

Executive Summary

Domestic Sugar Market Summary

Sugar prices improved a little this week amid growing festive demand of Dussehra and Diwali. However, ample stock position within the country this year capped the gain.

Price Projection For The Next Week

Weekly Call: Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2480 - 2540 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

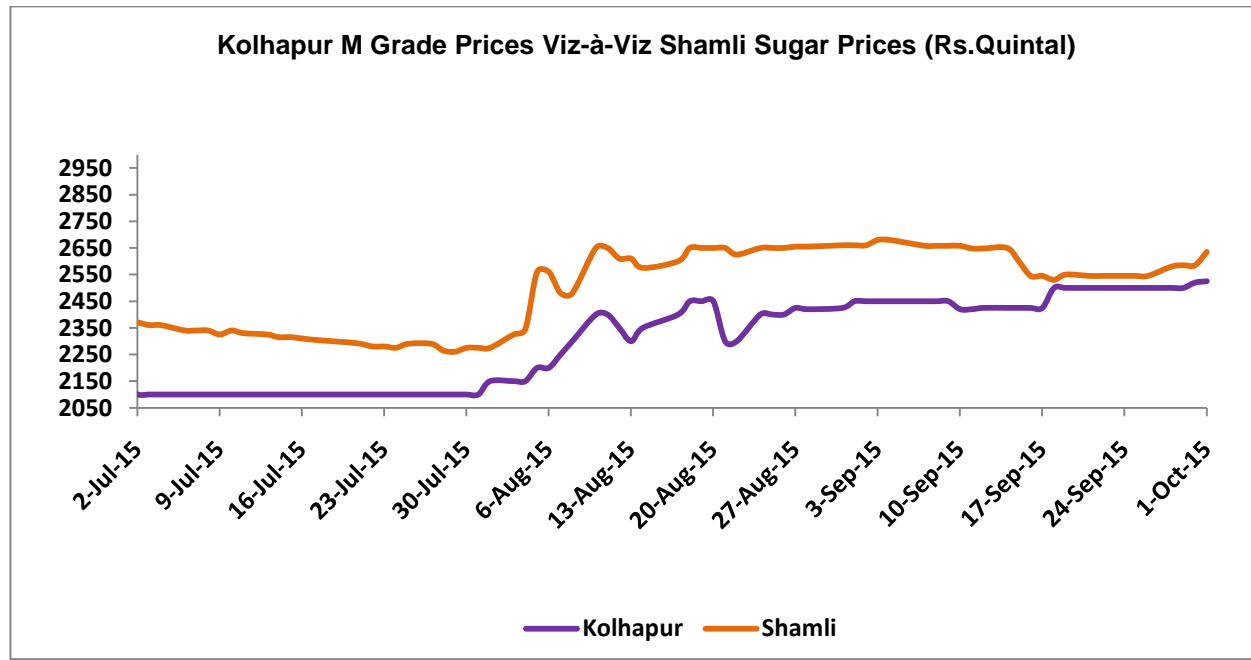
- ISMA has revised its sugar production estimate from 280 lakh tons to 270 lakh tons in marketing year 2015-16 (1st Oct, 2015 – 30th Sep, 2016).
- For Maharashtra, ISMA is predicting that the state could produce 90 lakh tons of sugar in 2015-16, which was 14.33%, less than the actual sugar produced during marketing year 2014-15.
- Favorable weather condition, improved cane variety and surge in area under better cane variety all together attributed ISMA to revisit its sugar production estimate in Uttar Pradesh from 73.51 lakh tons to 75 lakh tons in 2015-16.
- ISMA also projected Karnataka and Tamil Nadu to produce 46 lakh and 13.5 lakh tons of sugar respectively in MY 2015-16
- 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 for this marketing year, 2015-16 compared to 48.74 lakh hectares area in 2014-15.
- Cane sown area has increased by 0.29% in the highest producing state of Uttar Pradesh this year compared to 21 lakh hectare in 2014-15.
- About 10 lakh hectares of sugarcane area has been sown in Maharashtra this year, which was 11.82% less than the area sowed a year before.
- In Karnataka 3.96 lakh hectares of cane area had been sown in 2015-16 compared to 3.2 lakh hectares of area last year in 2014-15
- 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 this year compared to 1.25 lakh hectares area 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 compared to 2.51 lakh hectares of area the previous year.
- 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).

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 2508 per quintal this week, which was only 0.30% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 1.41% from Rs 2543 per quintal last week to Rs 2579 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$439.47 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$390.52 per ton.

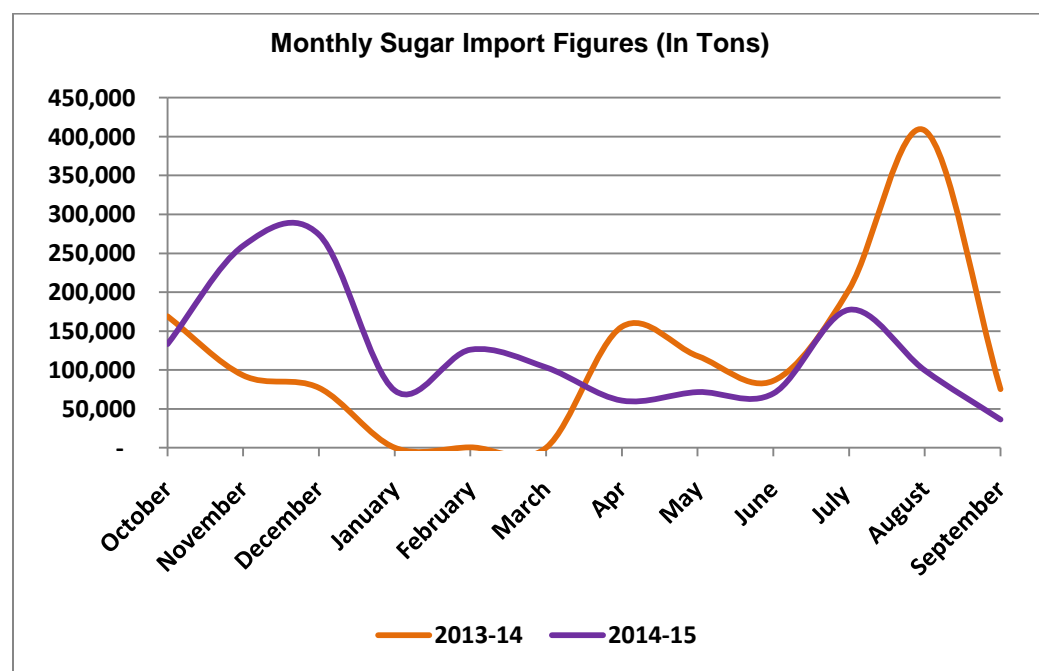
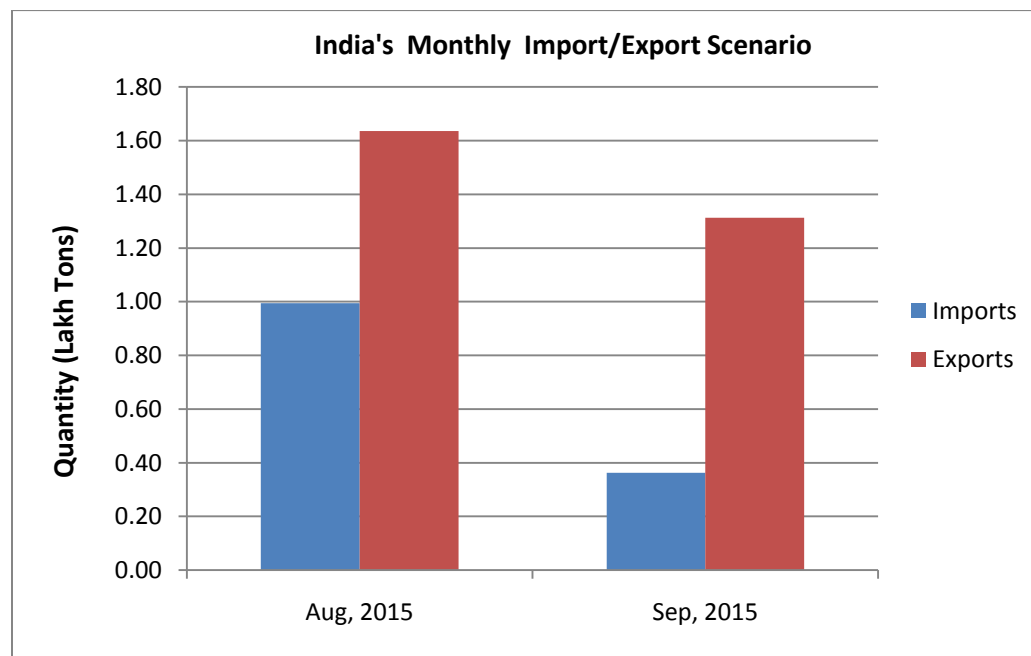
On International front, Brazil sugar FOB prices quoted at \$371.50/ Ton.

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

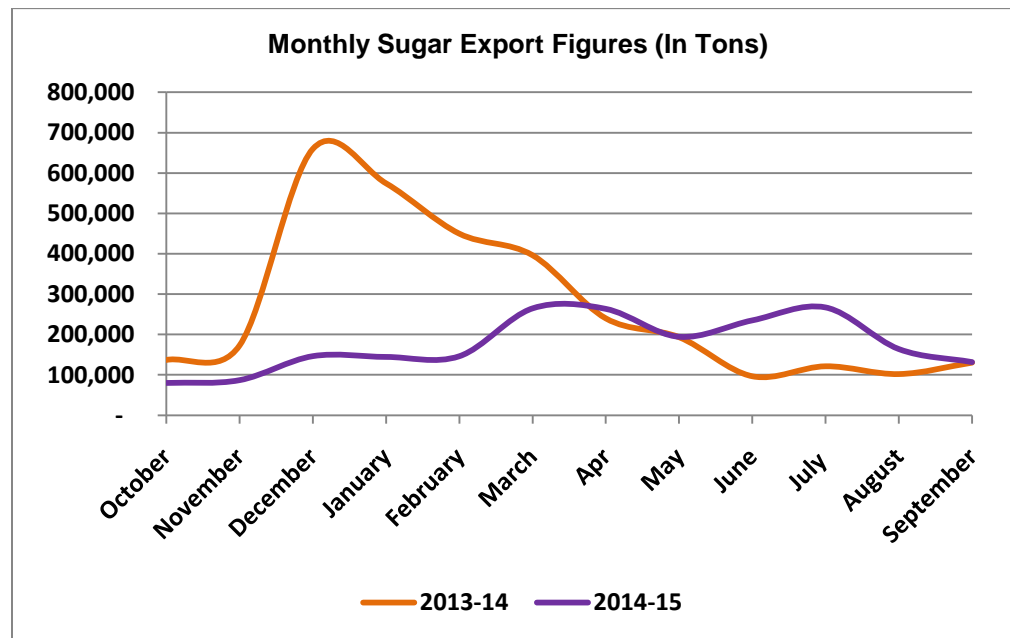
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.22) till 03 rd Oct, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$371.50	\$391.90/378.40	\$390.52

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 1.31/0.36 lakh tons of sugar in the month of September compared to 1.31/0.36 lakh tons sugar in the month of August.



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 52% in September, 2015 compared to 0.75 lakh tons imports last year in September, 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 20% this month compared to 1.63 lakh tons in August, 2015. While, a y-o-y comparison shows that the Indian sugar export had rose 1% this year compared to 1.30 lakh tons in September, 2014.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	25th Sept to 01 Oct 2015	18th Sept to 24 Sept 2015	Change
Sugar	Delhi - Grade M	2646	2612	34
	Delhi - Grade S	2618	2570	48
	UP- Khatauli Grade M	2711	2695	16
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2586	2546	40
	UP- Dhampur Grade S Ex-Mill	2566	2526	40
	UP- Dhampur Grade L Ex-Mill	2636	2596	40
	Mumbai –Grade M	2751	2720	31
	Mumbai –Grade S	2600	2579	21
	Kolhapur – Grade M	2508	2500	8
	Kolhapur – Grade S	2408	2400	8
	Guhawati – Grade S	2708	2700	8
	Shillong – Grade S	2728	2720	8
	Vijayawada – Grade M	2880	2910	-30
	Vijayawada- Grade S	2720	2767	-47
	Nagpur – Grade M	2700	2675	25
	Nagpur – Grade S	2600	2600	Unch
	Kolkata – Grade M	2750	2760	-10
	Chennai - Grade S	2608	2596	12
	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
		1-Oct-15	24-Sep-15	1-Sep-15	1-Oct-14
Sugar	Delhi - Grade M	2660	2620	2625	3140
	Delhi - Grade S	2630	NA	2575	3080
	UP- Khatauli Grade M	2700	2700	2705	3180
	UP- Ramala Grade M	NA	NA	NA	3050
	UP- Dhampur Grade M Ex-Mill	2625	2545	2560	3100
	UP- Dhampur Grade S Ex-Mill	2605	2525	2540	3080
	UP- Dhampur Grade L Ex-Mill	2675	2595	2610	3150
	Mumbai –Grade M	2786	2740	2630	3142
	Mumbai –Grade S	2630	2590	2506	3046
	Kolhapur – Grade M	2525	2500	2450	2900
	Kolhapur – Grade S	2425	2400	2350	2800
	Guhawati – Grade S	2725	2700	2649	3106
	Shillong – Grade S	2745	2720	2670	3120
	Vijayawada – Grade M	2880	2880	2900	3480
	Vijayawada- Grade S	2720	2720	2760	3380
	Nagpur – Grade M	2700	2700	2700	3150
	Nagpur – Grade S	2600	2600	2600	3050
	Kolkata – Grade M	2760	NA	2690	NA
	Chennai - Grade S	2600	2625	2650	3000
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	3161
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	3135

Commodity: Sugar
Contract: Dec

Exchange: NCDEX
Expiry: Dec 18, 2015

SUGAR (December Weekly Chart)



Technical Commentary:

- Sugar prices, volume and O.I are rising indicating long build up in the market..
- 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	Dec	2272	2520	2584	2640	2690
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 2570	2620	2645	2540

Gur Market Scenario and Outlook

Spot gur market remained dormant with price falling in majority of markets this week. Prices of Chaku and Rascut variety of gur from key Muzaffar Nagar market fell by Rs 97 and Rs 74 per quintal this week from Rs 2605 and Rs 2770 per quintal the previous week. Similarly, prices of Mudde variety of gur from Belgaum fell by Rs 53/quintal to Rs 2167/quintal this week.

On the other hand, prices of Achhu (Average) variety of gur from Shimoga rose by Rs 42/quintal from Rs 2775/quintal to Rs 2817/quintal this week. Prices of Yellow (Medium) variety of gur from Mandya too increased by Rs 20/quintal to Rs 2250/quintal this week.

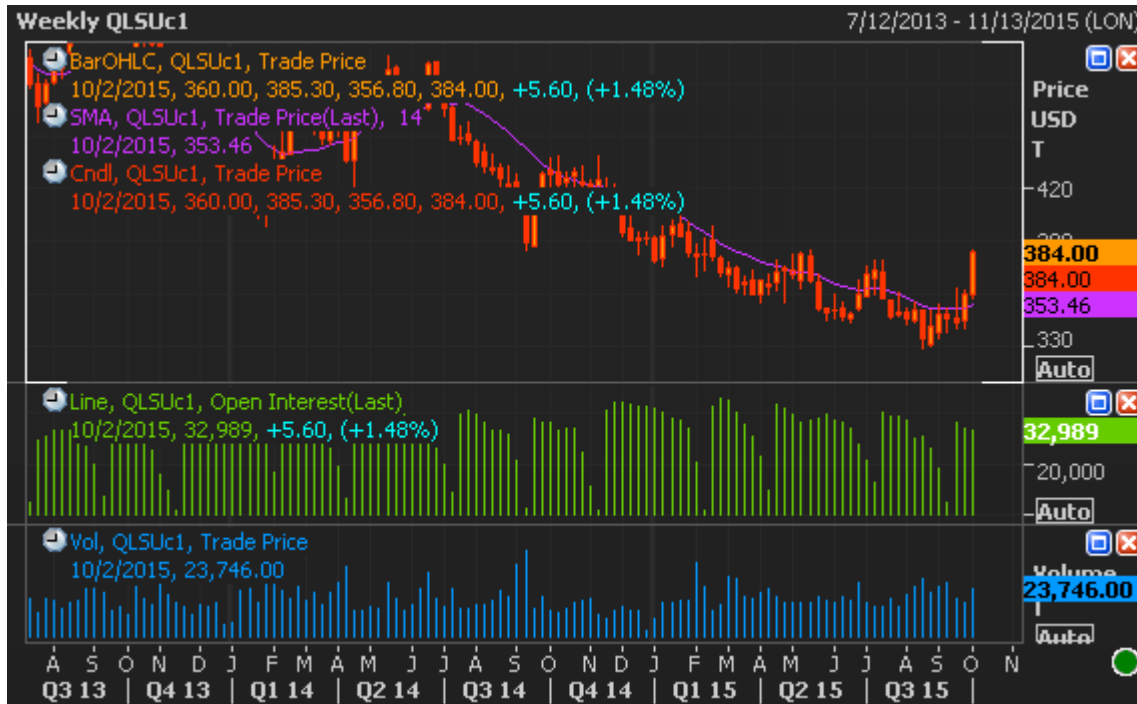
Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	25th Sept to 01 Oct 2015	18th Sept to 24 Sept 2015	Change
Muzaffar Nagar	Chaku	2508	2605	-97
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2696	2770	-74
Hapur	Chaurasa	NA	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3500	3500	Unch
Belgaum	Mudde	2167	2220	-53
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2581	2623	-42
Mahalingapura	Penti (Average)	2356	2384	-28
Mandya	Achhu (Medium)	2270	2275	-5
	Kurikatu (Medium)	2100	2130	-30
	Other (Medium)	2100	2100	Unch
	Yellow (Medium)	2250	2230	20
Shimoga	Achhu (Average)	2817	2775	42

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		1-Oct-15	24-Sep-15	1-Sep-15	1-Oct-14
Muzaffar Nagar	Chaku	2500	2600	2450	2500
	Khurpa	NA	NA	2300	NA
	Laddu	NA	NA	NA	NA
	Rascut	2600	2775	2600	2500
Hapur	Chaurasa	NA	NA	NA	NA
	Balti	NA	NA	NA	NA
Maharashtra	Latur(Lal Variety)	NA	NA	NA	2750
BANGALORE	Mudde	3500	3500	3300	4200
Belgaum	Mudde	2100	2200	NA	2800
Belthangadi	Yellow (Average)	NA	NA	NA	NA
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2600	2600	NA	3125
Mahalingapura	Penti (Average)	NA	2369	2215	2860
Mandya	Achhu (Medium)	2250	2300	2300	3004
	Kurikatu (Medium)	2100	2100	2100	NA
	Other (Medium)	2100	2100	2100	2671
	Yellow (Medium)	2250	2250	2200	2989
Shimoga	Achhu (Average)	NA	2800	3000	3400

International Market News Highlights:

- Heavy rain disrupted cane processing in Brazil's main centre south region resulting into a mere production of 1.68 MT of sugar in the first half of September 2015.
- 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).
- 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.
- 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.
- 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 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.
- 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.
- 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.

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 364.1 with a target of 378.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'15	364.1	378.2

ICE Raw Sugar Future Market Scenario (Mar'16 Contract)



Technical Commentary:

- ICE raw sugar futures are trending upwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 11.80 with target of 12.26

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	11.80	12.26



International Sugar Prices (Weekly)				
Contract Month		30-Sep-15	23-Sep-15	Change
ICE Sugar #11 (US Cent/lb)	15-Oct	12.17	10.95	1.22
	16-Mar	12.88	11.55	1.33
	16-May	12.80	11.49	1.31
LIFFE Sugar (US \$/MT)	15-Dec	370.0	340.2	29.80
	16-Mar	365.7	337.2	28.50
	16-May	365.5	337.1	28.40

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