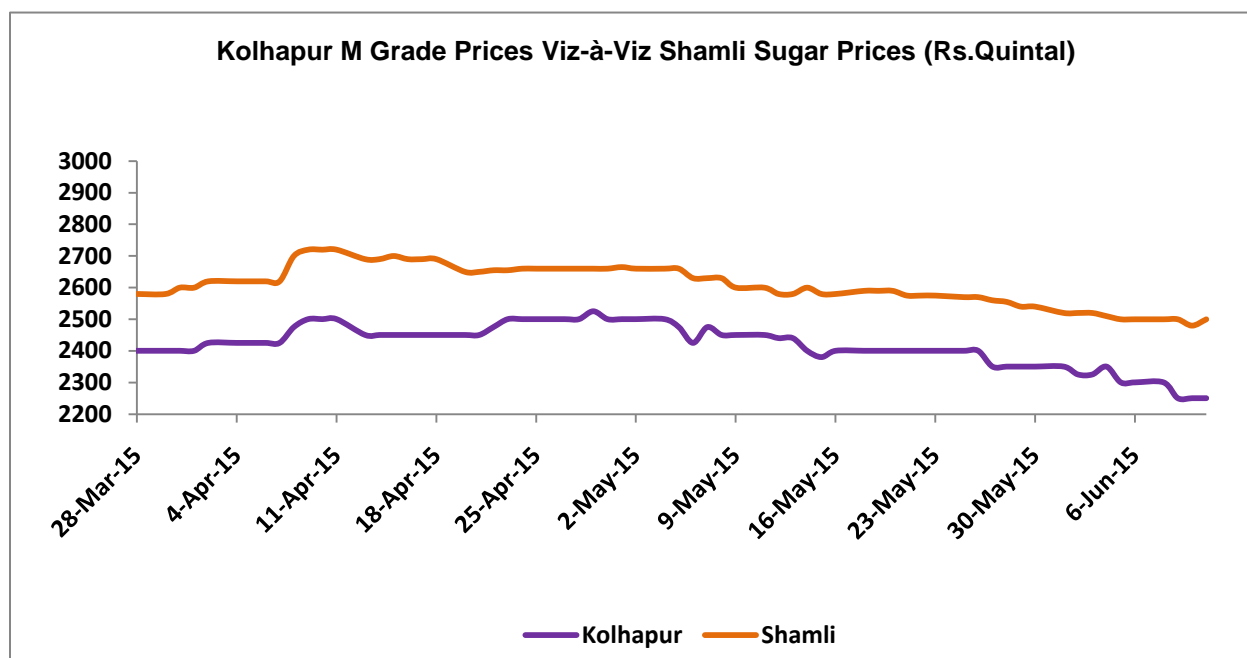


### Sugar Price Trend and Outlook:

Sugar prices continued to decline as speculators cut down positions largely due to persistent supplies from millers in the country. In addition, higher sugar production in international market too pressurized prices in the domestic market.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2275 per quintal this week compared to Rs 2342 per quintal the previous week. While, prices for the same variety/grade in Shamli district fell by 1.12% from Rs 2525 per quintal last week to Rs 2497 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:**

- The Cabinet Committee on Economic Affairs (CCEA) announced interest free loan worth Rs 6000 crore to the Indian sugar millers who had accrued pending cane arrears to the local farmers in the country.
- India had produced 279.6 lakh tons of sugar in current session, 2014-15 (1st Oct, 2014 – 31st May, 2015) which was 16.25% higher than the production made last year during the same interval.
- A record sugar production of 104.75 lakh tons had been made by Maharashtra this year (1st Oct, 2014 – 31st May, 2015) followed by U.P which produced 70.9 lakh tons of sugar during the same period.
- The third largest sugar producer, Karnataka had produced about 48.99 lakh tons of sugar this year in 2014-15 (till 31st May, 2015).
- Sugar production declined by 15.3% in Tamil Nadu which produced 10 lakh tons of sugar till 31st May, 2015 relative to a production of 11.8 lakh tons last year.
- The Sugar Commissioner in Maharashtra had issued auction order against five mills in the state for not making pending payment as per the fair and remunerative prices (FRP) under the Revenue Recovery Code (RRC).
- 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).
- 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 the 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.

## 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 \$436.32 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$361.61 per ton Kolhapur based.

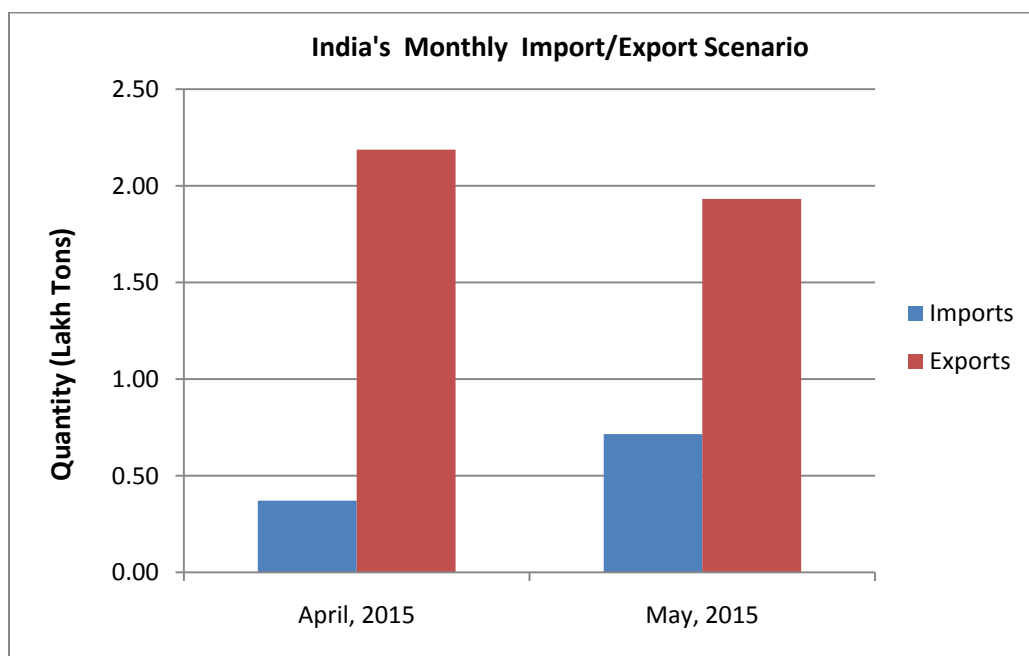
On International front, Brazil sugar FOB prices quoted at \$338.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.02) till 12 <sup>th</sup> June, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$338.75	\$370.10/349.50	\$361.61

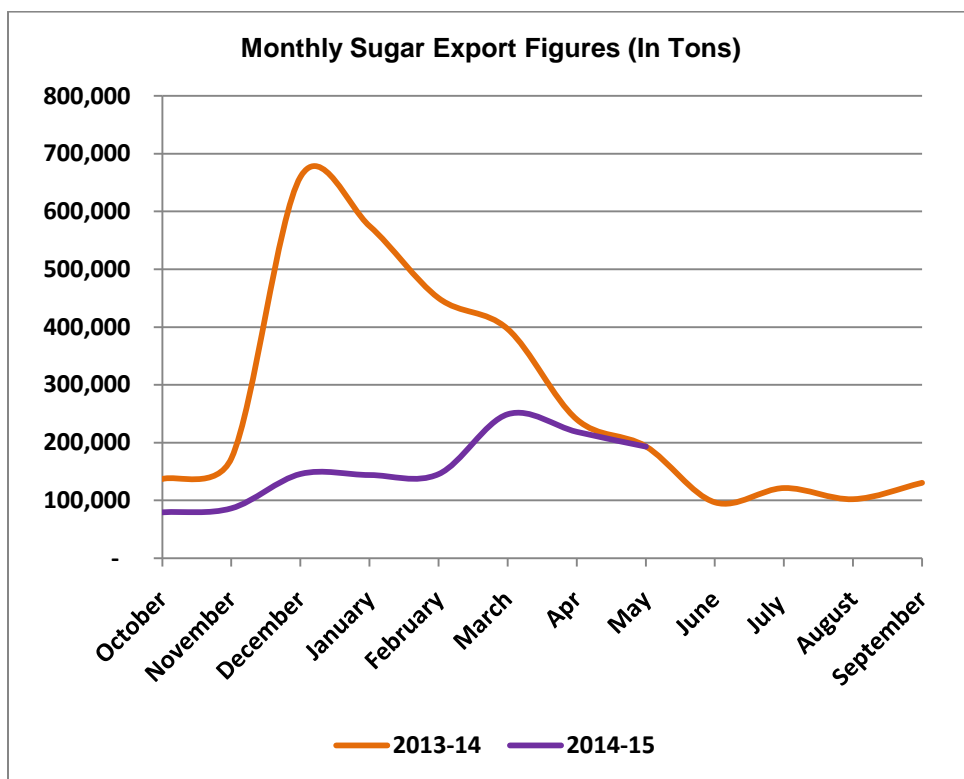
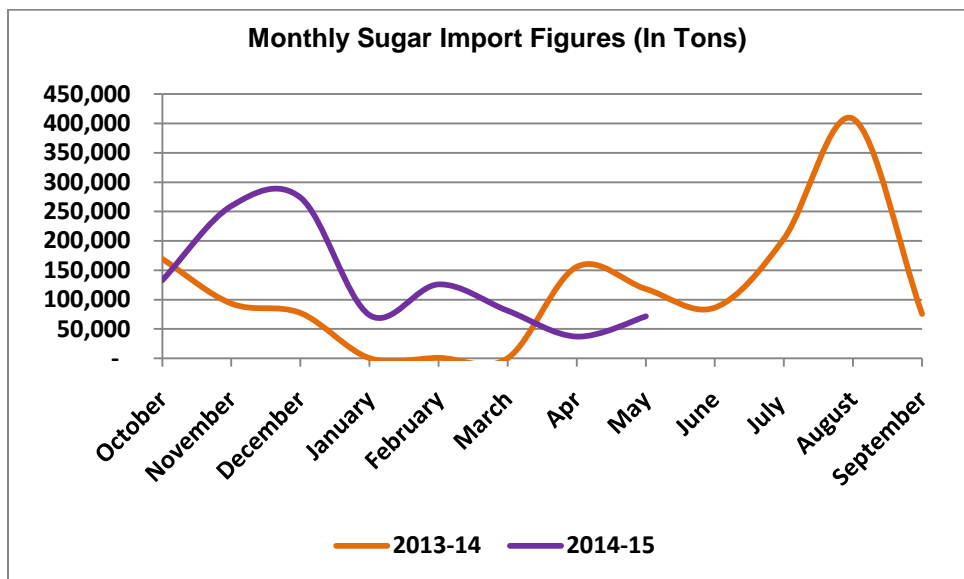
### Sugar Import and Export Scenario:

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	5th Jun to 11th Jun 2015	30th May to 4th Jun 2015	Change
Sugar	Delhi - Grade M	2543	2557	-14
	Delhi - Grade S	2508	2518	-10
	UP- Khatauli Grade M	2575	2634	-59
	UP- Ramala Grade M	2497	2500	-3
	UP- Dhampur Grade M Ex-Mill	2447	2520	-73
	UP- Dhampur Grade S Ex-Mill	2427	2500	-73
	UP- Dhampur Grade L Ex-Mill	2497	2570	-73
	Mumbai –Grade M	2667	2703	-36
	Mumbai –Grade S	2441	2492	-51
	Kolhapur – Grade M	2275	2340	-65
	Kolhapur – Grade S	2175	2240	-65
	Guhawati – Grade S	2472	2538	-66
	Shillong – Grade S	2495	2560	-65
	Vijayawada – Grade M	2767	2788	-21
	Vijayawada- Grade S	2707	2728	-21
	Nagpur – Grade M	NA	NA	-
	Nagpur – Grade S	2450	2510	-60
	Kolkata – Grade M	2680	2607	73
	Chennai - Grade S	2363	2440	-77
	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
		11-Jun-15	4-Jun-15	11-May-15	11-Jun-14
Sugar	Delhi - Grade M	2550	2550	2660	3300
	Delhi - Grade S	2525	2500	2560	3250
	UP- Khatauli Grade M	2555	2590	2715	3400
	UP- Ramala Grade M	2500	2500	NA	3200
	UP- Dhampur Grade M Ex-Mill	2500	2500	2600	3300
	UP- Dhampur Grade S Ex-Mill	2480	2480	2580	3280
	UP- Dhampur Grade L Ex-Mill	2550	2550	2650	3350
	Mumbai –Grade M	2660	2686	2752	3262
	Mumbai –Grade S	2366	2472	2596	3112
	Kolhapur – Grade M	2250	2350	2450	3150
	Kolhapur – Grade S	2150	2250	2350	3000
	Guhawati – Grade S	2446	2548	2649	3309
	Shillong – Grade S	2470	2570	2670	3320
	Vijayawada – Grade M	2760	2780	2940	3580
	Vijayawada- Grade S	2700	2720	2840	3460
	Nagpur – Grade M	NA	NA	NA	3350
	Nagpur – Grade S	2450	2450	2600	3150
	Kolkata – Grade M	NA	2550	2750	NA
	Chennai - Grade S	2325	2450	2475	3075
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	3035	3050
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	3035	2985

**Gur Market Scenario and Outlook**

Mixed sentiments were recorded, in spot gur market with prices rising in some markets while declining in others.

Price of Chaku variety of gur from key Muzaffarnagar market fell by Rs 42 per quintal from Rs 2567/quintal last week to Rs 2525/quintal this week. Similarly, prices of Khurpa and Ladoo variety fell by Rs 12 & Rs 109 per quintal to reach at Rs 2467 & Rs 2700 per quintal this week. While, the Mudde variety (gur) from Belgaum fell drastically by Rs 150 per quintal to Rs 2300 per quintal for the week.

On the contrary, the same variety (Mudde) of gur from Bangalore rose by Rs 180 per quintal to reach at Rs 4230 per quintal this week. While, the Rascut variety from Muzaffar Nagar rose by Rs 128 per quintal to settle at Rs 2716 per quintal for the week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	5th Jun to 11th Jun 2015	30th May to 4th Jun 2015	Change
Muzaffar Nagar	Chaku	2525	2567	-42
	Chaku (Arrival)	NA	1550	-
	Khurpa	2467	2479	-12
	Laddoo	2700	2809	-109
	Rascut	2716	2588	128
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	4230	4050	180
Belgaum	Mudde	2300	2450	-150
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2529	2587	-58
Mahalingapura	Penti (Average)	2515	2473	42
Mandya	Achhu (Medium)	2550	2513	37
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2375	2338	37





	Yellow (Medium)	2533	2463	70
<b>Shimoga</b>	Achhu (Average)	2650	2650	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		11-Jun-15	4-Jun-15	11-May-15	11-Jun-14
<b>Muzaffar Nagar</b>	Chaku	2500	2540	2450	2975
	Khurpa	NA	2500	2325	2875
	Laddu	NA	2850	2500	3138
	Rascut	NA	2613	NA	2750
<b>Hapur</b>	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	NA
<b>Bangalore</b>	Mudde	4250	NA	4000	3700
<b>Belgaum</b>	Mudde	NA	2400	2600	3000
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3200
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	2544	NA	2685	3150
<b>Mahalingapura</b>	Penti (Average)	2511	2501	2493	3010
<b>Mandya</b>	Achhu (Medium)	2550	2550	2500	2300
	Kurikatu (Medium)	2300	2300	2300	2200
	Other (Medium)	2400	2350	2400	2300
	Yellow (Medium)	2550	2500	2500	2200
<b>Shimoga</b>	Achhu (Average)	2650	2650	2800	3400

Commodity: Sugar  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2015

### SUGAR (July Weekly Chart)



### 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: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	2140	2170	2215	2380	2440
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 2210	2290	2330	2162

## 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 40.1 MT of sugarcane in the second half of May, 2015 to produce 1.97 MT of sugar during the same period. While, an y-o-y comparison shows that the region had crushed 38 MT of sugarcane last year to produce 2.02 MT of sugar in the corresponding period.
- Brazilian raw sugar export rose by 0.71 million tons as the country exported 1.33 million tons of sugar in the month of May, 2015 relative to 0.62 million a month back.
- As per the UNICA report, Brazilian Centre South region is expected to produce 590 MT of sugarcane in 2015-16, which is 3.27% higher than the sugarcane produced during 2014-15. Also, the country is expected to divert more of their sugarcane towards ethanol production (58.1 per cent) in this marketing year as compared to 56.98 per cent last year.
- 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).
- 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	10-Jun-15	3-Jun-15	Change
ICE Sugar #11 (US Cent/lb)	15-Jul	12.01	12.05	-0.04
	15-Oct	12.33	12.40	-0.07
	16-Mar	13.67	13.77	-0.10
LIFFE Sugar (US \$/MT)	15-Aug	349.50	350.10	-0.60
	15-Oct	351.20	350.50	0.70
	15-Dec	357.10	356.80	0.30

### 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 340 with a target of 320

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'15	340	320

### 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 11.60 with target of 11.40

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'15	11.60	11.40



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