

Executive Summary

Domestic Sugar Market Summary

Spot sugar prices improved this week amidst hopes of government announcing some sugar related subsidy and incentives to the millers. In addition, reports of lower cane production estimate this year too weighted on the domestic sugar prices.

Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2600 - 2680 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

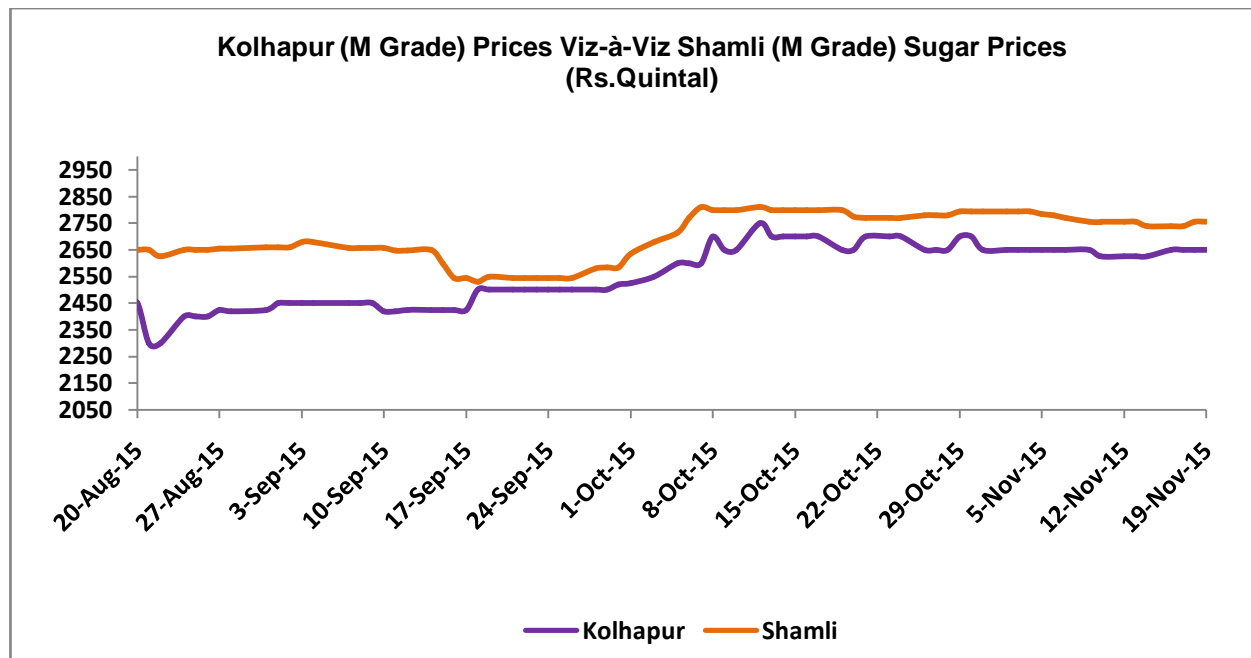
- To combat the situation of accumulating cane arrears, the government of India announced a direct production subsidy (of Rs 45/ ton of cane produced) to the sugarcane growers in the country.
- India exported 26 thousand tons of sugar in the week ending 15th November, 2015 which was 56% lower than the sugar exported the previous week.
- ICRA expected Indian sugar production to decline around 26.8 MT this marketing year in 2015-16 (01st Oct, 2015 – 30th Sep, 2016).
- 31 sugar mills in Maharashtra had commenced crushing operation for the season 2015-16 by crushing around eight lakh tons of sugarcane till this date, thereby producing 65 thousand quintals of sugar.
- In the absence of any raw sugar export subsidy, the Indian sugar exporters are focusing more on sale of low quality white sugar export rather than raw sugar export this year.

- State Cooperative Sugar Mills of Haryana are expected to crush 331 lakh quintals of sugarcane in 2015-16 (1st Oct, 2015 – 30th Sep, 2016) compared to 320.02 lakh quintal crushed in 2014 -15 (1st Oct, 2014 – 30th Sep, 2015)..
- 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.
- 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 a minimum of four million tons of sugar in MY 2015-16 (1st Oct, 2015 – 30th Sep, 2016).

Domestic Price Comparison

As shown in the chart below, the spread between the two-benchmarks narrowed down this week indicating a lower price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2642 per quintal this week, which was only 0.06% higher than the price reported last week. However, sugar prices for the same variety/grade in Shamli district fell by 0.58% from Rs 2763 per quintal last week to Rs 2748 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$478.41 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$406.06 per ton.

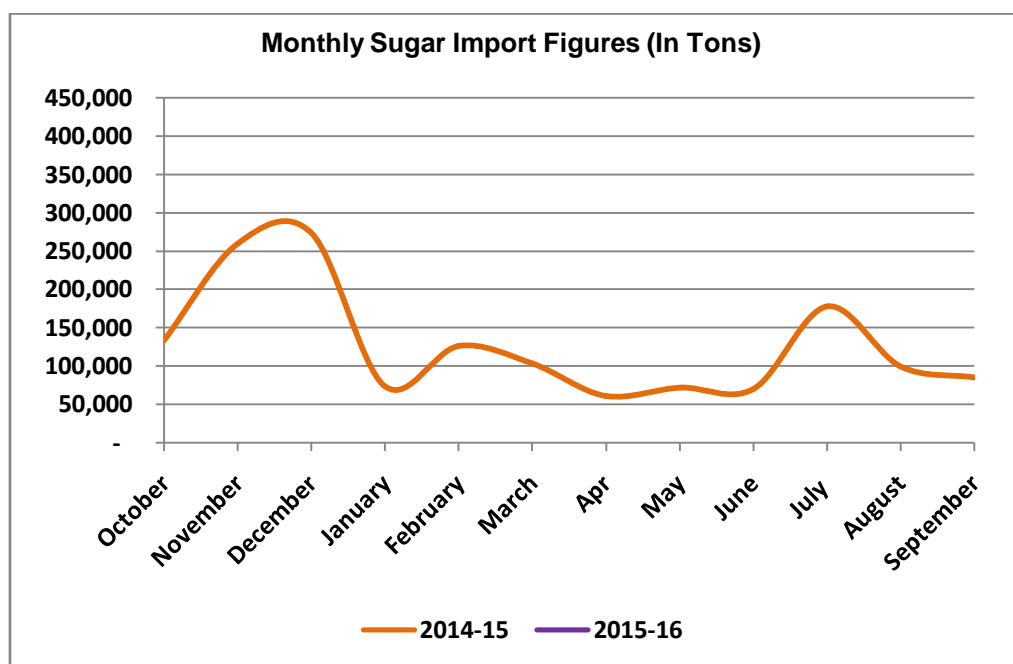
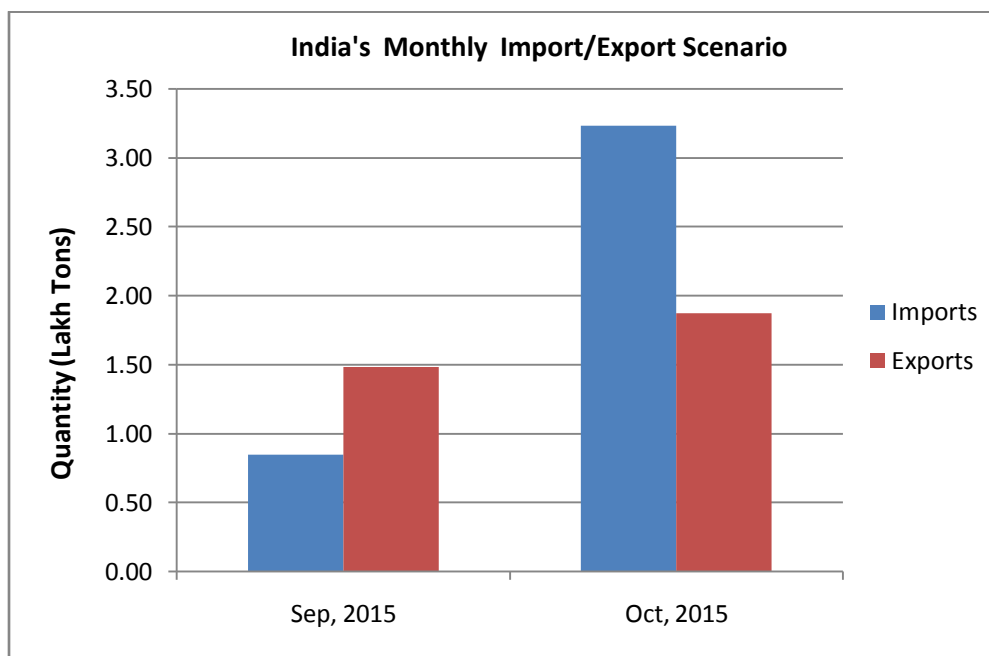
On International front, Brazil sugar FOB prices quoted at \$393.75/ Ton.

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

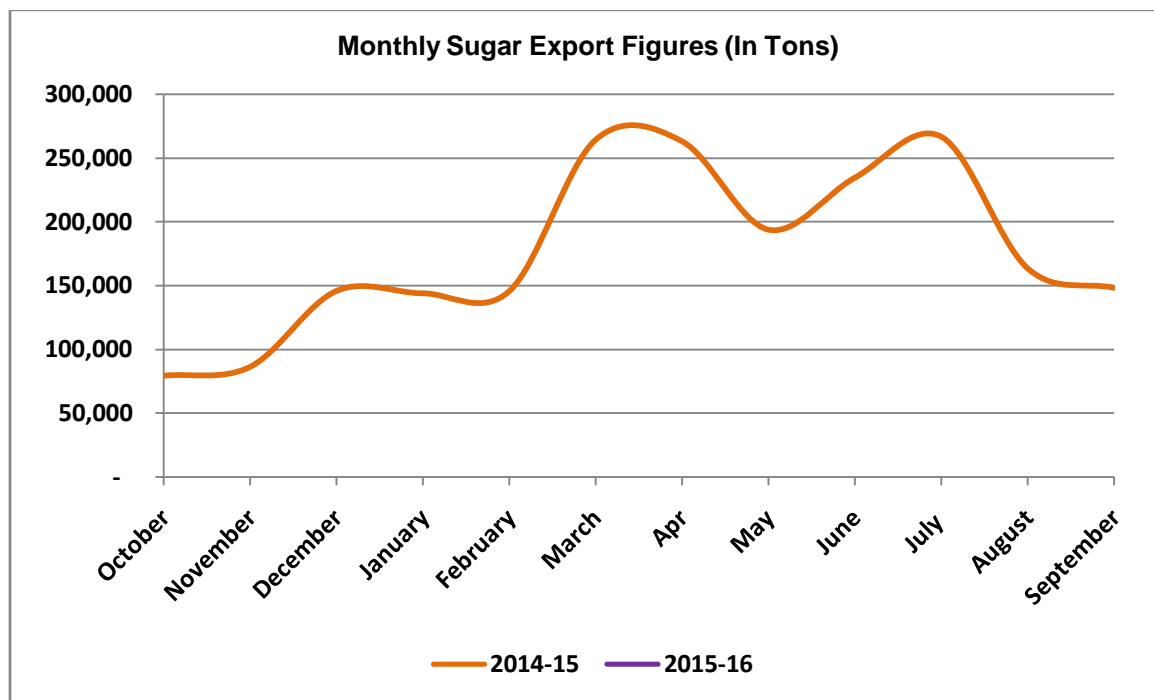
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.05) till 20 th Nov, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$393.75	\$436.80/393.90	\$406.06

Sugar Import and Export Scenario

Indian sugar trade showed a drastic change with the country importing 3.23 lakh tons of sugar in October 2015 compared to 0.85 lakh tons of sugar the previous month. Higher demand owing to festive season within the nation, and a deficit prospect worldwide, caused India to import a huge quantity of raw sugar, particularly from Brazil, then refine, and resell it to the nearby countries.



On the other hand, an appreciated domestic currency caused India to export 1.87 lakh tons of sugar in October, 2015 which was 26.4% higher than the sugar exported last month in September, 2015.



Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	13th Nov to 19th Nov 2015	6th Nov to 12th Nov 2015	Change
Sugar	Delhi - Grade M	2783	2800	-17
	Delhi - Grade S	NA	2800	-
	UP- Khatauli Grade M	2947	2954	-8
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2738	2753	-15
	UP- Dhampur Grade S Ex-Mill	2718	2733	-15
	UP- Dhampur Grade L Ex-Mill	2788	2803	-15
	Mumbai –Grade M	2846	2878	-32
	Mumbai –Grade S	2744	2748	-4
	Kolhapur – Grade M	2650	2640	10
	Kolhapur – Grade S	2550	2540	10
	Guhawati – Grade S	2852	2842	10
	Shillong – Grade S	2870	2860	10
	Vijayawada – Grade M	2960	2996	-36
	Vijayawada- Grade S	2800	2836	-36
	Nagpur – Grade M	2863	2900	-38
	Nagpur – Grade S	2763	2800	-38
	Kolkata – Grade M	2827	2875	-48
	Chennai - Grade S	2742	2770	-28
	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
		19-Nov-15	13-Nov-15	19-Oct-15	19-Nov-14
Sugar	Delhi - Grade M	2771	2750	2850	2950
	Delhi - Grade S	NA	NA	NA	2900
	UP- Khatauli Grade M	2960	Closed	3000	3085
	UP- Ramala Grade M	NA	Closed	NA	2930
	UP- Dhampur Grade M Ex-Mill	2750	Closed	2800	2860
	UP- Dhampur Grade S Ex-Mill	2730	Closed	2780	2840
	UP- Dhampur Grade L Ex-Mill	2800	Closed	2850	2910
	Mumbai –Grade M	2842	NR	2900	3190
	Mumbai –Grade S	2752	NR	2776	2876
	Kolhapur – Grade M	2650	2625	2650	2900
	Kolhapur – Grade S	2550	2525	2550	2800
	Guhawati – Grade S	2852	2827	2852	3106
	Shillong – Grade S	2870	2845	2870	3120
	Vijayawada – Grade M	2960	2960	3060	3400
	Vijayawada- Grade S	2800	2800	2900	3200
	Nagpur – Grade M	2900	Closed	2900	3100
	Nagpur – Grade S	2800	Closed	2800	3000
	Kolkata – Grade M	2900	2850	2860	NA
	Chennai - Grade S	2750	2750	2775	2900
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	NA
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	NA

Commodity: Sugar
Contract: Dec

Exchange: NCDEX
Expiry: Dec 18, 2015

SUGAR (December Weekly Chart)



Technical Commentary:

- Sugar prices and volume are increasing while O.I fell down for the week.
- 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	2560	2620	2693	2780	2840
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 2690	2740	2765	2660

Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market this week with price rising in some markets while declining in others.

Prices of Chaku variety of gur from key Muzaffar Nagar market fell by Rs 612/quintal despite receiving a lower arrival this week. Similarly, prices of Khurpa, Laddoo and Rascut variety fell by Rs 450, Rs 493 and Rs 374 per quintal from Rs 2454, Rs 2701 and Rs 2366 per quintal the previous week. Price of Penti (Average) variety from Mahalingapura too declined by Rs 208/quintal from Rs 2578/quintal to Rs 2370/quintal this week.

On the other hand, prices of Achhu (Average) variety from Shimoga rose by Rs 150/quintal from Rs 2850/quintal to Rs 3000/quintal this week. Prices of Yellow (Medium) and Achhu (Medium) variety of gur from Mandya district too increased by Rs 90 and Rs 85 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

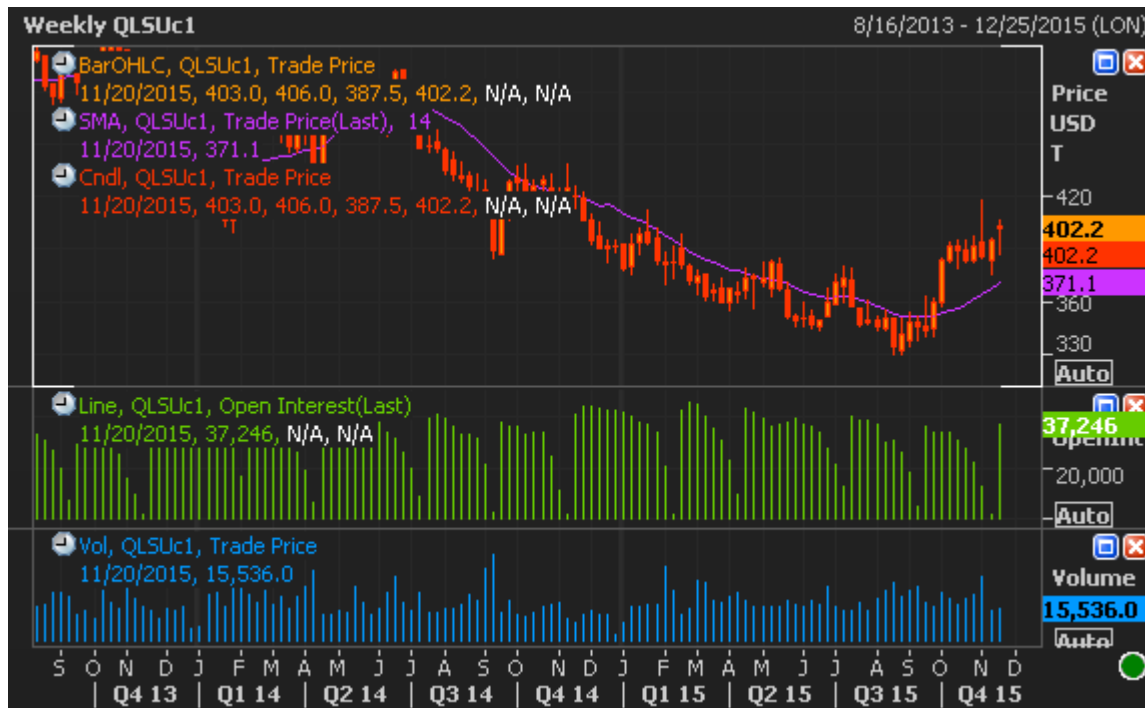
Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	13th Nov to 19th Nov 2015	6th Nov to 12th Nov 2015	Change
Muzaffar Nagar	Chaku	2135	2747	-612
	Chaku (Arrival)	4833	5875	-1042
	Khurpa	2004	2454	-450
	Laddoo	2208	2701	-493
	Rascut	1992	2366	-374
Hapur	Chaurasa	2190	2358	-168
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3600	3600	Unch
Belgaum	Mudde	2325	2150	175
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2574	NA	-
Mahalingapura	Penti (Average)	2370	2578	-208
Mandya	Achhu (Medium)	2460	2375	85
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2290	2225	65
	Yellow (Medium)	2440	2350	90
Shimoga	Achhu (Average)	3000	2850	150

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		19-Nov-15	13-Nov-15	19-Oct-15	19-Nov-14
Muzaffar Nagar	Chaku	2600	NA	2600	2375
	Khurpa	2430	NA	NA	2200
	Laddu	2753	NA	NA	2425
	Rascut	2425	NA	2450	NA
Hapur	Chaurasa	2200	NA	NA	2163
	Balti	NA	NA	NA	2075
Maharashtra	Latur(Lal Variety)	NA	NA	NA	2450
Bangalore	Mudde	3600	NA	3800	4200
Belgaum	Mudde	2500	NA	2100	2700
Belthangadi	Yellow (Average)	NA	NA	NA	3300
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2590	NA	2650	2740
Mahalingapura	Penti (Average)	2383	NA	2540	2780
Mandya	Achhu (Medium)	2500	NA	2450	2700
	Kurikatu (Medium)	2200	NA	2250	2300
	Other (Medium)	2300	NA	2300	2350
	Yellow (Medium)	2500	NA	2450	2700
Shimoga	Achhu (Average)	NA	NA	NA	3200

International Market News Highlights:

- According to Green Pool, world's largest sugar consumer, China, is expected to undergo a sugar supply deficit of more than 6.0 MT in 2015-16.
- WTO members such as EU (European Union) and Brazil are putting forward a proposal to end agricultural export subsidy by the organization.
- Rising domestic demand could force Indonesia to increase its raw sugar import to approximately 3.25 MT in 2016 compared to 3.1 MT in 2015.
- Broking firm FCStone predicted global sugar supply deficit of 5.6 MT in 2015-16 led by lower sugar output from Europe and India.
- According to Safras, sugar crush in Brazil's main centre south region is expected to decline further (33 MT) in the second half of October 2015 compared to 36.13 MT of sugar crushed in the first half of the month.
- A higher humid climate in Brazil, caused sugar recovery rate to decline this year in 2015 -16 (01st Apr, 2015 – 30th Sep, 2015).
- Agroconsult predicted Brazil's C.S region to produce 615-630 MT of sugarcane in 2016-17, which could probably generate 32.9-33.7 MT of sugar thereon.
- Brazil's C.S region had crushed around 38.38 MT of sugarcane in the second half of October 2015 thereby yielding 2.17 MT of sugar during the period. Thus, cumulative sugar output for MY 2015-16 (1st April, 2015 – 31st October, 2015) stands at 27.50 MT till date.
- Broking firm, FCStone revisited its Brazilian northeast cane crush from 59.5 MT to 53.5 MT amid excessive dry weather condition prevailing in the region.
- Agroconsult predicted Brazil's C.S region to produce 615-630 MT of sugarcane in 2016-17, which could probably generate 32.9-33.7 MT of sugar thereon.
- A fall in ASIAN raw sugar import duty for 2015 and 2016 enabled the Thai raw sugar exporters to acquire a greater share in the Indonesian sugar market, which was earlier occupied by the Brazilian counterparts.
- In the absence of any raw sugar export subsidy, the Indian sugar exporters are focusing more on sale of low quality white sugar export rather than raw sugar export this year.

- International Sugar Organization (ISO) increased the global sugar deficit to 3.5 MMT from 2.5 MMT primarily on lower production India, EU and Ukraine.
- USDA made a downward revision of 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.

LIFFE Future Market Sugar Scenario (Mar'16 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Buy at 402.0 with a target of 408.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	402.0	408.9

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

Technical Commentary:

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

Strategy: Buy at 15.00 with target of 15.42

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	15.00	15.42



International Sugar Prices (Weekly)				
	Contract Month	18-Nov-15	11-Nov-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.47	14.69	-0.22
	16-May	14.14	14.34	-0.20
	16-Jul	13.92	14.07	-0.15
LIFFE Sugar (US \$/MT)	16-Mar	390.80	398.00	-7.20
	16-May	394.10	400.00	-5.90
	16-Aug	394.80	399.5	-4.70

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