Executive Summary:

Domestic sugar market remained buoyant amid growing festive demand of Dussehra and Diwali in the month of October. In addition, cues ofrising exports prospective due to the export promotion policy announced by government and reports of larger sugar deficit worldwide this year too weighted on domestic sugar market leading to an upsurge in prices.

Price projection for the next month:

Sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2600 - 2730 per quintal next month.

Major Happenings in Domestic Sugar Industry:

- The Indian government forecasted a total sugar production of 26 MT in India during marketing year 2015-16 (01st Oct, 2015 – 30th Sep, 2016), wherein Maharashtra, Uttar Pradesh and Karnataka are expected to produce 8.6 MT, 7.2 MT and 4.0 MT of sugar respectively.

- ISMA has revised its sugar production estimate from 280 lakh tons to 270 lakh tons in marketing year 2015-16 (1st Oct, 2015 – 30th Sep, 2016).

- For Maharashtra, ISMA predicts that the state could produce 90 lakh tons of sugar in 2015-16, which is14.33%, less than the actual sugar produced during marketing year 2014-15.

- Led by favorable weather condition, improved cane variety and surge in area under better cane variety ISMA revisited its sugar production estimate in Uttar Pradesh from 73.51 lakh tons to 75 lakh tons in 2015-16.

- ISMA also projected Karnataka and Tamil Nadu to produce 46 lakh and 13.5 lakh tons of sugar respectively in MY 2015-16

- With a view to reduce the expected sugar accumulation within the country, the Indian govt. had made it compulsory to export minimumfour million tons of sugar in MY 2015-16 (1st Oct, 2015 – 30th Sep, 2016).

- GovernmentOfficials stated that 48.84 lakh hectares of sugarcane area in India had been sown for this marketing year, 2015-16 compared to 48.74 lakh hectares area in 2014-15.

- Cane sown area has increased by 0.29% in the highest producing state of Uttar Pradesh this year compared to21 lakh hectare in 2014-15.

- About 10 lakh hectares of sugarcane area has been sown in Maharashtra this year, which is 11.82% less than the area sowed a year before.

- In Karnataka 3.96 lakh hectares of cane area had been sown in 2015-16 compared to 3.2 lakh hectares of area last year in 2014-15

- An absolute fall of 0.08 lakh hectares of cane-sown area was seen in Andhra Pradesh where 1.17 lakh hectares of area had been sown this year compared to an area of 1.25 lakh hectareslast year.

- Cane sown area has increased by 17.13% in Tamil Nadu this year where 2.94 lakh hectares of area hasbeen sown compared to 2.51 lakh hectares of area the previous year.

- In a bid to promote sugar exports from the country, the Indian govt. has done away with the mandatory requirement of obtaining Registration Certificate (RCs) by the Indian exporters. Notably, till now the exporters were required to obtain RCs (up to a maximum quantity of 50,000 tons) from Director General of Foreign Trade (DGFT) for making any export deal.

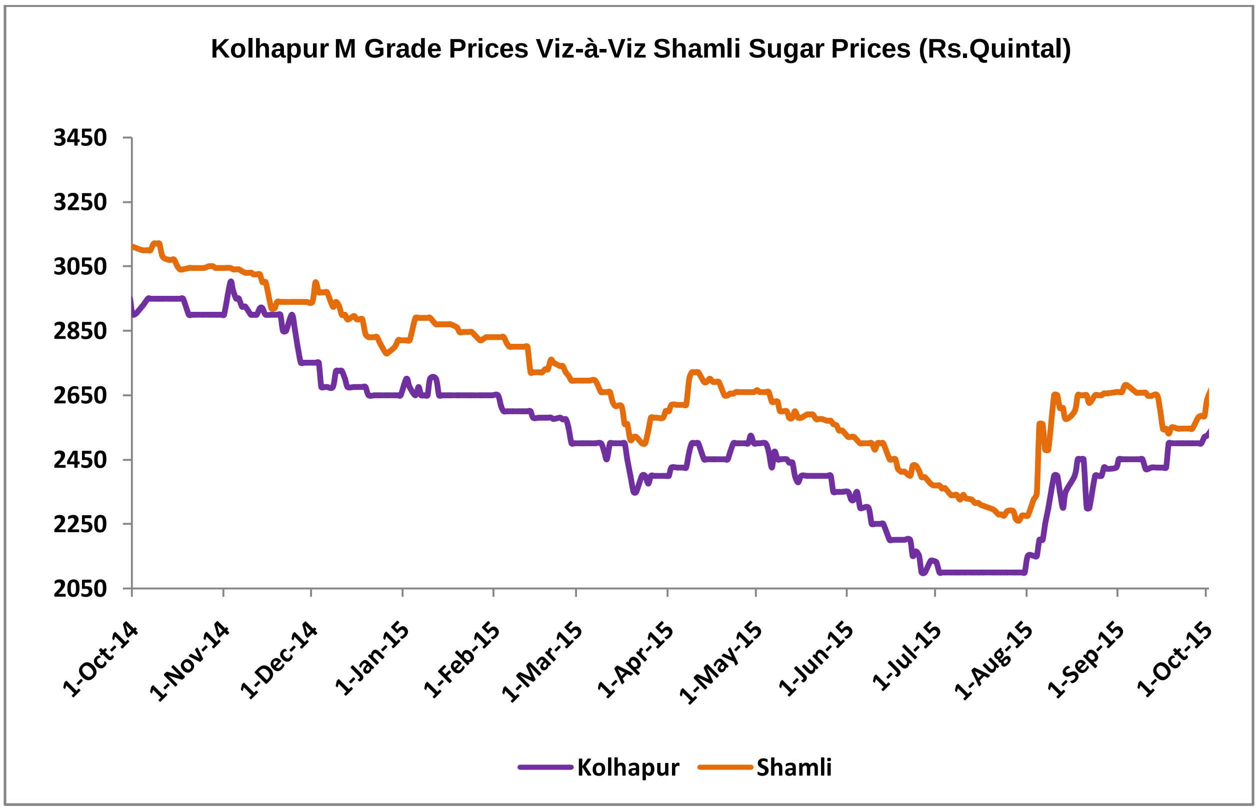
- The Uttar Pradesh government had recently announced financial aid worth Rs 2070 crore as cane SOP to the sugar millers in the State. Notably, the govt. had earlier made promise to pay up to Rs 40/100 kg of cane SOP, of which only Rs11.40/100kg of cane SOP had been actually approved, while the remaining amount of Rs 28.60/kg was recently announced.

- Czarnikow predicted India's sugar production to rise marginally (1.05%) from 28.6 MT in 2014 -15 (1st Oct, 2014 – 30th Sep, 2015) to 28.9 MT in 2015 -16 (1st Oct, 2015 – 30th Sep, 2016).

Domestic Price Comparison:

As is visible from the chart below, sugar prices soared up this month both in the benchmark markets of Kolhapur (Maharashtra) and Shamli (Uttar Pradesh).

Notably, the average price for sugar ‘M’ grade in key Kolhapur market settled at Rs 2661 per quintal this month compared to Rs 2465 per quintal in the month of September. Similarly, sugar prices for the same variety/grade in Shamli district rose by 6.7% from Rs 2602 per quintal in September to Rs 2777 per quintal in the month ofOctober.



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

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

Raw Sugar Import/Export Opportunity:

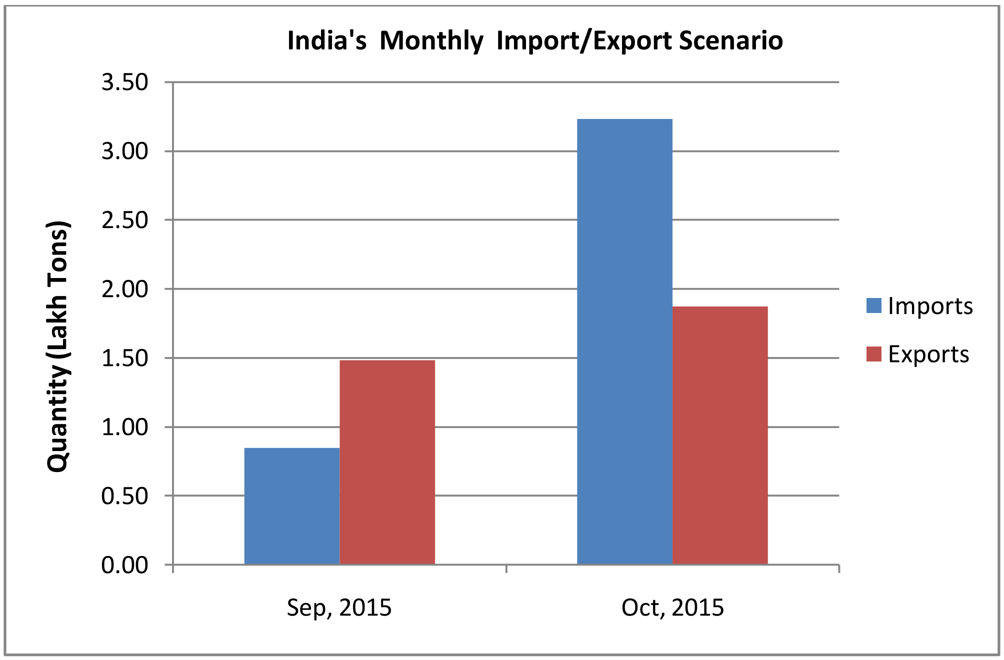
Indian indicative raw sugar CIF prices from Brazil quoted at $478.41 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at $411.99 per ton Kolhapur based.

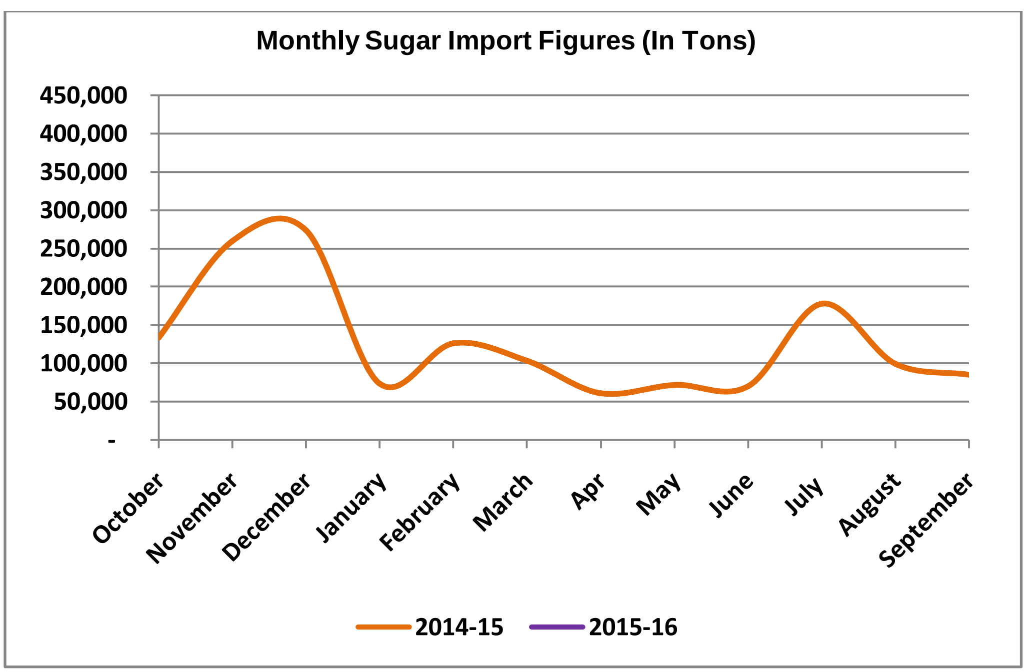
On International front, Brazil sugar FOB prices quoted at $393.75/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) ($=Rs.65.56) till 04th Nov, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$393.75	$426.40/407.50	$411.99

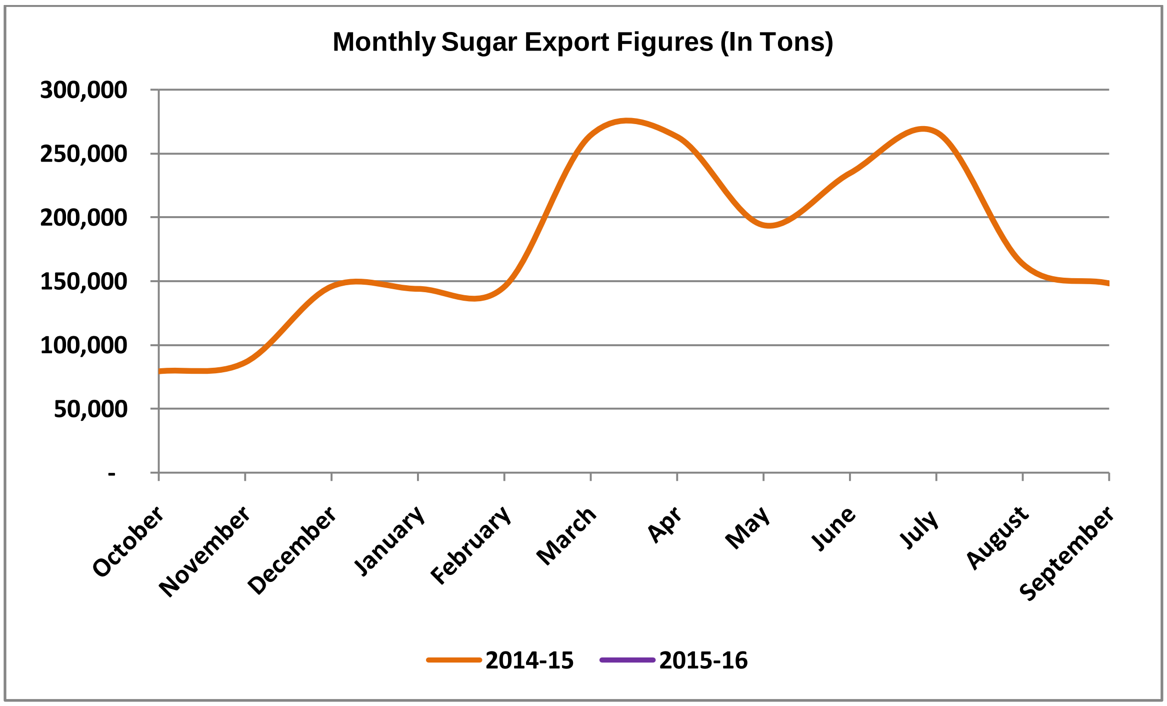
Sugar Import and Export Scenario:

Indian sugar trade showed a drastic change this month with the country importing 3.23 lakh tons of sugar in October, 2015 compared to 0.85 lakh tons of sugar the previous month. Higher demand owing to festive season within the nation and a deficit prospect worldwide caused India to import a huge quantity of raw sugar particularly from Brazil and then refine and resell it to the nearby countries.





On the other hand, an appreciated domestic currencycaused India to export 1.87 lakh tons of sugar in October, 2015 which was 26.4% higher than the sugar exported last month in September, 2015.



Sugar Domestic Balance Sheet:

	2014-15	2015-16*
Opening Sugar stock	39.94	64.21
Estimated sugar production	280.30	276.00
Imports(IBIS)	15.33	13.00
Estimated sugar availability	335.57	353.21
Total Export (IBIS)	21.36	28.00
Total Available for domestic comsumption (D-E)	314.21	325.21
Estimates sugar consumption	250.00	255.50
Ending Stock	64.21	69.71

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario (Monthly-Average)				
Commodity	Centre	Prices (Rs/Qtl)		Change
		31-Oct	30-Sep	
Sugar	Delhi - Grade M	2827	2613	214
	Delhi - Grade S	2630	2572	58
	UP- Khatauli Grade M	2935	2700	235
	UP- Ramala Grade M	2710	NA	-
	UP- Dhampur Grade M Ex-Mill	2770	2552	218
	UP- Dhampur Grade S Ex-Mill	2750	2532	218
	UP- Dhampur Grade L Ex-Mill	2820	2602	218
	Mumbai –Grade M	2891	2685	206
	Mumbai –Grade S	2759	2563	196
	Kolhapur – Grade M	2661	2466	195
	Kolhapur – Grade S	2561	2366	195
	Guhawati – Grade S	2863	2666	197
	Shillong – Grade S	2881	2686	195
	Vijayawada – Grade M	3022	2898	124
	Vijayawada- Grade S	2862	2754	108
	Nagpur – Grade M	2886	2678	208
	Nagpur – Grade S	2794	2600	194
	Kolkata – Grade M	2922	2727	195
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	Unch
	Chennai - Grade S	2732	2574	158

Gur Market Scenario and Outlook:

Spot gur market remained buoyant in the month of October with price rising in majority of the trading market.

Price of Chaku andKhurpa variety of gur from key Muzaffar Nagar market rose by Rs 189 and Rs 135 per quintal this month from Rs 2502 and Rs 2330 per quintal the previous month. Similarly, prices of Penti (Average) variety from Mahalingapura increased by Rs 170/quintal from Rs 2315/quintal to Rs 2485/quintal this month.

However, price of Mudde variety of gur from Belgaum district of Karnataka fell by Rs 68/quintal this month from Rs 2193/quintal to Rs 2125/quintal. Price of Rascut variety from Muzaffar Nagar too declined by Rs 201/quintal to Rs 2504/quintal this month.

Spot Jaggery(Gur) Prices Scenario (Monthly):

Jaggery(Gur) Spot Prices Scenario (Monthly-Average)				
Markets	**Variety**	**31-Oct**	**30-Sep**	**Change**
Muzaffar Nagar	Chaku	2691	2502	**189**
	Chaku(Arrival-Sum)	36500	NA	**-**
	Khurpa	2465	2330	**135**
	Laddu	2629	NA	**-**
	Rascut	2504	2705	**-201**
Hapur	Chaursa	2397	NA	**-**
	Balti	NA	NA	**-**
Maharashtra	Latur(Lal Variety)	NA	NA	**-**
Bangalore	Mudde	3565	3464	**101**
Belgaum	Mudde	2125	2193	**-68**
Belthangadi	Yellow (Average)	NA	3998	**-**
Bijapur	Achhu	NA	NA	**-**
Gulbarga	Other (Average)	2597	2579	**18**
Mahalingapura	Penti (Average)	2485	2315	**170**
Mandya	Achhu (Medium)	2387	2297	**90**
	Kurikatu (Medium)	2187	2108	**79**
	Other (Medium)	2205	2111	**94**
	Yellow (Medium)	2387	2218	**169**
Shimoga	Achhu (Average)	2910	2922	**-12**

Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGARContinuous Chart (C1)	
Technical Commentary: • Sugar prices and O.I are rising while volume fell down for the month. • Also RSI is hovering in a neutral zone. • The last candlestick depicts bullishness in the market.	

Strategy: We advise market participants toSell

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2600	2640	2748	2880	2920
Intraday Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	C1 Chart	**Sell**	Below 2760	2660	2610	2820

International Scenario

Global sugar prices traded steady to firm as the crushing operation halted in Brazil's main centre south region due to heavy rainfall in the area.

International Market News Highlights:

- Brazil's CS region had churned around 2.09 MT of sugar in the first half of October, 2015 compared to 2.39 MT of sugar in the second half of September, 2015.
- As per the Indonesian Sugar Association, the country is expected to import 100,000 tons of white sugar in 2015 due to the negative El-Nino effect on their cane crop.
- Brazil's raw sugar export declined by 4.3% this month as the country exported 1.41 MT of sugar in September, 2015 compared to 1.48 MT of sugar last month in August, 2015.
- USDA made a downward revision of Thailand sugar production forecast for MY 2014/15 and MY 2015/16 to 10.8 MMT. Higher amount of sugarcane and sugar is to be used for ethanol due to lower world sugar prices.
- Australia sugar production is expected to rise to 5.0 MT in 2015-16, which was earlier estimated at 4.8 MT in April this year.
- Rabobank had predicted a global sugar supply deficit of 4.8 MT in 2015-16 compared to 3.7 MT of surplus in 2014-15.
- Czarnikow and Platts Kingsman projected a global sugar deficit of 4.1 MT and 3.2 MT in 2015-16 as against a surplus of 3.8 MT and 3.7 MT in 2014-15.
- Green Pool widened 2015/16 sugar deficit forecast to 5.6 MMT from 4.6 MMT in previous estimate. It revised down India and China output forecast and raised centre-south Brazil.
- International Sugar Organization (ISO) projected a global sugar deficit of 6.2 MT in 2016-17 compared to 2.5 MT deficit in 2015-16.
- INTL FCStone forecasted global sugar supply deficit of 3.8 MT in 2015-16 as against a supply surplus of 0.5 MT in 2014-15.

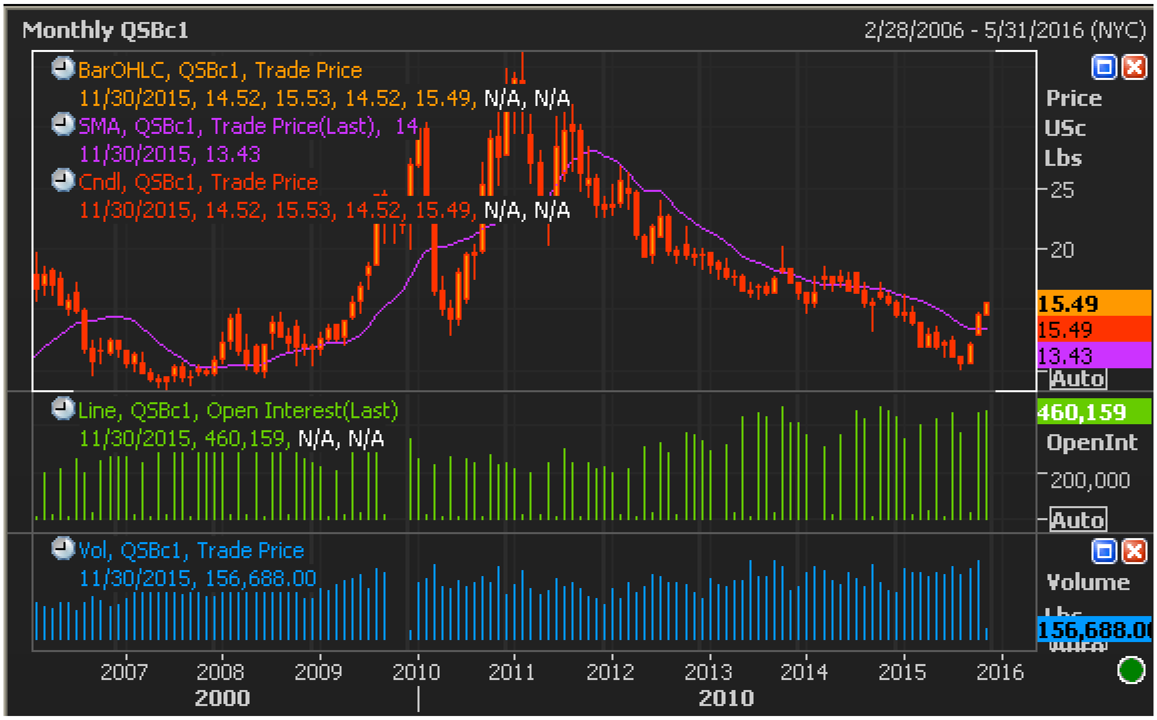
- World's largest cane refiner, ASR Group predicted a global sugar supply deficit of 2.7 MT in 2015-16 compared to a 3.7 MT sugar surplus in 2014-15.

- Brazilian agency, Copersucar forecasted a global sugar deficit of 1.50 MT in marketing year 2015-16.

Impact of Rainfall on Sugarcane Crop in Major Growing Areas:

				Production ('000 tons)		
States	Normal Yield (Kg/Ha)	Normal Area('000 ha)	Rainfall status as on 30th Sep, 2015	5 year Average production	2015-16 (Normal Expected Production)	Sugar production below normal rain (less than 5% or 5-10%)
Andhra Pradesh	79352	1.40	1%	15263	14580	14700
Bihar	50980	2.56	-20%	12583	13642	13171
Gujarat	69735	1.83	-16%	12872	13178	13221
Haryana	73197	0.87	-35%	7271	6479	6484
Karnataka	89716	3.55	-27%	38362	36600	36481
Maharashtra	81280	8.71	-32%	78668	94896	88697
Punjab	70467	0.77	-35%	5923	4970	4906
Tamil Nadu	105207	2.73	-8%	33951	35777	35458
Uttar Pradesh	59417	18.18	-36%	130234	133728	133561
Uttarakhand	59637	0.74	-20%	6334	5872	5846
Others	877870	1.28		9341	10193	10049
Grand Total	70111	42.61	-12%	350564	364382	362356

ICE Raw Sugar Future Market Scenario (Mar'16 Contract):



Source: ReutersEikon

As of **01st Nov2015,** ICE Raw sugar prices settled at 14.52 cents per lbs. On monthly chart, 12.66 cents per lbsis the immediate support level, breach of the mentioned level would take the prices down to 11.68 cent per lbs.

On the upper side, 15.43 and 16.56 cents per lbs are the resistance levels.

LIFFE Future Market Sugar Scenario (Dec'15 Contract):

Source: Reuters Eikon

As of **01st Nov, 2015,**Pricesof Refined Sugar London exchange traded at $391.4per ton.Here, prices gained support at $345.8 per ton. A breach could test $314.8per ton. Onthe northward direction, $423.3 & $464.7per ton are the next resistance levels.

International Sugar Prices (Monthly)				
	Contract Month	30-Oct-15	29-Sep-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.52	11.76	2.76
	16-May	14.17	12.46	1.71
	16-Jul	13.93	12.38	1.55
LIFFE Sugar (US $/MT)	15-Dec	391.40	361.60	29.80
	16-Mar	394.80	357.00	37.80
	16-May	396.40	357.00	39.40