

**Executive Summary:**

Sugar prices continued to rise amid government's proposal to export surplus Indian sugar through barter exchange. In addition, market is also expecting a marginal surge in domestic demand due to the upcoming festivities such as Ganesh Chaturthi and Rakshabandhan.

**Price projection for the next week:**

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2420 -2470 per quintal next week.

**Domestic News Highlights:**

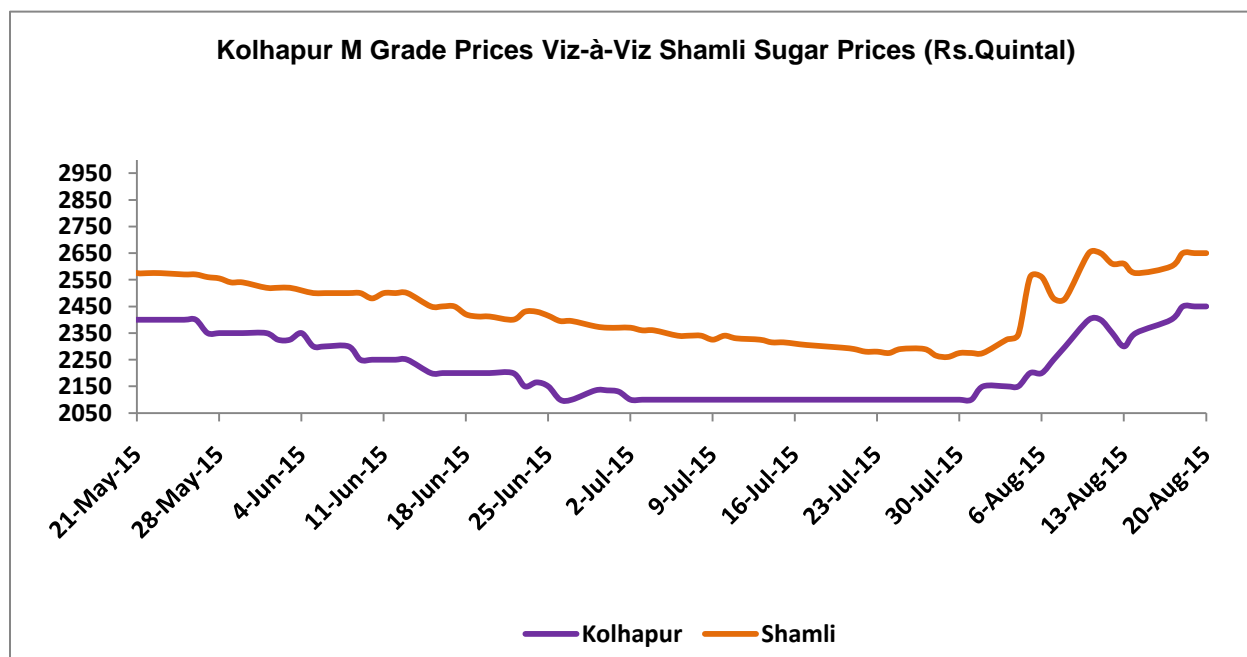
- As per the preliminary estimates made by ISMA, India is expected to produce 280 lakh tons of sugar for the year 2015-16 (1st Oct, 2015 – 30th Sep, 2016); wherein Maharashtra, U.P, Karnataka and Tamil Nadu are expected to produce 97 lakh tons, 73.5 lakh tons, 49.8 lakh tons and 12.7 lakh tons of sugar respectively.
- As per the govt. officials, 48.84 lakh hectares of sugarcane area in India had been sown so far in this marketing year (till 14th Aug, 2015) compared to 47.17 lakh hectares area a year before.
- Indian sugar export fell by 25% this week as the country exported 34.4 thousand tons of sugar for the week ending 16th Aug, 2015 compared to 45.9 thousand tons sugar the previous week.
- Cabinet panel on economic affairs sanctioned soft loan worth Rs 6,000 crore to the Indian sugar millers who had been struggling hard to make their pending cane arrears to the farmers.
- With a view to help the cash starved sugar industry; the Indian govt. is planning to make it compulsory for 10% ethanol blending with petrol. Notably, the country is currently obliged to blend only 5% ethanol with petrol out of which also around 2% of ethanol blending actually took place.
- The Indian govt. proposed barter export trade of four million ton of sugar from the country, which is expected to support domestic sugar prices by reducing excessive sugar surplus within the country.
- 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 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.

### Domestic Price Comparison:

As visible from the chart below, sugar prices rose up both in the benchmark markets of Kolhapur (Maharashtra) and Shamli (Uttar Pradesh).

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2420 per quintal this week, which was 3.71% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 1.74% from Rs 2580 per quintal last week to Rs 2625 per quintal this week.



**Raw Sugar Import/Export Opportunity:**

Indian indicative raw sugar CIF prices from Brazil quoted at \$375.64 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$372.63 per ton.

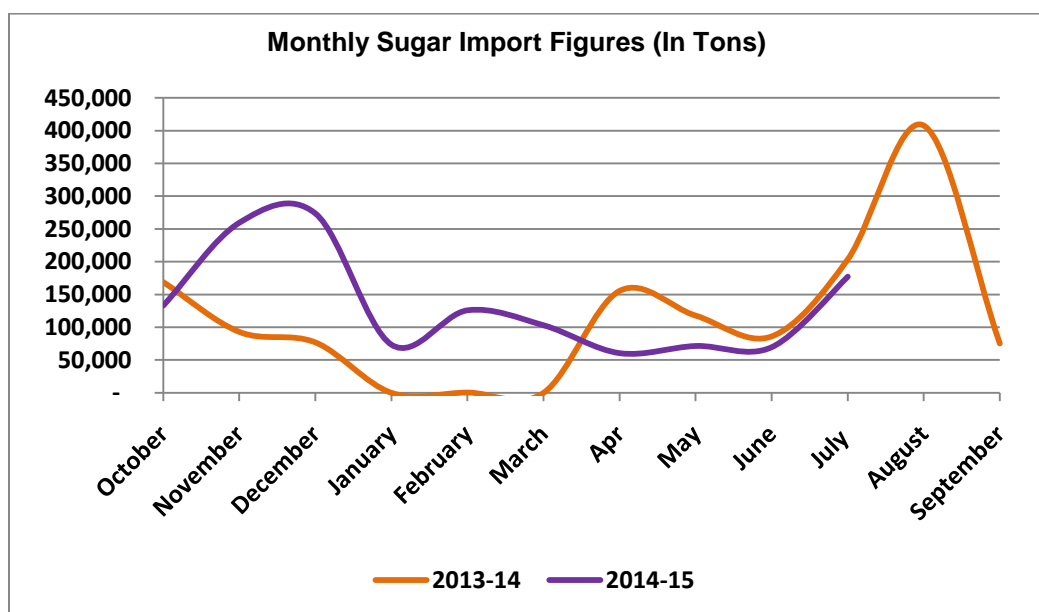
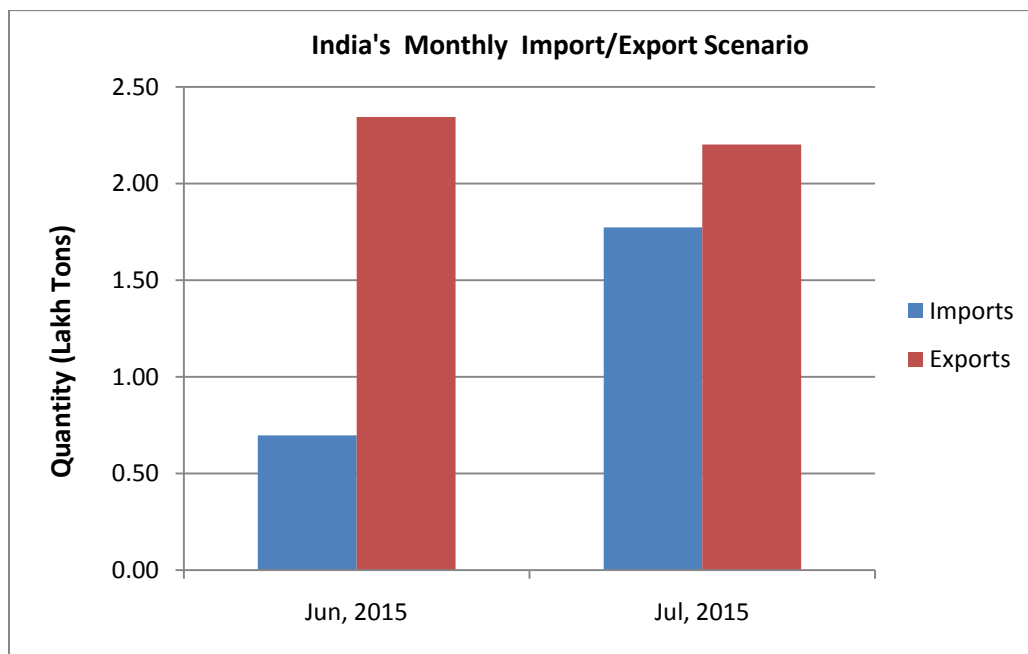
On International front, Brazil sugar FOB prices quoted at \$307.00/ Ton.

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

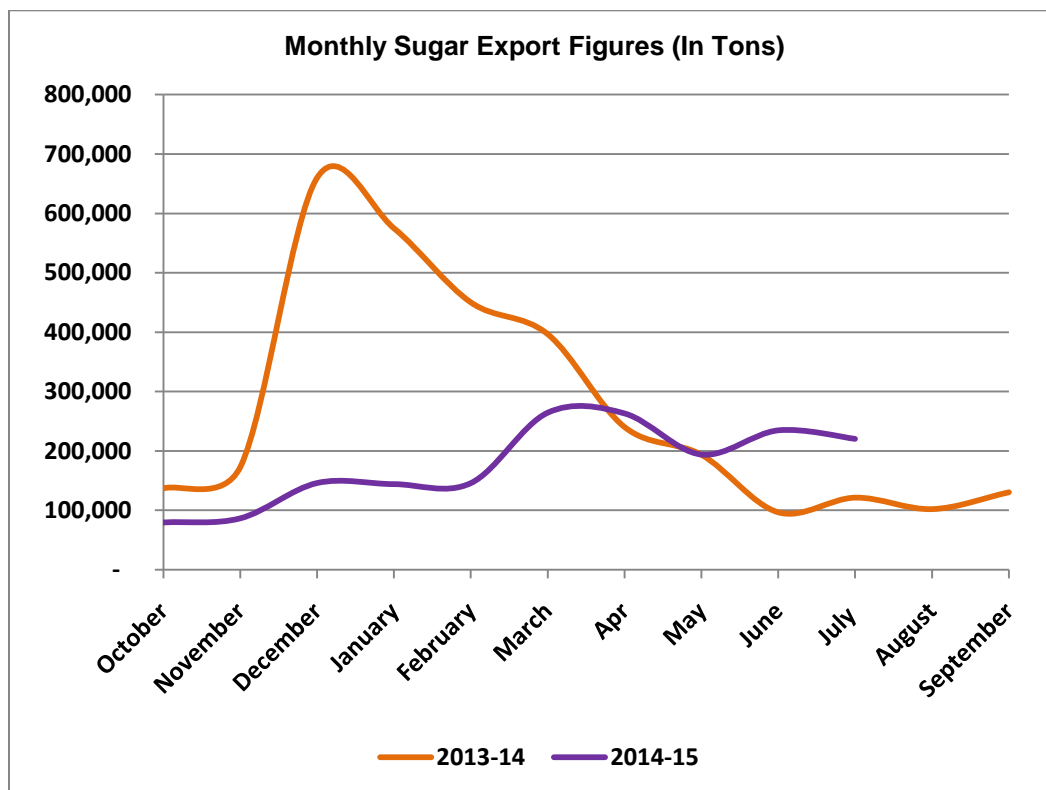
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.83) till 21 <sup>st</sup> Aug, 2015			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$307.00	\$365.50/339.20	\$372.63

## 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, 27.0 thousand tons of sugar respectively.

**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	14th Aug to 20 Aug 2015	7th Aug to 13 Aug 2015	Change
Sugar	Delhi - Grade M	2600	2593	7
	Delhi - Grade S	2520	2498	22
	UP- Khatauli Grade M	2722	2668	54
	UP- Ramala Grade M	NA	2400	-
	UP- Dhampur Grade M Ex-Mill	2631	2540	91
	UP- Dhampur Grade S Ex-Mill	2611	2520	91
	UP- Dhampur Grade L Ex-Mill	2681	2590	91
	Mumbai –Grade M	2542	2581	-39
	Mumbai –Grade S	2436	2431	5
	Kolhapur – Grade M	2413	2333	80
	Kolhapur – Grade S	2313	2228	85
	Guhawati – Grade S	2611	2526	85
	Shillong – Grade S	2633	2548	85
	Vijayawada – Grade M	2760	2657	103
	Vijayawada- Grade S	2640	2578	62
	Nagpur – Grade M	2680	2683	-3
	Nagpur – Grade S	2580	2567	13
	Kolkata – Grade M	2680	2767	-87
	Chennai - Grade S	2600	2415	185
	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
		20-Aug-15	13-Aug-15	20-Jul-15	20-Aug-14
Sugar	Delhi - Grade M	2600	2600	2360	3280
	Delhi - Grade S	2550	2500	2320	3200
	UP- Khatauli Grade M	2720	2715	2380	3335
	UP- Ramala Grade M	NA	NA	NA	3220
	UP- Dhampur Grade M Ex-Mill	2670	2625	2300	3230
	UP- Dhampur Grade S Ex-Mill	2650	2605	2280	3210
	UP- Dhampur Grade L Ex-Mill	2720	2675	2350	3280
	Mumbai –Grade M	2530	2552	2500	3336
	Mumbai –Grade S	2432	2446	2216	3172
	Kolhapur – Grade M	NR	2300	2100	3060
	Kolhapur – Grade S	NR	2200	2000	2950
	Guhawati – Grade S	NR	2497	2294	3258
	Shillong – Grade S	NR	2520	2320	3270
	Vijayawada – Grade M	2760	2760	2540	3550
	Vijayawada- Grade S	2640	2640	2500	3450
	Nagpur – Grade M	2600	2700	2400	3350
	Nagpur – Grade S	2500	2600	2300	3150
	Kolkata – Grade M	2690	2750	NA	NA
	Chennai - Grade S	2600	2550	2150	3100
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	3171
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	3135

## Gur Market Scenario and Outlook

Spot gur market mainly remained buoyant this week with prices rising in majority of the trading areas.

Prices of Achhu (Medium), Kurikatu (Medium), Other (Medium) and Yellow (Medium) variety of gur from Mandya district rose by Rs 30, Rs 20, Rs 80 and Rs 55 per quintal with their price settling at Rs 2330, Rs 1970, Rs 2130 and Rs 2280 per quintal this week. Similarly, prices of Achhu (Average) variety from Shimoga district rose by Rs 67/quintal from Rs 2900/quintal to Rs 2967/quintal this week.

On the other hand, prices of Chaku variety from key Muzaffar Nagar market declined by Rs 110/quintal this week from Rs 2600/quintal the previous week. Prices of Penti (Average) from Mahalingapura too slid by Rs 103/quintal from Rs 2344/quintal to Rs 2241/quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	14th Aug to 20 Aug 2015	7th Aug to 13 Aug 2015	Change
Muzaffar Nagar	Chaku	2490	2600	-110
	Chaku (Arrival)	NA	NA	-
	Khurpa	2352	2347	5
	Laddoo	NA	2625	-
	Rascut	2668	2731	-64
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3250	3190	60
Belgaum	Mudde	2175	2180	-5
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2620	2557	63
Mahalingapura	Penti (Average)	2241	2344	-103
Mandya	Achhu (Medium)	2330	2300	30
	Kurikatu (Medium)	1970	1950	20
	Other (Medium)	2130	2050	80



	Yellow (Medium)	2280	2225	55
<b>Shimoga</b>	Achhu (Average)	2967	2900	67

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		20-Aug-15	13-Aug-15	20-Jul-15	20-Aug-14
<b>Muzaffar Nagar</b>	Chaku	2450	2550	2500	2900
	Khurpa	2310	2300	NA	2750
	Laddu	NA	NA	2600	3025
	Rascut	2600	2775	2575	2750
<b>Hapur</b>	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	3200
<b>Bangalore</b>	Mudde	3250	3250	3350	4200
<b>Belgaum</b>	Mudde	2250	2100	2200	NA
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3400
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	2650	2550	2545	3050
<b>Mahalingapura</b>	Penti (Average)	2222	2397	2115	2960
<b>Mandya</b>	Achhu (Medium)	2350	2300	2050	NA
	Kurikatu (Medium)	2000	1950	1850	NA
	Other (Medium)	2150	2050	1950	NA
	Yellow (Medium)	2300	2250	2000	NA
<b>Shimoga</b>	Achhu (Average)	3000	2900	2900	NA

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	2200	2250	2311	2400	2480
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	<b>Sell</b>	Below 2315	2290	2278	2330

## International Scenario

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

## International Market News Highlights:

- Thai Cane and Sugar Corp (TCSC) announced opening of a tender for sale of 144,000 tons of high polarization (hpol) sugar for shipment between March and September, 2016. Notably, the opening date for tender has been fixed at 25<sup>th</sup> Aug, 2015.
- Market participant, Conab, projected a total sugarcane production of 655.1 MT in Brazil this year (1<sup>st</sup> Apr, 2015 – 31<sup>st</sup> Mar, 2015) wherein the main centre south region is expected to produce 593.96 MT of cane.
- As per the latest release made by UNICA, Brazil's CS region had churned around 2.79 MT of sugar in second half of July, 2015 ( from 49.44 MT of sugarcane) which was 93.7% higher than the sugar produced in the first half of July.
- Market player, Archer revised its Brazilian C.S sugar production estimate from 32.6 MT to 29.8 MT for 2015-16. However, the consultancy maintained the cane sugar production estimate at the previous level (581 MT) and attributed the decline in sugar production estimate to a fall in recoverable sugar levels (ATR) and greater diversion towards ethanol production.
- World's largest cane refiner, ASR Group predicted a global sugar supply deficit of 2.7 MT in 2015-16 compared with a 3.7 MT sugar surplus in 2014-15.
- 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.
- 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.
- The U.S Department of Agriculture forecasted Australia's sugarcane production at 6.48 million tons in 2015-16, led by surge in production area and yield per hectare.

### 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 330.00 with a target of 302.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'15	330.00	302..5

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



### Technical Commentary:

- ICE raw sugar futures are trending upwards for the week.
  - Last candlestick depicts bearishness in the market.
- Strategy: Buy at 10.60 with target of 10.90

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	10.60	10.90



International Sugar Prices (Weekly)				
	Contract Month	19-Aug-15	12-Aug-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	10.59	10.54	0.05
	16-Mar	11.79	11.74	0.05
	16-May	11.96	11.93	0.03
LIFFE Sugar (US \$/MT)	15-Oct	339.20	350.1	-10.90
	15-Dec	335.50	350.1	-14.60
	16-Mar	334.50	342.8	-8.30

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