

Executive Summary:

Sufficient stock position and a sluggish domestic demand weighted on spot sugar prices this week compelling the Indian sugar market to remain dormant during the period.

Price projection for the next week:

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2415 - 2470 per quintal next week.

Domestic News Highlights:

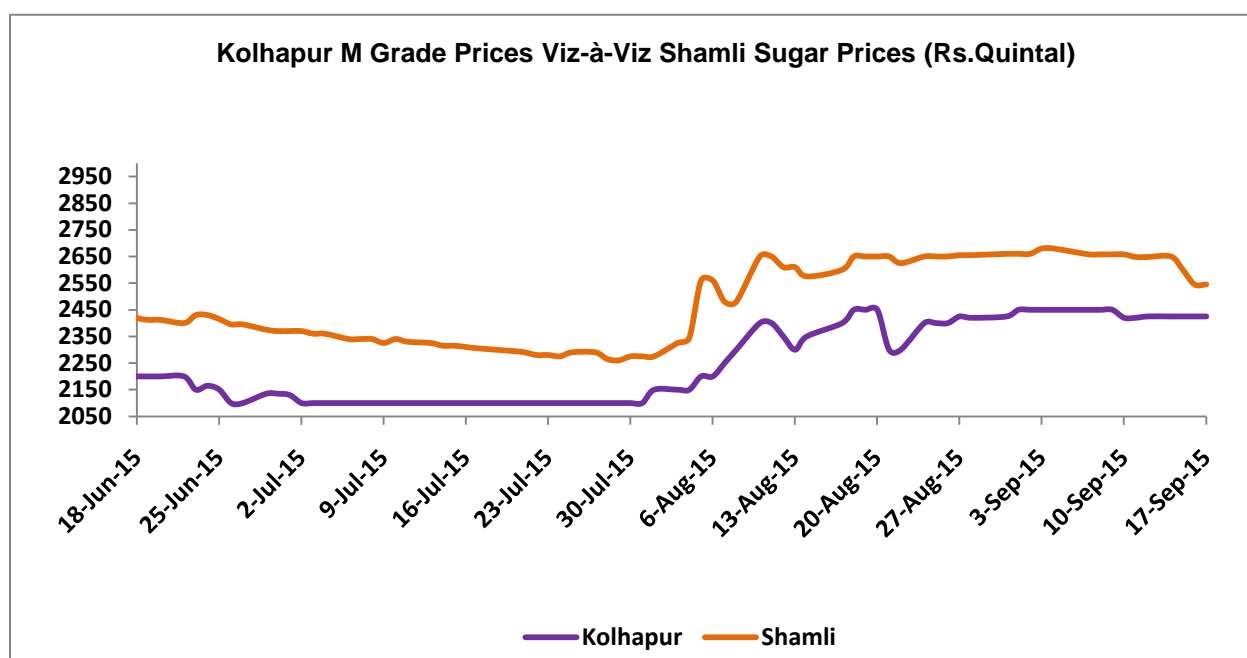
- As per the govt. officials, 48.84 lakh hectares of sugarcane area in India had been sown so far for this marketing year (till 11th Sep, 2015) compared to 48.74 lakh hectares area a year before.
- Cane sown area has increased by 0.29% in top most producing state of Uttar Pradesh this year (till 11th Sep, 2015) compared to 21 lakh hectare in 2014-15 (till 11th Sep, 2014).
- About 10 lakh hectares of sugarcane area has been sown till 11th Sep, 2015 in Maharashtra which was 11.82% less than the area sowed during the corresponding period of last year.
- In Karnataka 3.96 lakh hectares of cane area had been sown in 2015-16 (till 11th Sep, 2015) compared to 3.2 lakh hectares of area last year in 2014-15 (till 11th Sep, 2015).
- An absolute fall of 0.08 lakh hectares of cane sown area had been seen in Andhra Pradesh where 1.17 lakh hectares of area had been sown so far compared to an area of 1.25 lakh hectares during the corresponding period of last year.
- Cane sown area has increased by 17.13% in Tamil Nadu this year where 2.94 lakh hectares of area had been sown till 11th Sep, 2015 compared to 2.51 lakh hectares of area the previous year (11th Sep, 2014).

- Indian sugar exports increased 80% this week (ending 13th Sep, 2015) as the country exported 56.1 thousand tons of sugar during the week compared to 31.1 thousand tons of sugar a week ago. On the contrary, sugar imports fell by 31.1% during the week compared to 52.5 thousand tons the previous week.
- 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.
- The Uttar Pradesh government had recently announced financial aid worth Rs 2070 crore as 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.

Domestic Price Comparison:

As shown in the chart below, sugar prices traded steady to weak 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 2424 per quintal this week, which was 0.81% lower than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district fell by 2.12% from Rs 2662 per quintal last week to Rs 2606 per quintal this week.



**Raw Sugar Import/Export Opportunity:**

Indian indicative raw sugar CIF prices from Brazil quoted at \$411.41 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$373.22 per ton.

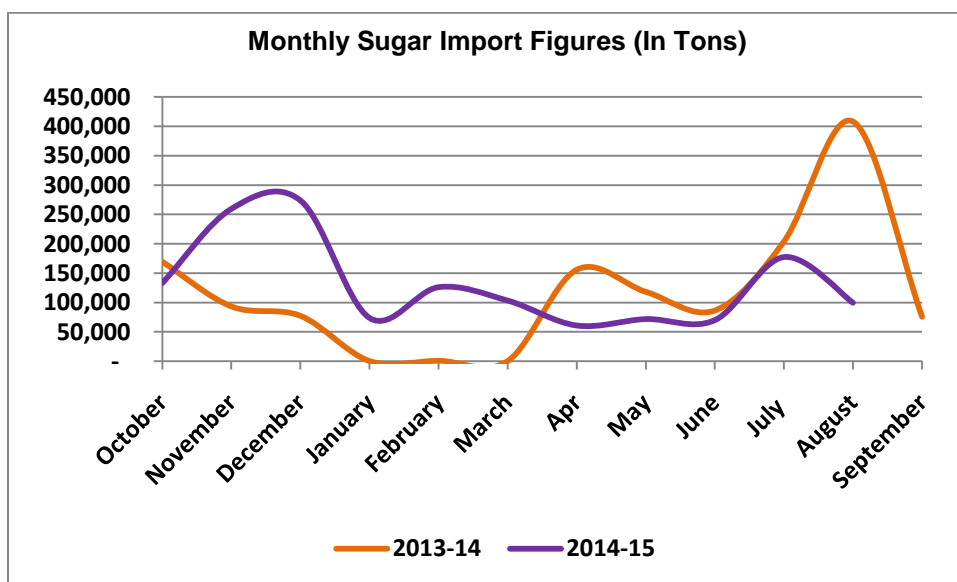
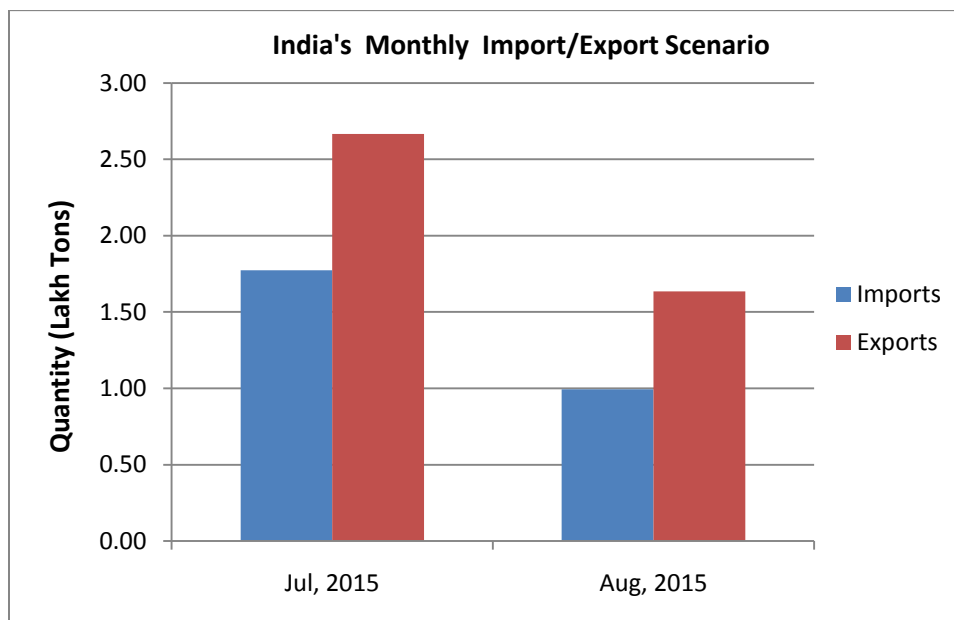
On International front, Brazil sugar FOB prices quoted at \$339.00/ Ton.

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

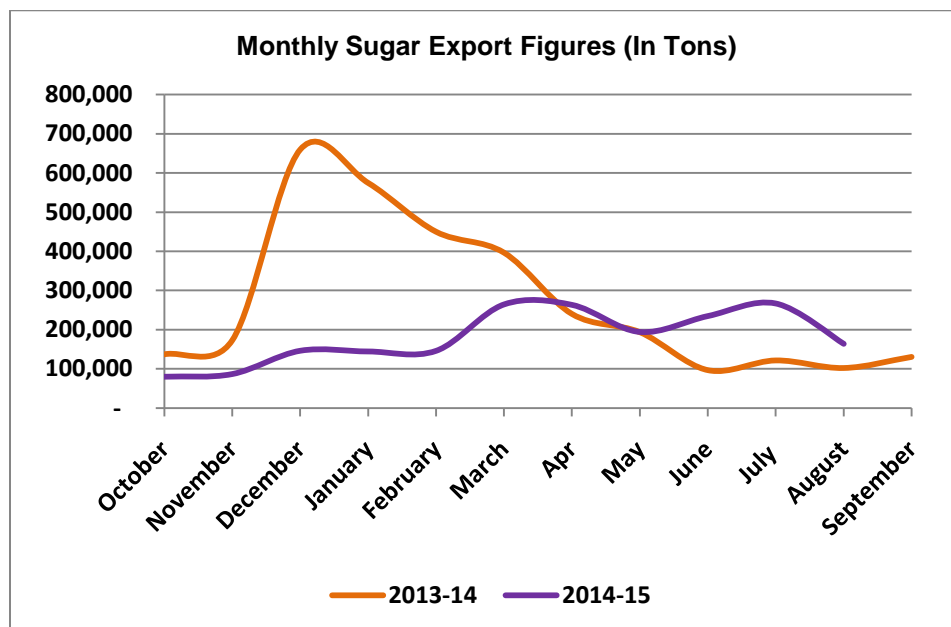
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.02) till 18 th Sep, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$339.00	\$381.20/357.50	\$373.22

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 1.64/0.99 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% in August 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	11th Sept to 17 Sept 2015	4th Sept to 10 Sept 2015	Change
Sugar	Delhi - Grade M	2588	2605	-17
	Delhi - Grade S	2550	2562	-12
	UP- Khatauli Grade M	2691	2707	-16
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2521	2556	-35
	UP- Dhampur Grade S Ex-Mill	2501	2536	-35
	UP- Dhampur Grade L Ex-Mill	2571	2606	-35
	Mumbai –Grade M	2652	2654	-2
	Mumbai –Grade S	2546	2558	-12
	Kolhapur – Grade M	2424	2444	-20
	Kolhapur – Grade S	2324	2344	-20
	Guhawati – Grade S	2623	2643	-20
	Shillong – Grade S	2644	2664	-20
	Vijayawada – Grade M	2900	2900	Unch
	Vijayawada- Grade S	2760	2760	Unch
	Nagpur – Grade M	2650	2680	-30
	Nagpur – Grade S	2600	2600	Unch
	Kolkata – Grade M	2706	2720	-14
	Chennai - Grade S	2500	2550	-50
	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
		17-Sep-15	10-Sep-15	17-Aug-15	17-Sep-14
Sugar	Delhi - Grade M	2580	2595	2600	3170
	Delhi - Grade S	2550	NA	2500	3115
	UP- Khatauli Grade M	2685	2693	2750	3250
	UP- Ramala Grade M	NA	NA	NA	3160
	UP- Dhampur Grade M Ex-Mill	2525	2550	2620	3150
	UP- Dhampur Grade S Ex-Mill	2505	2530	2600	3130
	UP- Dhampur Grade L Ex-Mill	2575	2600	2670	3200
	Mumbai –Grade M	2660	2646	2552	3252
	Mumbai –Grade S	2546	2546	2442	3086
	Kolhapur – Grade M	2425	2420	2400	2950
	Kolhapur – Grade S	2325	2320	2300	2850
	Guhawati – Grade S	2624	2619	2598	3157
	Shillong – Grade S	2645	2640	2620	3170
	Vijayawada – Grade M	2900	2900	2760	3500
	Vijayawada- Grade S	2760	2760	2640	3400
	Nagpur – Grade M	2650	2650	2700	3250
	Nagpur – Grade S	2600	2600	2600	3150
	Kolkata – Grade M	2715	NA	2700	NA
	Chennai - Grade S	2500	2550	2600	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

Spot gur market mostly remained buoyant with the exception of few southern Indian markets, where prices fell during the week.

Prices of Mudde variety of gur from Belgaum district increased by Rs 150/quintal this week from Rs 2100/quintal the previous week. Similarly, prices of Rascut and Chaku variety of gur from key Muzaffar Nagar market rose by Rs 143 and Rs 100 per quintal this week to Rs 2768 and Rs 2512 per quintal respectively.

On the other hand, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 350/quintal from Rs 3150/quintal last week to Rs 2800/quintal this week. Prices of Achhu (Medium) and Other (Medium) variety from Mandya too declined by Rs 30 and Rs 13 per quintal to Rs 2300 and Rs 2117 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	11th Sept to 17 Sept 2015	4th Sept to 10 Sept 2015	Change
Muzaffar Nagar	Chaku	2512	2412	100
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2768	2625	143
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3500	3460	40
Belgaum	Mudde	2250	2100	150
Belthangadi	Yellow (Average)	NA	3998	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2566	2558	8
Mahalingapura	Penti (Average)	2296	2288	8
Mandya	Achhu (Medium)	2300	2330	-30
	Kurikatu (Medium)	2100	2100	Unch
	Other (Medium)	2117	2130	-13
	Yellow (Medium)	2233	2183	50
Shimoga	Achhu (Average)	2800	3150	-350

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		17-Sep-15	6-Aug-15	17-Aug-15	17-Sep-14
Muzaffar Nagar	Chaku	2560	2400	2500	2825
	Khurpa	NA	NA	2400	NA
	Laddu	NA	NA	NA	NA
	Rascut	2763	2700	2700	2700
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	3150
BANGALORE	Mudde	3500	3500	3250	4200
Belgaum	Mudde	2200	2200	2200	2800
Belthangadi	Yellow (Average)	NA	NA	NA	3400
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2640	2550	2580	NA
Mahalingapura	Penti (Average)	2221	2370	2276	3010
Mandya	Achhu (Medium)	2300	2350	2300	2884
	Kurikatu (Medium)	2100	2100	1950	NA
	Other (Medium)	2100	2150	2100	2737
	Yellow (Medium)	2200	2100	2250	2887
Shimoga	Achhu (Average)	2800	NA	2900	3300

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	2425	2580	2630
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 2420	2370	2345	2450

International Scenario

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

International Market News Highlights:

- INTL FCStone forecasted global sugar supply deficit of 3.8 MT in 2015-16 as against a supply surplus of 0.5 MT in 2014-15.
- Market player, Platts' Kingsman projected 1.2 MT of sugar supply deficit globally for marketing year 2015 -16 (Oct, 2015 – sep, 2016).
- 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.
- 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.
- Brazilian agency, Copersucar forecasted a global sugar deficit of 1.50 MT in marketing year 2015-16.
- 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.
- 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. The organization also expects the region to produce 31.4 MT of sugar during the same period.
- 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.

LIFFE Future Market Sugar Scenario (Dec'15 Contract):

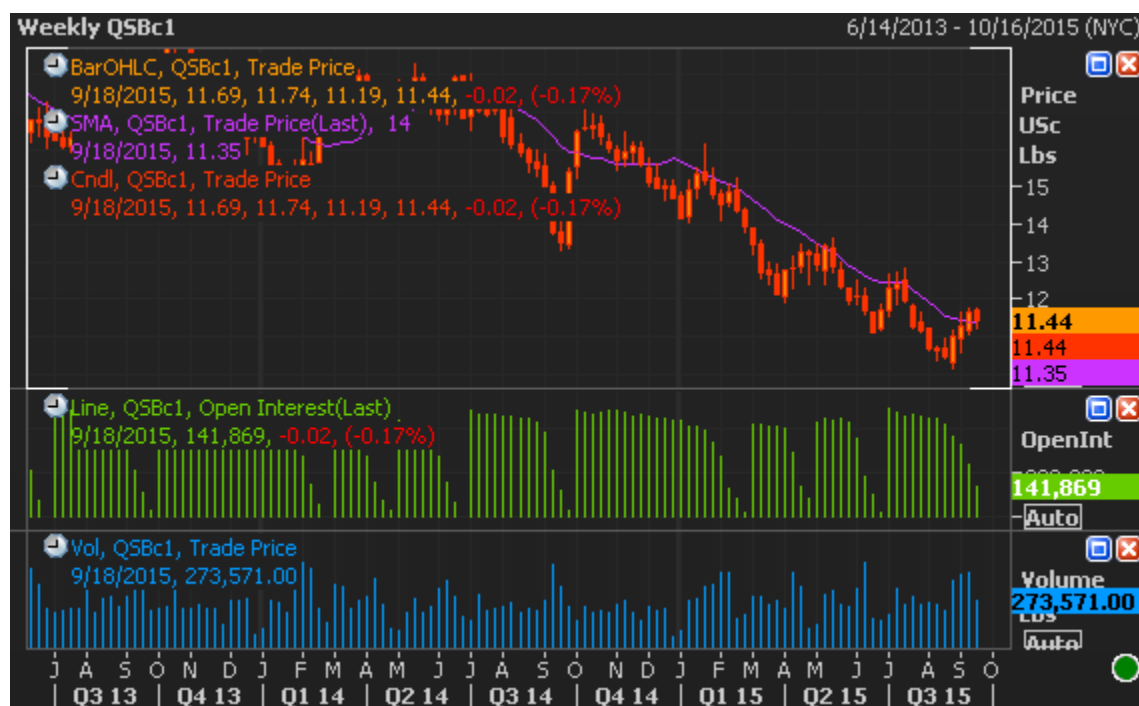


Technical Commentary:

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 358.2 with a target of 373.8

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'15	358.2	373.8

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 11.50 with target of 11.90

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	11.50	11.90



International Sugar Prices (Weekly)				
Contract Month		16-Sep-15	9-Sep-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	11.47	11.4	0.04
	16-Mar	12.33	12.4	-0.06
	16-May	12.32	12.5	-0.17
LIFFE Sugar (US \$/MT)	15-Dec	357.5	346.0	11.50
	16-Mar	353.5	351.6	1.90
	16-May	354.3	350.0	4.30

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