

### Executive Summary:

Spot sugar prices rose up this week following strong demand from bulk consumers and fall in supplies by mills. In addition, provision of financial aid to the local sugar millers by U.P govt. further stimulated prices to go towards the northward direction.

### Price projection for the next week:

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2450 - 2510 per quintal next week.

### Domestic News Highlights:

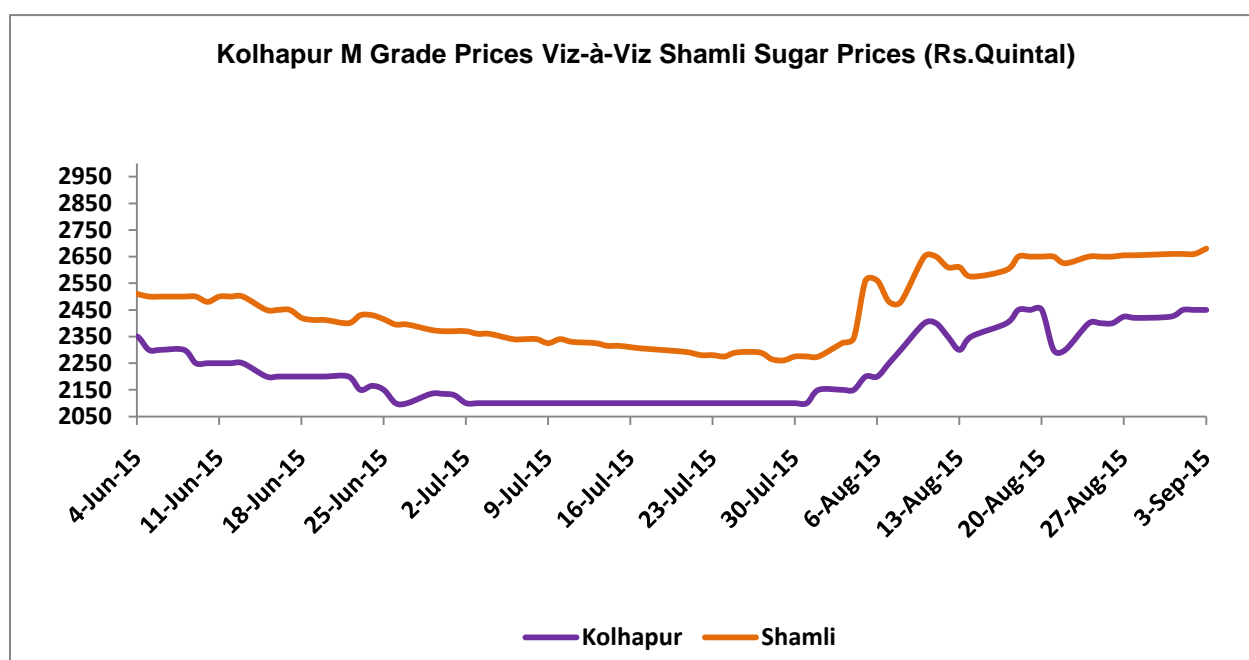
- The Uttar Pradesh government had recently announced financial aid worth Rs 2070 crore as the cane SOP to the sugar millers in the State. Notably, the govt. had earlier made promise to pay up to Rs 40/100 kg of cane sop, of which only Rs11.40/100kg of cane SOP had been actually approved, while the remaining amount of Rs 28.60/kg was recently announced.
- Czarnikow predicted India's sugar production to rise marginally (1.05%) from 28.6 MT in 2014 -15 (1st Oct, 2014 – 30th Sep, 2015) to 28.9 MT in 2015 -16 (1st Oct, 2015 – 30th Sep, 2016).
- Oil Marketing Companies (OMCs) in India had issued tender to purchase 2.7 billion liters of ethanol from domestic ethanol producers in the country.
- The Maharashtra govt. had announced a soft- loan worth Rs 187.76 crore to the 22 Cooperative sugar mills in the state, which were found non-eligible for the central government soft- loan scheme.
- As per the latest IBIS report, India had exported 37.1 thousand tons of sugar in the week ending 23rd Aug, 2015 which was 8% higher than the sugar exported the previous week.
- As per the govt. officials, 48.84 lakh hectares of sugarcane area in India had been sown so far for this marketing year (till 21st Aug, 2015) compared to an area of 47.17 lakh hectares a year before.

- 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.
- 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 to release 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 shown in the chart below, sugar prices traded steady to moderate in both 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 2439 per quintal this week, which was 2.88% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 0.62% from Rs 2625 per quintal last week to Rs 2663 per quintal this week.



**Raw Sugar Import/Export Opportunity:**

Indian indicative raw sugar CIF prices from Brazil quoted at \$384.41 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$372.22 per ton.

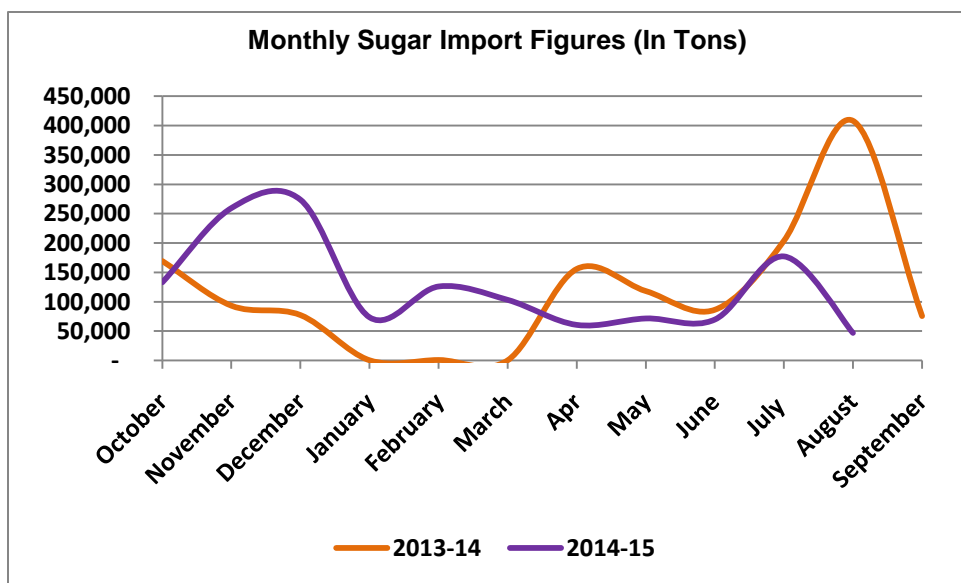
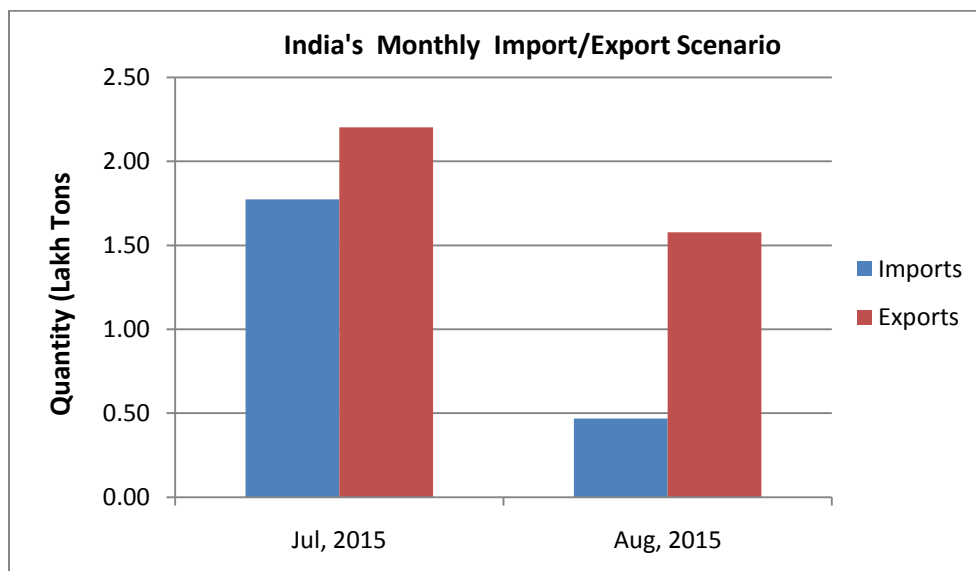
On International front, Brazil sugar FOB prices quoted at \$326.00/ Ton.

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

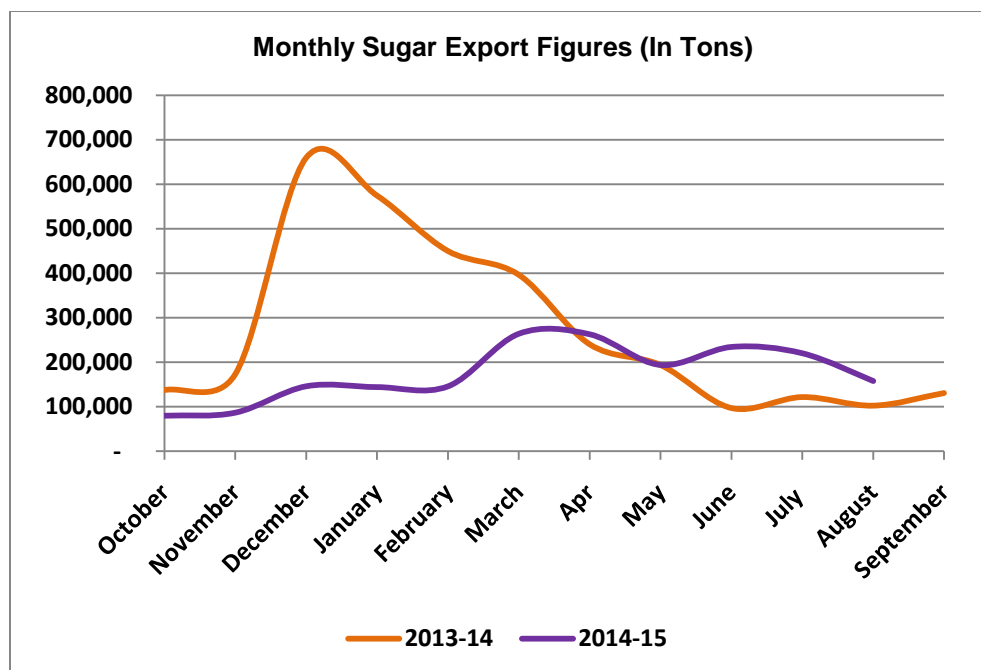
| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.52) till 04 <sup>th</sup> Sep, 2015 |          |   |                    |
|--|----------|---|--------------------|
|  | Brazil   | Thailand (100 Icumsa Aug Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices   | \$326.00 | \$365.50/342.10                                   | \$372.22           |

### Sugar Import and Export Scenario:

Indian sugar trade scenario remained lackluster this month amid prevailing sugar surplus worldwide and a slack in demand. Notably, the country exported/imported 1.58/0.47 lakh tons of sugar in the month of August compared to 2.20/1.77 lakh tons sugar in the month of July.



Massive sugar production in India this year caused domestic sugar prices to fall to a six year low making it hardly viable for the country to import from Brazil. Thus, Indian sugar imports fell by 88% in August, 2015 compared to 4.07 lakh tons imports last year in August, 2014.



On the other hand, lower sugar demand overseas and a depreciating Brazilian currency, Real outpaced India's exporting competitiveness in the world market, leading to a fall in exports this month. Notably, the country's sugar exports fell by 28% this month compared to 2.20 lakh tons in July, 2015. While, a y-o-y comparison showed Indian sugar export to rise by 55% this year compared to 1.02 lakh tons in August, 2014.

### Spot Sugar Prices Scenario (Weekly)

| Spot Sugar Prices Scenario (Weekly) (Average) |   |                         |                         |        |
|---|---|-------------------------|-------------------------|--------|
| Commodity                                     | Centre  | 28th Aug to 3 Sept 2015 | 21th Aug to 27 Aug 2015 | Change |
| Sugar   | Delhi - Grade M                                 | 2616                    | 2550                    | 66     |
|   | Delhi - Grade S                                 | 2547                    | 2488                    | 60     |
|   | UP- Khatauli Grade M                            | 2690                    | 2647                    | 43     |
|   | UP- Ramala Grade M                              | NA                      | NA                      | -      |
|   | UP- Dhampur Grade M Ex-Mill                     | 2563                    | 2504                    | 59     |
|   | UP- Dhampur Grade S Ex-Mill                     | 2543                    | 2484                    | 59     |
|   | UP- Dhampur Grade L Ex-Mill                     | 2613                    | 2554                    | 59     |
|   | Mumbai –Grade M                                 | 2620                    | 2555                    | 64     |
|   | Mumbai –Grade S                                 | 2507                    | 2437                    | 70     |
|   | Kolhapur – Grade M                              | 2436                    | 2371                    | 65     |
|   | Kolhapur – Grade S                              | 2336                    | 2271                    | 65     |
|   | Guhawati – Grade S                              | 2635                    | 2569                    | 66     |
|   | Shillong – Grade S                              | 2656                    | 2591                    | 65     |
|   | Vijayawada – Grade M                            | 2860                    | 2760                    | 100    |
|   | Vijayawada- Grade S                             | 2712                    | 2640                    | 72     |
|   | Nagpur – Grade M                                | 2700                    | 2617                    | 83     |
|   | Nagpur – Grade S                                | 2600                    | 2517                    | 83     |
|   | Kolkata – Grade M                               | 2670                    | 2600                    | 70     |
|   | Chennai - Grade S                               | 2620                    | 2600                    | 20     |
|   | 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 |
|                                     |   | 3-Sep-15 | 27-Aug-15 | 3-Aug-15  | 3-Sep-14 |
| Sugar                               | Delhi - Grade M                                 | 2625     | 2550      | 2400      | 3260     |
|                                     | Delhi - Grade S                                 | 2550     | 2470      | 2350      | 3200     |
|                                     | UP- Khatauli Grade M                            | 2640     | 2655      | 2430      | 3270     |
|                                     | UP- Ramala Grade M                              | NA       | NA        | 2150      | 3200     |
|                                     | UP- Dhampur Grade M Ex-Mill                     | 2575     | 2500      | NA        | 3220     |
|                                     | UP- Dhampur Grade S Ex-Mill                     | 2555     | 2480      | NA        | 3200     |
|                                     | UP- Dhampur Grade L Ex-Mill                     | 2625     | 2550      | NA        | 3270     |
|                                     | Mumbai –Grade M                                 | 2656     | 2600      | 2470      | 3200     |
|                                     | Mumbai –Grade S                                 | 2546     | 2450      | 2236      | 3166     |
|                                     | Kolhapur – Grade M                              | 2450     | 2425      | 2150      | 3025     |
|                                     | Kolhapur – Grade S                              | 2350     | 2325      | 2050      | 2925     |
|                                     | Guhawati – Grade S                              | 2649     | 2624      | 2345      | 3233     |
|                                     | Shillong – Grade S                              | 2670     | 2645      | 2370      | 3245     |
|                                     | Vijayawada – Grade M                            | 2900     | 2760      | 2480      | 3540     |
|                                     | Vijayawada- Grade S                             | 2760     | 2640      | 2440      | 3440     |
|                                     | Nagpur – Grade M                                | 2700     | 2650      | 2400      | 3350     |
|                                     | Nagpur – Grade S                                | 2600     | 2550      | 2300      | 3200     |
|                                     | Kolkata – Grade M                               | NA       | 2620      | 2340      | NA       |
|                                     | Chennai - Grade S                               | 2600     | 2600      | 2175      | 3080     |
|                                     | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 2835     | 2835      | 2835      | 3161     |
|                                     | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 2835     | 2835      | 2835      | 3135     |



## 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 of Achhu (Average) variety of gur from Shimoga rose by Rs 100/quintal from Rs 3033/quintal to Rs 3133/quintal this week. Similarly, price of Penti (Average) and Mudde variety of gur from Mahalingapura and Bangalore rose up from Rs 2210 and Rs 3290 per quintal last week to Rs 2224 and Rs 3300 per quintal this week.

On the other hand, prices of Mudde variety of gur from Belgaum district fell by Rs 133/quintal from Rs 2233/quintal to Rs 2100/quintal this week. Similarly, prices of Achhu (Medium), Kurikatu (Medium) and Yellow (Medium) variety from Mandya fell by Rs 40, Rs 35 and Rs 65 per quintal respectively this week.

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

| Spot Jaggery(Gur) Prices Scenario (Weekly) (Average) |                    |                         |                         |        |
|--|--------------------|-------------------------|-------------------------|--------|
| Markets  | Variety            | 28th Aug to 3 Sept 2015 | 21th Aug to 27 Aug 2015 | Change |
| Muzaffar Nagar                                       | Chaku              | 2444                    | 2460                    | -16    |
|  | Chaku (Arrival)    | NA                      | NA                      | -      |
|  | Khurpa             | 2294                    | 2333                    | -39    |
|  | Laddoo             | NA                      | NA                      | -      |
|  | Rascut             | 2600                    | 2638                    | -38    |
| Hapur  | Chaurasa           | NA                      | NA                      | -      |
|  | Balti              | NA                      | NA                      | -      |
| Maharashtra  | Latur(Lal Variety) | NA                      | NA                      | -      |
| Bangalore  | Mudde              | 3300                    | 3290                    | 10     |
| Belgaum  | Mudde              | 2100                    | 2233                    | -133   |
| Belthangadi  | Yellow (Average)   | NA                      | NA                      | -      |
| Bijapur  | Achhu              | NA                      | NA                      | -      |
| Gulbarga   | Other (Average)    | 2568                    | 2581                    | -13    |
| Mahalingapura  | Penti (Average)    | 2224                    | 2210                    | 14     |
| Mandya   | Achhu (Medium)     | 2300                    | 2340                    | -40    |
|  | Kurikatu (Medium)  | 2125                    | 2160                    | -35    |
|  | Other (Medium)     | 2100                    | 2100                    | Unch   |
|  | Yellow (Medium)    | 2225                    | 2290                    | -65    |
| Shimoga  | Achhu (Average)    | 3133                    | 3033                    | 100    |

| Spot Jaggery(Gur) Prices Scenario (Weekly) |                    |          |           |           |          |
|--|--------------------|----------|-----------|-----------|----------|
| Markets                                    | Variety            | Today    | Week Ago  | Month Ago | Year Ago |
|  |                    | 3-Sep-15 | 27-Aug-15 | 3-Aug-15  | 3-Sep-14 |
| <b>Muzaffar Nagar</b>                      | Chaku              | 2450     | 2450      | 2500      | 2800     |
|  | Khurpa             | 2320     | 2300      | 2525      | 2800     |
|  | Laddu              | NA       | NA        | 2513      | 2950     |
|  | Rascut             | 2625     | 2588      | 2575      | 2500     |
| <b>Hapur</b>                               | Chaurasa           | NA       | NA        | NA        | NA       |
|  | Balti              | NA       | NA        | NA        | NA       |
| <b>Maharashtra</b>                         | Latur(Lal Variety) | NA       | NA        | NA        | 3250     |
| <b>Bangalore</b>                           | Mudde              | 3300     | 3300      | 3350      | 4200     |
| <b>Belgaum</b>                             | Mudde              | 2100     | 2200      | 2200      | 2800     |
| <b>Belthangadi</b>                         | Yellow (Average)   | NA       | NA        | NA        | NA       |
| <b>Bijapur</b>                             | Achhu              | NA       | NA        | NA        | NA       |
| <b>Gulbarga</b>                            | Other (Average)    | 2550     | 2560      | 2615      | 3175     |
| <b>Mahalingapura</b>                       | Penti (Average)    | 2224     | 2197      | 2122      | 3160     |
| <b>Mandya</b>                              | Achhu (Medium)     | 2300     | 2300      | 2300      | NA       |
|  | Kurikatu (Medium)  | 2100     | 2200      | 1900      | NA       |
|  | Other (Medium)     | 2100     | 2100      | 2050      | NA       |
|  | Yellow (Medium)    | 2200     | 2250      | 2200      | NA       |
| <b>Shimoga</b>                             | Achhu (Average)    | NA       | NA        | 2900      | 3400     |

Commodity: Sugar  
Contract: Oct

Exchange: NCDEX  
Expiry: Oct 20, 2015

### SUGAR (October Weekly Chart)

SUGARM 1510(NCSMAV5)2015/08/30 - Weekly B:2474.00 A:2475.00  
O 2428.00 H 2482.00 L 2362.00 C 2474.00 ↓ V 8,520 I 41,120 +78 +3.26%



#### Technical Commentary:

- Sugar prices and volume are rising while O.I fell down for the week.
- 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 | 2320 | 2400       | 2474 | 2580 | 2630 |
| Weekly Trade Call             |       |     | Call | Entry      | T1   | T2   | SL   |
| Sugar                         | NCDEX | Oct | Buy  | Above 2470 | 2520 | 2545 | 2440 |

## International Scenario

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

### International Market News Highlights:

- Broking firm, FCStone projected Brazil's centre south cane production at 592.2 MT for 2015-16 which was 3.66% higher than the region's sugarcane production last year in 2014-15.
- Brazil's raw sugar export declined by 24.4% this month as the country exported only 1.48 MT of sugar (raw) in August 2015 compared to 1.95 MT sugar the previous month.
- Sugar and ethanol consultancy, Datagro, forecasted a total cane production of 604.6 MT in Brazil's main centre south region for 2015-16. Also, the organization expects the region to produce 31.4 MT of sugar during the same period.
- Dry weather condition continued to support sugarcane harvesting in Brazil thereby helping the main centre south region to produce 2.86 MT of sugar (from 47.41 MT of sugarcane) in the first half of August, 2015.
- The International Sugar Organization (ISO) projected a global sugar deficit of 2.49 MT in 2015-16. Meanwhile, the organization also raised its sugar surplus forecast from 2.22 MT to 3.37 MT for 2014-15.
- Thai Cane and Sugar Corp (TCSC) announced floating 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 was fixed as 25th Aug, 2015.
- Market participant, Conab, projected a total sugarcane production of 655.1 MT in Brazil this year (1st Apr, 2015 – 31st Mar, 2015) wherein the main centre south region is expected to produce 593.96 MT of cane.
- 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 to a 3.7 MT sugar surplus in 2014-15.



- 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.
- 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 upward for the week.
- The last candlestick depicts bullishness in the market.  
Strategy: Buy at 350.00 with a target of 360.20

| International Sugar Futures Price Projection |                |               |                                    |
|--|----------------|---------------|------------------------------------|
|  | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT)                       | Oct'15         | 350.00        | 360.20                             |

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



### Technical Commentary:

- ICE raw sugar futures are trending upwards for the week.
  - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 11.35 with target of 11.65

| International Sugar Futures Price Projection |                |               |                                    |
|--|----------------|---------------|------------------------------------|
|  | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb)                   | Oct'15         | 11.35         | 11.65                              |



| International Sugar Prices (Weekly) |                |          |           |        |
|-------------------------------------|----------------|----------|-----------|--------|
|                                     | Contract Month | 2-Sep-15 | 26-Aug-15 | Change |
| ICE Sugar #11 (US Cent/lb)          | 15-Oct         | 10.73    | 10.53     | 0.20   |
|                                     | 16-Mar         | 11.75    | 11.58     | 0.17   |
|                                     | 16-May         | 11.88    | 11.71     | 0.17   |
| LIFFE Sugar (US \$/MT)              | 15-Oct         | 338.00   | 334.2     | 3.80   |
|                                     | 15-Dec         | 339.60   | 330.8     | 8.80   |
|                                     | 16-Mar         | 338.50   | 329.80    | 8.70   |

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