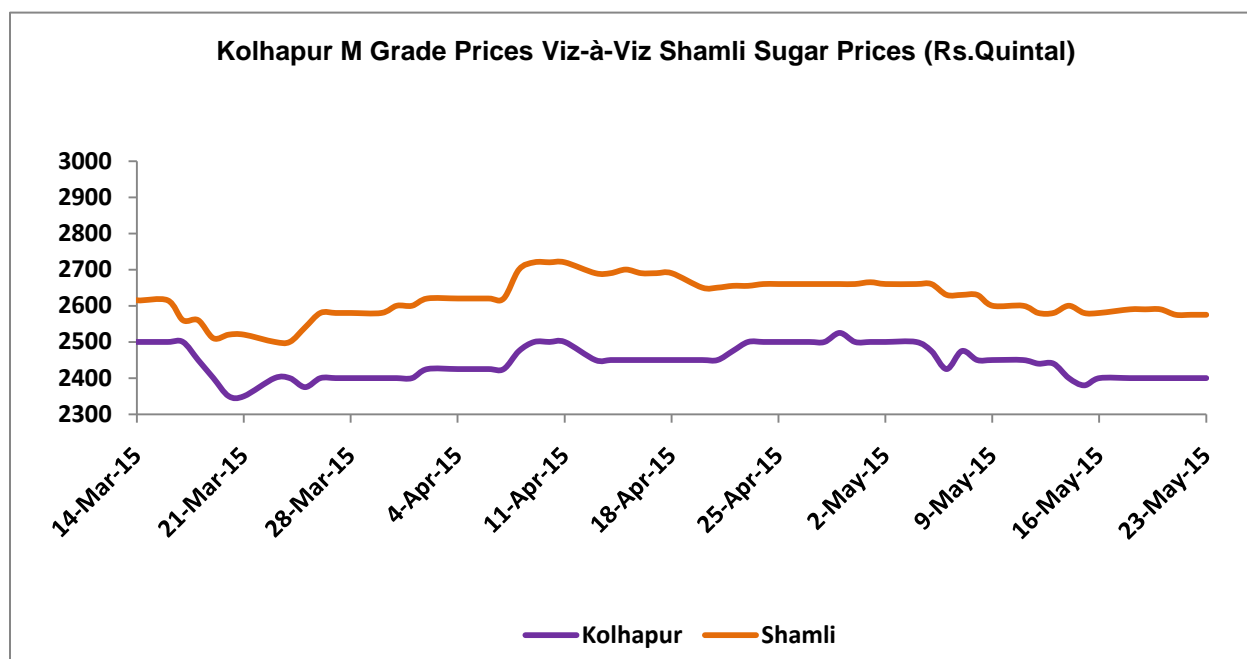


### Sugar Price Trend and Outlook:

Sugar prices continued to decline this week amid surplus sugar production (both in domestic as well as international market) and a paling demand for the product.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2400 per quintal this week compared to Rs 2418 per quintal the previous week. However, sugar prices for the same variety/grade in Shamli district fell marginally by 0.16% from Rs 2587 per quintal last week to Rs 2583 per quintal this week.



### Price Outlook:

Sugar prices are expected to improve in the week ahead as the onset of summer season will trigger the domestic demand.

### News Highlights:

- Sugar mills in U.P are proposing to scrap cane area allocation scheme, under which mills were required to make compulsory cane procurement from the assigned reserve area even when running in losses. In reply the state govt. ensures that the matter will be discussed once the crushing season ends. In addition, the closure notification also needs to be given in advance so that farmers could opt for alternative crop during the period.
- The Indian govt. removed excise duty of 12.36% on supply of ethanol meant for blending with petrol to the OMCs (Oil Marketing Companies).
- 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 came 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.
- The Indian Sugar Mills Association (ISMA) revisited India' sugar production estimate to around 28 million tons this marketing year i.e. 2014 -15.
- 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. 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.

## India's Sugar Production Scenario Up to 30<sup>th</sup> 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>

## Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$464.38 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$383.71 per ton Kolhapur based.

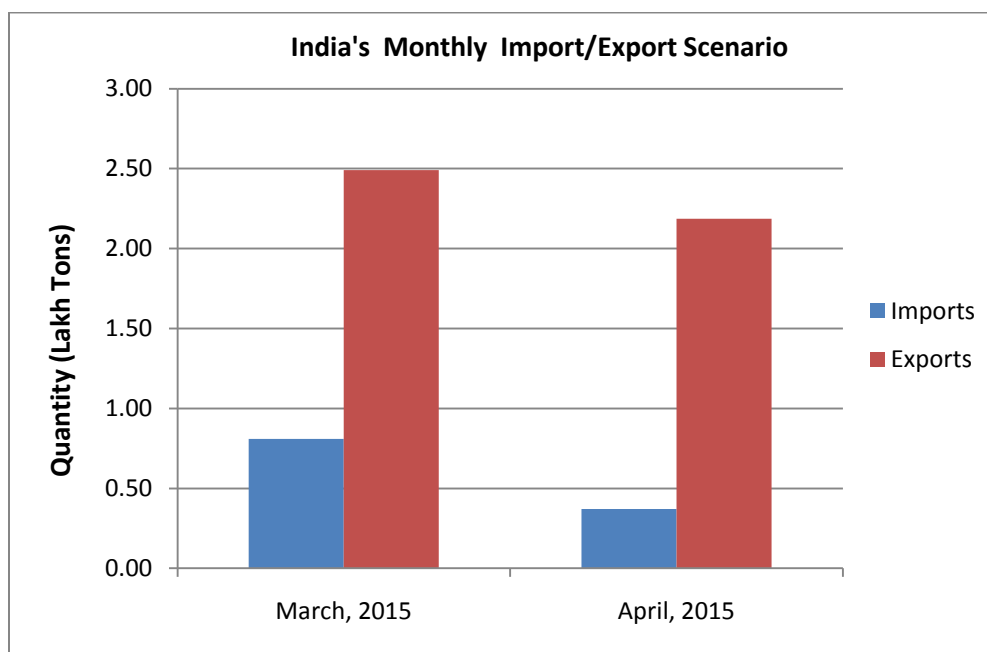
On International front, Brazil sugar FOB prices quoted at \$347.25/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.59) till 25 <sup>th</sup> May, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$347.25	\$386.60/370.00	\$383.71

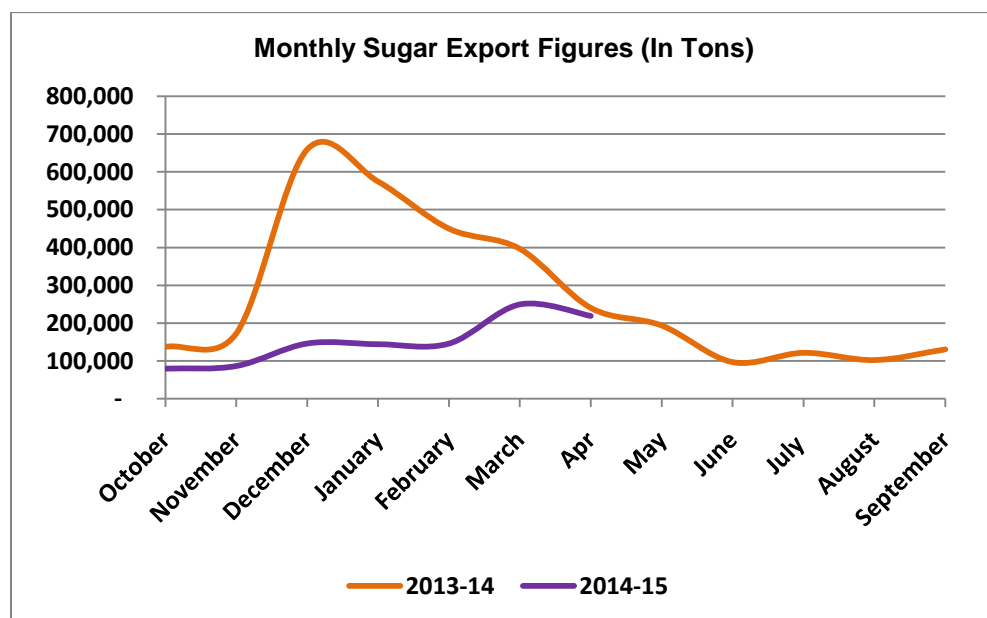
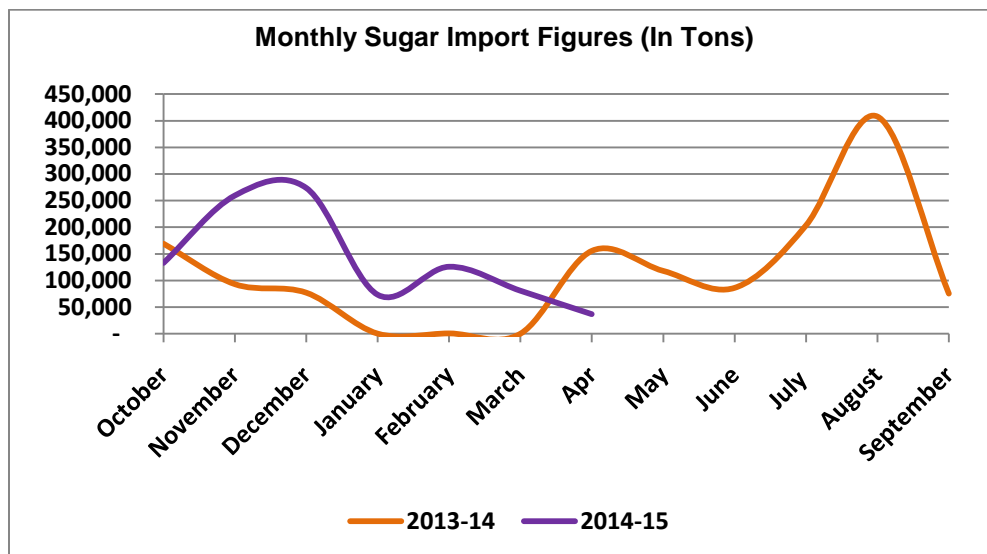
**Sugar Import and Export Scenario:**

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.

**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	16th May to 22th May 2015	09th May to 15th May 2015	Change
Sugar	Delhi - Grade M	2656	2667	-11
	Delhi - Grade S	2598	2593	5
	UP- Khatauli Grade M	2690	2708	-18
	UP- Ramala Grade M	2610	2670	-60
	UP- Dhampur Grade M Ex-Mill	2588	2600	-12
	UP- Dhampur Grade S Ex-Mill	2568	2580	-12
	UP- Dhampur Grade L Ex-Mill	2638	2650	-12
	Mumbai –Grade M	2755	2752	3
	Mumbai –Grade S	2571	2592	-21
	Kolhapur – Grade M	2400	2427	-27
	Kolhapur – Grade S	2300	2327	-27
	Guhawati – Grade S	2598	2625	-27
	Shillong – Grade S	2620	2647	-27
	Vijayawada – Grade M	2893	2927	-34
	Vijayawada- Grade S	2793	2827	-34
	Nagpur – Grade M	NA	NA	-
	Nagpur – Grade S	2583	2600	-17
	Kolkata – Grade M	2738	2760	-22
	Chennai - Grade S	2475	2475	Unch
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		22-May-15	15-May-15	22-Apr-15	22-May-14
Sugar	Delhi - Grade M	2650	2665	2750	3280
	Delhi - Grade S	2550	2640	2700	3200
	UP- Khatauli Grade M	2675	2700	2750	3370
	UP- Ramala Grade M	2560	2660	NA	3280
	UP- Dhampur Grade M Ex-Mill	2580	2600	2650	3250
	UP- Dhampur Grade S Ex-Mill	2560	2580	2630	3230
	UP- Dhampur Grade L Ex-Mill	2630	2650	2700	3300
	Mumbai –Grade M	2742	2702	2780	3376
	Mumbai –Grade S	2560	2586	2546	3126
	Kolhapur – Grade M	2400	2380	2475	3200
	Kolhapur – Grade S	2300	2280	2375	3050
	Guhawati – Grade S	2598	2578	2675	3360
	Shillong – Grade S	2620	2600	2695	3370
	Vijayawada – Grade M	2880	2900	2960	3560
	Vijayawada- Grade S	2780	2800	2860	3460
	Nagpur – Grade M	NA	NA	NA	3350
	Nagpur – Grade S	2550	2600	2600	3150
	Kolkata – Grade M	2730	2800	2750	NA
	Chennai - Grade S	2475	2475	2525	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3200
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	3035	3175



## Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market with prices rising in some market while declining in other.

The, Chaku variety of gur from key Muzaffarnagar market rose by Rs 152 per quintal from Rs 2467/quintal last week to Rs 2619/quintal this week. The Khurpa and Ladoo variety also increased by Rs 77 & Rs 4 per quintal to reach at Rs 2331 & Rs 2508 per quintal this week. The Mudde variety from Bangalore also rose by Rs 56/quintal from Rs 4010/quintal to Rs 4066/quintal this week.

Price of Mudde variety of gur from Belgaum declined by Rs 200 per quintal thus closing at Rs 2340 per quintal this week. The Achhu (Average) variety of Shimoga also fell by Rs 68/ quintal this week from Rs 2738/quintal the previous week. The Penti (Average) variety from Mahalingapura also witnessed a decline of Rs 50/quintal from Rs 2505/quintal to Rs 2455/quintal this week.

## Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	16th May to 22th May 2015	09th May to 15th May 2015	Change
Muzaffar Nagar	Chaku	2619	2467	152
	Chaku (Arrival)	11800	16700	-4900
	Khurpa	2331	2254	77
	Ladoo	2508	2504	4
	Rascut	NA	NA	-
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	4066	4010	56
Belgaum	Mudde	2340	2540	-200
Belthangadi	Yellow (Average)	NA	NA	-

<b>Bijapur</b>	Achhu	NA	NA	-
<b>Gulbarga</b>	Other (Average)	2517	2538	<b>-21</b>
<b>Mahalingapura</b>	Penti (Average)	2455	2505	<b>-50</b>
<b>Mandya</b>	Achhu (Medium)	2500	2467	<b>33</b>
	Kurikatu (Medium)	2316	2300	<b>16</b>
	Other (Medium)	2400	2392	<b>8</b>
	Yellow (Medium)	2466	2500	<b>-34</b>
<b>Shimoga</b>	Achhu (Average)	2670	2738	<b>-68</b>

<b>Spot Jaggery(Gur) Prices Scenario (Weekly)</b>					
<b>Markets</b>	<b>Variety</b>	<b>Today</b>	<b>Week Ago</b>	<b>Month Ago</b>	<b>Year Ago</b>
		<b>22-May-15</b>	<b>15-May-15</b>	<b>22-Apr-15</b>	<b>22-May-14</b>
<b>Muzaffar Nagar</b>	Chaku	2525	2350	2575	NA
	Khurpa	2375	2200	2300	NA
	Laddu	2388	2513	2628	NA
	Rascut	NA	NA	NA	NA
<b>Hapur</b>	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	3050
<b>BANGALORE</b>	Mudde	4075	4050	4000	3200
<b>Belgaum</b>	Mudde	2300	2500	2500	2700
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3200
<b>Bijapur</b>	Achhu	NA	NA	NA	2800
<b>Gulbarga</b>	Other (Average)	2545	2535	2550	3175
<b>Mahalingapura</b>	Penti (Average)	2470	2505	NA	3040
<b>Mandya</b>	Achhu (Medium)	2500	2450	2400	2450
	Kurikatu (Medium)	2300	2300	2250	2200
	Other (Medium)	2400	2400	2300	2350
	Yellow (Medium)	2500	2500	2400	2350
<b>Shimoga</b>	Achhu (Average)	2650	2700	NA	3600

**Commodity: Sugar**  
**Contract: July**
**Exchange: NCDEX**  
**Expiry: July 20, 2015**
**SUGAR (July Weekly Chart)**

**Technical Commentary:**

- Sugar prices and volume are 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	July	2200	2270	2363	2530	2580
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 2365	2415	2440	2335

## International Scenario

International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide.

### International Market News Highlights:

- As per the UNICA report, Brazil's centre south region had churned around 0.39 MT of sugar in first half of Apr, 2015 compared to 0.42 MT of sugar during the same period a year ago. (Brazil Churned 0.39 MT Of Sugar In first Half Of April, 2015).
- The Australian Bureau of Meteorology signaled the climatic indicators pointing towards the possibility of an expected El Nino this year. Notably, an El Nino if occurred could hamper sugar production worldwide causing excessive rainfall in Southern America while no or minimal rains in Asia.
- The U.S. Department of Agriculture, forecasted Brazilian sugarcane production to 648 million tons in 2015-16 amid surge in production area and yield per hectare.
- 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.

International Sugar Prices (Weekly)				
Contract Month		22-May-15	14-May-15	Change
ICE Sugar #11 (US Cent/lb)	15-Jul	12.49	12.84	-0.35
	15-Oct	12.85	13.2	-0.35
	16-Mar	14.06	14.38	-0.32
LIFFE Sugar (US \$/MT)	15-Aug	356.9	370.1	-13.2
	15-Oct	359.4	369.1	-9.7
	15-Dec	366	375.6	-9.6

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



### Technical Commentary:

- LIFE future market trends downward for the week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 367 with a target of 358.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'15	367	358.5

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



**Technical Commentary:**

- ICE raw sugar futures are trending downwards.
  - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 12.85 with target of 12.60

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'15	12.85	12.60

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