Executive Summary

Domestic Sugar Market Summary

Domestic sugar market remained buoyant amid growing festive demand (Dussehra and Diwali) in the months ahead and rising exports prospective due to the recent export promotion policy announced by government. In addition, reports of larger sugar deficit worldwide this year too weighted on domestic sugar market leading to an upsurge in prices.

Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2680 - 2780 per quintal next week.

International Sugar Market Summary

Global sugar prices 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 (1^{st} Oct, 2015 – 30^{th} 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).

- Government Officials stated that 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 is 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.

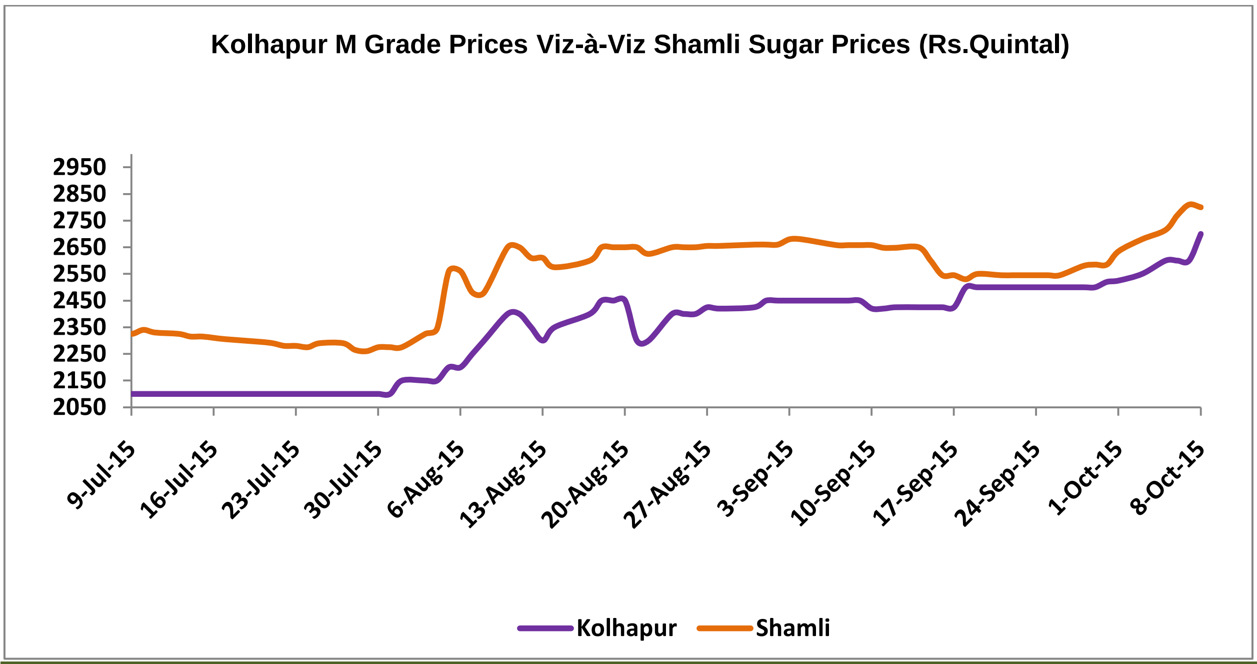
- The Uttar Pradesh government had recently announced financial aid worth Rs 2070 crore as cane SOP to the sugar millers in the State. Notably, the govt. had earlier made promise to pay up to Rs 40/100 kg of cane SOP, of which only Rs11.40/100kg of cane SOP had been actually approved, while the remaining 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 widened this week indicating a greater price differential between the two.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2610 per quintal this week, which was only 4.09% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 6.82% from Rs 2579 per quintal last week to Rs 2755 per quintal this week.



Raw Sugar Import/Export Opportunity

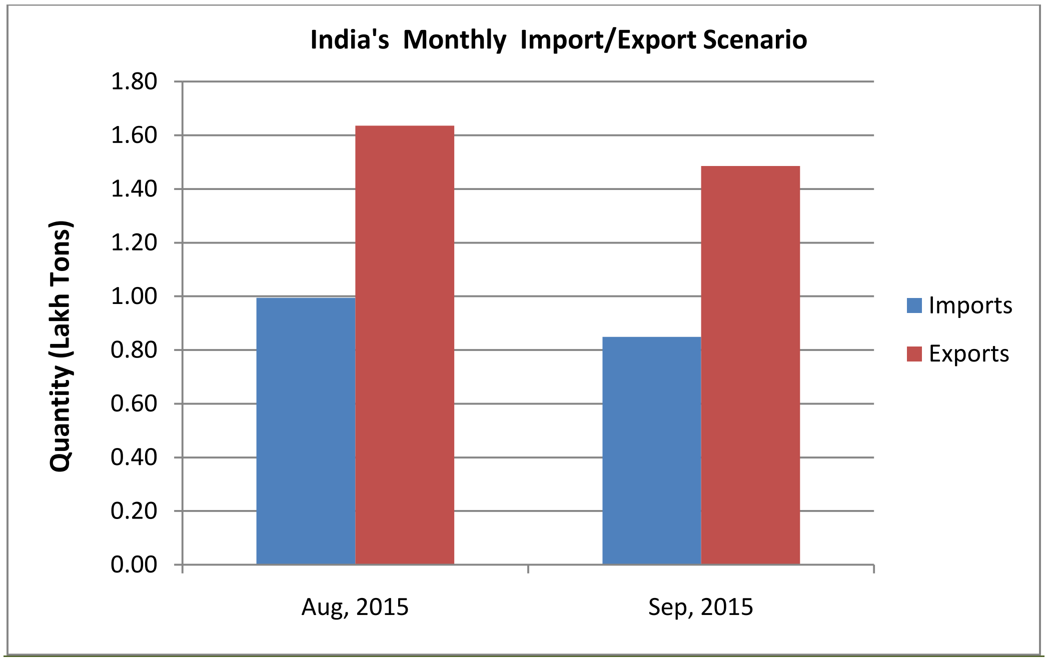
Indian indicative raw sugar CIF prices from Brazil quoted at $452.80 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $408.82 per ton.

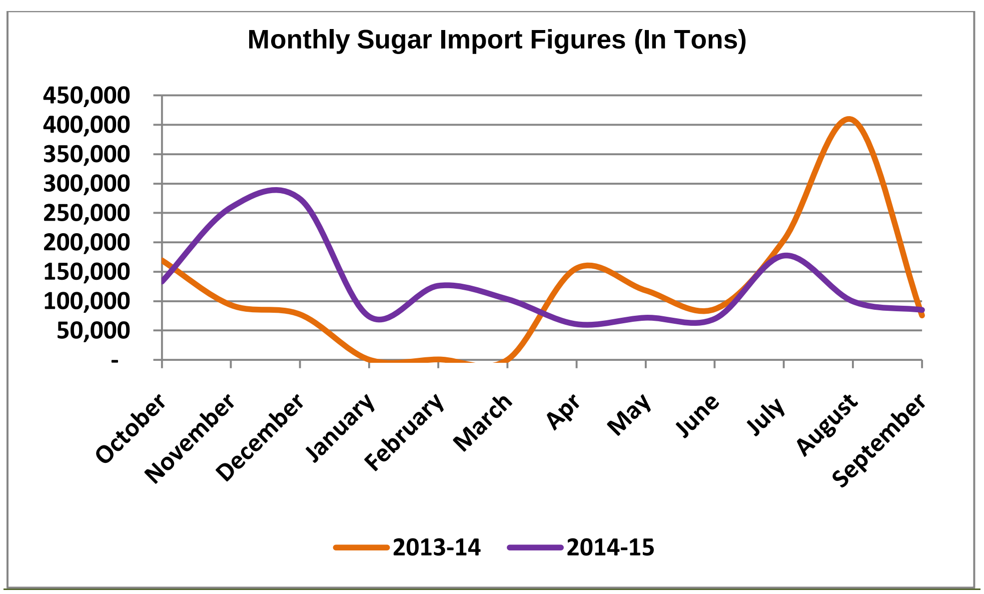
On International front, Brazil sugar FOB prices quoted at $383.00/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) ($=Rs.64.82) till 08th Oct, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$383.00	$391.90/388.70	$408.82

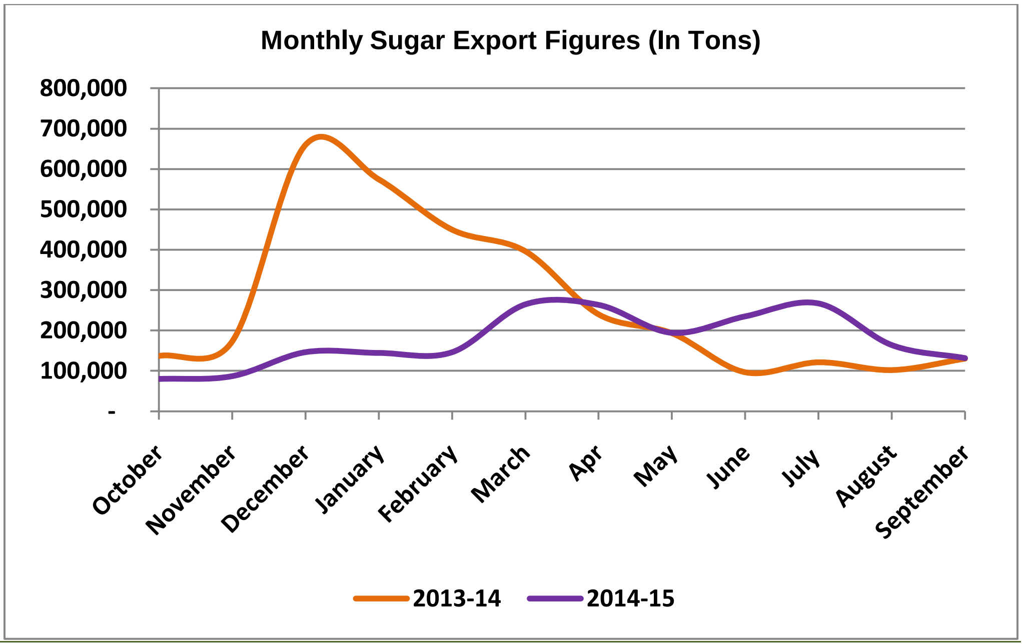
Sugar Import and Export Scenario

Indian sugar trade scenario remained lackluster this month amid prevailing sugar surplus worldwide and a slack in demand. Notably, the country exported/imported 1.49/0.85 lakh tons of sugar in the month of September compared to 1.64/0.99 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. Indian sugar imports fell by 13% 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 9% this month compared to 1.63 lakh tons in August, 2015. While, a y-o- comparison shows that the Indian sugar export had increased by 14% this year compared to 1.30 lakh tons in September, 2014.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	**Centre**	**3rd Oct to 8 Oct 2015**	**25th Sept to 01 Oct 2015**	**Change**
Sugar	Delhi - Grade M	2750	2646	104
	Delhi - Grade S	NA	2618	-
	UP- Khatauli Grade M	2859	2711	148
	UP- Ramala Grade M	2710	NA	-
	UP- Dhampur Grade M Ex-Mill	2658	2586	72
	UP- Dhampur Grade S Ex-Mill	2638	2566	72
	UP- Dhampur Grade L Ex-Mill	2708	2636	72
	Mumbai –Grade M	2806	2751	55
	Mumbai –Grade S	2726	2600	126
	Kolhapur – Grade M	2610	2508	102
	Kolhapur – Grade S	2510	2408	102
	Guhawati – Grade S	2812	2708	104
	Shillong – Grade S	2830	2728	102
	Vijayawada – Grade M	2928	2880	48
	Vijayawada- Grade S	2768	2720	48
	Nagpur – Grade M	2870	2700	170
	Nagpur – Grade S	2770	2600	170
	Kolkata – Grade M	2963	2750	213
	Chennai - Grade S	2650	2608	42
	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
		8-Oct-15	1-Oct-15	7-Sep-15	8-Oct-14
Sugar	Delhi - Grade M	2775	2660	2615	3150
	Delhi - Grade S	NA	2630	2575	3090
	UP- Khatauli Grade M	2955	2700	2708	3200
	UP- Ramala Grade M	2710	NA	NA	3040
	UP- Dhampur Grade M Ex-Mill	NA	2625	2558	3050
	UP- Dhampur Grade S Ex-Mill	NA	2605	2538	3030
	UP- Dhampur Grade L Ex-Mill	NA	2675	2608	3100
	Mumbai –Grade M	2860	2786	2660	3160
	Mumbai –Grade S	2756	2630	2570	3056
	Kolhapur – Grade M	2700	2525	2450	2950
	Kolhapur – Grade S	2600	2425	2350	2850
	Guhawati – Grade S	2903	2725	2649	3157
	Shillong – Grade S	2920	2745	2670	3170
	Vijayawada – Grade M	3000	2880	2900	3480
	Vijayawada- Grade S	2840	2720	2760	3380
	Nagpur – Grade M	2900	2700	2700	3250
	Nagpur – Grade S	2800	2600	2600	3100
	Kolkata – Grade M	3000	2760	2700	3300
	Chennai - Grade S	2700	2600	2550	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	2600	2640	2725	2840	2870
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Dec	**Buy**	Above 2705	2755	2780	2675

Gur Market Scenario and Outlook

Spot gur market remained buoyant this week with price rising in majority of markets amid growing festive demand of Dussehra and Diwali.

Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 158/quintal from Rs 2817/quintal last week to Rs 2975/quintal this week. Similarly, prices of Chaku variety of gur key Muzaffar Nagar market increased by Rs 85/quintal this week from Rs 2508/quintal the previous week.

However, prices of Mudde variety of gur from Belgaum district fell marginally by Rs17/quintal this week from Rs 2167/quintal to Rs 2150/quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	**Variety**	**3rd Oct to 8 Oct 2015**	**25th Sept to 01 Oct 2015**	**Change**
Muzaffar Nagar	Chaku	2593	2508	85
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2625	2696	-71
Hapur	Chaursa	2425	NA	-
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3500	3500	Unch
Belgaum	Mudde	2150	2167	-17
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2600	2581	19
Mahalingapura	Penti (Average)	2404	2356	48
Mandya	Achhu (Medium)	2310	2270	40
	Kurikatu (Medium)	2100	2100	Unch
	Other (Medium)	2110	2100	10
	Yellow (Medium)	2310	2250	60
Shimoga	Achhu (Average)	2975	2817	158

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		8-Oct-15	1-Oct-15	7-Sep-15	8-Oct-14
Muzaffar Nagar	Chaku	2650	2500	2400	2500
	Khurpa	NA	NA	2400	2625
	Laddu	NA	NA	NA	2875
	Rascut	2625	2600	2575	2375
Hapur	Chaursa	2425	NA	NA	2313
	Balti	NA	NA	NA	2375
Maharashtra	Latur(Lal Variety)	NA	NA	NA	2700
BANGALORE	Mudde	3500	3500	3500	NA
Belgaum	Mudde	2100	2100	2000	NA
Belthangadi	Yellow (Average)	NA	NA	5100	NA
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2550	2600	2540	NA
Mahalingapura	Penti (Average)	2470	NA	NA	NA
Mandya	Achhu (Medium)	2350	2250	2300	NA
	Kurikatu (Medium)	2100	2100	2100	NA
	Other (Medium)	2150	2100	2100	NA
	Yellow (Medium)	2350	2250	2200	NA
Shimoga	Achhu (Average)	3000	NA	3400	3400

International Market News Highlights:

- USDA revised down Thailand sugar production forecast for MY 2014/15 and MY 2015/16 to 10.8 MMT. Higher amount of sugarcane and sugar is to be used for ethanol due to lower world sugar prices.

- Green Pool widened 2015/16 sugar deficit forecast to 5.6 MMT from 4.6 MMT in previous estimate. It revised down India and China output forecast and raised centre-south Brazil.

- Heavy rain disrupted cane processing in Brazil's main centre south region resulting in a meager 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.

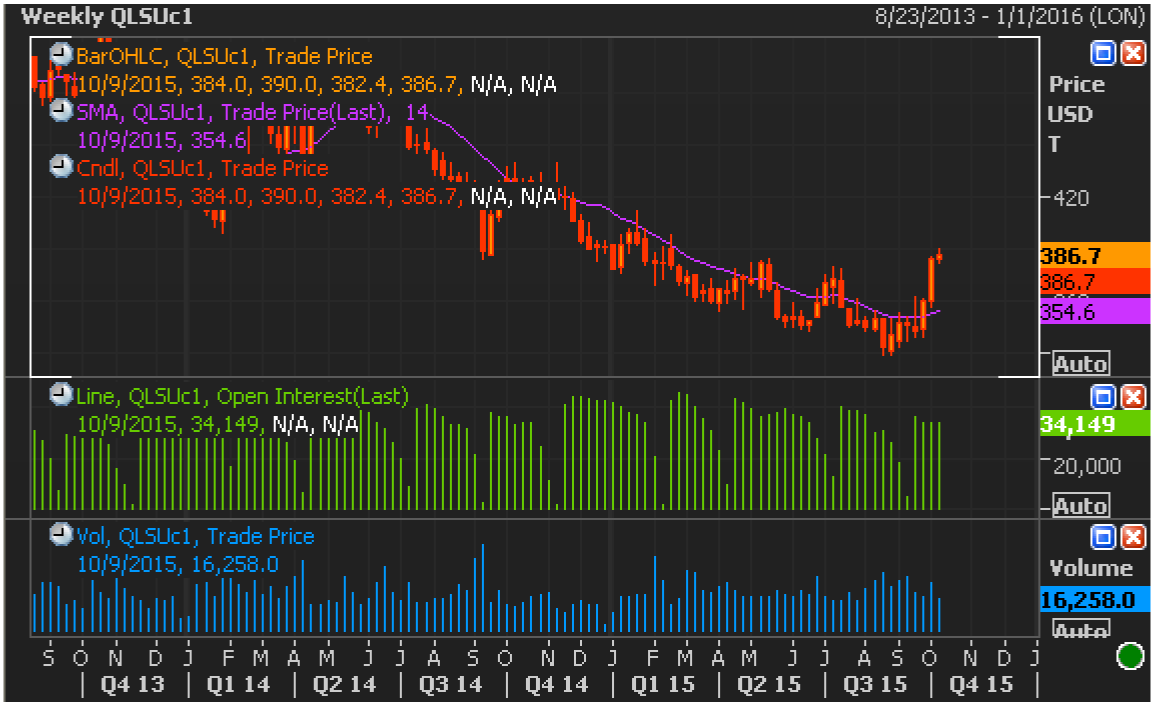
- Brazilian agency, Copersucar forecasted a global sugar deficit of 1.50 MT in marketing year 2015-16.

- Market participant, JOB Economia, projected cane production of Brazil's Center South 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.

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 386.00 with a target of 393.4

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Dec'15**	386.00	393.4

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 14.10 with target of 14.39

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**Mar'16**	14.10	14.39

International Sugar Prices (Weekly)				
Contract Month		7-Oct-15	30-Sep-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	13.98	12.88	1.10
	16-May	13.72	12.80	0.92
	16-Jul	13.49	12.72	0.77
LIFFE Sugar (US $/MT)	15-Dec	388.70	370.0	18.70
	16-Mar	387.80	365.7	22.10
	16-May	387.30	365.5	21.80

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