

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 2690 - 2780 per quintal next week.

International Sugar Market Summary

Global sugar prices traded steady to firm as the crushing operation halted in Brazil's main centre south region due to heavy rainfall in the area.

Domestic News Highlights

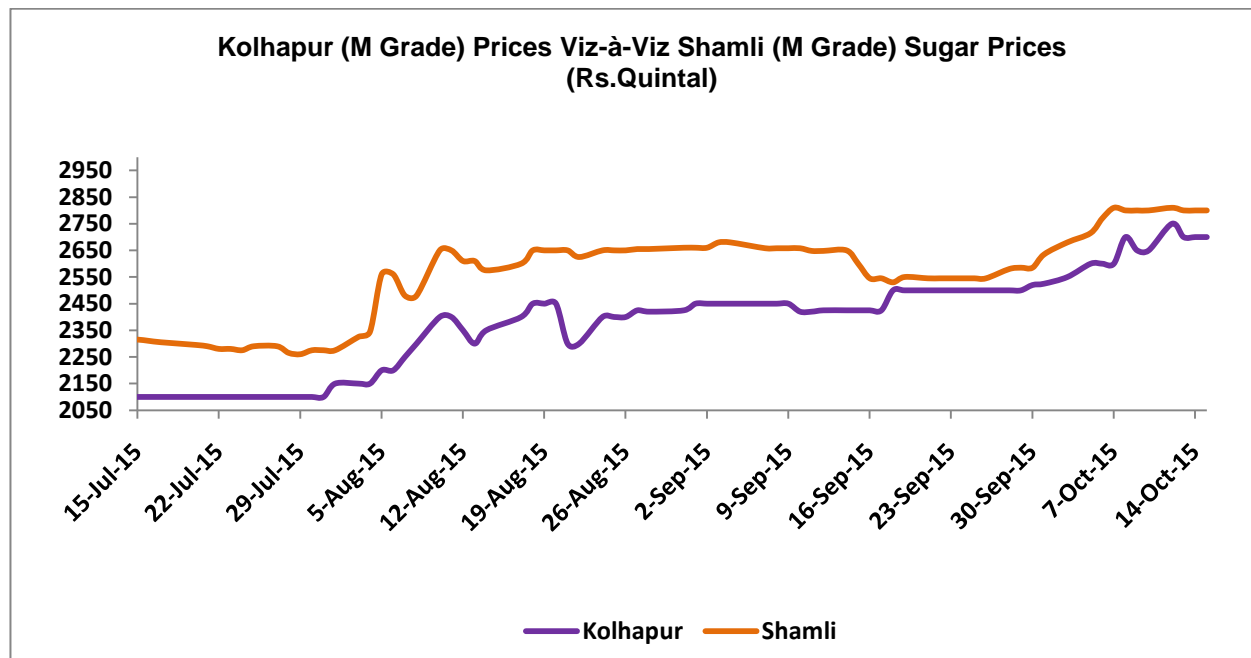
- The Indian government forecasted a total sugar production of 26 MT in India during marketing year 2015-16 (01st Oct, 2015 – 30th Sep, 2016), wherein Maharashtra, Uttar Pradesh and Karnataka are expected to produce 8.6 MT, 7.2 MT and 4.0 MT of sugar respectively.
- ISMA has revised its sugar production estimate from 280 lakh tons to 270 lakh tons in marketing year 2015-16 (1st Oct, 2015 – 30th Sep, 2016).
- ISMA predicts that the State of Maharashtra could produce 90 lakh tons of sugar in 2015-16, which is 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 together led 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, exporters were earlier 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 2692 per quintal this week, which was only 3.13% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 1.69% from Rs 2755 per quintal last week to Rs 2802 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$472.09 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$420.44 per ton.

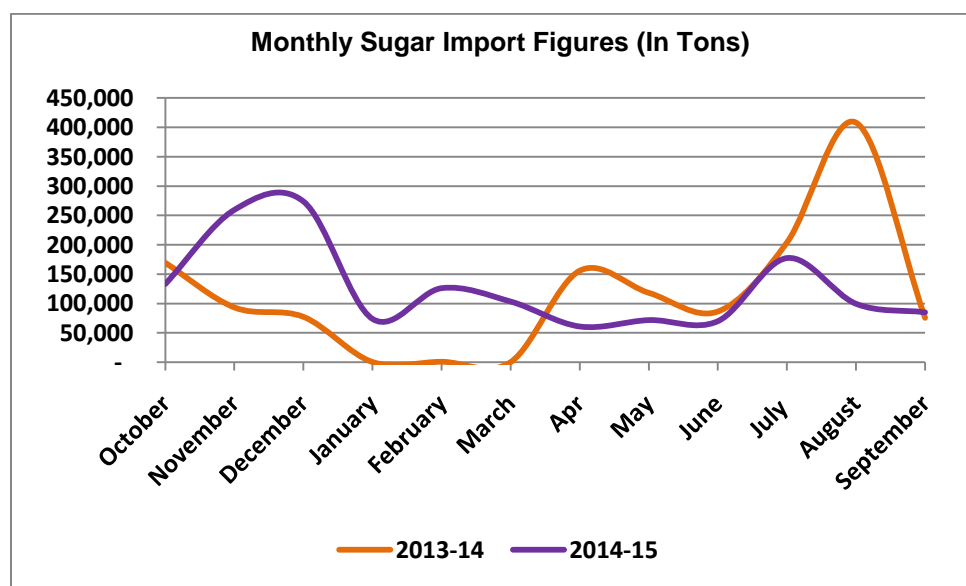
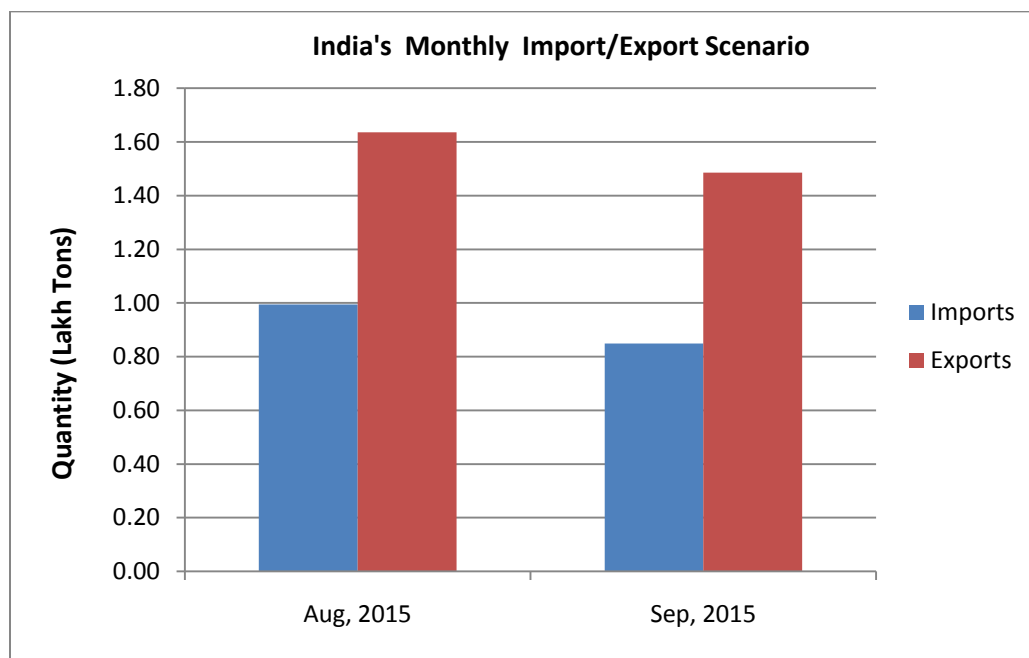
On International front, Brazil sugar FOB prices quoted at \$391.50/ Ton.

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

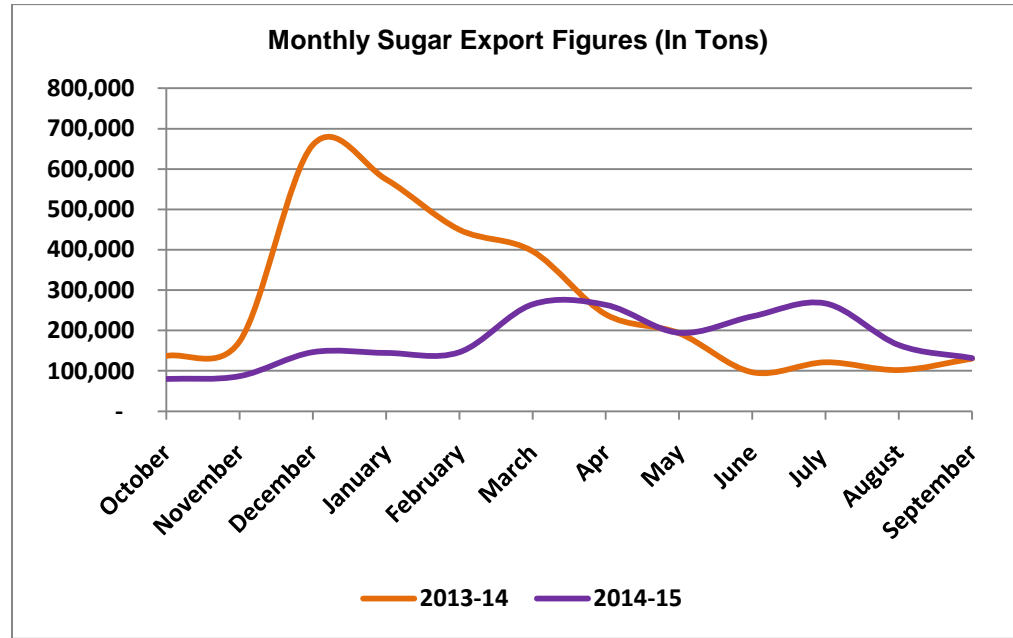
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.98) till 16 th Oct, 2015			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$391.50	\$435.30/386.50	\$420.44

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% in September, 2015 compared to 1.63 lakh tons in August, 2015. While, a y-o-y 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	9 Oct to 15 Oct 2015	3rd Oct to 8 Oct 2015	Change
Sugar	Delhi - Grade M	2839	2750	89
	Delhi - Grade S	NA	NA	-
	UP- Khatauli Grade M	2920	2859	61
	UP- Ramala Grade M	2710	2710	Unch
	UP- Dhampur Grade M Ex-Mill	2802	2658	144
	UP- Dhampur Grade S Ex-Mill	2782	2638	144
	UP- Dhampur Grade L Ex-Mill	2852	2708	144
	Mumbai –Grade M	2948	2806	142
	Mumbai –Grade S	2776	2726	50
	Kolhapur – Grade M	2692	2610	82
	Kolhapur – Grade S	2592	2510	82
	Guhawati – Grade S	2894	2812	82
	Shillong – Grade S	2912	2830	82
	Vijayawada – Grade M	3040	2928	112
	Vijayawada- Grade S	2880	2768	112
	Nagpur – Grade M	2900	2870	30
	Nagpur – Grade S	2825	2770	55
	Kolkata – Grade M	2915	2963	-48
	Chennai - Grade S	2738	2650	88
	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
		15-Oct-15	8-Oct-15	14-Sep-15	15-Oct-14
Sugar	Delhi - Grade M	2870	2775	2600	3125
	Delhi - Grade S	NA	NA	2550	3105
	UP- Khatauli Grade M	2950	2955	2695	NA
	UP- Ramala Grade M	NA	2710	NA	NA
	UP- Dhampur Grade M Ex-Mill	2800	NA	2500	NA
	UP- Dhampur Grade S Ex-Mill	2780	NA	2480	NA
	UP- Dhampur Grade L Ex-Mill	2850	NA	2550	NA
	Mumbai –Grade M	2996	2860	2650	NA
	Mumbai –Grade S	2776	2756	2546	NA
	Kolhapur – Grade M	2700	2700	2425	NA
	Kolhapur – Grade S	2600	2600	2325	NA
	Guhawati – Grade S	2903	2903	2624	NA
	Shillong – Grade S	2920	2920	2645	NA
	Vijayawada – Grade M	3060	3000	2900	3480
	Vijayawada- Grade S	2900	2840	2760	3380
	Nagpur – Grade M	2900	2900	2650	NA
	Nagpur – Grade S	2850	2800	2600	NA
	Kolkata – Grade M	2940	3000	2700	3270
	Chennai - Grade S	2775	2700	2500	2950
	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)

SUGARM 1512(NCSMAZ5)2015/10/11 - Weekly B:2738.00 A:2741.00
 O 2787.00 H 2800.00 L 2703.00 C 2740.00 ↓ V 103,200 I 0 -1.44%



Technical Commentary:

- Sugar prices and volume are falling while O.I surges up for the day.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bearishness in the market.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2640	2670	2740	2840	2870
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 2730	2780	2805	2700

Gur Market Scenario and Outlook

Spot gur market remained buoyant this week amid growing festive demand for Dussehra and Diwali.

Price of Chaku variety of gur from key Muzaffar Nagar market rose by Rs 196/quintal from Rs 2593/quintal last week to Rs 2789/quintal this week. Similarly price of Mudde variety of gur from Belgaum district of Karnataka increased by Rs 150/quintal this week from Rs 2150/quintal the previous week. Prices of Achhu (Medium), Kurikatu (Medium), Other (Medium) and Yellow (Medium) variety of gur from Mandya too increased by Rs 178, Rs 125, Rs 128 and Rs 178 per quintal respectively this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	9 Oct to 15 Oct 2015	3rd Oct to 8 Oct 2015	Change
Muzaffar Nagar	Chaku	2789	2593	196
	Chaku (Arrival)	NA	NA	-
	Khurpa	NA	NA	-
	Laddoo	NA	NA	-
	Rascut	2644	2625	19
Hapur	Chaurasa	2455	2425	30
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
BANGALORE	Mudde	3500	3500	Unch
Belgaum	Mudde	2300	2150	150
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2620	2600	20
Mahalingapura	Penti (Average)	2510	2404	106
Mandya	Achhu (Medium)	2488	2310	178
	Kurikatu (Medium)	2225	2100	125
	Other (Medium)	2238	2110	128
	Yellow (Medium)	2488	2310	178
Shimoga	Achhu (Average)	NA	2975	-

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		15-Oct-15	8-Oct-15	14-Sep-15	15-Oct-14
Muzaffar Nagar	Chaku	2953	2650	2500	2658
	Khurpa	NA	NA	NA	NA
	Laddu	NA	NA	NA	NA
	Rascut	2562.5	2625	2800	NA
Hapur	Chaurasa	2500	2425	NA	2600
	Balti	NA	NA	NA	2563
Maharashtra	Latur(Lal Variety)	NA	NA	NA	3000
BANGALORE	Mudde	3500	3500	3500	4250
Belgaum	Mudde	2300	2100	2300	2600
Belthangadi	Yellow (Average)	NA	NA	NA	3250
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2585	2550	2590	3125
Mahalingapura	Penti (Average)	NA	2470	2368	NA
Mandya	Achhu (Medium)	2500	2350	2300	NA
	Kurikatu (Medium)	2250	2100	2100	NA
	Other (Medium)	2250	2150	2150	NA
	Yellow (Medium)	2500	2350	2150	NA
Shimoga	Achhu (Average)	NA	3000	2800	3100

International Market News Highlights:

- Brazil's main centre south region had crushed 40.47 MT of sugarcane in the second half of September, 2015 to produce around 2.39 MT of sugar during the period.
- Brazil's raw sugar export declined by 4.3% as the country exported 1.41 MT of sugar in September, 2015 compared to 1.48 MT of sugar last month in August, 2015.
- 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.
- Australia sugar production is expected to rise to 5.0 MT in 2015-16, which was earlier estimated at 4.8 MT in April this year.
- Rabobank had predicted a global sugar supply deficit of 4.8 MT in 2015-16 compared to 3.7 MT of surplus in 2014-15.
- Czarnikow and Platts Kingsman projected a global sugar deficit of 4.1 MT and 3.2 MT in 2015-16 as against a surplus of 3.8 MT and 3.7 MT in 2014-15.
- 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.
- 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.
- 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.

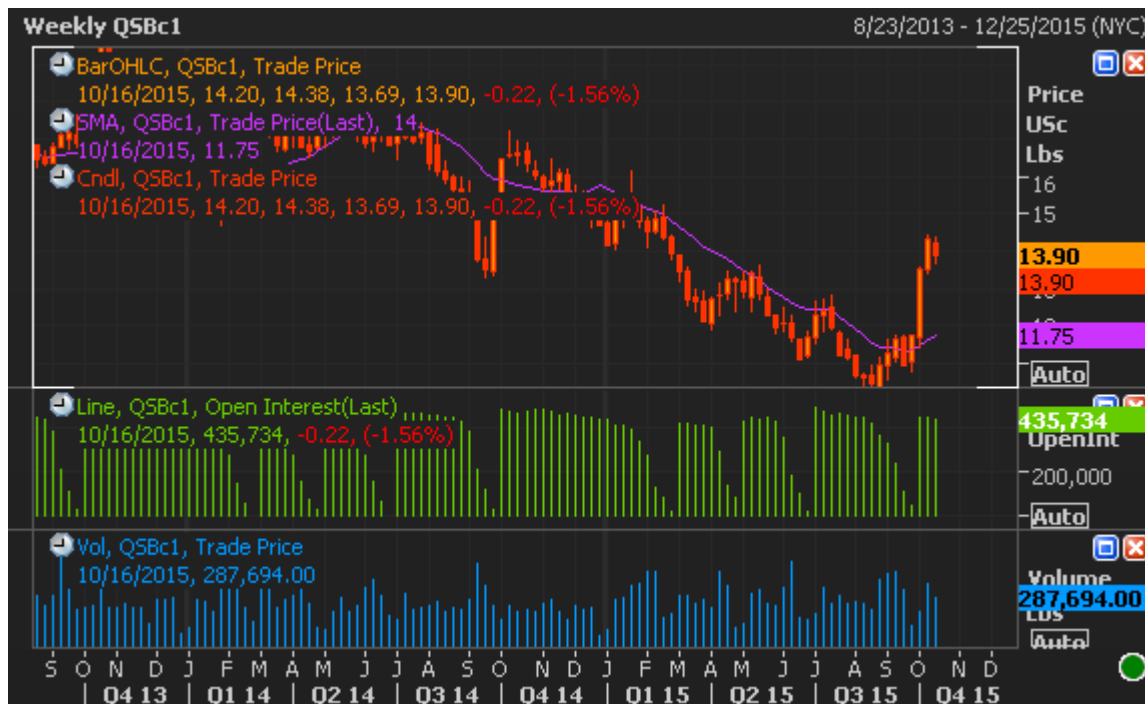
- Market player, Archer revised its Brazilian C.S sugar production estimate from 32.6 MT to 29.8 MT for 2015-16. However, the consultancy maintained the cane sugar production estimate at the previous level (581 MT) and attributed the decline in sugar production estimate to a fall in recoverable sugar levels (ATR) and greater diversion towards ethanol production.

LIFFE Future Market Sugar Scenario (Dec'15 Contract)

Technical Commentary

- LIFE future market trends downward for the week.
- The last candlestick depicts bearishness in the market.
Strategy: Sell at 380.00 with a target of 366.46

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'15	380.00	366.46

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

Technical Commentary:

- ICE raw sugar futures are trending downwards for the week.
- Last candlestick depicts bearishness in the market.

Strategy: Sell at 13.70 with target of 13.52

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	13.70	13.52



International Sugar Prices (Weekly)				
Contract Month		14-Oct-15	7-Oct-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.09	13.98	0.11
	16-May	13.89	13.72	0.17
	16-Jul	13.72	13.49	0.23
LIFFE Sugar (US \$/MT)	15-Dec	386.50	388.70	-2.20
	16-Mar	388.20	387.80	0.40
	16-May	389.30	387.30	2.00

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2015 Indian Agribusiness Systems Pvt Ltd.