

### Executive Summary:

Large sugar stock accompanied with rising govt. pressure on millers (for timely payment of pending cane arrears) resulted into a flooding of excessive sugar surplus onto the market leading to a fall in prices. In addition, a lesser wet climate in top producer Brazil, too supported disruption free cane processing in the country adding on to the global sugar glut and thus a fall in international prices.

### Price projection for the next week:

Sugar prices (M grade) in benchmark Kolhapur market are likely to range in between Rs 2075-2100 per quintal next week.

### Domestic News Highlights:

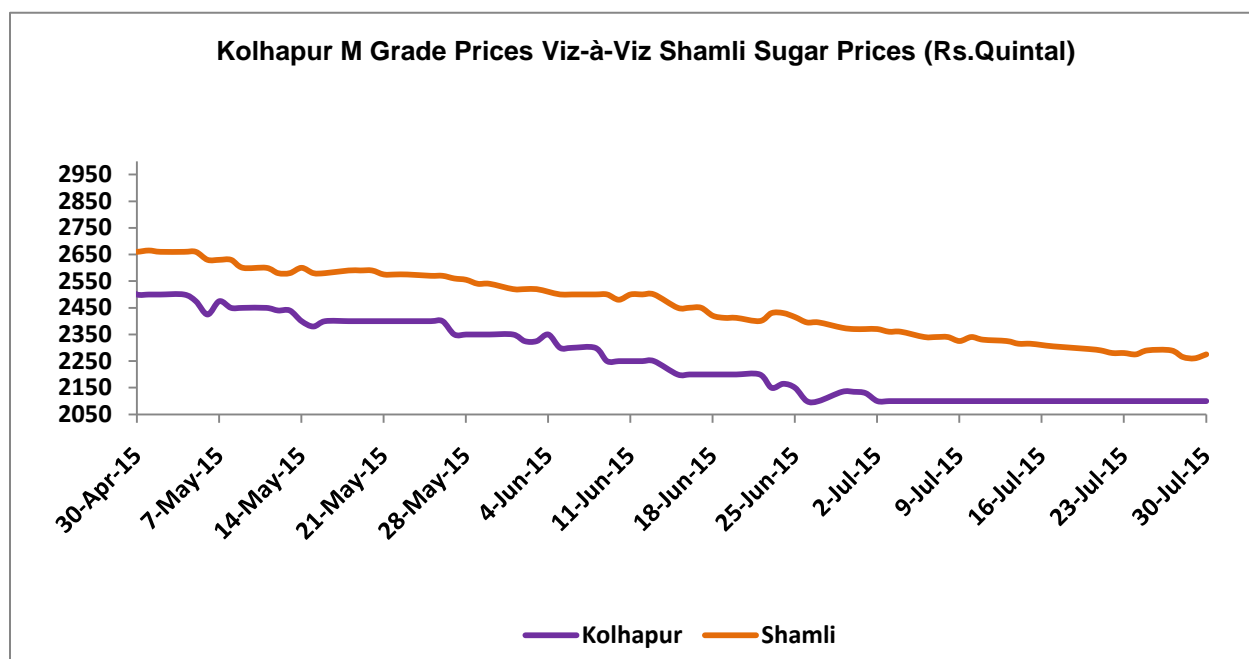
- India exported 54.6 thousand tons of sugar for the week ending 19th Jul, 2015 which was 9% lower than the sugar exported the previous week; while the sugar import rose by 3.26% from 34.9 thousand tons to 36.1 thousand tons during the same period.
- Late monsoon arrival in Maharashtra had adversely 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 0.62% from Rs 2290 per quintal last week to Rs 2276 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 \$403.35 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$334.17 per ton Kolhapur based.

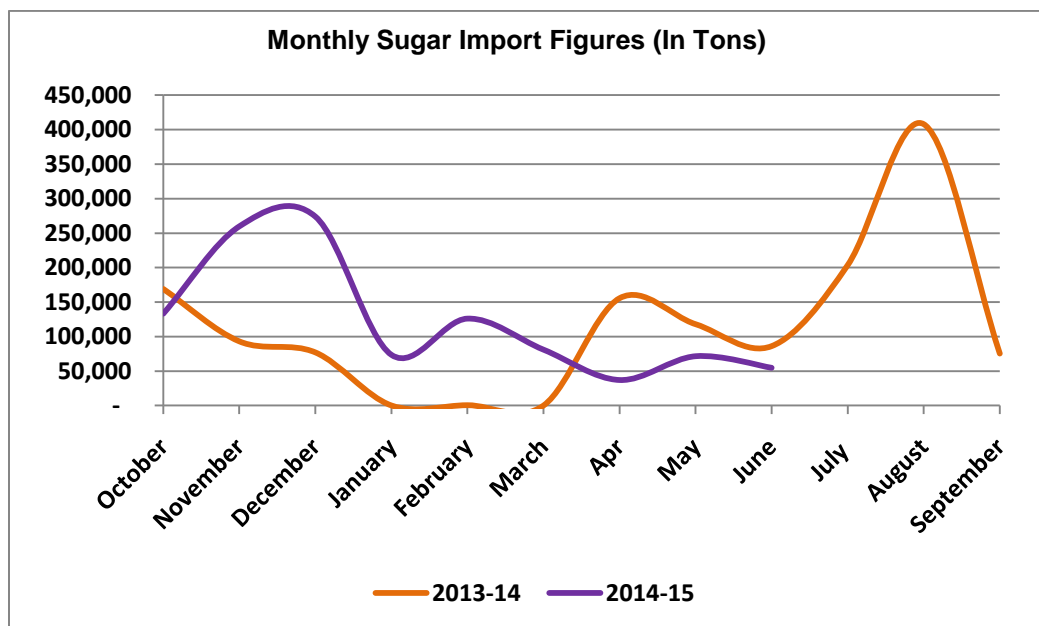
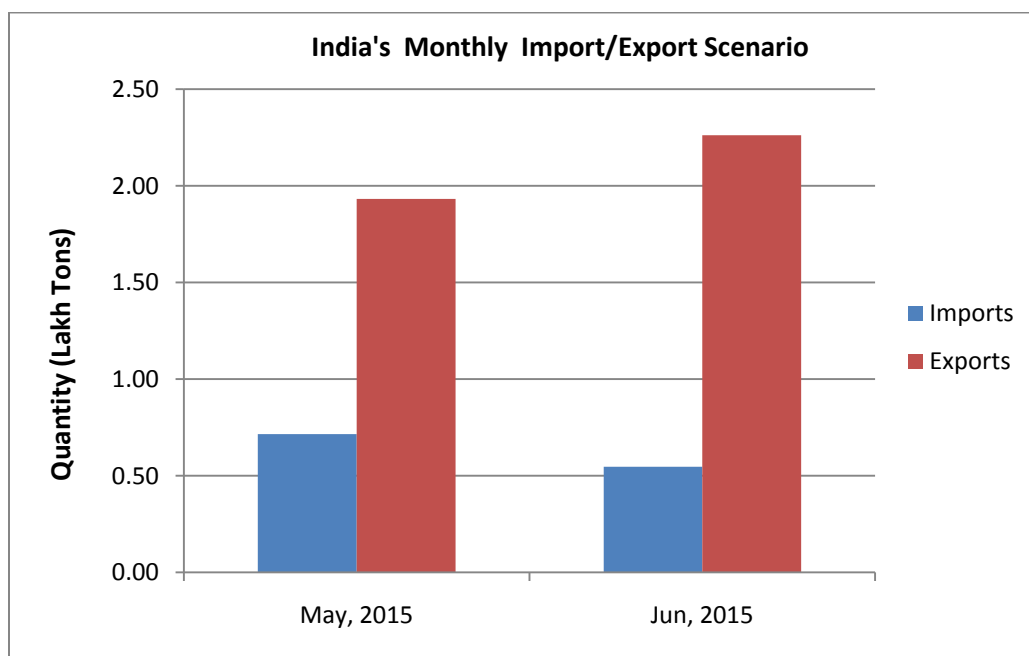
On International front, Brazil sugar FOB prices quoted at \$330.75/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.04) till 31 <sup>st</sup> July, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$330.75	\$373.70/357.20	\$334.17

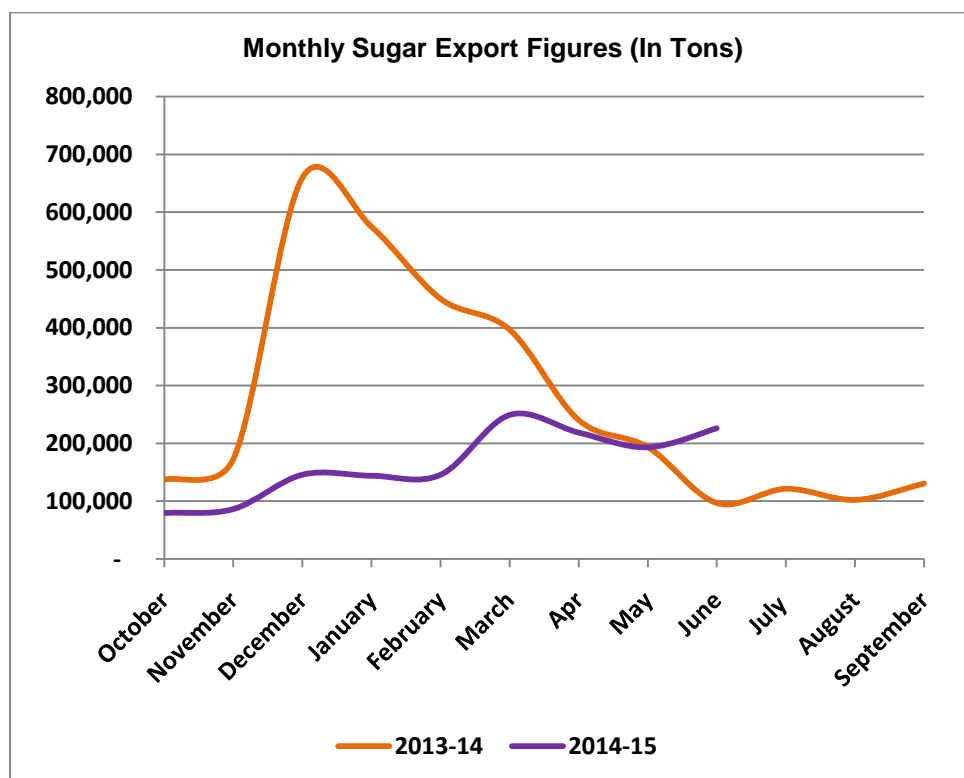
### Sugar Import and Export Scenario:

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	24th Jul to 30th Jul 2015	17th Jul to 23 Jul 2015	Change
Sugar	Delhi - Grade M	2343	2354	-11
	Delhi - Grade S	2301	2289	12
	UP- Khatauli Grade M	2378	2378	-1
	UP- Ramala Grade M	2150	NA	-
	UP- Dhampur Grade M Ex-Mill	2278	2298	-21
	UP- Dhampur Grade S Ex-Mill	2258	2278	-21
	UP- Dhampur Grade L Ex-Mill	2328	2348	-21
	Mumbai –Grade M	2470	2492	-22
	Mumbai –Grade S	2203	2214	-11
	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	2487	2540	-53
	Vijayawada- Grade S	2447	2500	-53
	Nagpur – Grade M	2400	2400	Unch
	Nagpur – Grade S	2300	2300	Unch
	Kolkata – Grade M	2380	2405	-25
	Chennai - Grade S	2120	2150	-30
	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
		30-Jul-15	23-Jul-15	30-Jun-15	30-Jul-14
Sugar	Delhi - Grade M	2315	2350	2490	3320
	Delhi - Grade S	2260	2275	2460	3250
	UP- Khatauli Grade M	2365	2375	2435	3400
	UP- Ramala Grade M	2150	NA	NA	3280
	UP- Dhampur Grade M Ex-Mill	2270	2290	2400	3335
	UP- Dhampur Grade S Ex-Mill	2250	2270	2380	3315
	UP- Dhampur Grade L Ex-Mill	2320	2340	2450	3385
	Mumbai –Grade M	NA	2470	2566	3326
	Mumbai –Grade S	NA	2220	2240	3192
	Kolhapur – Grade M	2100	2100	2135	3150
	Kolhapur – Grade S	2000	2000	2035	3050
	Guhawati – Grade S	2294	2294	2329	3360
	Shillong – Grade S	2320	2320	2355	3370
	Vijayawada – Grade M	2480	2540	2680	3550
	Vijayawada- Grade S	2440	2500	2620	3450
	Nagpur – Grade M	2400	2400	2350	3350
	Nagpur – Grade S	2300	2300	2300	3150
	Kolkata – Grade M	2370	2400	2420	NA
	Chennai - Grade S	NA	2150	2250	3100
	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

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

Prices for Achhu (Average) variety of gur from Shimoga district rose by Rs 83/quintal from Rs 2850/quintal to Rs 2933/quintal this week. Similarly, prices for Yellow (Medium), Achhu (Medium) & other (Medium) variety of gur from Mandya increased by Rs 75, Rs 70 & Rs 50 per quintal this week from Rs 2075, Rs 2088 & Rs 1925 per quintal the previous week.

On the other hand, prices for Kurikatu (Medium) variety of gur from Mandya fell by Rs 67/quintal from Rs 1925/quintal last week. Prices for Chaku variety from Muzaffar Nagar and the Mudde variety from Belgaum too declined by Rs 65 & 60 per quintal this week to Rs 2405 & Rs 2180 per quintal respectively..

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	24th Jul to 30th Jul 2015	17th Jul to 23 Jul 2015	Change
Muzaffar Nagar	Chaku	2405	2470	-65
	Chaku (Arrival)	NA	NA	-
	Khurpa	2454	2405	49
	Laddoo	2575	2600	-25
	Rascut	2544	2553	-9
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3350	3350	Unch
Belgaum	Mudde	2180	2240	-60
Belthangadi	Yellow (Average)	2100	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2585	2571	14
Mahalingapura	Penti (Average)	2139	2131	8
Mandya	Achhu (Medium)	2158	2088	70
	Kurikatu (Medium)	1858	1925	-67
	Other (Medium)	1975	1925	50
	Yellow (Medium)	2150	2075	75
Shimoga	Achhu (Average)	2933	2850	83

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		30-Jul-15	23-Jul-15	30-Jun-15	30-Jul-14
<b>Muzaffar Nagar</b>	Chaku	2300	2450	2575	3000
	Khurpa	2525	2415	NA	2875
	Laddu	2563	2600	NA	3150
	Rascut	2525	2538	2625	2950
<b>Hapur</b>	Chaursa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	3100
<b>Bangalore</b>	Mudde	3350	3350	3850	3700
<b>Belgaum</b>	Mudde	2100	2300	2400	3000
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3400
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	2625	2610	2500	NA
<b>Mahalingapura</b>	Penti (Average)	2151	2152	2142	3110
<b>Mandya</b>	Achhu (Medium)	2200	2100	2100	2450
	Kurikatu (Medium)	1900	2150	2000	2350
	Other (Medium)	2100	1850	2050	2400
	Yellow (Medium)	2150	2150	2100	2450
<b>Shimoga</b>	Achhu (Average)	2900	2900	2900	3400

Commodity: Sugar  
Contract: Oct

Exchange: NCDEX  
Expiry: Oct 20, 2015

### SUGAR (October Weekly Chart)



### Technical Commentary:

- Sugar prices and O.I are rising while volume fell down for the day.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bullishness in the market.

### Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	2140	2180	2240	2350	2370
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 2245	2295	2320	2215

## International Scenario

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

### International Market News Highlights:

- As per the latest UNICA report, Brazil's Centre South region had churned around 1.44 MT of sugar (from 29.3 MT of cane) in the first half of July, 2015 which was 43% lower than the sugar crushed in second half of June, 2015.
- Thai Cane and Sugar Corp (TCSC), Thailand is planning to open a tender to sell 170,000 tons of sugar for shipment between March and September next year.
- 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 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.



- 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. 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.

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



### Technical Commentary:

- LIFE future market trends upward for the week.
  - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 350.00 with a target of 367.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'15	350.00	367.5

### 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: Buy at 11.30 with target of 11.50

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	11.30	11.50



International Sugar Prices (Weekly)				
	Contract Month	29-Jul-15	22-Jul-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	11.46	11.38	0.08
	16-Mar	12.64	12.8	-0.16
	16-May	12.71	12.92	-0.21
LIFFE Sugar (US \$/MT)	15-Oct	357.20	348	9.20
	15-Dec	350.80	345.2	5.60
	16-Mar	350.40	348.8	1.60

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