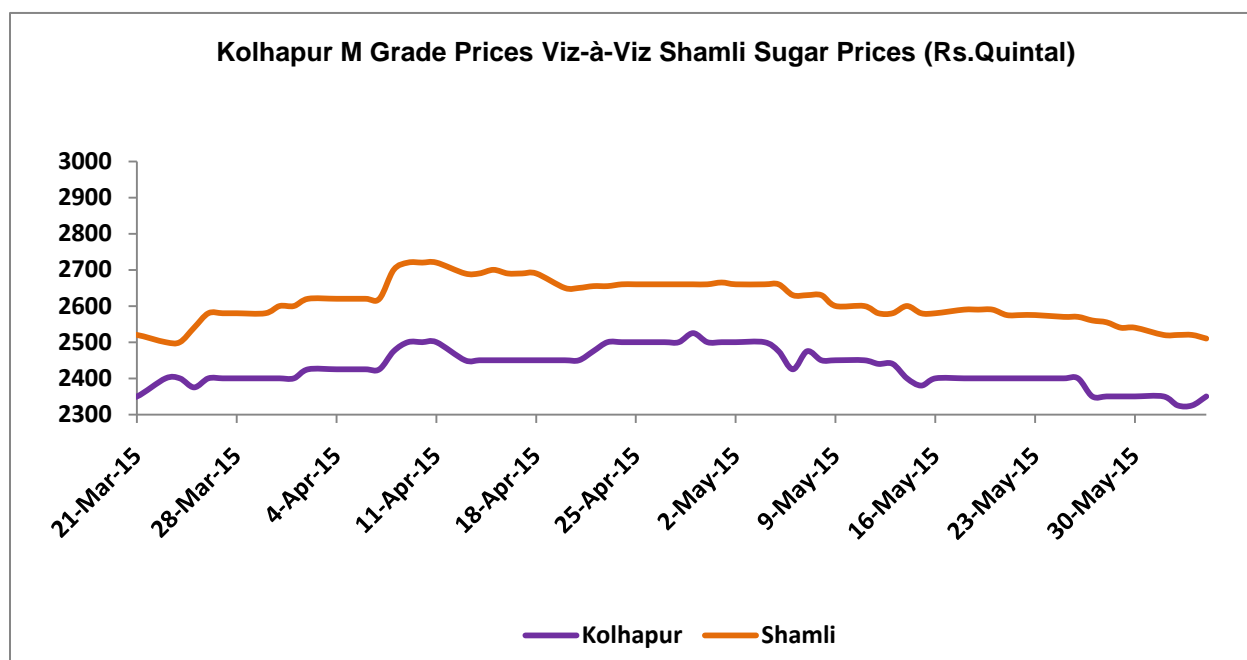


## Sugar Price Trend and Outlook:

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

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2342 per quintal this week compared to Rs 2383 per quintal the previous week. While, prices for the same variety/grade in Shamli district fell by 1.67% from Rs 2568 per quintal last week to Rs 2525 per quintal this week.



## Price Outlook:

Sugar prices are expected to improve a bit in the weeks ahead amid sharp seasonal demand and proximity to festivities such as Ramadan while an excessive sugar surplus will cap the gain.

### 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 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) as 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 as 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 31<sup>st</sup> May, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	2013-14
Maharashtra	104.8	-
Uttar Pradesh	70.9	-
Karnataka	48.9	-
Tamil Nadu	10.0	-
<b>All India</b>	<b>279.6</b>	<b>240.5</b>

### Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$441.94 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$371.84 per ton Kolhapur based.

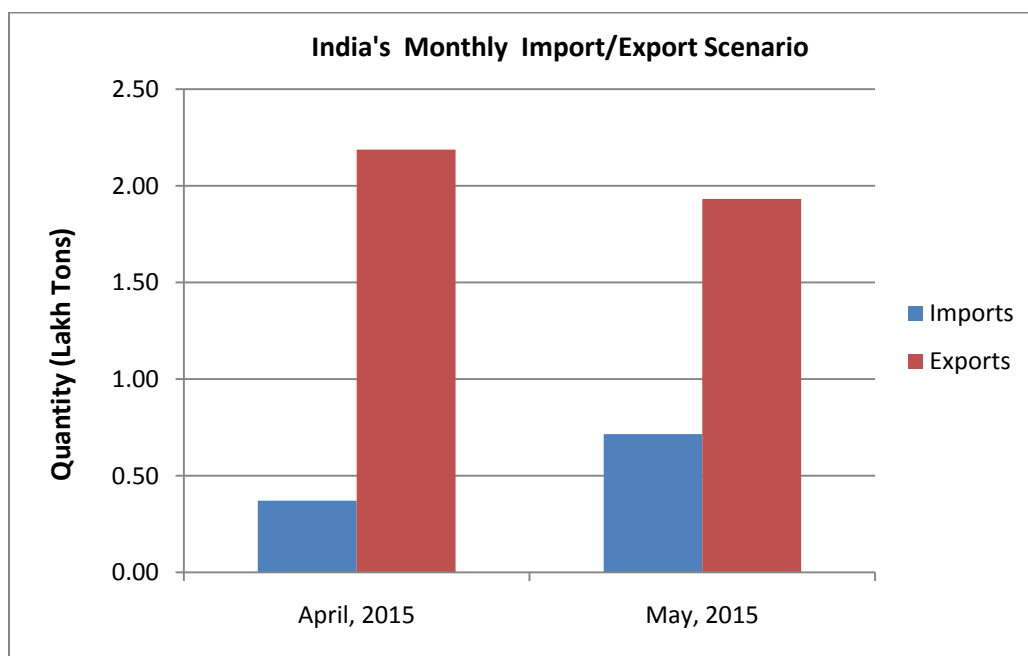
On International front, Brazil sugar FOB prices quoted at \$339.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.06) till 08 <sup>th</sup> June, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$339.75	\$370.10/351.50	\$371.84

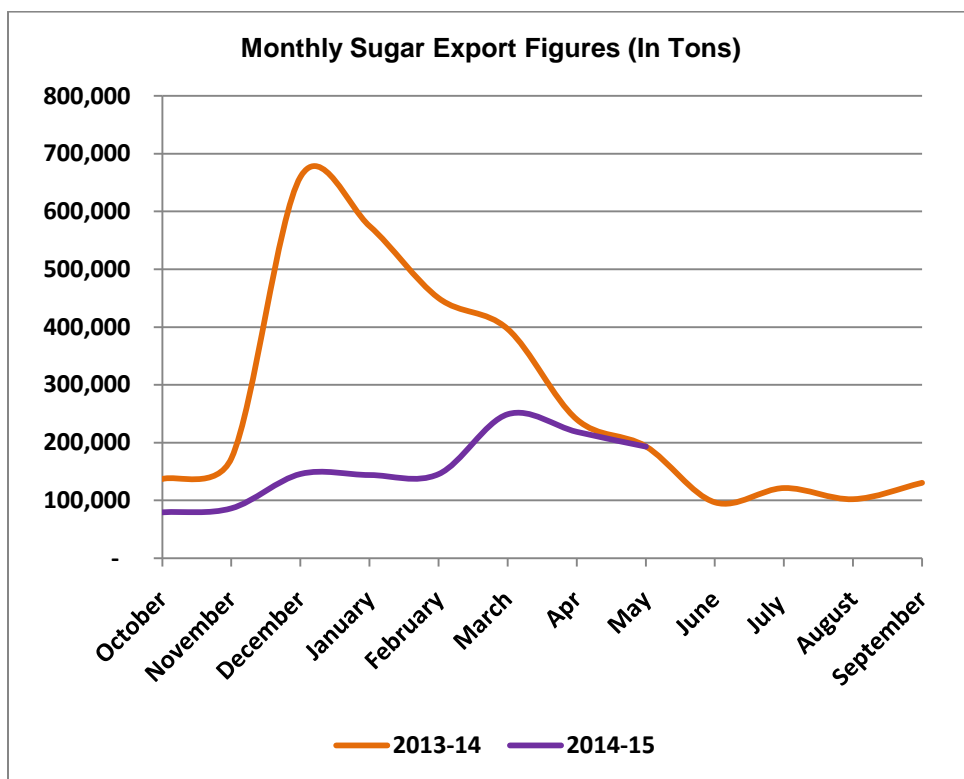
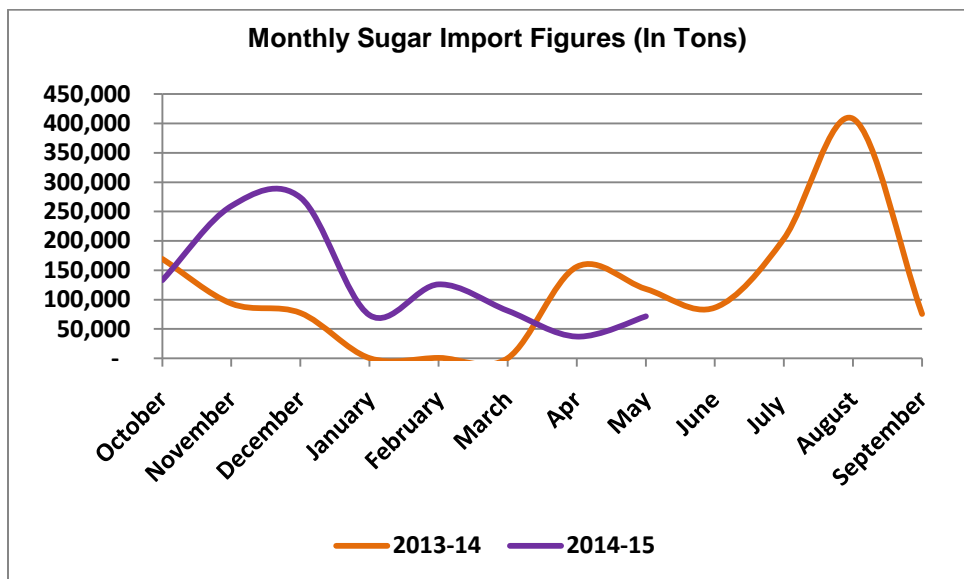
### Sugar Import and Export Scenario:

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 0.72 lakh tons of sugar in May, 2015 compared to 1.17 lakh tons in May, 2014.

Notably, the country mainly imports raw sugar from Brazil, which gets 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, 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 only 1.93 lakh tons of sugar in May, 2015 which was 12% lower than the sugar exported last month in April, 2015.

**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	30th May to 4th Jun 2015	23th May to 29th May 2015	Change
Sugar	Delhi - Grade M	2557	2613	-56
	Delhi - Grade S	2518	2543	-25
	UP- Khatauli Grade M	2634	2666	-32
	UP- Ramala Grade M	2500	NA	-
	UP- Dhampur Grade M Ex-Mill	2520	2565	-45
	UP- Dhampur Grade S Ex-Mill	2500	2545	-45
	UP- Dhampur Grade L Ex-Mill	2570	2615	-45
	Mumbai –Grade M	2703	2733	-30
	Mumbai –Grade S	2492	2537	-45
	Kolhapur – Grade M	2340	2375	-35
	Kolhapur – Grade S	2240	2275	-35
	Guhawati – Grade S	2538	2573	-35
	Shillong – Grade S	2560	2595	-35
	Vijayawada – Grade M	2788	2848	-60
	Vijayawada- Grade S	2728	2761	-33
	Nagpur – Grade M	NA	NA	-
	Nagpur – Grade S	2510	2550	-40
	Kolkata – Grade M	2607	2715	-108
	Chennai - Grade S	2440	2466	-26
	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
		4-Jun-15	29-May-15	4-May-15	4-Jun-14
Sugar	Delhi - Grade M	2550	2610	2705	3220
	Delhi - Grade S	2500	2570	2600	3130
	UP- Khatauli Grade M	2590	2645	Closed	3330
	UP- Ramala Grade M	2500	NA	Closed	3250
	UP- Dhampur Grade M Ex-Mill	2500	2540	Closed	3200
	UP- Dhampur Grade S Ex-Mill	2480	2520	Closed	3180
	UP- Dhampur Grade L Ex-Mill	2550	2590	Closed	3250
	Mumbai –Grade M	2686	2726	2772	3266
	Mumbai –Grade S	2472	2516	2602	3122
	Kolhapur – Grade M	2350	2350	Closed	3100
	Kolhapur – Grade S	2250	2250	Closed	2950
	Guhawati – Grade S	2548	2548	Closed	3258
	Shillong – Grade S	2570	2570	Closed	3270
	Vijayawada – Grade M	2780	2800	2960	3500
	Vijayawada- Grade S	2720	2740	2860	3400
	Nagpur – Grade M	NA	NA	NA	3250
	Nagpur – Grade S	2450	2550	2650	3100
	Kolkata – Grade M	2550	2720	2760	3325
	Chennai - Grade S	2450	2450	2500	3050
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3050
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	3035	3025



## 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 9 per quintal from Rs 2558/quintal last week to Rs 2567/quintal this week. Similarly, prices of Khurpa and Ladoo variety rose by Rs 54 & Rs 84 per quintal to reach at Rs 2479 & Rs 2809 per quintal this week.

On the other hand, the Yellow (medium) and Achhu (medium) variety of Mandya fell by Rs 3/quintal to Rs 2463/quintal to Rs 2513/quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	30th May to 4th Jun 2015	23th May to 29th May 2015	Change
Muzaffar Nagar	Chaku	2567	2558	9
	Chaku (Arrival)	1550	5600	-4050
	Khurpa	2479	2425	54
	Laddoo	2809	2725	84
	Rascut	2588	NA	-
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	4050	4008	42
Belgaum	Mudde	2450	2375	75
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2587	2513	74
Mahalingapura	Penti (Average)	2473	2461	12
Mandya	Achhu (Medium)	2513	2516	-3
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2338	2350	-12
	Yellow (Medium)	2463	2466	-3
Shimoga	Achhu (Average)	2650	2650	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		4-Jun-15	29-May-15	4-May-15	4-Jun-14
<b>Muzaffar Nagar</b>	Chaku	2540	2583	Closed	2925
	Khurpa	2500	2500	Closed	2700
	Laddu	2850	2763	Closed	3000
	Rascut	2613	NA	Closed	2313
<b>Hapur</b>	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	2950
<b>Bangalore</b>	Mudde	NA	4050	NA	3800
<b>Belgaum</b>	Mudde	2400	2400	2400	3000
<b>Belthangadi</b>	Yellow (Average)	NA	NA	2400	3200
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	NA	2640	2510	3100
<b>Mahalingapura</b>	Penti (Average)	2501	2450	NA	2890
<b>Mandya</b>	Achhu (Medium)	2550	2500	2500	2300
	Kurikatu (Medium)	2300	2300	2300	2200
	Other (Medium)	2350	2300	2400	2300
	Yellow (Medium)	2500	2450	2500	2300
<b>Shimoga</b>	Achhu (Average)	2650	2650	2700	3500

Commodity: Sugar  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2015

### SUGAR (July Weekly Chart)

SUGARM 1507(NCSMAN5)2015/05/31 - Weekly B:2244.00 A:2247.00  
O 2270.00 H 2319.00 L 2233.00 C 2241.00 ↓ V 58,900 I 0 -29 -1.28%



#### Technical Commentary:

- Sugar prices, volume and O.I are falling indicating consolidation in the market.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bearishness in the market.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2140	2170	2244	2320	2380
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	<b>Sell</b>	Below 2240	2200	2180	2216

## 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 be 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		28-May-15	22-May-15	Change
ICE Sugar #11 (US Cent/lb)	15-Jul	11.94	12.49	-0.55
	15-Oct	12.27	12.85	-0.58
	16-Mar	13.65	14.06	-0.41
LIFFE Sugar (US \$/MT)	15-Aug	347.4	356.9	-9.5
	15-Oct	348.2	359.4	-11.2
	15-Dec	354.4	366	-11.6

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



### Technical Commentary:

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.  
Strategy: Buy at 350 with a target of 361.2.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'15	350	361.2

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



### Technical Commentary:

- ICE raw sugar futures are trending upwards.
  - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 12.10 with target of 12.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'15	12.10	12.35

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php> © 2014 Indian Agribusiness Systems Pvt Ltd.