Rs 3,020-3,120) for M-grade.

On the National Commodities and Derivatives Exchange, sugar July futures dropped further by Rs 20 to Rs 3,089 (Rs 3,109), August was down by Rs 26 to Rs 3,136 (Rs 3,162) and September was lower by Rs 35 to Rs 3,178 (Rs 3,213) till noon.

The Bombay Sugar Merchants Association's spot rates were: S-grade Rs 3,062-3,135 (Rs 3,062-3,135) and M-grade Rs 3,172-3,331 (Rs 3,172-3,331).

Naka delivery rates were: S-grade Rs 3,020-3,080 (Rs 3,020-3,080) and M-grade Rs 3,130-3,200 (Rs 3,130-3,200).

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