

Executive Summary:

Sugar prices remained firm amid positive cue on rising demand in the domestic market. However, ample stocks in the physical market on higher supplies from millers capped the gain.

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:

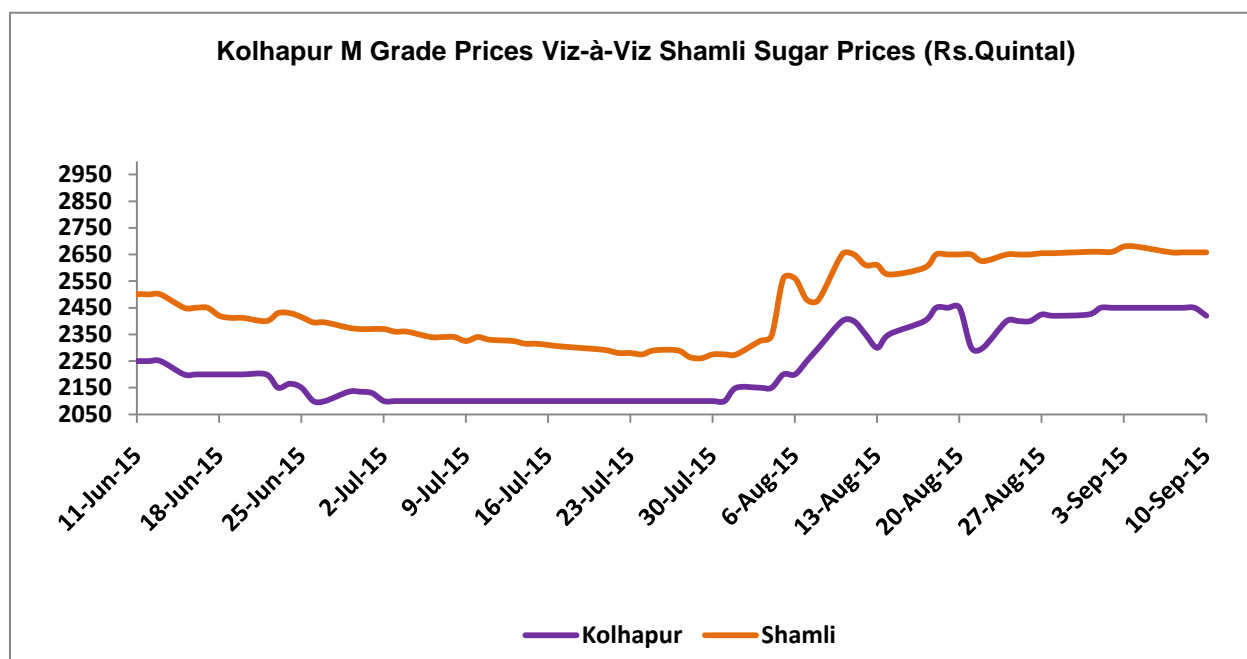
- In a bid to promote sugar exports from the country, the Indian govt. has done away with the mandatory requirement of obtaining Registration Certificate (RCs) by the Indian exporters. Notably, till now the exporters were required to obtain RCs (up to a maximum quantity of 50,000 tons) from Director General of Foreign Trade (DGFT) for making any export deal.
- As per the latest IBIS report, India had exported 31.1 thousand tons of sugar for the week ending on 06th Sep, 2015 while imported 52.5 thousand tons of sugar (mostly raw) during the same period.
- 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 not eligible for the central government soft- loan scheme.
- 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.

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 2444 per quintal this week, which was 0.21% higher than the price reported last week. However, sugar prices for the same variety/grade in Shamli district fell by 0.02% from Rs 2663 per quintal last week to Rs 2662 per quintal this week.



**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 Kolhapur based refined sugar FOB prices quoted at \$374.49 per ton.

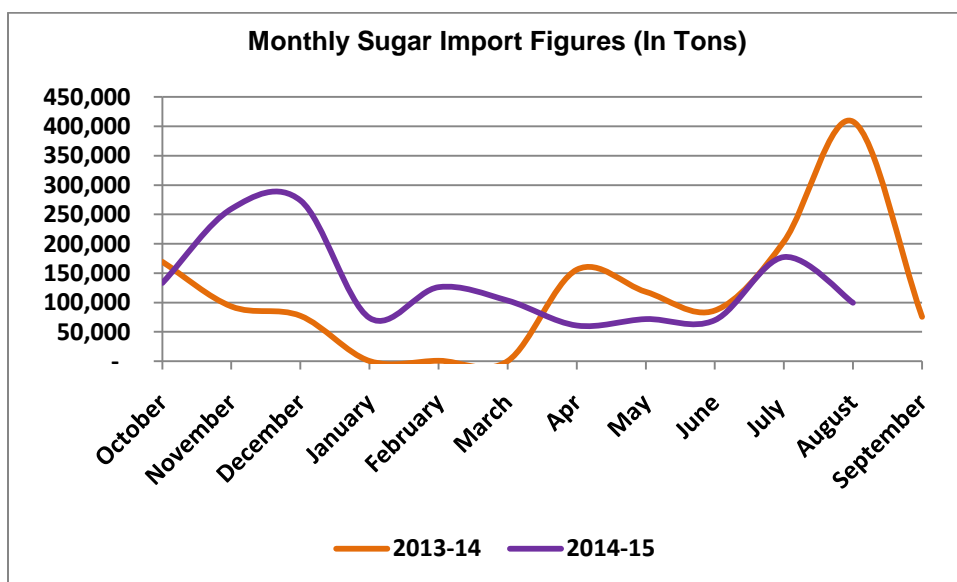
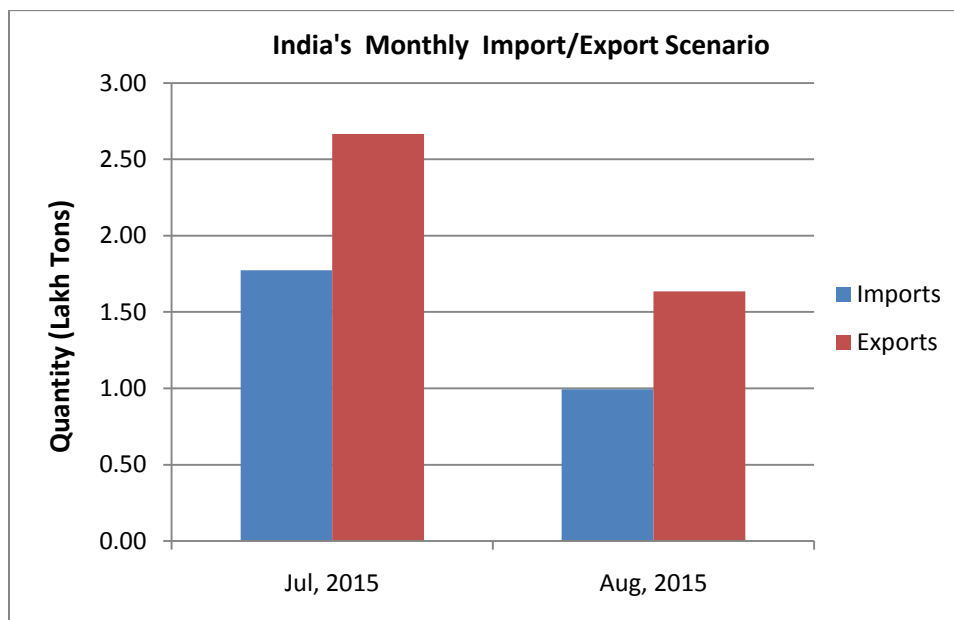
On International front, Brazil sugar FOB prices quoted at \$334.75/ Ton.

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

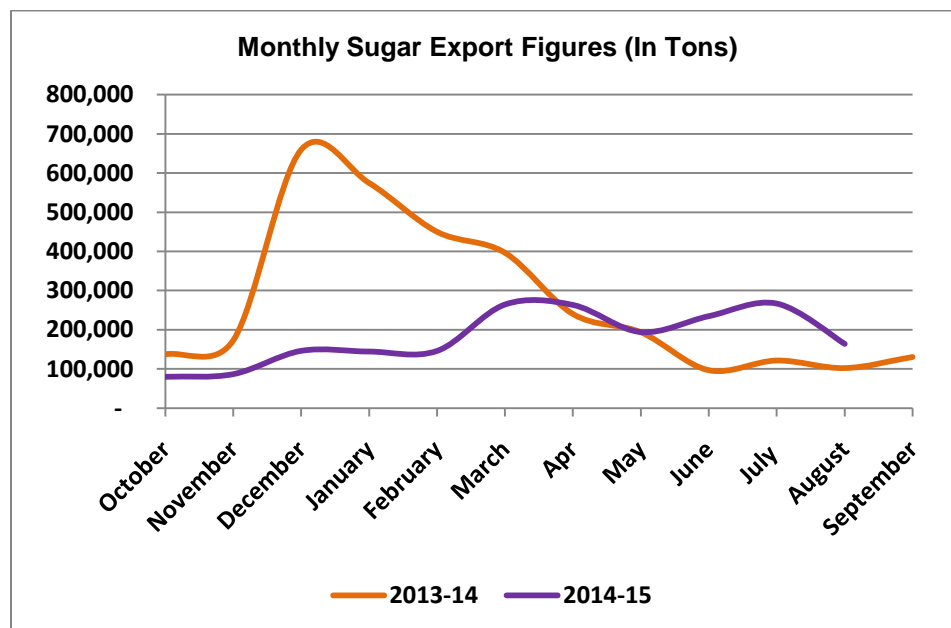
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.33) till 11 th Sep, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$334.75	\$381.20/346.00	\$374.49

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 1.64/0.99 lakh tons of sugar in the month of August compared to 2.67/1.77 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 76% 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 39% this month compared to 2.66 lakh tons in July, 2015. While, a y-o-y comparison showed Indian sugar export to rise by 60% this year compared to 1.02 lakh tons in August, 2014.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	4th Sept to 10 Sept 2015	28th Aug to 3 Sept 2015	Change
Sugar	Delhi - Grade M	2605	2616	-11
	Delhi - Grade S	2562	2547	15
	UP- Khatauli Grade M	2707	2690	17
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2556	2563	-7
	UP- Dhampur Grade S Ex-Mill	2536	2543	-7
	UP- Dhampur Grade L Ex-Mill	2606	2613	-7
	Mumbai –Grade M	2654	2620	34
	Mumbai –Grade S	2558	2507	51
	Kolhapur – Grade M	2444	2436	8
	Kolhapur – Grade S	2344	2336	8
	Guhawati – Grade S	2643	2635	8
	Shillong – Grade S	2664	2656	8
	Vijayawada – Grade M	2900	2860	40
	Vijayawada- Grade S	2760	2712	48
	Nagpur – Grade M	2680	2700	-20
	Nagpur – Grade S	2600	2600	Unch
	Kolkata – Grade M	2720	2670	50
	Chennai - Grade S	2550	2620	-70
	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
		10-Sept-15	3-Sept-15	10-Aug-15	10-Sept-14
Sugar	Delhi - Grade M	2595	2625	2610	3230
	Delhi - Grade S	NA	2550	2500	3180
	UP- Khatauli Grade M	2693	2640	NA	3300
	UP- Ramala Grade M	NA	NA	NA	3170
	UP- Dhampur Grade M Ex-Mill	2550	2575	NA	3185
	UP- Dhampur Grade S Ex-Mill	2530	2555	NA	3165
	UP- Dhampur Grade L Ex-Mill	2600	2625	NA	3235
	Mumbai –Grade M	2646	2656	2650	3270
	Mumbai –Grade S	2546	2546	2460	3102
	Kolhapur – Grade M	2420	2450	2400	3000
	Kolhapur – Grade S	2320	2350	2300	2900
	Guhawati – Grade S	2619	2649	2598	3207
	Shillong – Grade S	2640	2670	2620	3220
	Vijayawada – Grade M	2900	2900	2640	3520
	Vijayawada- Grade S	2760	2760	2600	3420
	Nagpur – Grade M	2650	2700	2750	3350
	Nagpur – Grade S	2600	2600	2600	3200
	Kolkata – Grade M	NA	NA	NA	3330
	Chennai - Grade S	2550	2600	2400	3050
	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 Mudde variety of gur from Bangalore witnessed the largest surge this week with its price rising to Rs 3460/quintal from Rs 3300/quintal the previous week. Similarly, gur prices of Penti (Average) variety from Mahalingapura rose by Rs 64/quintal this week from Rs 2224/quintal last week.

On the other hand, prices of Yellow (Medium) and Kurikatu (Medium) variety of gur from Mandya fall by Rs 42/quintal and Rs 25/quintal to Rs 2183/quintal and Rs 2100/quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	4th Sept to 10 Sept 2015	28th Aug to 3 Sept 2015	Change
Muzaffar Nagar	Chaku	2412	2444	-32
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	2294	-
	Laddoo	NA	NA	-
	Rascut	2625	2600	25
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3460	3300	160
Belgaum	Mudde	2100	2100	Unch
Belthangadi	Yellow (Average)	3998	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2558	2568	-10
Mahalingapura	Penti (Average)	2288	2224	64
Mandya	Achhu (Medium)	2330	2300	30
	Kurikatu (Medium)	2100	2125	-25
	Other (Medium)	2130	2100	30
	Yellow (Medium)	2183	2225	-42
Shimoga	Achhu (Average)	3150	3133	17

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		10-Sept-15	3-Sept-15	10-Aug-15	10-Sept-14
Muzaffar Nagar	Chaku	2400	2450	2650	2775
	Khurpa	NA	2320	NA	NA
	Laddu	NA	NA	NA	NA
	Rascut	2700	2625	2650	NA
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	NA
Bangalore	Mudde	3500	3300	3150	4200
Belgaum	Mudde	2200	2100	2200	NA
Belthangadi	Yellow (Average)	NA	NA	NA	3400
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2550	2550	2580	3210
Mahalingapura	Penti (Average)	2370	2224	2279	NA
Mandya	Achhu (Medium)	2350	2300	2300	NA
	Kurikatu (Medium)	2100	2100	1950	NA
	Other (Medium)	2150	2100	2050	NA
	Yellow (Medium)	2100	2200	2200	NA
Shimoga	Achhu (Average)	NA	NA	2900	3500

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	2270	2307	2410	2580	2630
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 2400	2350	2325	2430

International Scenario

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

International Market News Highlights:

- Brazil's Centre south region had churned around 2.84 MT of sugar in the second half of August, 2015 which was 0.7% less than the sugar crushed during the first half of the month.
- 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.
- 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 downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Buy at 340.00 with a target of 359.7

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'15	340.00	359.7

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	9-Sept-15	2-Sept-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	11.43	10.73	0.7
	16-Mar	12.39	11.75	0.64
	16-May	12.49	11.88	0.61
LIFFE Sugar (US \$/MT)	15-Oct	346	338	8
	15-Dec	351.6	339.6	12
	16-Mar	350	338.5	11.5

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