

### Executive Summary:

Sugar prices traded steady to weak amidst higher stock position (following persistent supplies from millers) and a lower domestic demand. Furthermore, dry weather condition in top producer Brazil, too allowed hurdle free cane harvesting and crushing in the region thereby adding on to the global sugar glut.

### Price projection for the next week:

Sugar prices are likely to go down in the coming week and are expected to hover in a range of Rs 2220-2165 per quintal next week.

### Domestic News Highlights:

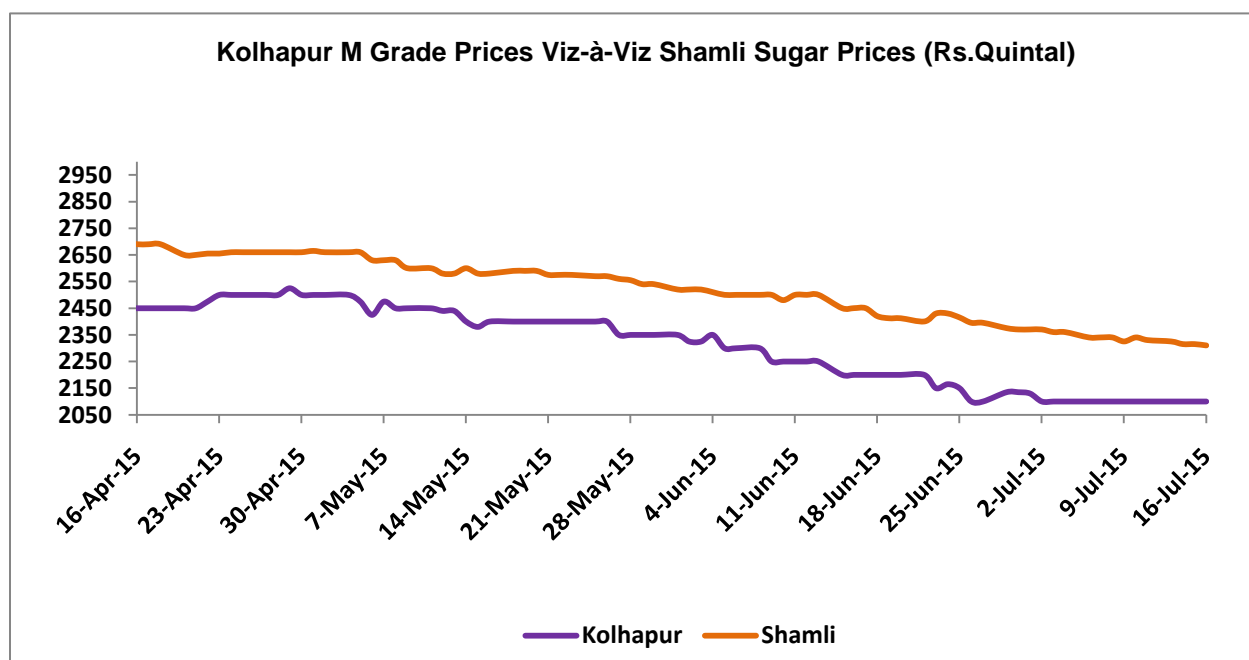
- The Central govt. of India is soon expected to release a relief package of Rs 1950 crore to the cooperative sugar mills in Maharashtra to be utilized for disbursing pending cane arrears to farmers.
- The Karnataka govt. had put forth a proposal to the centre asking for a subsidy of Rs 900 crore which could be utilized for meeting up the pending cane arrears by local sugar millers in the state.
- 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 into losses. In reply, the state govt. has ensured that the matter 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.

### Domestic Price Comparison:

As visible from the chart below, the spread between the two markets narrowed down this week (indicating lower price differential between the two markets) with prices trading steady in Kolhapur market while falling down in Shamli.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2100 per quintal this week, which was exactly the same as reported the previous week. Sugar prices for the same variety/grade in Shamli district fell by 0.92% from Rs 2344 per quintal last week to Rs 2323 per quintal this week.



### 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 \$428.25 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$337.06 per ton Kolhapur based.

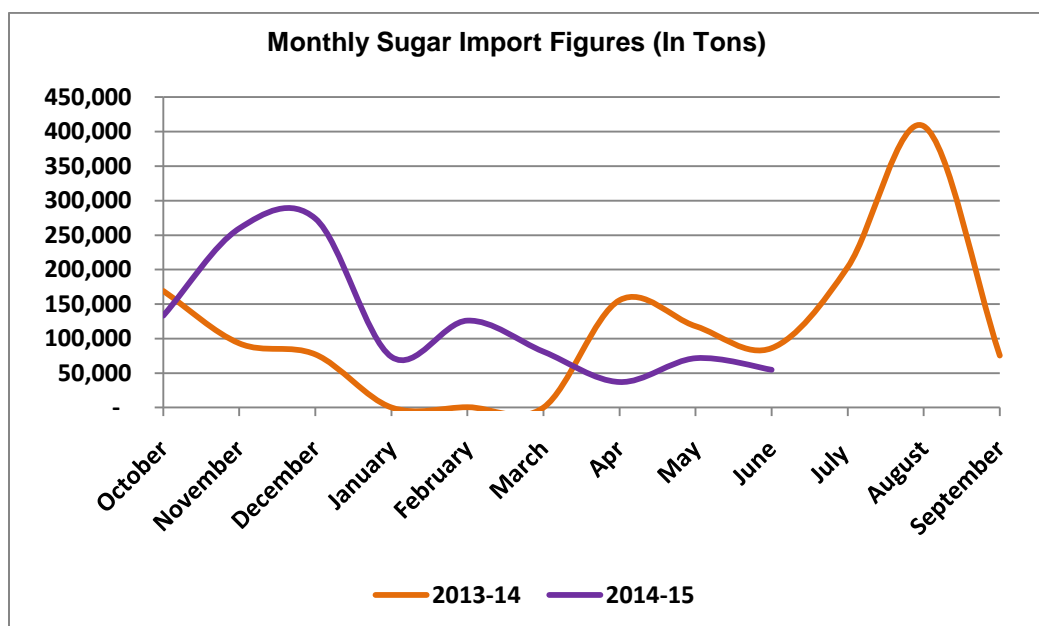
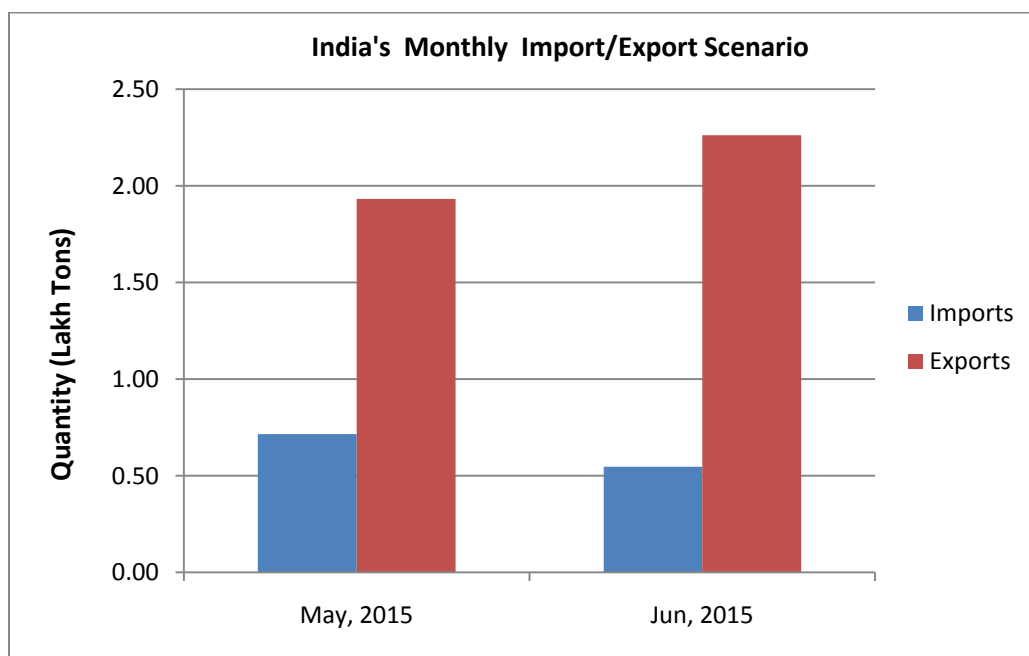
On International front, Brazil sugar FOB prices quoted at \$349.25/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.49) till 16 <sup>th</sup> July, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$349.25	\$385.00/372.70	\$337.06

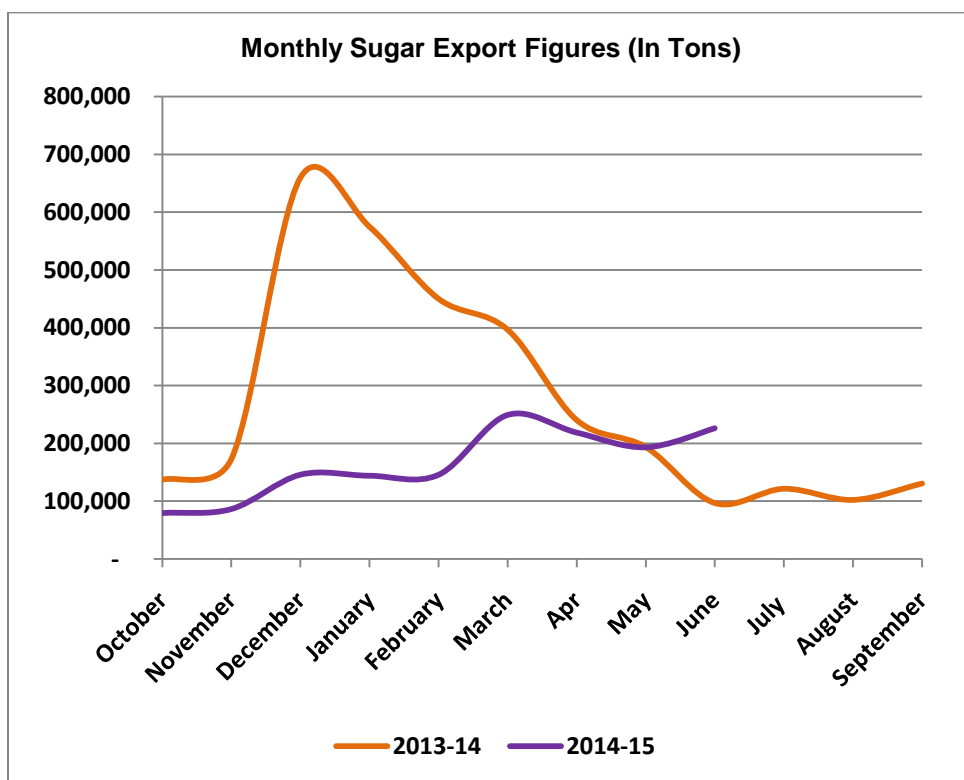
### Sugar Import and Export Scenario:

Indian sugar trade scenario improved this month as the country exported 2.26 lakh tons of sugar (second highest in MY 2014-15) compared to 0.55 lakh tons of imports (second lowest in MY 2014-15) during the same period.



Lack of import parity in trade with Brazil (due to huge Indian production and lower prices) and a lower domestic demand caused India to import only 0.55 lakh tons of sugar in Jun, 2015 compared to 0.72 lakh tons sugar in May, 2014. An Y-o-Y comparison also shows that the country's sugar import has declined by 36% from 0.86 lakh tons in June, 2014.

Besides govt. increase of import duty from 25 per cent to 40 per cent had also been an important factor for slowdown in sugar imports by the country. In addition, the govt. had also 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.



On the other hand, a depreciating Indian currency and rising international demand (mainly from the mid-east countries due to holy festivity of Ramadan) helped India to export 2.26 lakh tons of sugar in Jun, 2015 which was 134% higher than the sugar exported last year in Jun, 2014.

It is notable that majority of the exports made during the month had been to the Mid-East countries with U.A.E topping the list (with an import of 49.2 thousand tons) which was followed by Sudan and Somalia who imported 36.5 and 27.7 thousand tons of sugar respectively.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	10th July to 16th July 2015	03th July to 09nd July 2015	Change
Sugar	Delhi - Grade M	2383	2431	-48
	Delhi - Grade S	2280	2390	-110
	UP- Khatauli Grade M	2393	2422	-29
	UP- Ramala Grade M	2430	2440	-10
	UP- Dhampur Grade M Ex-Mill	2327	2358	-31
	UP- Dhampur Grade S Ex-Mill	2307	2338	-31
	UP- Dhampur Grade L Ex-Mill	2377	2408	-31
	Mumbai –Grade M	2525	2507	18
	Mumbai –Grade S	2218	2219	-1
	Kolhapur – Grade M	2100	2100	Unch
	Kolhapur – Grade S	2000	2000	Unch
	Guhawati – Grade S	2294	2294	Unch
	Shillong – Grade S	2320	2320	Unch
	Vijayawada – Grade M	2580	2613	-33
	Vijayawada- Grade S	2540	2573	-33
	Nagpur – Grade M	2400	2383	17
	Nagpur – Grade S	2300	2300	Unch
	Kolkata – Grade M	2475	2390	85
	Chennai - Grade S	2167	2233	-66
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		16-Jul-15	9-Jul-15	16-Jun-15	16-Jul-14
Sugar	Delhi - Grade M	2370	2410	2525	3350
	Delhi - Grade S	NA	2370	2500	3250
	UP- Khatauli Grade M	2385	2415	2550	3450
	UP- Ramala Grade M	NA	NA	NA	3310
	UP- Dhampur Grade M Ex-Mill	2310	2335	2465	3325
	UP- Dhampur Grade S Ex-Mill	2290	2315	2445	3305
	UP- Dhampur Grade L Ex-Mill	2360	2385	2515	3375
	Mumbai –Grade M	2530	2470	2652	3370
	Mumbai –Grade S	2216	2216	2342	3196
	Kolhapur – Grade M	2100	2100	2200	3100
	Kolhapur – Grade S	2000	2000	2100	2975
	Guhawati – Grade S	2294	2294	2395	3284
	Shillong – Grade S	2320	2320	2420	3295
	Vijayawada – Grade M	2540	2600	2740	3620
	Vijayawada- Grade S	2500	2560	2680	3480
	Nagpur – Grade M	2400	2400	2550	3350
	Nagpur – Grade S	2300	2300	2450	3200
	Kolkata – Grade M	2375	2450	NA	3320
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2150	2200	2310	3150
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	3125
	Chennai - Grade S	2835	2835	2835	3000

## Gur Market Scenario and Outlook

Spot gur market remained subdued with price falling in almost all the major trading regions except one or two.

The Rascut variety of gur from key Muzaffarnagar market registered the highest loss this week, with its price falling down by Rs 533 per quintal; followed by Mudde variety from Bangalore that got down by Rs 500 per quintal from Rs 3850 per quintal last week. Similarly, the Yellow (Medium) variety of gur from Mandya district fell by Rs 100/quintal from Rs 2080/quintal to Rs 1980/quintal this week.

However, prices of Achhu (Average) variety from Shimoga rose up by Rs 62/quintal this week from Rs 2738/quintal the previous week. Prices of Chaku variety from Muzaffarnagar also rose up from Rs 2400/quintal to Rs 2429/quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	10th July to 1616 July 2015	03th July to 09nd July 2015	Change
Muzaffar Nagar	Chaku	2429	2400	29
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	2575	2676	-101
	Rascut	2070	2603	-533
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3350	3850	-500
Belgaum	Mudde	2280	2367	-87
Belthangadi	Yellow (Average)	NA	2558	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2566	2588	-22
Mahalingapura	Penti (Average)	2105	2111	-6
Mandya	Achhu (Medium)	2030	2100	-70
	Kurikatu (Medium)	1860	1940	-80
	Other (Medium)	1920	1990	-70
	Yellow (Medium)	1980	2080	-100
Shimoga	Achhu (Average)	2800	2738	62

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		16-Jul-15	9-Jul-15	16-Jun-15	16-Jul-14
<b>Muzaffar Nagar</b>	Chaku	2500	2500	NA	3050
	Khurpa	NA	NA	NA	2975
	Laddu	2575	2675	NA	3200
	Rascut	2600	2600	NA	2975
<b>Hapur</b>	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	3150
<b>BANGALORE</b>	Mudde	NA	3850	4250	3700
<b>Belgaum</b>	Mudde	2200	2400	NA	3050
<b>Belthangadi</b>	Yellow (Average)	NA	2000	NA	3300
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	NA	2550	NA	NA
<b>Mahalingapura</b>	Penti (Average)	NA	2147	NA	2940
<b>Mandya</b>	Achhu (Medium)	2050	2100	2450	2450
	Kurikatu (Medium)	1850	1900	2300	2350
	Other (Medium)	1950	1950	2350	2400
	Yellow (Medium)	2000	2000	2550	2450
<b>Shimoga</b>	Achhu (Average)	2800	2650	NA	3500

Commodity: Sugar  
Contract: Oct

Exchange: NCDEX  
Expiry: Oct 20, 2015

### SUGAR (October Weekly Chart)



#### Technical Commentary:

- Sugar prices and volume are falling while O.I surges up for the day.
- 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	Oct	2100	2150	2215	2270	2305
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	<b>Sell</b>	Below 2218	2183	2170	2239

## International Scenario

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

### International Market News Highlights:

- The International Sugar Organization (ISO) forecasted a global sugar deficit of 2.50 MT in 2015-16 (Oct- Sep) which could increase to 6.20 MT in marketing year 2016-17 (Oct – Sep).
- Similarly, market participant, Datagro forecasted a global (sugar) supply deficit of 1.40 MT in 2015-16 compared to a surplus of 3.9 MT in marketing year 2014-15.
- Brazilian agency, Copersucar forecasted a global sugar deficit of 1.50 MT in marketing year 2015-16.
- As per the latest UNICA report, Brazil's Centre South region had churned around 2.51 MT of sugar (from 46.5 MT of cane) in the second half of June, 2015 which was 27.4% higher than the sugar crushed in the first half of June, 2015.
- As per the latest data released by Brazil's Trade Ministry, the country exported 1.50 MT of raw sugar in June, 2015 which was 0.79% higher than the export made last year in June, 2014.
- In a bid to support local cane millers, the Brazilian govt. had raised import tariff on ethanol from 9.25 per cent to 11.75 per cent. The step is likely to boost the domestic ethanol production while combating the mass shipment from largest ethanol producer U.S.
- The Indonesian Sugar Association forecasted the country's total sugar (white) production between 2.45-2.60 million tons for 2015-16 which was last recorded at 2.58 million tons in 2014-15.
- The U.S Department of Agriculture forecasted Australia sugarcane production to 6.48 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 due to 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 is 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.
- 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		15-Jul-15	8-Jul-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	12.46	12.31	0.15
	16-Mar	13.75	13.53	0.22
	16-May	13.81	13.57	0.24
LIFFE Sugar (US \$/MT)	15-Oct	364.1	364.2	-0.10
	15-Dec	365.1	363.7	1.40
	16-Mar	368	364.9	3.10

**LIFFE Future Market Sugar Scenario (Oct'15 Contract):****Technical Commentary:**

- LIFE future market trends downward for the week.
- The last candlestick depicts bearishness in the market.  
Strategy: Sell at 369.00 with a target of 359.7

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'15	369.00	359.7

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



### Technical Commentary:

- ICE raw sugar futures are trending downwards for the week.
- Last candlestick depicts bullishness in the market.  
Strategy: Sell at 12.27 with target of 12.06

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	12.27	12.06

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