

Stockists Squirelling Away Sugar as Prices Rise

With market moving upward and yield expected to drop, analysts expect more stocking-up, but millers are not bullish

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Pune: Sugar stockists have become active because of rising commodity prices and expectations that cane yield will drop next season. Industry executives said they expect stocking-up to

happen, as the market now appears to be moving upward.

"The market will continue to see upward trend and price of S-30 grade sugar will cross ₹ 32 per kg in April," said Ashok Jain, president, Bombay Sugar Merchants' Association. In the domestic market, NCDEX sugar futures May contract continued to experience gains for more than a week on Tuesday, trading higher than ₹ 3,430 per quintal. Firmness in physical markets and hope of exports demand helped prices move higher.



"Firmness in physical as well as international markets, improved demand and depreciation in the rupee acted as positive factors," said a research note of Geofin Comtrade. However, in physical trade, sugar prices, which had touched ₹ 32 per kg ex-mill without duties last week, declined to ₹ 31 per kg as demand reduced. Although traders are bullish, millers are not yet confident about the sustainability of the current price trends. "We will still have enough carry forward stock of sugar for 2016-17 season. Although there will be a fall in Maharashtra's sugar production next season due to drought, other states can make up for the fall," said Sanjiv Babar, MD of Maharashtra State Co-operative Sugar Factories Federation.