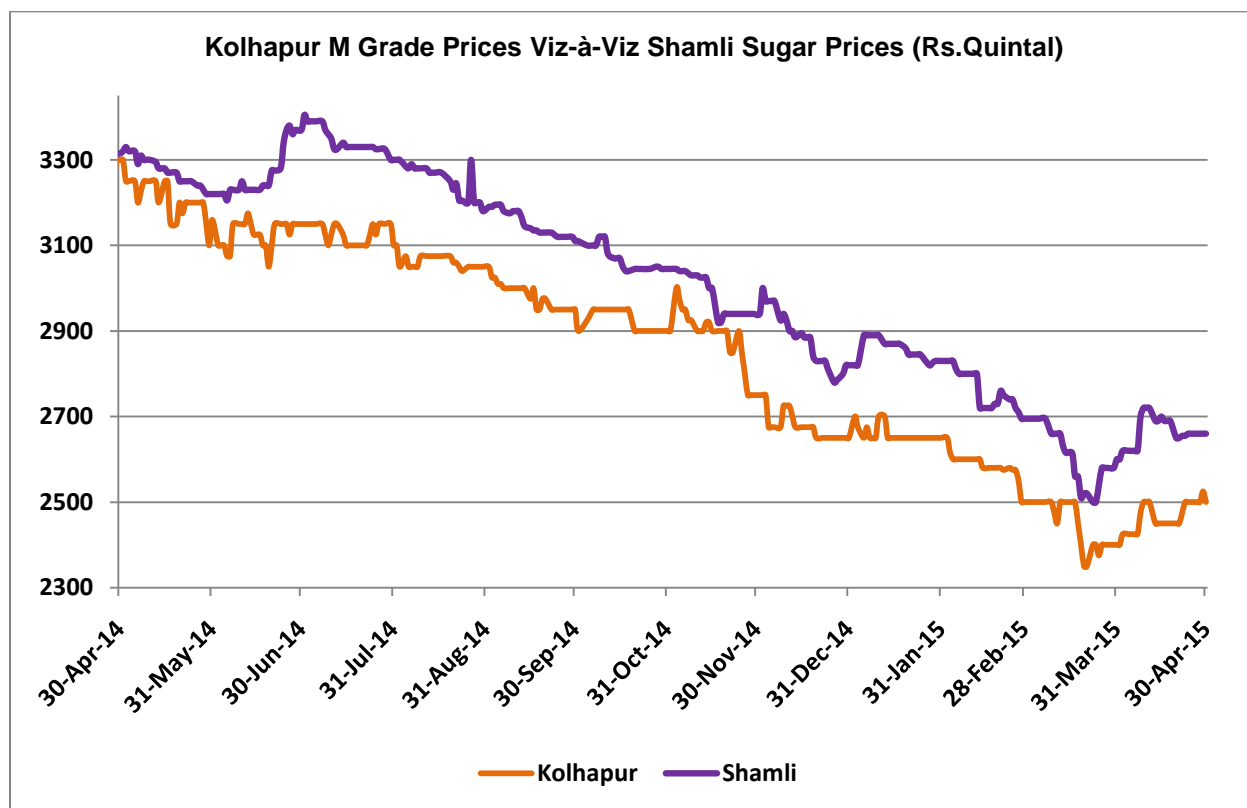


### Domestic Market Recap & Price Outlook:

Sugar prices edged up this month due to revival of demand from bulk consumers, including soft drink and icemakers that is triggered by the onset of summer season. In addition, speculators too created fresh buying interest in future trade market, which was supported by improved demand in the spot market.

However, adequate stocks position on higher supplies from millers and reports of falling sugar prices in global markets on bumper cane crop output, particularly in largest producing country Brazil, weighed on domestic prices.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2467 per quintal this month compared to Rs 2446 per quintal in the month of March. Similarly, sugar prices for 'M-31' variety/grade in Shamli district rose by 2.39% from Rs 2604 per quintal in March to Rs 2661 per quintal in the month of April.



### Price Outlook:

Sugar prices are expected to improve, as India is about to finish the crushing operation soon which could reduce excessive sugar surplus in the market

### Major Happenings in Domestic Sugar Industry:

- In a bid to support local cane farmers, Indian govt. raised sugar import duty from 25 per cent to 40 per cent. In addition, the govt. had withdrawn duty free raw sugar import authorization scheme under which Indian refiners could import duty free raw sugar from abroad with the sole condition of re exporting the refined sugar from the country.
- The Indian govt. removed excise duty of 12.36% on supply of ethanol meant for blending with petrol to the OMCs (Oil Marketing Companies).
- The Indian govt. liberalized sugar exporting norms under preferential quota systems (wherein limited quantity of sugar exported at a lower tariff rate) to European Union (CXL quota) and the US (TRQ quota). Until now, only ISEC (Indian Sugar Exim Corporation) used to export the preferential quota sugar to EU and U.S, availing a lower tariff rate for the exports made, however with the new policy announced, anyone from the industry could export preferential sugar share to the concerned market.
- As per a report issued by U.S. Department of Agriculture, India is expected to produce 29 MMT of sugar in MY 2015-16 (1st Oct, 2015 – 30th Sep, 2016) and is likely to emerge as a net sugar exporter during the period.
- In addition to the centre's export subsidy declared in February, 2015 (Rs 4000/ton up to a limit of 1.4 MT), the Maharashtra govt. announced a subsidy of Rs1000/tons on export of raw sugar from the country.
- The Maharashtra govt. announced Rs 2,000 crore interest free loan to the local sugar millers in the state which could be utilized for payment of pending cane arrears by them. The govt. also cleared that strict action will be taken against those (mills) who failed to make timely cane payment to the farmers. Notably, Maharashtra owed somewhat Rs 2402 crore as the pending cane arrears till 31st Mar, 2015.
- The amount of pending cane arrears in India had surged the highest reaching up to a limit of somewhat Rs 19000 crore (till 31st Mar, 2015) this season. The state of Uttar Pradesh alone contributed Rs 9715 crore to the arrears which was followed by Maharashtra and Karnataka who owed Rs 2402 & Rs 682 crore respectively.
- The Indian Sugar Mills Association (ISMA) revisited India's sugar production estimate to around 28 million tons this marketing year i.e. 2014 -15.
- India had produced 273.7 lakh tons of sugar in 2014-15 (1st Oct, 2014 – 30th Apr, 2015) which was 14.3% higher than the production made last year in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014).

- A record sugar production of 103.5 lakh tons has been made in Maharashtra this year, 2014 -15 (till 30th Apr, 2015) as against 77.14 lakh tons last year during the same interval. An increase in cane area and yield per hectare in the state could be cited responsible for the surge.
- Sugar production rose by 7.8% in U.P which produced 70.15 lakh tons of sugar in 2014-15 (1st Oct, 2014 – 30th Apr, 2015) compared to 65.08 lakh tons in 2013 -14(1st Oct, 2013 – 30th Apr, 2014). The state also saw a surge in sugarcane recovery rate this year from 9.29% in 2013-14 to 9.54% in 2014-15.
- 25 sugar mills in Karnataka had churned around 47 lakh tons of sugar in 2014 -15 (till 30th Apr, 2015) compared to 41.19 lakh tons of sugar in 2013 -14 (till 30th Apr, 2014) when only two mills were engaged in the crushing operation.
- A negative production (sugar) trend could be seen in Tamil Nadu this year, which produced only 9 lakh tons of sugar in 2014 -15 (till 30th Apr, 2015) compared to 11.02 lakh tons in 2013 -14 (till 30th Apr, 2014).
- 11.35 lakh tons of sugar was produced in Gujarat this marketing year (1st Oct, 2014 – 30th Apr, 2015) which was 3.4% less than the production made last year during the same interval.
- Crushing operation had come to an end in Andhra Pradesh & Telengana, which collectively produced 8.8 lakh tons of sugar in 2014 -15 (1st Oct, 2014 – 30th Apr, 2015) compared to 10.01 lakh tons in 2013- 14( 1st Oct, 2013 – 30th Apr, 2014).
- Sugar production rose 12.8% in Uttarakhand this season, with the state producing 3.25 lakh tons of sugar in 2014 -15(1st Oct, 2014 – 30th Apr, 2015) relative to 2.88 lakh tons in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014). With these figures, the state marked an end to the crushing operation for this season.
- With a production decline of 0.68 lakh tons, Bihar ended up the crushing operation for marketing year 2014- 15. Notably, the state produced 5.23 lakh tons of sugar in 2014 -15 (1st Oct, 2014 – 30th Apr, 2015) as against 5.91 lakh tons sugar in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014).
- Crushing operation ended in Punjab with the state producing 5.25 lakh tons of sugar in 2014 -15 (1st Oct, 2014 – 30th Apr, 2015) as against 4.69 lakh ton in 2013 -14 (1st Oct, 2013 – 30th Apr, 2014).
- M.P had produced 4 lakh tons of sugar in 2014 -15 (01st Oct, 2014 - 30th Apr, 2015) compared to 3.64 lakh tons of sugar last year during the corresponding period. Around 12 sugar mills this year had participated in the crushing operation so far compared to 10 sugar mills last year.
- Under the 'GAS-In' facility recently inaugurated in Karnataka, the petroleum ministry announced purchase of any quantity of ethanol at a supportive rate of Rs 48.5 per litre in the state. Notably, the 'Gas-In' facility has been primarily initiated for supply of clean energy to Hubballi- Dharwad.

**Indian Sugar Production Scenario Up to 30th April, 2015:**

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	103.5	77.1
Uttar Pradesh	70.2	65.1
Karnataka	47.0	41.2
Tamil Nadu	9.0	11.0
Andhra Pradesh + Telengana	8.8	10.0
Gujarat	11.4	11.8
Bihar	5.2	5.9
Punjab	5.3	4.7
Uttarakhand	3.3	2.9
Madhya Pradesh	4.0	3.6
<b>All India</b>	<b>273.7</b>	<b>239.4</b>

**Total India & State wise Sugarcane Price (Rs/Ton):**

State	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>India (FRP)</b>	1298	1391	1450	1700	2100	2200
<b>UP</b>	2300	2050	2400	2800	2800	2800
<b>Maharashtra</b>	2264	2000	1800-2050	2100-2500	-	-
<b>Punjab</b>	2080	2120	2200	2400	2800	2850
<b>Haryana</b>	2450	2150	2210	2710	2950	3050
<b>Gujarat</b>	2450	1500-1700	-	2500	-	-
<b>Andhra Pradesh</b>	1885	1800-2000	2000	2500	2600	-
<b>Karnataka</b>	2400	1740	2000	2400	2500	2500
<b>Tamil Nadu</b>	1663	1948	2100	2350	2650	2650

## Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$452.68 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$399.81 per ton Kolhapur based.

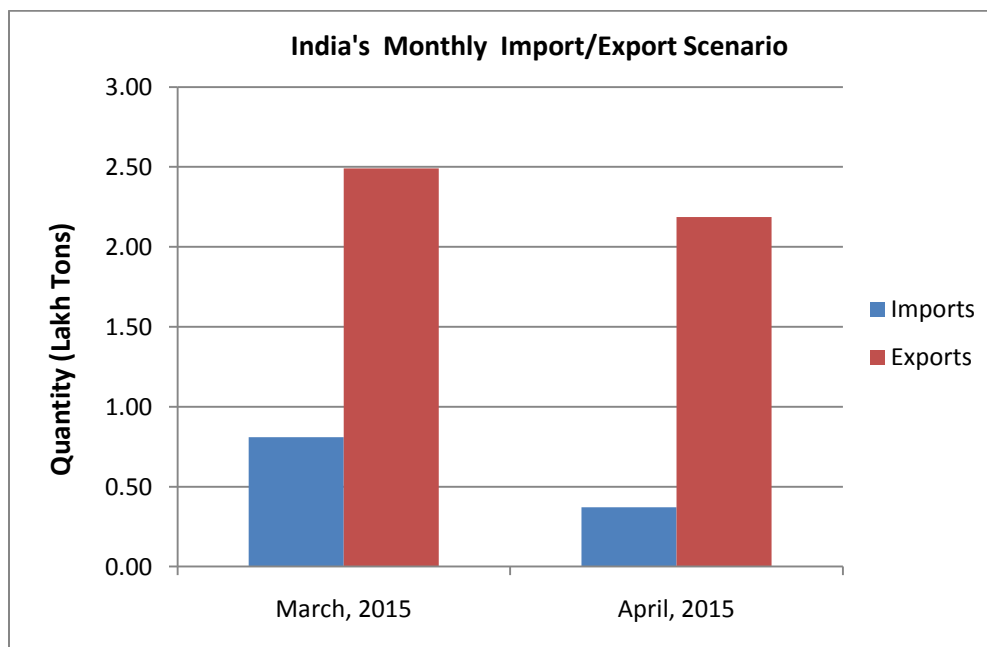
On International front, Brazil sugar FOB prices quoted at \$354.25/ Ton.

Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.68) till 04 <sup>th</sup> May, 2015			
	Brazil	Thailand (100 Icumsa May Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$354.25	\$389.90/376.70	\$399.81

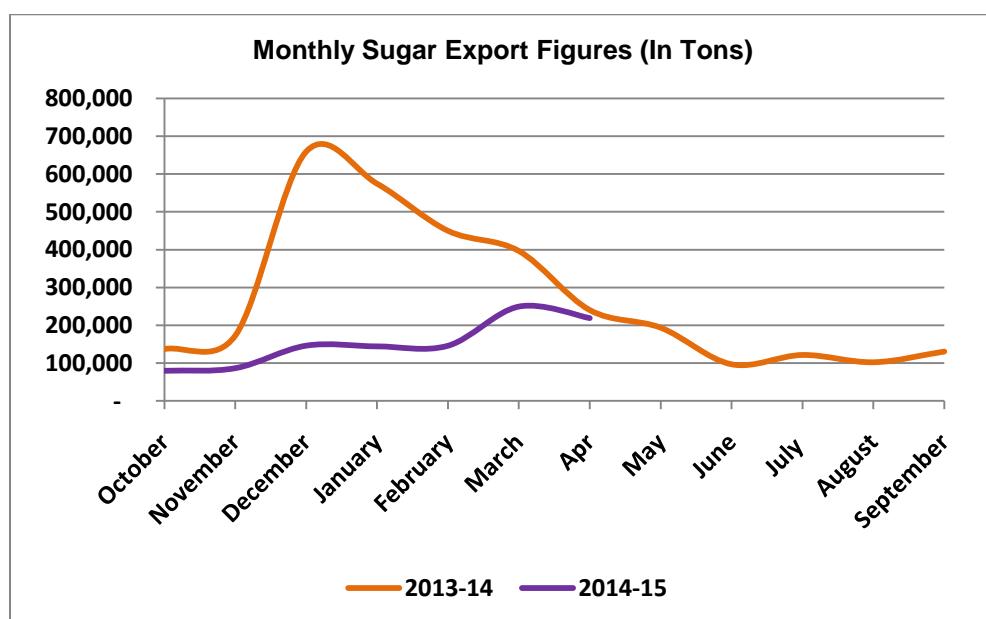
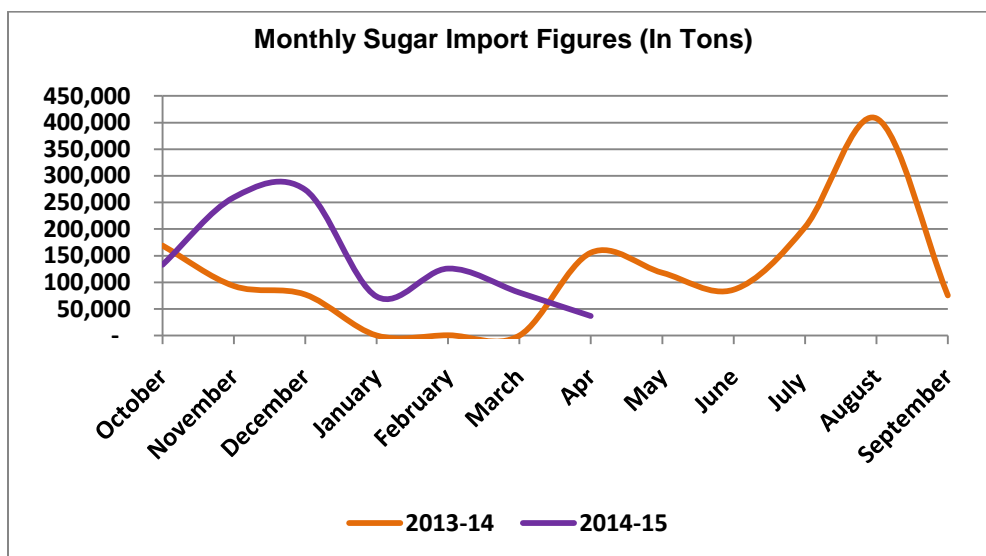
## Sugar Import and Export Scenario:

Ample stock position in the physical market and higher supply from mills both in domestic and international market, restricted efficient sugar trade in India causing a lower sugar import and exports during the month.



Lack of import parity in trade with Brazil and a sluggish global demand caused India to import only 0.37 lakh tons of sugar in April, 2015 compared to 0.81 lakh tons in March, 2015.

Notably, the country mainly imports raw sugar from Brazil which got refined here and is then re-exported to the neighboring countries thereon. However, with the recent govt. withdrawal of duty free raw sugar import authorization scheme (under which Indian refiners could import duty free raw sugar from abroad with the sole condition of re exporting the refined sugar from the country), the Indian sugar import prospects are expected to shrink down further.



On the other hand, a weak Brazilian Real and falling crude prices allowed Brazil to dump its excessive sugar produce into the world market, making India uncompetitive to export. As a result, India exported 2.19 lakh tons of sugar in April, 2015 which was 12.2% lower than the sugar exported last month in March, 2015. A y-o-y comparison also shows that the country exported relatively larger quantity (2.40 lakh tons) of sugar last year in April, 2014.

**Sugar Domestic Balance Sheet:**

Qty in lakh Ton	Estimated Balance sheet	
	2013-14	2014-15
Opening Sugar stock	58.89	39.94
Estimated sugar production	245	280
Imports (IBIS)	13.86	10.07
Estimated sugar availability	317.75	330.01
Total Export (IBIS)	32.81	10.85
Total Available for domestic consumption (D-E)	284.94	319.16
Estimated sugar consumption	245	250.39
Ending Stock	39.94	68.77

**Spot Sugar Prices Scenario (Monthly):**

Spot Sugar Prices Scenario (Monthly-Average)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		15-Apr	15-Mar	
Sugar	Delhi - Grade M	2720	2667	53
	Delhi - Grade S	2650	2623	27
	Delhi - Grade L	2785	NA	-
	UP- Khatauli Grade M	2802	2754	48
	UP- Ramala Grade M	2648	2689	-41
	UP- Dhampur Grade M Ex-Mill	2675	2608	67
	UP- Dhampur Grade S Ex-Mill	2646	2587	59
	UP- Dhampur Grade L Ex-Mill	2733	2657	76
	Mumbai –Grade M	2762	2774	-12
	Mumbai –Grade S	2557	2580	-23
	Kolhapur – Grade M	2467	2450	17
	Kolhapur – Grade S	2367	2350	17
	Guhawati – Grade S	2666	2649	17
	Shillong – Grade S	2687	2670	17
	Vijayawada – Grade M	2960	2996	-36
	Vijayawada- Grade S	2860	2896	-36
	Nagpur – Grade M	NA	2810	-
	Nagpur – Grade S	2607	2594	13
	Kolkata – Grade M	2658	2726	-68
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	Unch
	Chennai - Grade S	2519	2519	Unch



### Gur Market Scenario and Outlook:

Mixed sentiments were recorded in gur spot market this month with price rising in some markets while declining in others.

A lower arrival this month, caused Chaku variety of gur in key Muzaffar Nagar market to rise by Rs 239 per quintal from Rs 2235 per quintal (March, 2015) to Rs 2474 per quintal in April, 2015. Similarly, Khurpa and Laddoo variety of gur rose by Rs 172 & Rs 300 per quintal this month to reach at Rs 2263 and Rs 2520 per quintal respectively. The Chaurasa variety of gur from Hapur also increased by Rs 108 per quintal from Rs 2091 per quintal to Rs 2199 per quintal for this month.

On the contrary, Kurikatu (Medium), Other (Medium and Yellow (Medium) variety of gur from Mandya declined by Rs 132, Rs 260 and Rs 447 per quintal to reach at Rs 2283, Rs 2336 and Rs 2468 per quintal this month. The Achhu (Average) variety from Shimoga also declined from Rs 2915/quintal to Rs 2763/quintal this month.

### Spot Jaggery (Gur) Prices Scenario (Monthly):

Jaggery(Gur) Spot Prices Scenario (Monthly-Average)				
Markets	Variety	15-Apr	15-Mar	Change
Muzaffar Nagar	Chaku	2474	2235	239
	Chaku(Arrival-Sum)	108300	116000	-7700
	Khurpa	2263	2091	172
	Laddu	2520	2220	300
	Rascut	NA	NA	-
Hapur	Chaurasa	2199	2091	108
	Balti	2082	2036	46
Maharashtra	Latur(Lal Variety)	NA	2250	-
Bangalore	Mudde	3930	3974	-44
Belgaum	Mudde	2414	2400	14
Belthangadi	Yellow (Average)	3050	NA	-
Bijapur	Achhu	NA	2603	-
Gulbarga	Other (Average)	2540	2644	-104
Mahalingapura	Penti (Average)	2562	2763	-201
Mandya	Achhu (Medium)	2493	2267	226
	Kurikatu (Medium)	2283	2415	-132
	Other (Medium)	2336	2596	-260
	Yellow (Medium)	2468	2915	-447
Shimoga	Achhu (Average)	2763	2915	-152

Commodity: Sugar  
Contract: Continuous Chart

Exchange: NCDEX

### SUGAR Continuous Chart (C1)

#### Technical Commentary:

- Sugar prices and volume are rising while O.I fell down for the month.
- Also RSI is hovering in a neutral zone.
- The last candlestick depicts bullishness in the market.

SUGARM 1st(NCSMAC1)2015/05 - Monthly B:2416.00 A:2419.00  
O 2410.00 H 2436.00 L 2409.00 C 2418.00 ↓ V 4,090 I 32,500 -1 -0.04%



**Strategy:** We advise market participants to Buy.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2224	2300	2419	2550	2610
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1 Chart	Buy	Above 2410	2480	2510	2352

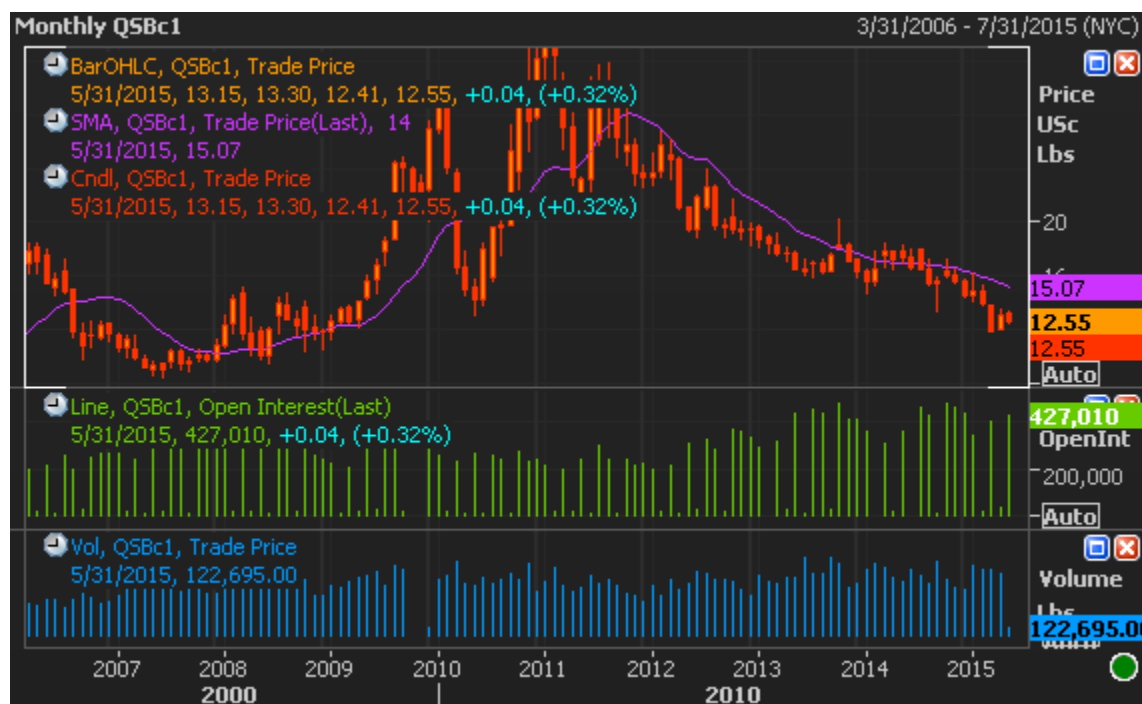
## International Scenario

International sugar prices remained subdued amid ample supplies and higher stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

## International Market News Highlights:

- As per a report issued by U.S. Department of Agriculture, Australia is expected to produce 4.8 million tons of sugar in MY (2015-16).
- Due to various trade restrictions imparted by govt., Indonesia is expected to import only 2.95 million tons of raw sugar in 2014-15. While, the country is forecasted to produce around 2.1 million tons of plantation white sugar during the same period.
- Thailand, the second largest sugar exporter in the world; had exported two lakh tons of sugar in first half of April, 2015 together with 1.4 million tons of sugar in the first quarter of year 2015.
- Sugar production in Thailand is expected to rise to 11.4 MT in 2015-16 amid government's agricultural restructuring program which will provide more financial support to the domestic farmers in the country.
- Brazilian govt. crop supply agency, CONAB forecasted country's total sugar production at 37.35 MT for MY 2015-16 (1st Apr, 2015 – 31st Mar, 2016) which was approximately 5% higher than the sugar produced by Brazil in 2014-15.
- The Thailand govt. is planning to seek policy change in Cane and Sugar Act, which confined only one sugar factory to be located within 80kms of range within the country. Thus, the step is expected to enhance sugar production capacity of Thailand by facilitating more sugar mills within the nation.
- The International Sugar Organization (ISO) expects global sugar deficit of two million tons in 2015-16 (1st Oct- 30th Sep) as against a less than one million tons sugar surplus forecast for current season, 2014-15 (1st Oct- 30th Sep).
- Market expert, F.O.Licht, predicted Brazilian Centre South region to crush 580 million tons of sugarcane in 2015-16 (1st Apr, 2015 – 31st Mar, 2016) to produce around 31.8 million tons of sugar by the season end.

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

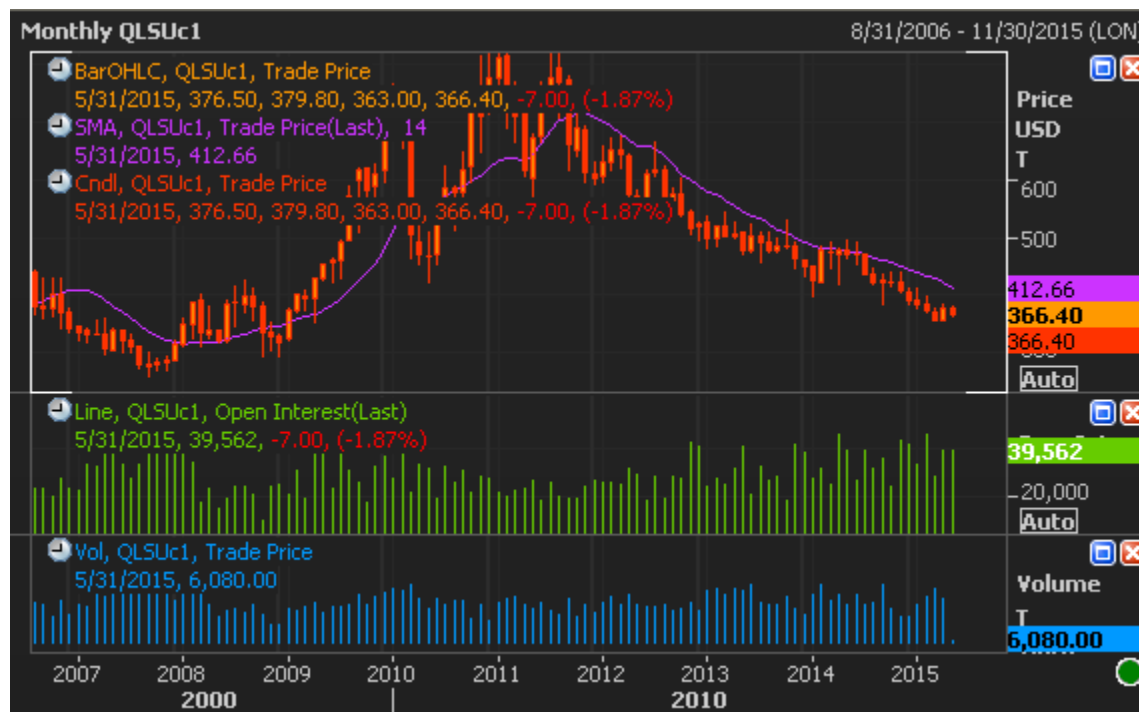


Source: Reuters Eikon

As of **05<sup>th</sup> May 2015**, ICE Raw sugar prices settled at 12.55 cents per lbs. On monthly chart, 11.82 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 10.71 cent per lbs.

On the upper side, 13.73 and 14.32 cents per lbs are the resistance levels.

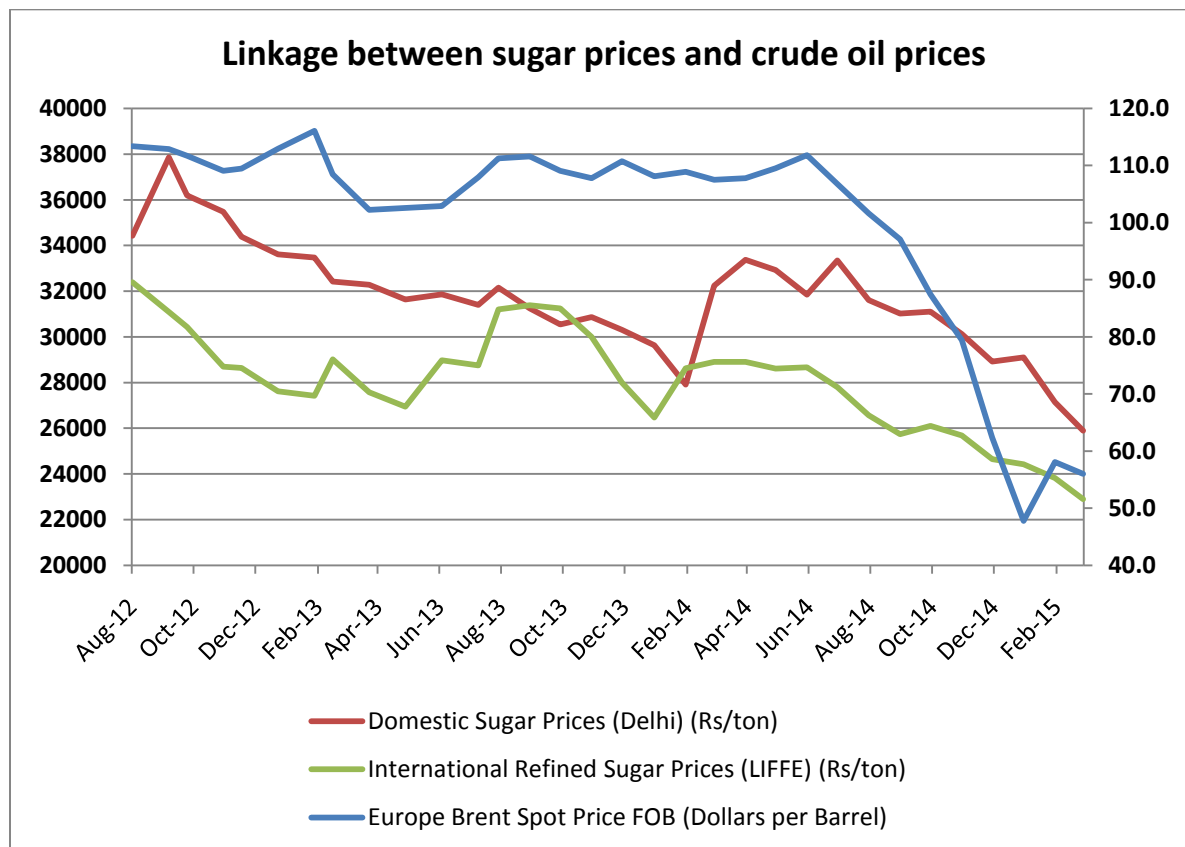
**LIFFE Future Market Sugar Scenario (Aug'15 Contract):**



Source: Reuters Eikon

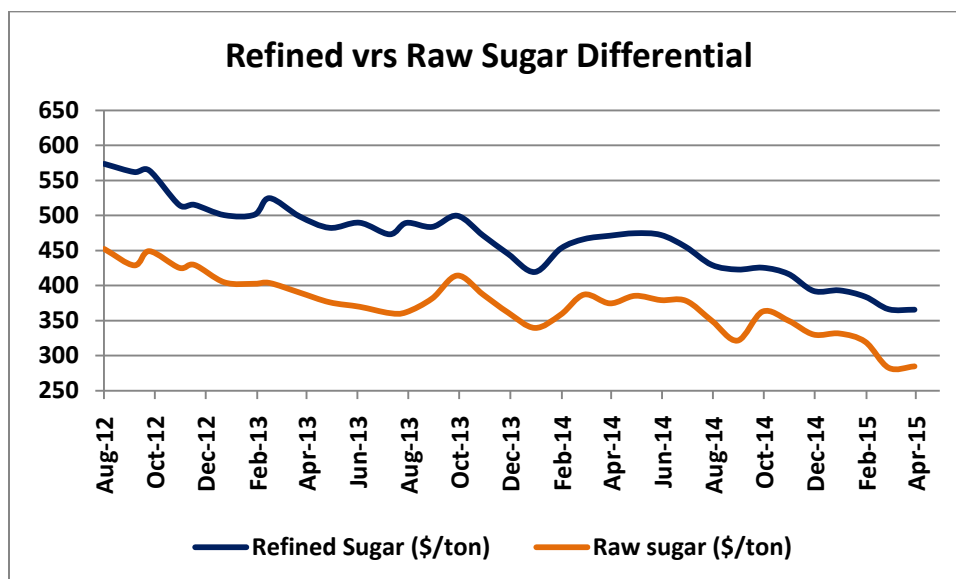
As of **05<sup>th</sup> May, 2015**, Prices of Refined Sugar London exchange traded at \$366.40 per ton. Here, prices got support at \$357.02 per ton if breach then it could test \$336.81 per ton. On the northward direction, \$389.66 & \$419.09 per ton are the next resistance levels.

**Comparison of Indian Sugar Prices (Delhi Market) and International Refined Sugar Prices (LIFFE) with Crude Oil Prices:**



As could be seen from the chart above, a recent dip in crude oil price this year was also followed by fall in sugar prices in India and abroad. Sugar prices in International markets fell like anything during last couple of months owing to global sugar surplus. Moreover, major sugar producers like Brazil, Thailand and India are producing large quantity of sugar for this marketing year 2014-15.

As far as Domestic sugar market is concerned, it is moving downwards over supply pressure of sugar in the open markets by millers and higher sugar production scenario for India in this marketing year 2014-15.

**World Raw & Refined Sugar Differential:**


International Sugar Prices (Monthly)				
	Contract Month	30-Apr-15	30-Mar-15	Change
ICE Sugar #11 (US Cent/lb)	15-May	13.09	11.99	1.10
	15-Jul	13.15	12.16	0.99
	15-Oct	13.55	12.81	0.74
LIFFE Sugar (US \$/MT)	15-Aug	374.90	353.30	21.60
	15-Oct	373.80	353.80	20.00
	15-Dec	381.00	360.80	20.20

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