

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 2670 - 2770 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

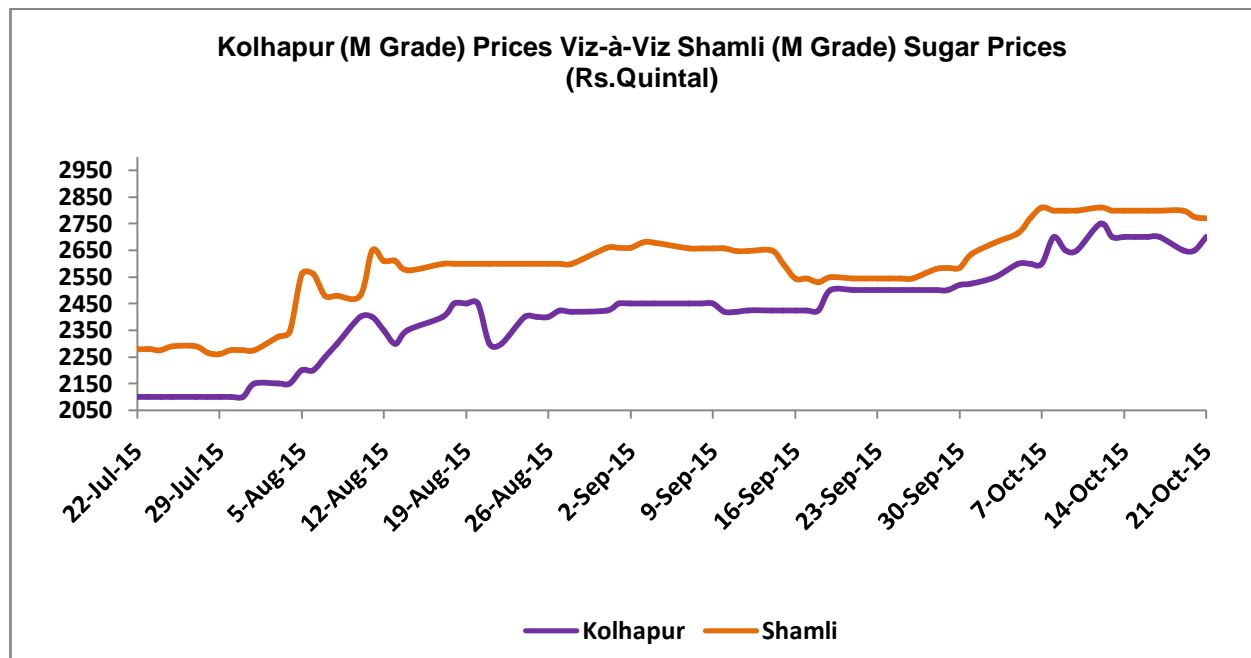
- The Indian government forecasted a total sugar production of 26 MT in India during marketing year 2015-16 (01st Oct, 2015 – 30th Sep, 2016), wherein Maharashtra, Uttar Pradesh and Karnataka are expected to produce 8.6 MT, 7.2 MT and 4.0 MT of sugar respectively.
- ISMA has revised its sugar production estimate from 280 lakh tons to 270 lakh tons in marketing year 2015-16 (1st Oct, 2015 – 30th Sep, 2016).
- 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.
- Led by favorable weather condition, improved cane variety and surge in area under better cane variety ISMA revisited 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 Rs 11.40/100kg 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 2680 per quintal this week, which was only 0.43% less than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district fell by 0.45% from Rs 2802 per quintal last week to Rs 2789 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$475.25 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$419.36 per ton.

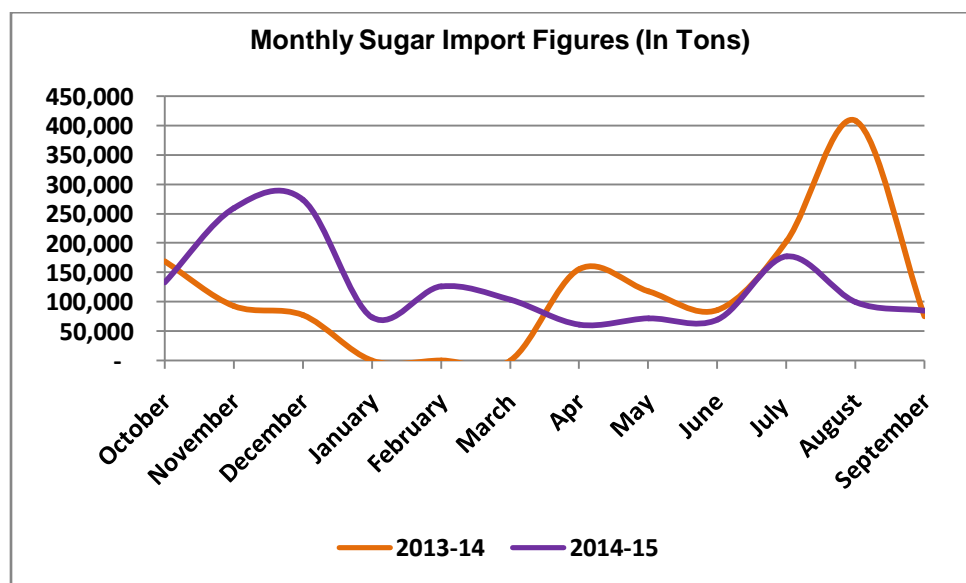
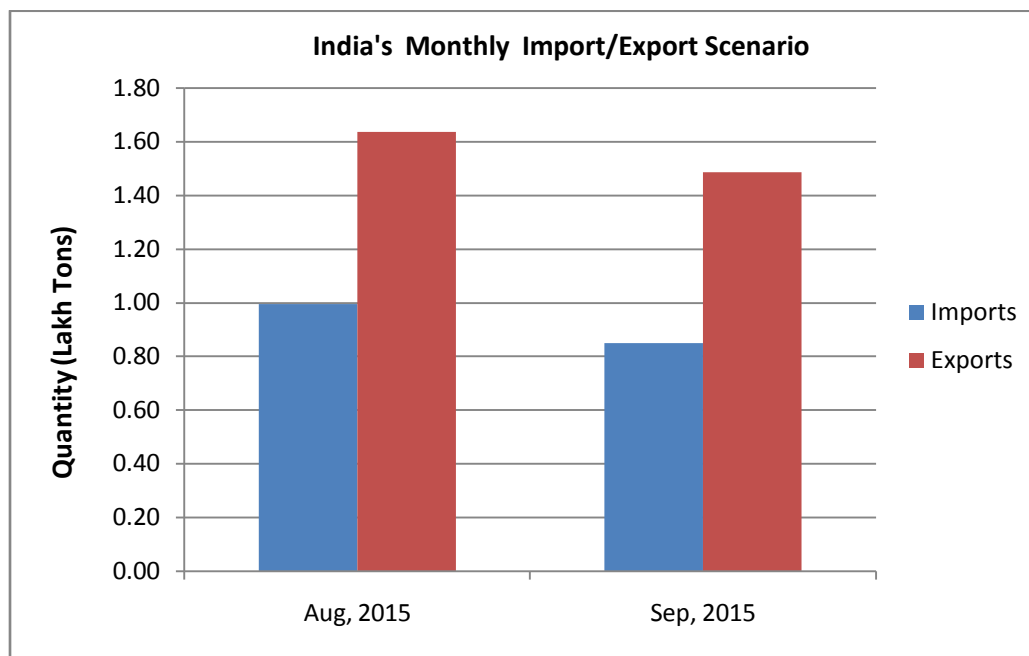
On International front, Brazil sugar FOB prices quoted at \$390.25/ Ton.

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

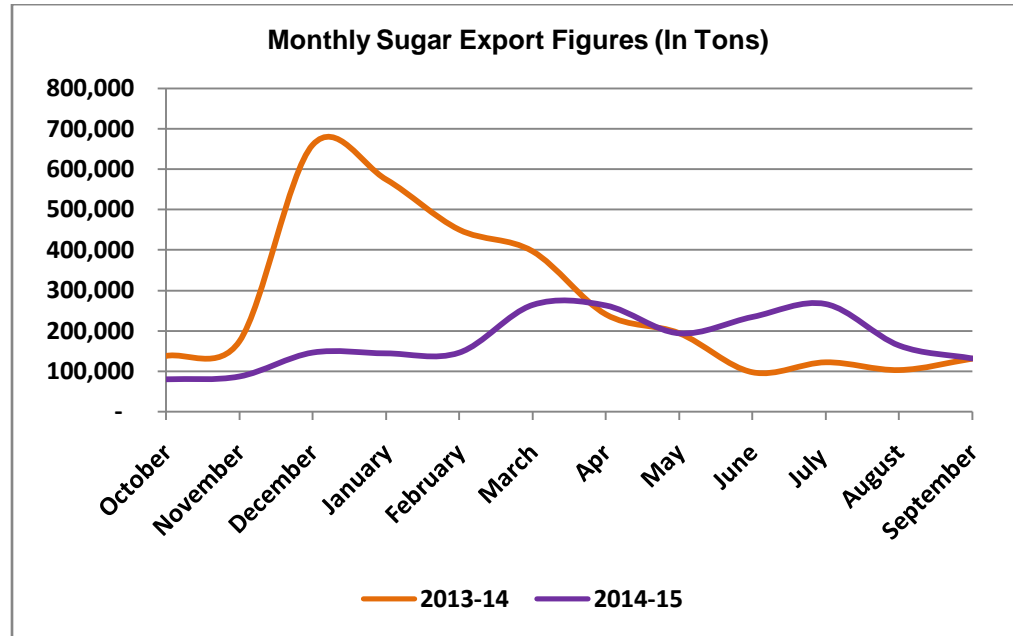
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.86) till 23 rd Oct, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$390.25	\$423.70/386.00	\$419.36

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-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	16th to 21st Oct 2015	9th to 15th Oct 2015	Change
Sugar	Delhi - Grade M	2859	2839	20
	Delhi - Grade S	NA	NA	-
	UP- Khatauli Grade M	2990	2920	70
	UP- Ramala Grade M	NA	2710	-
	UP- Dhampur Grade M Ex-Mill	2780	2802	-22
	UP- Dhampur Grade S Ex-Mill	2760	2782	-22
	UP- Dhampur Grade L Ex-Mill	2830	2852	-22
	Mumbai –Grade M	2914.4	2948	-34
	Mumbai –Grade S	2774.8	2776	-1
	Kolhapur – Grade M	2680	2692	-12
	Kolhapur – Grade S	2580	2592	-12
	Guhawati – Grade S	2882.6	2894	-11
	Shillong – Grade S	2900	2912	-12
	Vijayawada – Grade M	3060	3040	20
	Vijayawada- Grade S	2900	2880	20
	Nagpur – Grade M	2900	2900	Unch
	Nagpur – Grade S	2820	2825	-5
	Kolkata – Grade M	2892.5	2915	-23
	Chennai - Grade S	2775	2738	37
	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
		21-Oct-15	15-Oct-15	21-Sep-15	21-Oct-14
Sugar	Delhi - Grade M	2860	2870	2610	3100
	Delhi - Grade S	NA	NA	2590	3070
	UP- Khatauli Grade M	2980	2950	2700	3210
	UP- Ramala Grade M	NA	NA	NA	NA
	UP- Dhampur Grade M Ex-Mill	2750	2800	2555	NA
	UP- Dhampur Grade S Ex-Mill	2730	2780	2535	NA
	UP- Dhampur Grade L Ex-Mill	2800	2850	2605	NA
	Mumbai –Grade M	2896	2996	2736	3162
	Mumbai –Grade S	2760	2776	2590	3040
	Kolhapur – Grade M	2700	2700	2500	2900
	Kolhapur – Grade S	2600	2600	2400	2800
	Guhawati – Grade S	2903	2903	2700	3106
	Shillong – Grade S	2920	2920	2720	3120
	Vijayawada – Grade M	3060	3060	2900	3480
	Vijayawada- Grade S	2900	2900	2760	3380
	Nagpur – Grade M	2900	2900	2700	3300
	Nagpur – Grade S	2800	2850	2650	3100
	Kolkata – Grade M	Closed	2940	NA	NA
	Chennai - Grade S	Closed	2775	2575	NA
	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 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	Dec	2640	2670	2776	2840	2870
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Sell	Below 2780	2730	2705	2810

Gur Market Scenario and Outlook

Mixed sentiments were recorded in gur spot market this week where prices declined in some markets while surged in others

Price of Rascut and Chaku variety of gur from key Muzaffar Nagar market fell by Rs 186 and Rs 109 per quintal this week from Rs 2644 and Rs 2789 per quintal the previous week. Similarly price of Mudde variety of gur from Belgaum district of Karnataka fell by Rs 100/quintal from Rs 2300/quintal last week to Rs 2200/quintal this week.

On the other hand, price of Mudde variety of gur from Bangalore rose by Rs 160/quintal from Rs 3500/quintal last week to Rs 3660/quintal this week. Prices of Kurikatu (Medium) and Other (Medium) variety from Mandya too surged by Rs 25 and Rs 42 per quintal to Rs 2250 and Rs 2280 this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	16th to 21st Oct 2015	9th to 15th Oct 2015	Change
Muzaffar Nagar	Chaku	2680	2789	-109
	Chaku (Arrival)	NA	NA	-
	Khurpa	2512.5	NA	-
	Laddoo	2776.25	NA	-
	Rascut	2457.6	2644	-186
Hapur	Chaurasa	2462.5	2455	8
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3660	3500	160
Belgaum	Mudde	2200	2300	-100
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2632.5	2620	13
Mahalingapura	Penti (Average)	2540.25	2510	30
Mandya	Achhu (Medium)	2450	2488	-38
	Kurikatu (Medium)	2250	2225	25
	Other (Medium)	2280	2238	42
	Yellow (Medium)	2450	2488	-38
Shimoga	Achhu (Average)	2983.333333	NA	-

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		21-Oct-15	15-Oct-15	21-Sep-15	21-Oct-14
Muzaffar Nagar	Chaku	2450	2953	NA	NA
	Khurpa	2450	NA	NA	NA
	Laddu	2803	NA	NA	NA
	Rascut	2375	2562.5	NA	NA
Hapur	Chaurasa	2450	2500	NA	2600
	Balti	NA	NA	NA	2562.5
Maharashtra	Latur(Lal Variety)	NA	NA	NA	3000
Bangalore	Mudde	3600	3500	NA	4200
Belgaum	Mudde	NA	2300	3500	NA
Belthangadi	Yellow (Average)	NA	NA	2200	NA
Bijapur	Achhu	NA	NA	NA	2900
Gulbarga	Other (Average)	NA	2585	NA	3050
Mahalingapura	Penti (Average)	2456	NA	2640	NA
Mandya	Achhu (Medium)	2400	2500	2412	NA
	Kurikatu (Medium)	2250	2250	NA	NA
	Other (Medium)	2250	2250	NA	NA
	Yellow (Medium)	2400	2500	NA	NA
Shimoga	Achhu (Average)	2900	NA	NA	3200

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% this month 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 upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 390.00 with a target of 399.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'15	390.00	399.9

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 14.65 with target of 14.90

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	14.65	14.90



International Sugar Prices (Weekly)				
	Contract Month	20-Oct-15	14-Oct-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	13.94	14.09	-0.15
	16-May	13.76	13.89	-0.13
	16-Jul	13.63	13.72	-0.09
LIFFE Sugar (US \$/MT)	15-Dec	384.40	386.5	-2.10
	16-Mar	387.00	388.2	-1.20
	16-May	388.70	389.3	-0.60

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