

Executive Summary:

Indian sugar prices eased on higher stocks and a lower domestic demand this week. 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 could hover in a range between Rs 2215-2140 per quintal next week.

Domestic News Highlights:

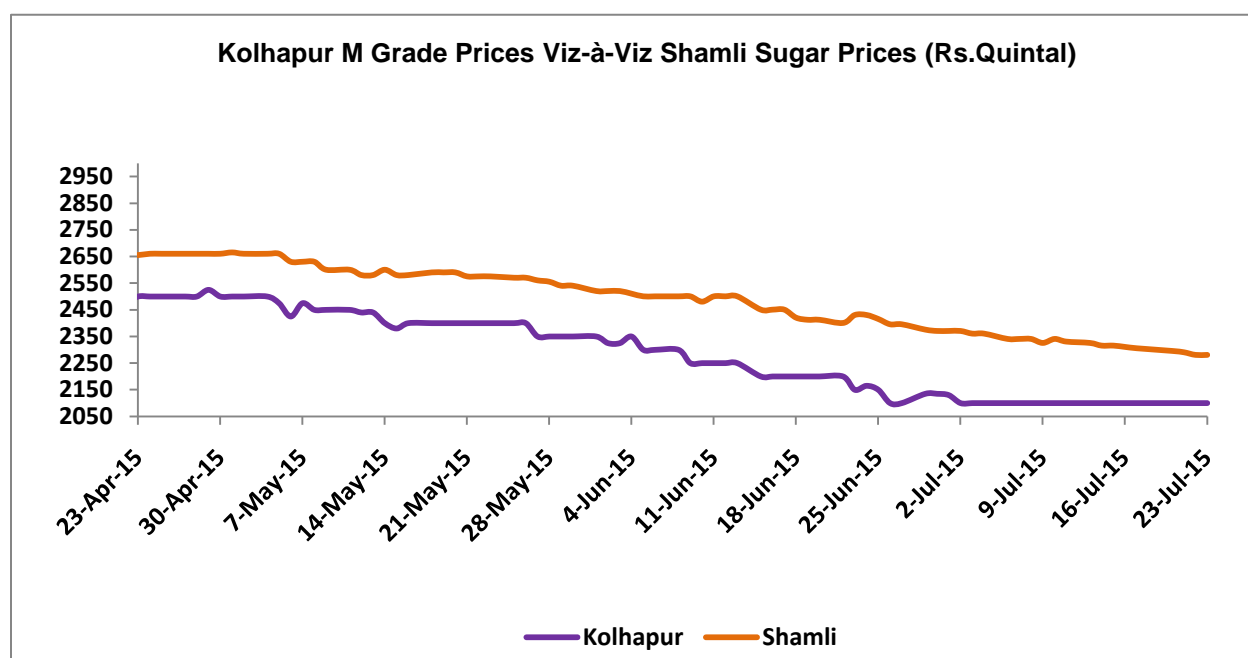
- Late monsoon arrival in Maharashtra had adversely affected sugarcane sowing area in the region where only 644 lakh hectares of area has been sowed so far out of 8861 lakh hectares of total area under cultivation
- The Central govt. of India is soon expected to release a relief package of Rs 1950 crore 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 further (indicating lower price differential between the two markets) with prices trading steady in Kolhapur market while falling down in Shamli district.

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 in the previous week. Sugar prices for the same variety/grade in Shamli district fell by 1.40% from Rs 2323 per quintal last week to Rs 2290 per quintal this week.



India's Sugar Production Scenario Up to 31st 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	-
All India	279.6	240.5

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$398.09 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$334.69 per ton Kolhapur based.

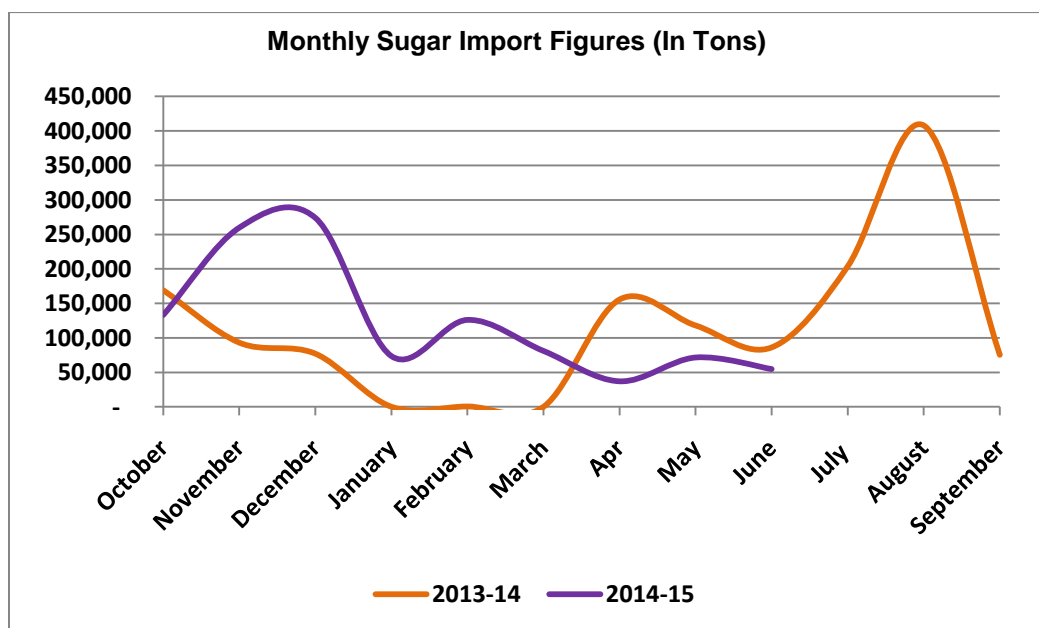
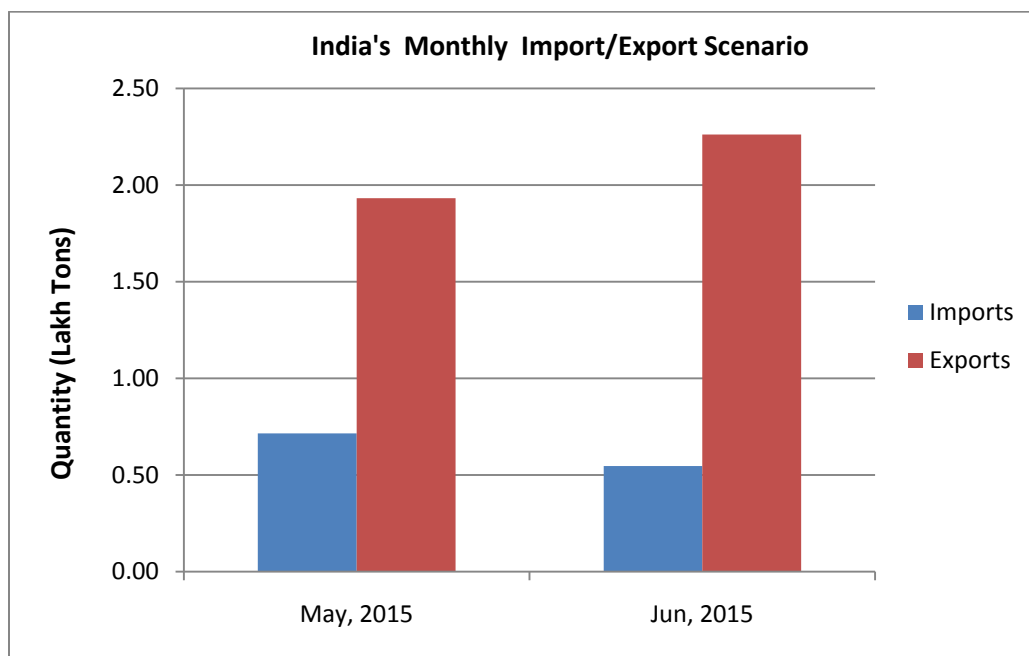
On International front, Brazil sugar FOB prices quoted at \$327.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.94) till 24 th July, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$327.75	\$384.20/348.00	\$334.69

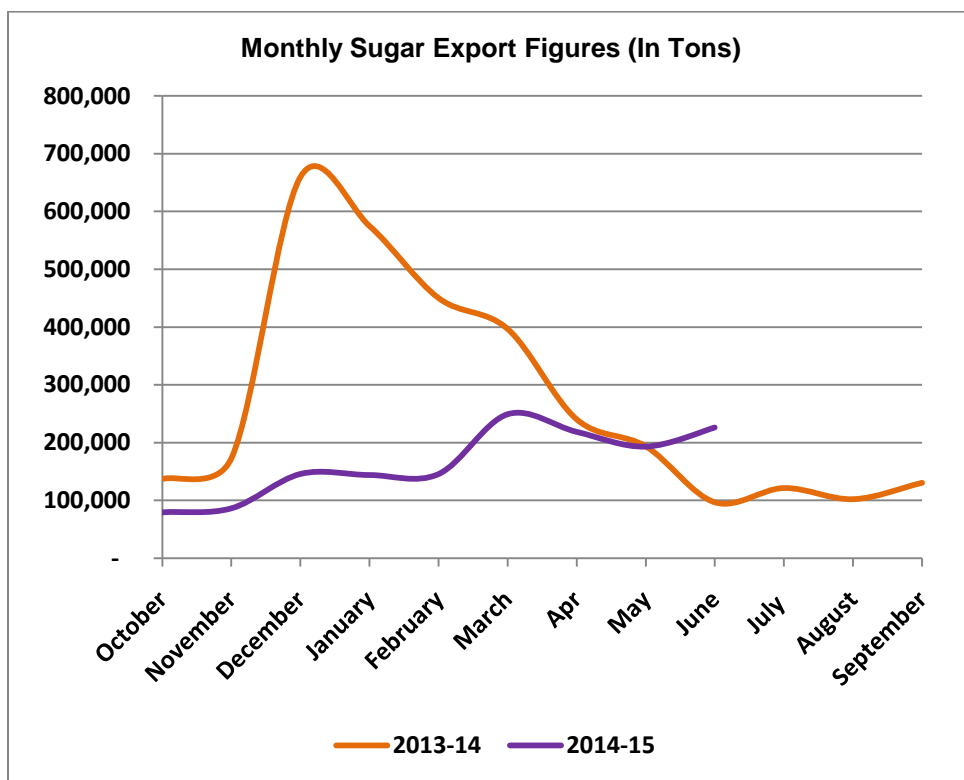
Sugar Import and Export Scenario:

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	17th July to 23 July 2015	10th July to 16 July 2015	Change
Sugar	Delhi - Grade M	2354	2383	-29
	Delhi - Grade S	2289	2280	9
	UP- Khatauli Grade M	2378	2393	-15
	UP- Ramala Grade M	NA	2430	-
	UP- Dhampur Grade M Ex-Mill	2298	2327	-29
	UP- Dhampur Grade S Ex-Mill	2278	2307	-29
	UP- Dhampur Grade L Ex-Mill	2348	2377	-29
	Mumbai –Grade M	2492	2525	-33
	Mumbai –Grade S	2214	2218	-4
	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	2540	2580	-40
	Vijayawada- Grade S	2500	2540	-40
	Nagpur – Grade M	2400	2400	Unch
	Nagpur – Grade S	2300	2300	Unch
	Kolkata – Grade M	2405	2475	-70
	Chennai - Grade S	2150	2167	-17
	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
		23-Jul-15	16-Jul-15	23-Jun-15	23-Jul-14
Sugar	Delhi - Grade M	2350	2370	2500	3390
	Delhi - Grade S	2275	NA	2400	3300
	UP- Khatauli Grade M	2375	2385	2485	3435
	UP- Ramala Grade M	NA	NA	2480	3300
	UP- Dhampur Grade M Ex-Mill	2290	2310	2445	3340
	UP- Dhampur Grade S Ex-Mill	2270	2290	2425	3320
	UP- Dhampur Grade L Ex-Mill	2340	2360	2495	3390
	Mumbai –Grade M	2470	2530	2592	3340
	Mumbai –Grade S	2220	2216	2300	3186
	Kolhapur – Grade M	2100	2100	2150	3125
	Kolhapur – Grade S	2000	2000	2050	2975
	Guhawati – Grade S	2294	2294	2345	3284
	Shillong – Grade S	2320	2320	2370	3295
	Vijayawada – Grade M	2540	2540	2720	3580
	Vijayawada- Grade S	2500	2500	2660	3460
	Nagpur – Grade M	2400	2400	2550	3350
	Nagpur – Grade S	2300	2300	2400	3150
	Kolkata – Grade M	2400	2375	NA	3360
	Chennai - Grade S	2150	2150	2275	3150
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	3125
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	NA

Gur Market Scenario and Outlook

Spot gur market remained buoyant with price improving in all the markets except Belgaum.

The Yellow (Medium), Kurikatu (Medium) and Achhu (Medium) variety of gur from Mandya district rose by Rs 95/, Rs 65 & Rs 58 respectively to Rs 2075, Rs 1925 & Rs 2088 per quintal this week. Similarly, the Achhu (Average) variety from Shimoga rose up by Rs 50/quintal from Rs 2800/quintal to Rs 2850/quintal this week.

While the Mudde variety of gur from Belgaum district of Karnataka fell by Rs 40 a quintal this week from Rs 2280 a quintal the previous week. The Rascut variety of gur from key Muzaffar Nagar market too declined by Rs 37 a quintal from Rs 2590/quintal to Rs 2553/quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	17th July to 23 July 2015	10th July to 16 July 2015	Change
Muzaffar Nagar	Chaku	2470	2429	41
	Chaku (Arrival)	NA	NA	-
	Khurpa	2405	NA	-
	Laddoo	2600	2575	25
	Rascut	2553	2590	-37
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3350	3350	Unch
Belgaum	Mudde	2240	2280	-40
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2571	2566	5
Mahalingapura	Penti (Average)	2131	2105	26
Mandya	Achhu (Medium)	2088	2030	58
	Kurikatu (Medium)	1925	1860	65
	Other (Medium)	1925	1920	5
	Yellow (Medium)	2075	1980	95
Shimoga	Achhu (Average)	2850	2800	50

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		23-Jul-15	16-Jul-15	23-Jun-15	23-Jul-14
Muzaffar Nagar	Chaku	2450	2500	2530	3063
	Khurpa	2415	NA	NA	2950
	Laddu	2600	2575	NA	3188
	Rascut	2538	2600	2650	2850
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	3100
BANGALORE	Mudde	3350	NA	4250	3800
Belgaum	Mudde	2300	2200	NA	3000
Belthangadi	Yellow (Average)	NA	NA	NA	3300
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2610	NA	2640	NA
Mahalingapura	Penti (Average)	2152	NA	2327	3100
Mandya	Achhu (Medium)	2100	2050	2400	2400
	Kurikatu (Medium)	2150	1850	2300	2350
	Other (Medium)	1850	1950	2300	2400
	Yellow (Medium)	2150	2000	2400	2400
Shimoga	Achhu (Average)	2900	2800	2900	3400

Commodity: Sugar
Contract: Oct

Exchange: NCDEX
Expiry: Oct 20, 2015

SUGAR (October Weekly Chart)



Technical Commentary:

- Sugar prices, O.I and volume 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	Oct	2100	2130	2212	2270	2305
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 2215	2165	2140	2245

International Scenario

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

International Market News Highlights:

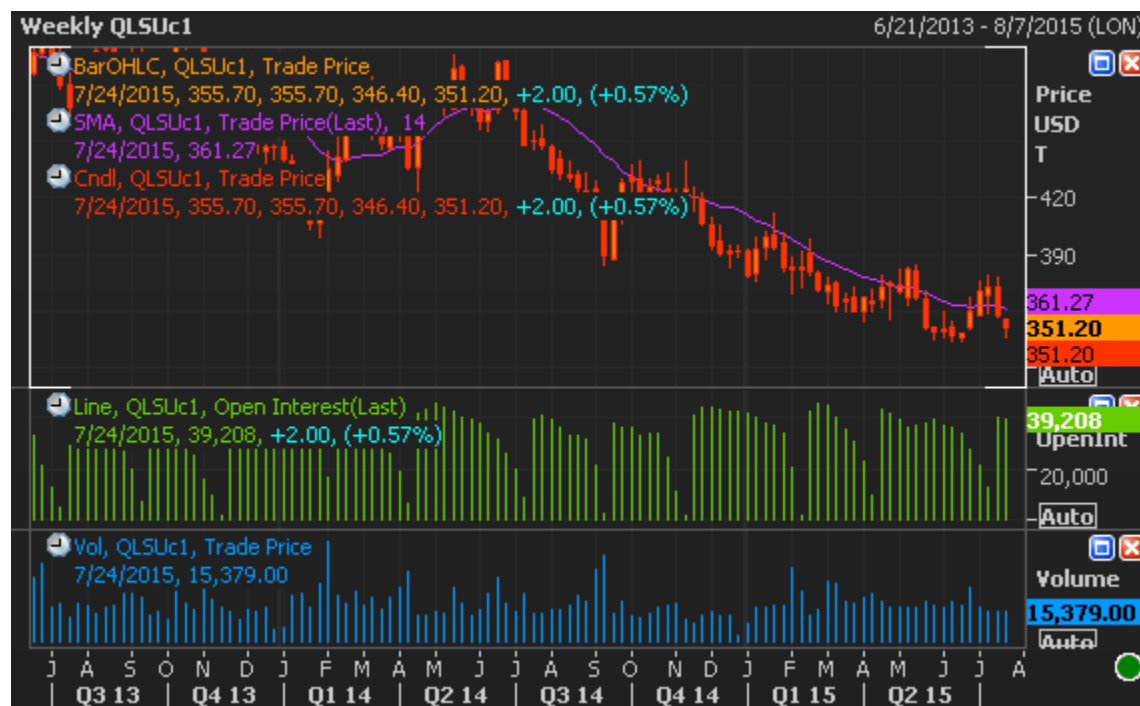
- Indonesia had issued 596 thousand tons of raw sugar import license for 3Q15 which was much below the market expectation of 630 thousand tons of import license.
- The International Sugar Organization (ISO) forecasted a global sugar deficit of 2.50 MT in 2015-16 (Oct- Sep) which could increase to 6.20 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, led by 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		22-Jul-15	15-Jul-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	11.38	12.46	-1.08
	16-Mar	12.80	13.75	-0.95
	16-May	12.92	13.81	-0.89
LIFFE Sugar (US \$/MT)	15-Oct	348.0	364.1	-16.10
	15-Dec	345.2	365.1	-19.90
	16-Mar	348.8	368	-19.20

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 351.00 with a target of 344.37

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'15	351.00	344.37

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

Technical Commentary:

- ICE raw sugar futures are trending downwards for the week.
- Last candlestick depicts bearishness in the market.

Strategy: Sell at 11.60 with target of 11.30

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	11.60	11.30

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