

Executive Summary

Domestic Sugar Market Summary

Sugar prices shot up this week amid recent govt. announcement for compulsory sugar export (at least four million tons) in next marketing year 2015-16. However, ample stock position this year and prospective of higher sugar production next year too weighed on domestic prices.

Recommendation

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

International Sugar Market Summary

Global sugar market strengthened a bit this week as the crushing operation halted in Brazil's main centre south region due to heavy rainfall in the area.

Domestic News Highlights

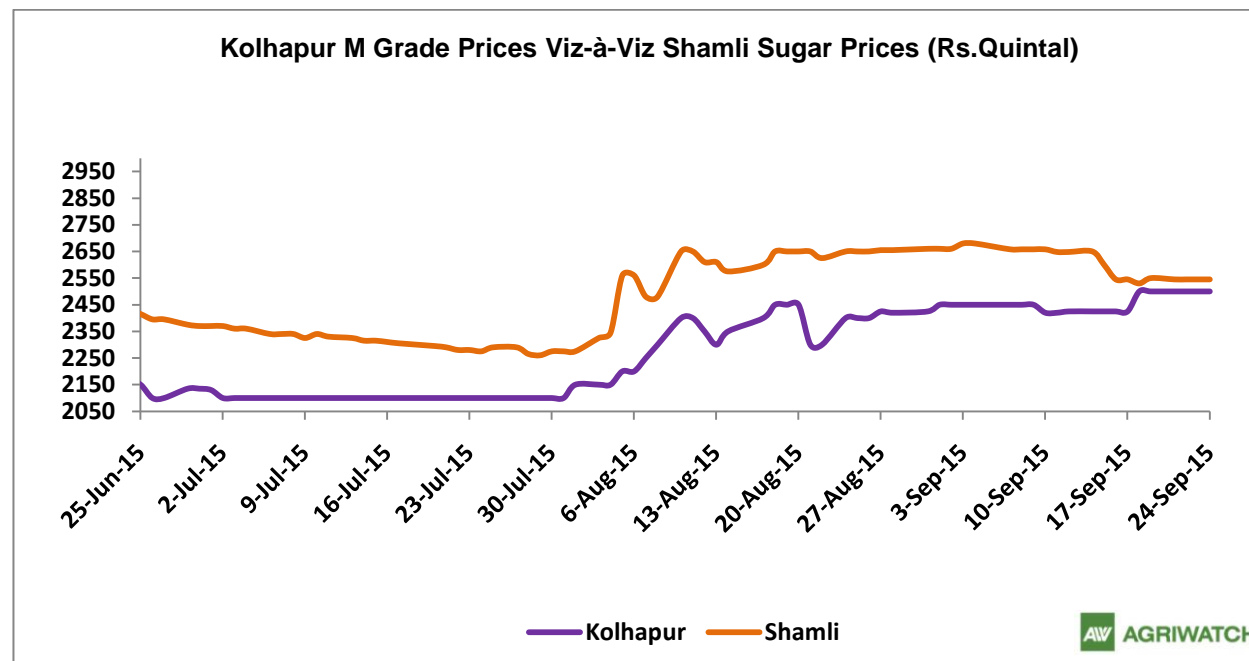
- With a view to reduce the expected sugar accumulation within the country, the Indian govt. had made it compulsory to export minimum four million tons of sugar in MY 2015-16 (1st Oct, 2015 – 30th Sep, 2016).
- As per the govt. officials, 48.84 lakh hectares of sugarcane area in India had been sown so 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 highest 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 was 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, the spread between the two-benchmark markets narrowed down this week indicating a lower price differential between the two.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2500 per quintal this week, which was 3.13% higher than the price reported last week. However, sugar prices for the same variety/grade in Shamli district fell by 2.40% from Rs 2606 per quintal last week to Rs 2543 per quintal this week.



Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	18th Sept to 24 Sept 2015	11th Sept to 17 Sept 2015	Change
Sugar	Delhi - Grade M	2612	2588	24
	Delhi - Grade S	2570	2550	20
	UP- Khatauli Grade M	2695	2691	4
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2546	2521	25
	UP- Dhampur Grade S Ex-Mill	2526	2501	25
	UP- Dhampur Grade L Ex-Mill	2596	2571	25
	Mumbai –Grade M	2720	2652	68
	Mumbai –Grade S	2579	2546	33
	Kolhapur – Grade M	2500	2424	76
	Kolhapur – Grade S	2400	2324	76
	Guhawati – Grade S	2700	2623	77
	Shillong – Grade S	2720	2644	76
	Vijayawada – Grade M	2910	2900	10
	Vijayawada- Grade S	2767	2760	7
	Nagpur – Grade M	2675	2650	25
	Nagpur – Grade S	2600	2600	Unch
	Kolkata – Grade M	2760	2706	54
	Chennai - Grade S	2596	2500	96
	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
		24-Sep-15	17-Sep-15	24-Aug-15	24-Sep-14
Sugar	Delhi - Grade M	2620	2580	2580	3150
	Delhi - Grade S	NA	2550	2500	3080
	UP- Khatauli Grade M	2700	2685	2650	3210
	UP- Ramala Grade M	NA	NA	NA	3110
	UP- Dhampur Grade M Ex-Mill	2545	2525	2500	3115
	UP- Dhampur Grade S Ex-Mill	2525	2505	2480	3095
	UP- Dhampur Grade L Ex-Mill	2595	2575	2550	3165
	Mumbai –Grade M	2740	2660	2536	3192
	Mumbai –Grade S	2590	2546	2432	3040
	Kolhapur – Grade M	2500	2425	2400	2950
	Kolhapur – Grade S	2400	2325	2300	2850
	Guhawati – Grade S	2700	2624	2598	3157
	Shillong – Grade S	2720	2645	2620	3170
	Vijayawada – Grade M	2880	2900	2760	3480
	Vijayawada- Grade S	2720	2760	2640	3380
	Nagpur – Grade M	2700	2650	2600	3250
	Nagpur – Grade S	2600	2600	2500	3150
	Kolkata – Grade M	NA	2715	2580	NA
	Chennai - Grade S	2625	2500	2600	3000
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	3161
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	3135

Commodity: Sugar
Contract: Oct

Exchange: NCDEX
Expiry: Oct 20, 2015

SUGAR (October Weekly Chart)



Technical Commentary:

- Sugar prices and O.I are rising while volume fell down for the week
- RSI is hovering into a neutral zone.
- Last candlestick depicts bullishness in the market.

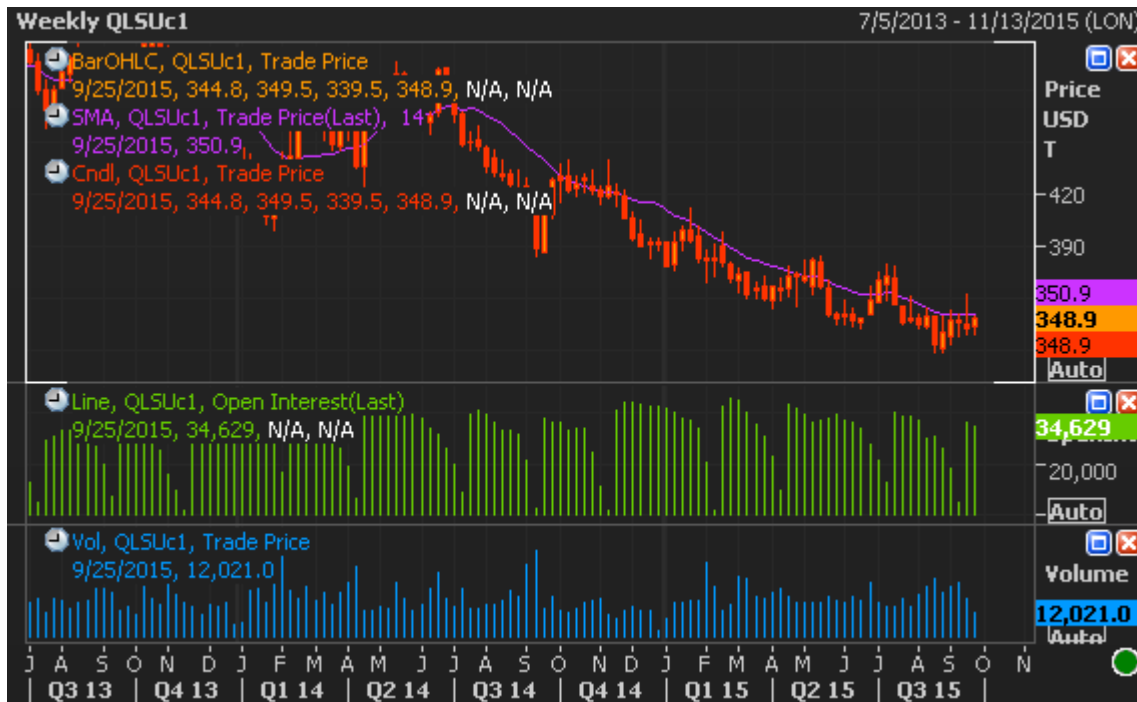
Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	2370	2407	2491	2600	2630
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 2520	2470	2445	2550

International Market News Highlights:

- International Sugar Organization (ISO) projected a global sugar deficit of 6.2 MT in 2016-17 compared to 2.5 MT deficit in 2015-16.
- Market player, Platts' Kingsman projected 3.2 MT of sugar supply deficit globally for marketing year 2015 -16 (Oct, 2015 – Sep, 2016).
- Market participant, JOB Economia, projected Brazil's center south cane production at 590 MT in 2015-16 as against 571 MT in 2014-15. The company also predicted a 6.45% decline in sugar production at center south region from 31.96 MT in 2014-15 to 29.9 MT in 2015-16.
- 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.
- 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.

International Sugar Prices (Weekly)				
	Contract Month	23-Sep-15	16-Sep-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	10.95	11.47	-0.52
	16-Mar	11.55	12.33	-0.78
	16-May	11.49	12.32	-0.83
LIFFE Sugar (US \$/MT)	15-Dec	340.20	357.5	-17.30
	16-Mar	337.20	353.5	-16.30
	16-May	337.10	354.3	-17.20

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: Sell at 346.2 with a target of 328.1

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'15	346.2	328.1

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

Technical Commentary:

- ICE raw sugar futures are trending downwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Sell at 11.07 with target of 10.67

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'15	11.07	10.67

Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$389.67 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$383.86 per ton.

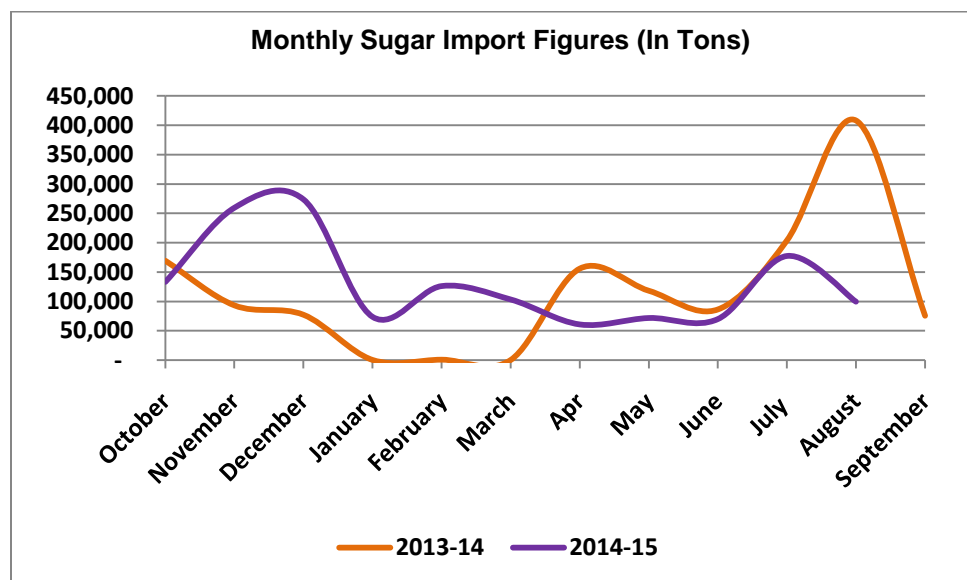
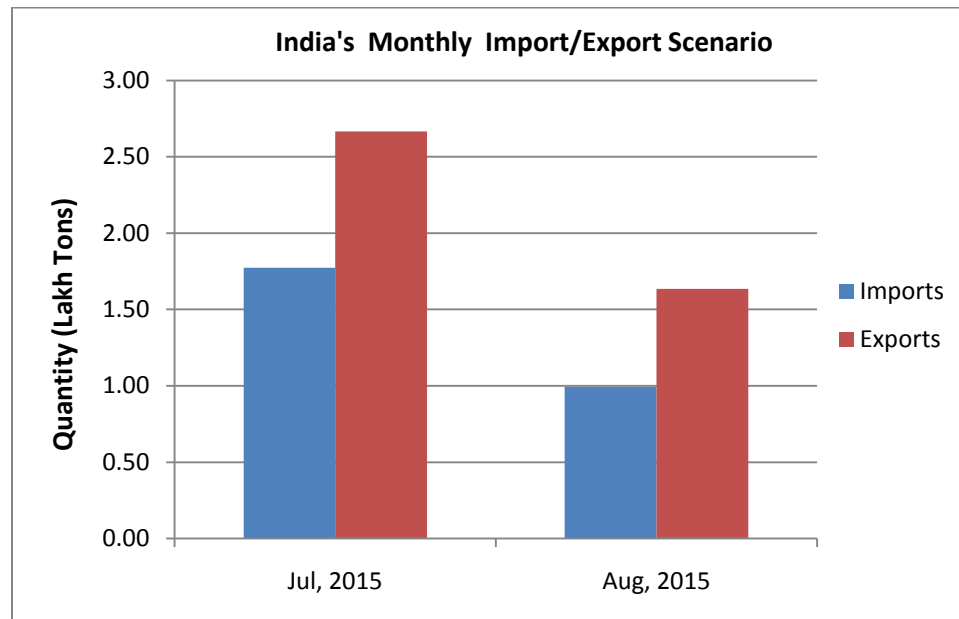
On International front, Brazil sugar FOB prices quoted at \$325.75/ Ton.

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

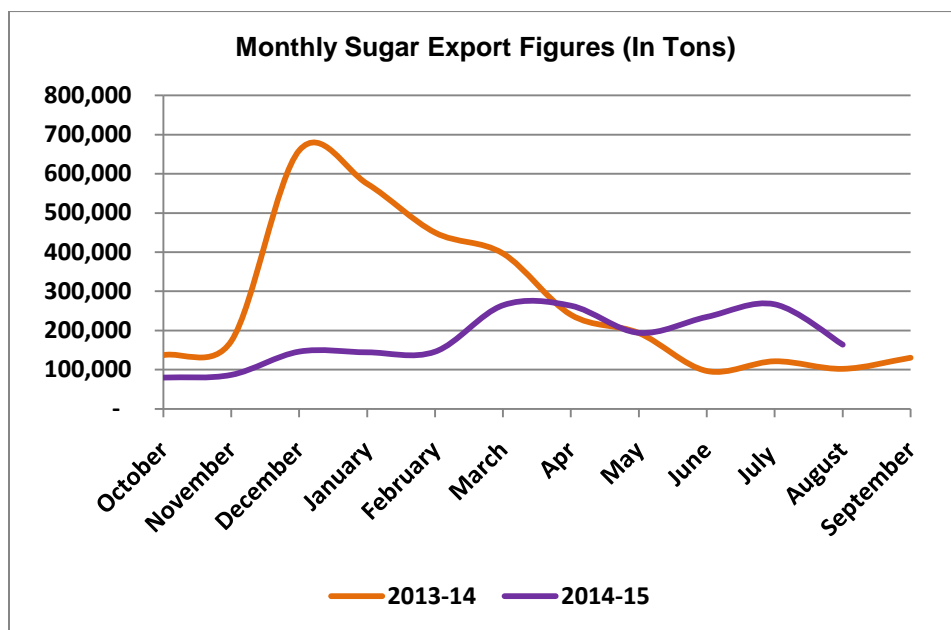
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.17) till 25 th Sep, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$325.75	\$391.90/340.30	\$383.86

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- comparison showed Indian sugar export to rise by 60% this year compared to 1.02 lakh tons in August, 2014.

Spot Gur Market Scenario

Mixed sentiments prevailed in gur spot market this week with price rising in some while declining in others

Prices of Chaku variety of gur from key Muzaffar Nagar market rose by Rs 93/quintal from Rs 2512/quintal last week to Rs 2605/quintal this week. Similarly, prices of Penti (Average) variety from Mahalingapura increased by Rs 88/quintal this week from Rs 2296/quintal the previous week.

On the other hand, prices of Mudde variety of gur from Belgaum district fell by Rs 30/quintal from Rs 2250/quintal last week to Rs 2220/quintal this week. Prices of Achhu (Average) variety from Shimoga too declined by Rs 25/quintal from Rs 2800/quintal to Rs 2775/quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	18th Sept to 24 Sept 2015	21th Aug to 27 Aug 2015	Change
Muzaffar Nagar	Chaku	2605	2512	93
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2770	2768	2
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3500	3500	Unch
Belgaum	Mudde	2220	2250	-30
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2623	2566	57
Mahalingapura	Penti (Average)	2384	2296	88
Mandya	Achhu (Medium)	2275	2300	-25
	Kurikatu (Medium)	2130	2100	30
	Other (Medium)	2100	2117	-17
	Yellow (Medium)	2230	2233	-3
Shimoga	Achhu (Average)	2775	2800	-25

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		24-Sep-15	17-Sep-15	24-Aug-15	24-Sep-14
Muzaffar Nagar	Chaku	2600	2560	2500	2688
	Khurpa	NA	NA	2330	NA
	Laddu	NA	NA	NA	NA
	Rascut	2775	2763	2600	2688
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	2850
Bangalore	Mudde	3500	3500	3300	NA
Belgaum	Mudde	2200	2200	2300	NA
Belthangadi	Yellow (Average)	NA	NA	NA	NA
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2600	2640	2575	NA
Mahalingapura	Penti (Average)	2369	2221	2188	NA
Mandya	Achhu (Medium)	2300	2300	2350	NA
	Kurikatu (Medium)	2100	2100	2200	NA
	Other (Medium)	2100	2100	2100	NA
	Yellow (Medium)	2250	2200	2300	NA
Shimoga	Achhu (Average)	2800	2800	NA	3400



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