

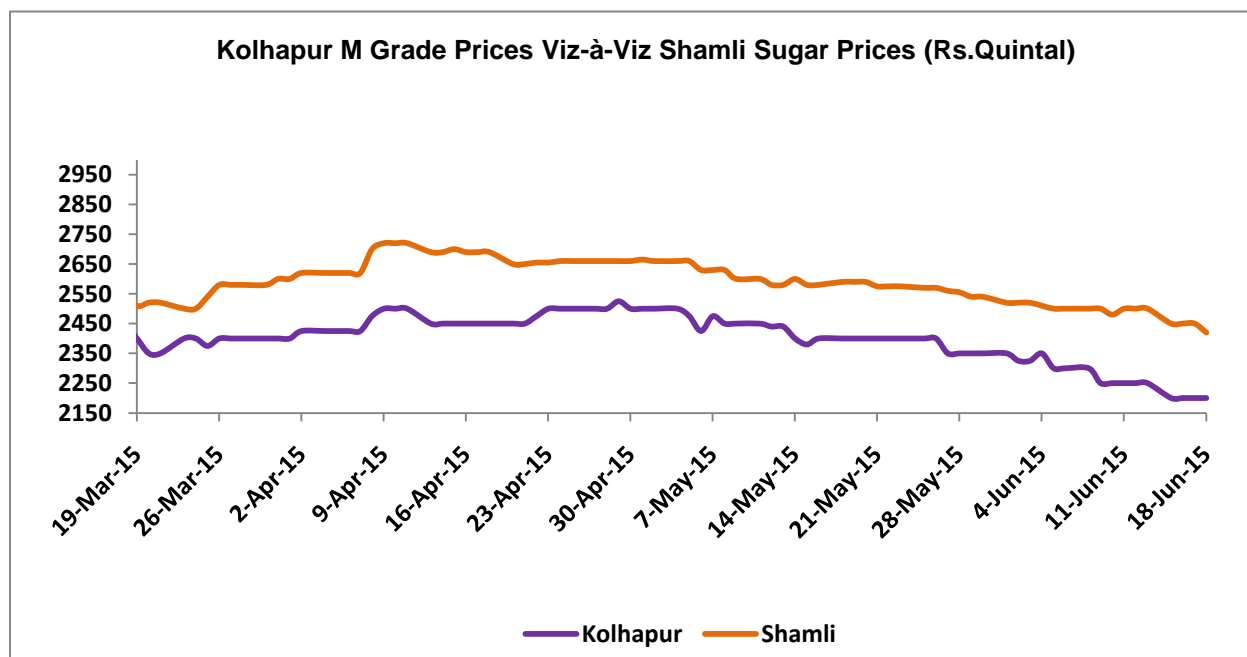
## Sugar Price Trend and Outlook:

Sugar market remained dormant amid persistent supplies from millers on one hand and a slacking domestic demand on other.

In addition, the rising govt. pressure for timely payment of pending cane arrears further compels the domestic sugar miller to make distress sale of their product.

Furthermore, a favorable cane harvest weather in top producer Brazil, allowed hurdle free cane processing in the region adding on to the surplus sugar stock of the country.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2217 per quintal this week compared to Rs 2275 per quintal the previous week. While, prices for the same variety/grade in Shamli district fell by 1.40% from Rs 2497 per quintal last week to Rs 2462 per quintal this week.



## Price Outlook:

Sugar prices are expected to improve a little amid sharp seasonal and festive demand during the period while an excessive sugar surplus will cap the gain.

**News Highlights:**

- The Telengana govt. is expected to impose entry tax on sugar import as the neighboring states such as Karnataka, Maharashtra and Tamil Nadu are dumping their excessive sugar onto the state leading to a further fall in local sugar prices.
- 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. has ensured 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 \$424.40 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$353.44 per ton Kolhapur based.

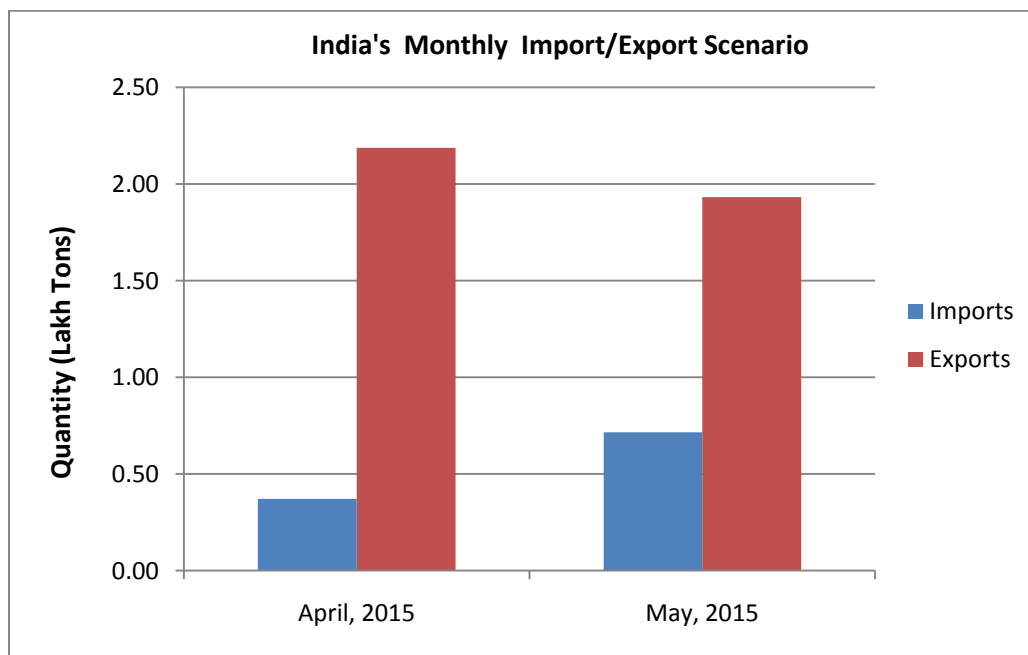
On International front, Brazil sugar FOB prices quoted at \$327.00/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.83) till 19 <sup>th</sup> June, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$327.00	\$366.70/345.40	\$353.44

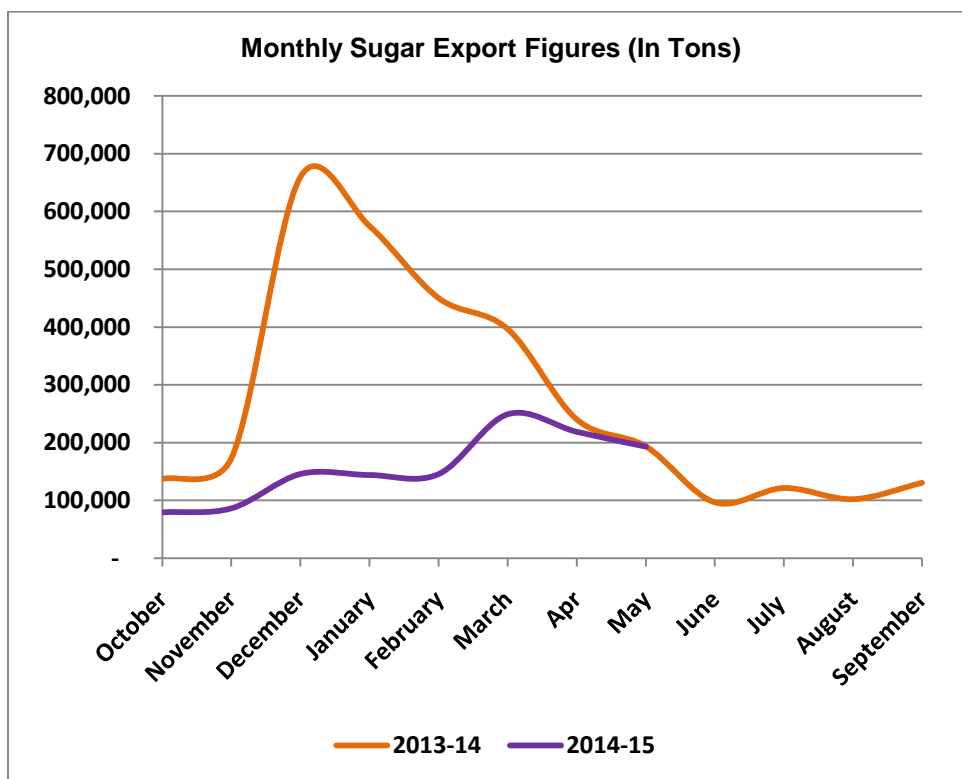
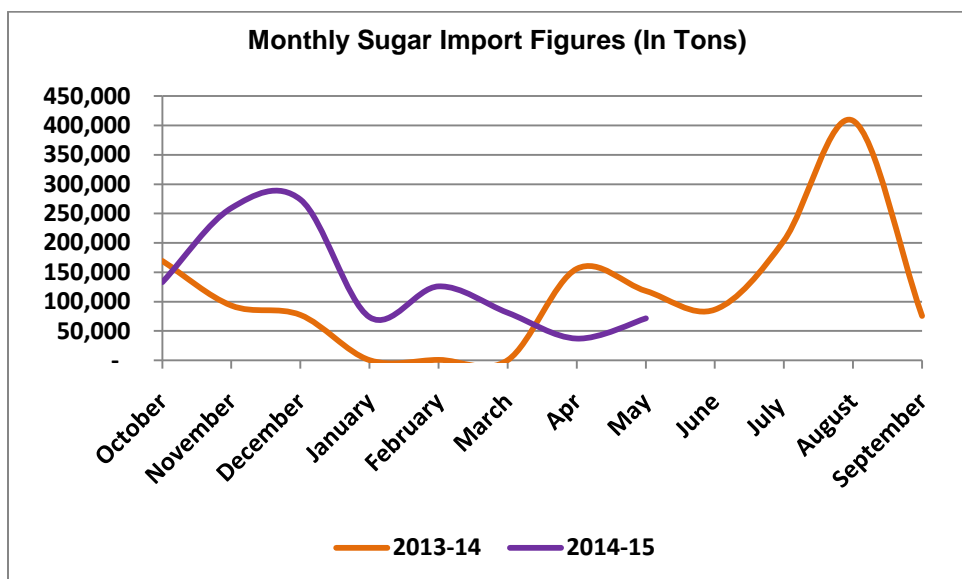
### Sugar Import and Export Scenario:

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 export 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 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)**

<b>Spot Sugar Prices Scenario (Weekly) (Average)</b>				
<b>Commodity</b>	<b>Centre</b>	<b>12th Jun to 18th Jun 2015</b>	<b>5th Jun to 11th Jun 2015</b>	<b>Change</b>
<b>Sugar</b>	Delhi - Grade M	2510	2543	<b>-33</b>
	Delhi - Grade S	2453	2508	<b>-55</b>
	UP- Khatauli Grade M	2518	2575	<b>-57</b>
	UP- Ramala Grade M	NA	2497	<b>-</b>
	UP- Dhampur Grade M Ex-Mill	2456	2447	<b>9</b>
	UP- Dhampur Grade S Ex-Mill	2436	2427	<b>9</b>
	UP- Dhampur Grade L Ex-Mill	2506	2497	<b>9</b>
	Mumbai –Grade M	2652	2667	<b>-15</b>
	Mumbai –Grade S	2344	2441	<b>-97</b>
	Kolhapur – Grade M	2216	2275	<b>-59</b>
	Kolhapur – Grade S	2116	2175	<b>-59</b>
	Guhawati – Grade S	2412	2472	<b>-60</b>
	Shillong – Grade S	2436	2495	<b>-59</b>
	Vijayawada – Grade M	2746	2767	<b>-21</b>
	Vijayawada- Grade S	2686	2707	<b>-21</b>
	Nagpur – Grade M	2550	NA	<b>-</b>
	Nagpur – Grade S	2441	2450	<b>-9</b>
	Kolkata – Grade M	NA	2680	<b>-</b>
	Chennai - Grade S	2318	2363	<b>-45</b>
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	3035	<b>-200</b>
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	3035	<b>-200</b>

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		18-Jun-15	11-Jun-15	18-May-15	18-Jun-14
Sugar	Delhi - Grade M	2500	2550	2670	3290
	Delhi - Grade S	2400	2525	2620	3240
	UP- Khatauli Grade M	2425	2555	2700	3350
	UP- Ramala Grade M	2430	2500	2660	3200
	UP- Dhampur Grade M Ex-Mill	2430	2500	2590	3230
	UP- Dhampur Grade S Ex-Mill	2410	2480	2570	3210
	UP- Dhampur Grade L Ex-Mill	2480	2550	2640	3280
	Mumbai –Grade M	2652	2660	2760	3252
	Mumbai –Grade S	2326	2366	2580	3096
	Kolhapur – Grade M	2200	2250	2400	3100
	Kolhapur – Grade S	2100	2150	2300	3000
	Guhawati – Grade S	2395	2446	2598	3309
	Shillong – Grade S	2420	2470	2620	3320
	Vijayawada – Grade M	2740	2760	2900	3580
	Vijayawada- Grade S	2680	2700	2800	3440
	Nagpur – Grade M	2550	NA	NA	3200
	Nagpur – Grade S	2450	2450	2600	3125
	Kolkata – Grade M	NA	NA	2690	3310
	Chennai - Grade S	2325	2325	2475	3075
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	3035	3035	3035
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	3035	3035	3035

## Gur Market Scenario and Outlook

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

Price of Khurpa and Ladoo variety of gur from key Muzaffarnagar market rose by Rs 133 & Rs 125 per quintal this week from Rs 2467 & Rs 2700 per quintal last week. Similarly, the price of Mudde variety (gur) from Belgaum and Bangalore rose by Rs 100 per quintal & Rs20 per quintal respectively.

On the other side, the Rascut variety of gur from Muzaffar Nagar district fell by Rs 109 per quintal this week. The Achhu (Medium) variety from Mandya too declined by Rs 75 a quintal from Rs 2550/quintal to Rs2475/quintal.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	12th Jun to 18th Jun 2015	5th Jun to 11th Jun 2015	Change
Muzaffar Nagar	Chaku	NA	2525	-
	Chaku (Arrival)	NA	NA	-
	Khurpa	2600	2467	133
	Ladoo	2825	2700	125
	Rascut	2607	2716	-109
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	4250	4230	20
Belgaum	Mudde	2400	2300	100
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2503	2529	-26
Mahalingapura	Penti (Average)	2470	2515	-45
Mandya	Achhu (Medium)	2475	2550	-75
	Kurikatu (Medium)	2300	2300	Unch
	Other (Medium)	2375	2375	Unch
	Yellow (Medium)	2550	2533	17
Shimoga	Achhu (Average)	2645	2650	-5



Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		18-Jun-15	11-Jun-15	18-May-15	18-Jun-14
<b>Muzaffar Nagar</b>	Chaku	2650	2500	2425	NA
	Khurpa	NA	NA	2313	NA
	Laddu	NA	NA	2525	NA
	Rascut	2588	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	NA
<b>Bangalore</b>	Mudde	4250	4250	4050	3750
<b>Belgaum</b>	Mudde	2500	NA	2400	3000
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3200
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	2540	2544	NA	NA
<b>Mahalingapura</b>	Penti (Average)	2460	2511	2474	NA
<b>Mandya</b>	Achhu (Medium)	NA	2550	2500	NA
	Kurikatu (Medium)	NA	2300	2300	NA
	Other (Medium)	NA	2400	2400	NA
	Yellow (Medium)	NA	2550	2500	NA
<b>Shimoga</b>	Achhu (Average)	2640	2650	2650	3400

Commodity: Sugar  
Contract: July

Exchange: NCDEX  
Expiry: July 20, 2015

### SUGAR (July Weekly Chart)

SUGARM 1507(NCSMAN5)2015/06/14 - Weekly B:2130.00 A:2131.00  
O 2196.00 H 2196.00 L 2121.00 C 2130.00 ↓ V 35,100 I 36,230 -61 -2.78%



### 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	2000	2050	2131	2200	2300
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Sell	Below 2140	2100	2080	2164

## International Scenario

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

## International Market News Highlights:

- The Indonesian Sugar Association forecasted the country's total sugar (white) production in between 2.45-2.60 million tons for 2015-16 which was last recorded at 2.58 million tons in 2014-15.
- 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.
- 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	17-Jun-15	10-Jun-15	Change
ICE Sugar #11 (US Cent/lb)	15-Jul	11.35	12.01	-0.66
	15-Oct	11.77	12.33	-0.56
	16-Mar	13.29	13.67	-0.38
LIFFE Sugar (US \$/MT)	15-Aug	345.4	349.5	-4.1
	15-Oct	344.7	351.2	-6.5
	15-Dec	349	357.1	-8.1

**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 345 with a target of 338.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'15	345	338.6

### 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 11.20 with target of 10.95

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'15	11.20	10.95

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