

### Executive Summary:

Sugar prices climbed up this week amid speculation of government's decision to export surplus Indian sugar to other countries through barter trade.

### Price projection for the next week:

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range in between Rs 2200 -2260 per quintal next week.

### Domestic News Highlights:

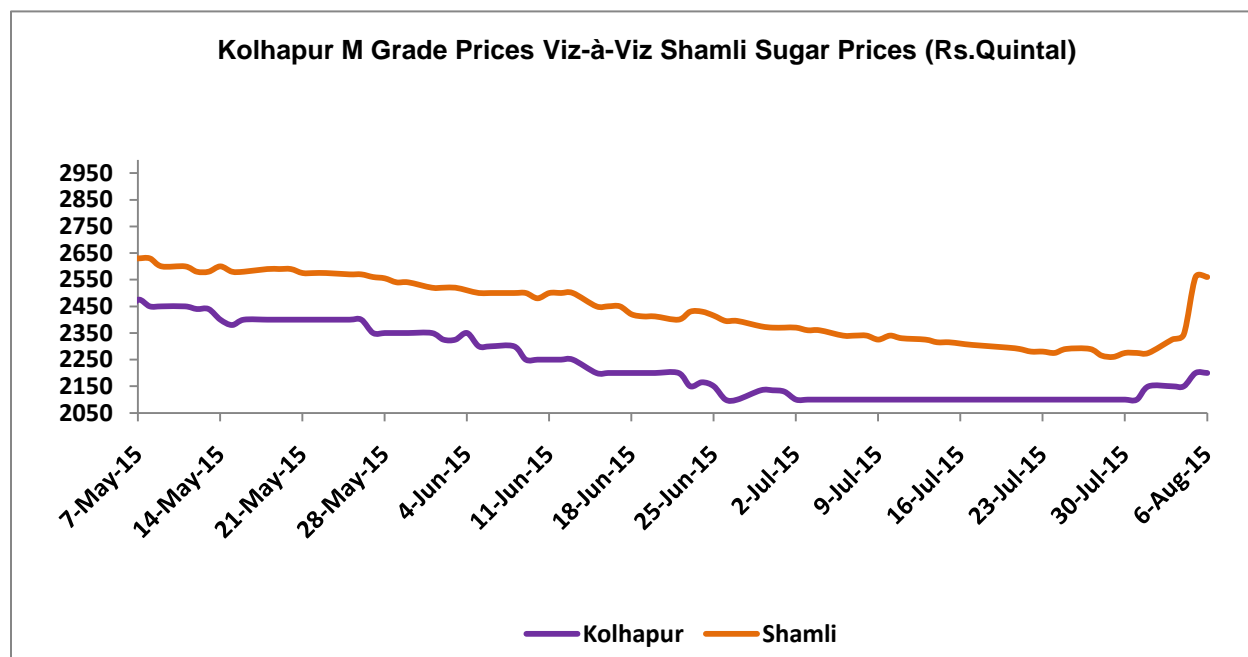
- India exported 55.5 thousand tons of sugar for the week ending 02<sup>nd</sup> Aug, 2015 which was 15% lower than the sugar exported the previous week. Similarly, the Indian sugar imports fell by 16.2% from 51.6 thousand tons to 43.2 thousand tons this week.
- Late monsoon arrival in Maharashtra had 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 benchmarks widened this week; indicating higher price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2158 per quintal this week 2.78% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 5.02% from Rs 2276 per quintal last week to Rs 2390 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 \$377.04 per ton (including 40% import duty) and Indian domestic refined sugar FOB prices quoted at \$344.51 per ton Kolhapur based.

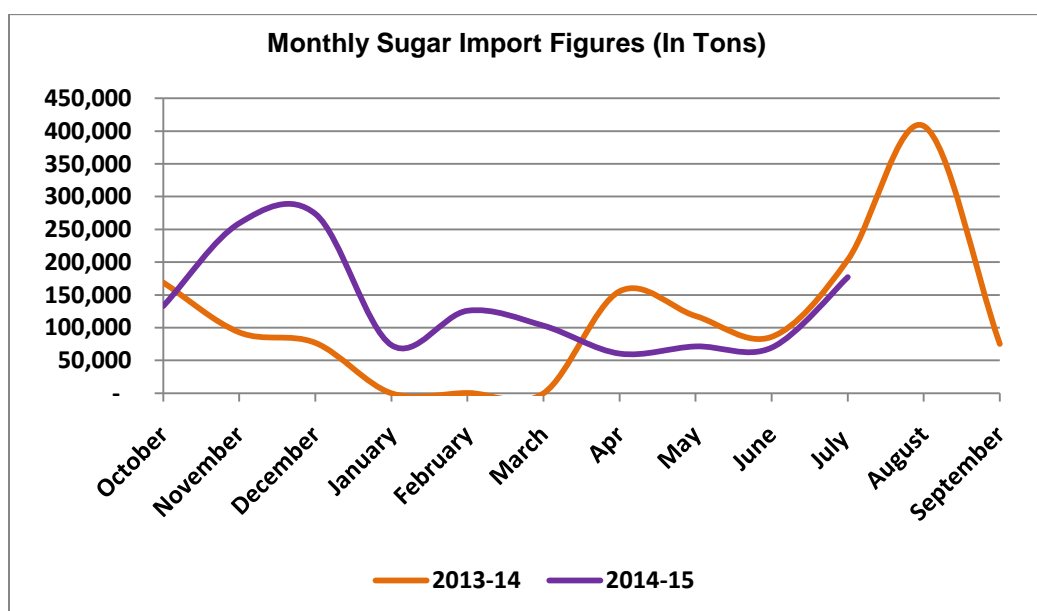
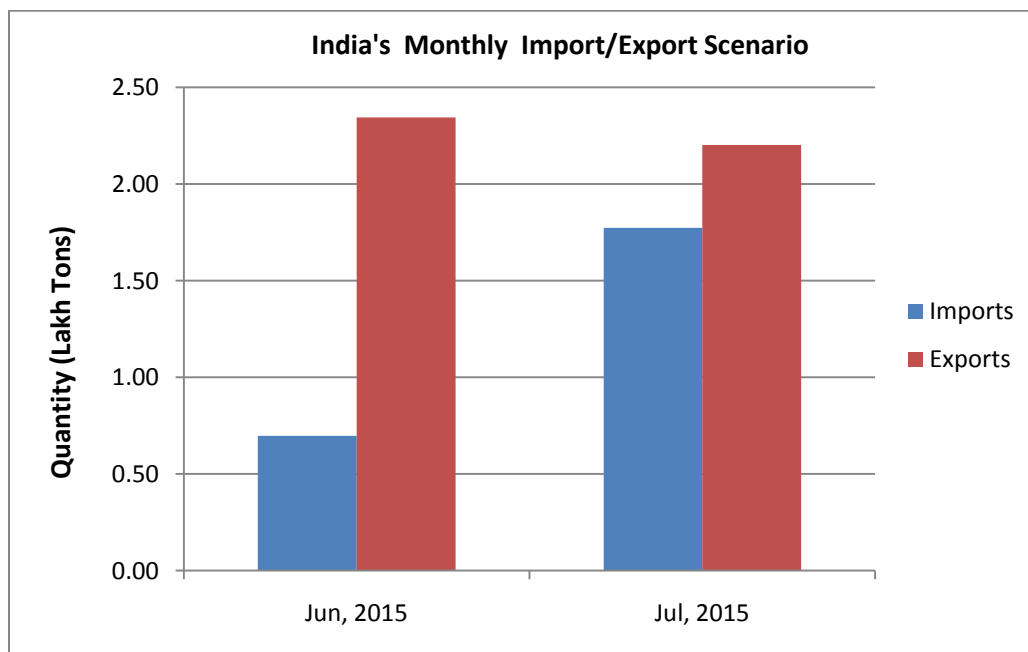
On International front, Brazil sugar FOB prices quoted at \$312.25/ Ton.

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

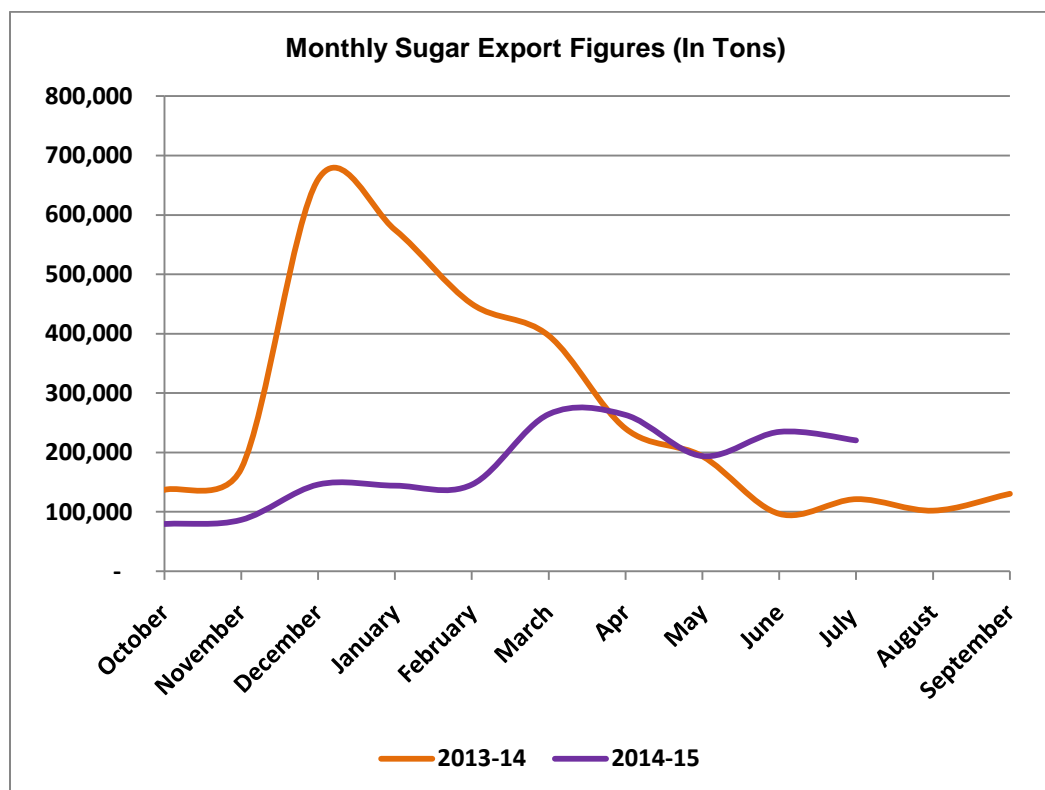
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.80) till 07 <sup>th</sup> Aug, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$312.25	\$363.70/345.00	\$344.51

### Sugar Import and Export Scenario:

Indian sugar trade scenario remained positive this month as the country exported more sugar in comparison to the imports made during the period. However, a m-o-m comparison showed a deteriorating trend where sugar imports increased significantly from last month, while exports declined during the same interval.



The Indian sugar imports showed a drastic increase this month, as the country imported 1.77 lakh tons of sugar in July, 2015 compared to 0.70 lakh tons in June, 2015. While a y-o-y comparison depicts a little slowdown of 13% this year compared to 2.03 lakh tons sugar in July, 2015.



On the other hand, lower sugar demand overseas and a depreciating Brazilian currency, real outpaced India's exporting competitiveness to the world market, leading to a fall in exports this month. Notably, the country exported 2.20 lakh tons of sugar in July, 2015 compared to 2.34 lakh tons sugar in June, 2015. However, the situation seems to be pretty much bounty when compared to the last year; when the country exported only 1.21 lakh tons of sugar during the same period.

Sudan Somalia and Pakistan were amongst the biggest importers of Indian sugar this month with a total sugar import of 53.8, 39.5 and 27.0 thousand tons of sugar respectively.

**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	31th Jul to 6th Aug 2015	24th Jul to 30th Jul 2015	Change
<b>Sugar</b>	Delhi - Grade M	2394	2343	51
	Delhi - Grade S	2343	2301	42
	UP- Khatauli Grade M	2451	2378	73
	UP- Ramala Grade M	2213	2150	63
	UP- Dhampur Grade M Ex-Mill	2348	2278	71
	UP- Dhampur Grade S Ex-Mill	2328	2258	71
	UP- Dhampur Grade L Ex-Mill	2398	2328	71
	Mumbai –Grade M	2480	2470	10
	Mumbai –Grade S	2254	2203	51
	Kolhapur – Grade M	2158	2100	58
	Kolhapur – Grade S	2058	2000	58
	Guhawati – Grade S	2353	2294	Unch
	Shillong – Grade S	2378	2320	58
	Vijayawada – Grade M	2480	2487	-7
	Vijayawada- Grade S	2440	2447	-7
	Nagpur – Grade M	2433	2400	33
	Nagpur – Grade S	2325	2300	25
	Kolkata – Grade M	2380	2380	Unch
	Chennai - Grade S	2156	2120	36
	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
		6-Aug-15	30-Jul-15	6-Jul-15	6-Aug-14
Sugar	Delhi - Grade M	2425	2315	2450	3320
	Delhi - Grade S	2380	2260	2380	3220
	UP- Khatauli Grade M	2580	2365	2415	3385
	UP- Ramala Grade M	2400	2150	NA	3250
	UP- Dhampur Grade M Ex-Mill	2400	2270	2350	3280
	UP- Dhampur Grade S Ex-Mill	2380	2250	2330	3260
	UP- Dhampur Grade L Ex-Mill	2450	2320	2400	3330
	Mumbai –Grade M	2500	NA	2486	3320
	Mumbai –Grade S	2340	NA	2220	3186
	Kolhapur – Grade M	2200	2100	2100	3050
	Kolhapur – Grade S	2100	2000	2000	2950
	Guhawati – Grade S	2395	2294	2294	3258
	Shillong – Grade S	2420	2320	2320	3270
	Vijayawada – Grade M	2480	2480	2600	3550
	Vijayawada- Grade S	2440	2440	2560	3450
	Nagpur – Grade M	2550	2400	2400	3350
	Nagpur – Grade S	2450	2300	2300	3150
	Kolkata – Grade M	2480	2370	2350	NA
	Chennai - Grade S	2200	NA	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

Gur spot market largely remained buoyant with price rising in majority of the trading areas.

Prices of Achhu (Medium), Kurikatu (Medium), Yellow (Medium) and Other (Medium) variety of gur from Mandya rose by Rs 117, Rs 42, Rs 25 and Rs 50 a quintal from Rs 2158, Rs 1858, Rs 2150 and Rs 1975 last week. Similarly, prices for Chaku variety of gur from key Muzaffar Nagar market rose by Rs 62/quintal this week from Rs 2405/quintal the previous week.

However, price of Mudde variety (gur) from Bangalore slid by Rs 100/quintal from Rs 3350/quintal last week to Rs 3250/quintal this week. Prices of Achhu (Average) gur of Shimoga also declined by Rs 33/quintal from Rs 2933/quintal to Rs 2900/quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	31th Jul to 6th Aug 2015	24th Jul to 30th Jul 2015	Change
Muzaffar Nagar	Chaku	2467	2405	62
	Chaku (Arrival)	NA	NA	-
	Khurpa	2483	2454	29
	Laddoo	2548	2575	-27
	Rascut	2588	2544	44
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3250	3350	-100
Belgaum	Mudde	2220	2180	40
Belthangadi	Yellow (Average)	NA	2100	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2590	2585	5
Mahalingapura	Penti (Average)	2158	2139	18
Mandya	Achhu (Medium)	2275	2158	117
	Kurikatu (Medium)	1900	1858	42
	Other (Medium)	2025	1975	50
	Yellow (Medium)	2175	2150	25
Shimoga	Achhu (Average)	2900	2933	-33

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		6-Aug-15	30-Jul-15	6-Jul-15	6-Aug-14
<b>Muzaffar Nagar</b>	Chaku	2600	2300	2500	3000
	Khurpa	NA	2525	NA	2750
	Laddu	2600	2563	2675	3125
	Rascut	2687	2525	2625	2825
<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	3150	3350	3850	3700
<b>Belgaum</b>	Mudde	2300	2100	2300	2800
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3400
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	NA	2625	2600	NA
<b>Mahalingapura</b>	Penti (Average)	NA	2151	2086	3080
<b>Mandya</b>	Achhu (Medium)	2250	2200	2100	2450
	Kurikatu (Medium)	1950	1900	1950	2350
	Other (Medium)	2050	2100	2000	2400
	Yellow (Medium)	2150	2150	2100	2450
<b>Shimoga</b>	Achhu (Average)	NA	2900	2800	3400

Commodity: Sugar  
Contract: Oct

Exchange: NCDEX  
Expiry: Oct 20, 2015

### SUGAR (October Weekly Chart)



### Technical Commentary:

- Sugar prices, volume and O.I are increasing indicating consolidation in the market.
- 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	2200	2250	2303	2380	2400
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 2300	2350	2375	2270

## International Scenario

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

## International Market News Highlights:

- Brazilian raw sugar export rose by 30.34% this month from 1.50 MT in June, 2015 to 1.95 MT in July, 2015. However, a y-o-y comparison shows that the country's raw sugar export fell by 4.13% from 2.04 MT in July, 2014.
- 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):

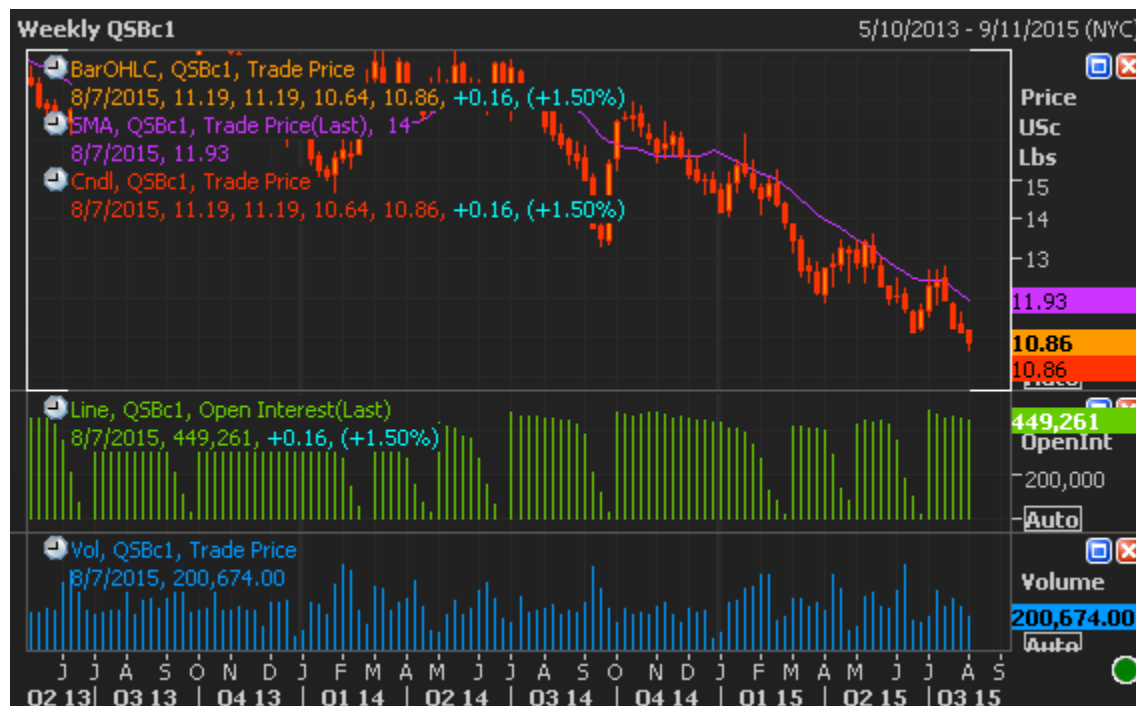


### Technical Commentary:

- LIFE future market trends downward for the week.
  - The last candlestick depicts bearishness 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: Sell at 10.90 with target of 10.78

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	10.90	10.78



International Sugar Prices (Weekly)				
	Contract Month	5-Aug-15	29-Jul-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	10.76	11.46	-0.70
	16-Mar	12.01	12.64	-0.63
	16-May	12.12	12.71	-0.59
LIFFE Sugar (US \$/MT)	15-Oct	345.00	357.20	-12.20
	15-Dec	339.50	350.80	-11.30
	16-Mar	340.50	350.40	-9.90

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