

Executive Summary

Domestic Sugar Market Summary

Spot sugar price traded steady to firm 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 2570 - 2660 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

- 175 sugar mills in India had started the crushing operation for this MY 2015-16 (01st Oct, 2015 – 15th Nov, 2015) and had produced 7.61 lakh tons of sugar till date.
- A production surge of 39.03% has been seen in Maharashtra where 114 sugar mills had collectively produced 4.31 lakh tons of sugar this season compared to only 3.1 lakh tons of sugar produced last year during the same interval.
- 1.60 lakh tons of sugar has been produced in the state of Karnataka in this marketing year, which is almost same as the production made during the corresponding period last year..
- Gujarat had produced 1.10 lakh tons of sugar this marketing year compared to 0.78 lakh tons of sugar last year during the same period.

- Sugar production rose by 0.28 lakh tons in Tamil Nadu which produced 0.40 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Nov, 2015) compared to 0.12 lakh tons production in 2014-15 (01st Oct, 2014 – 15th Nov, 2014).
- Andhra Pradesh and Telangana together produced 0.05 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Nov, 2015) compared to 0.12 lakh tons sugar produced in 2014-15 (01st Oct, 2014 – 15th Nov, 2014).
- 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.
- 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.

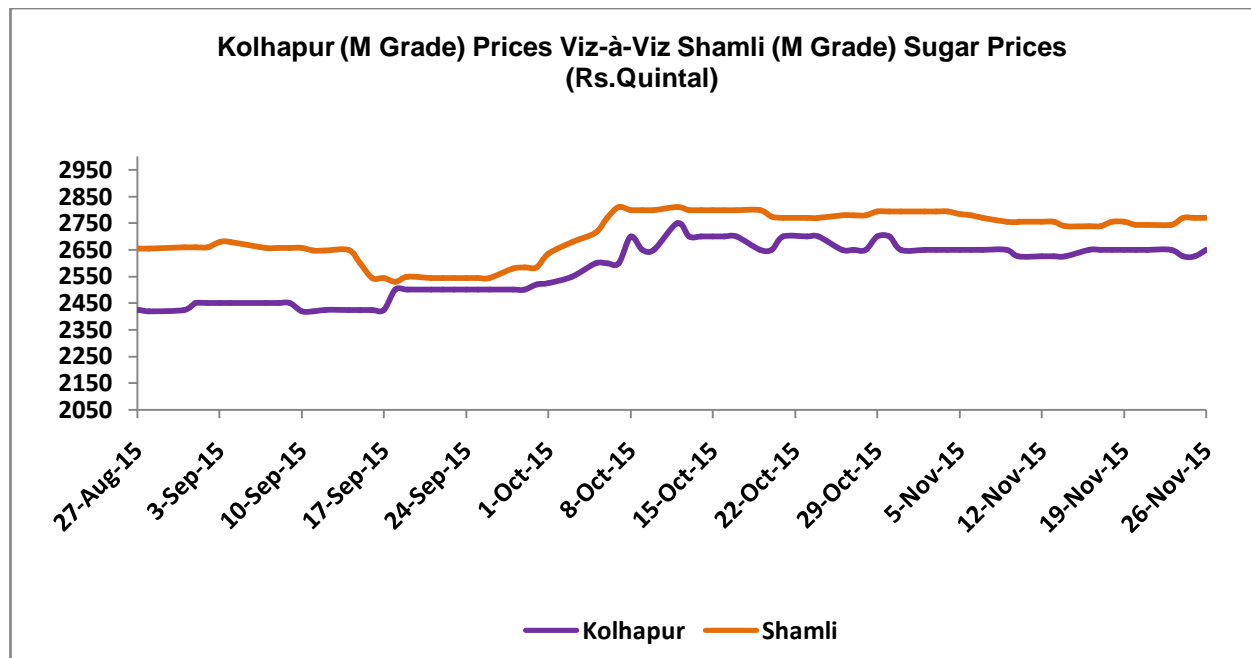
Indian Sugar Production Scenario Up to 15th November, 2015:

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	4.31	3.10
Karnataka	1.60	1.60
Gujarat	1.10	0.78
Tamil Nadu	0.40	0.12
Andhra Pradesh + Telengana	0.05	0.12
All India	7.61	5.74

Domestic Price Comparison

As shown in the chart below, the spread between the two-benchmarks widened a little this week depicting a little more 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 same as the price reported last week. However, sugar prices for the same variety/grade in Shamli district rose by 0.36% from Rs 2748 per quintal last week to Rs 2758 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 \$401.62 per ton.

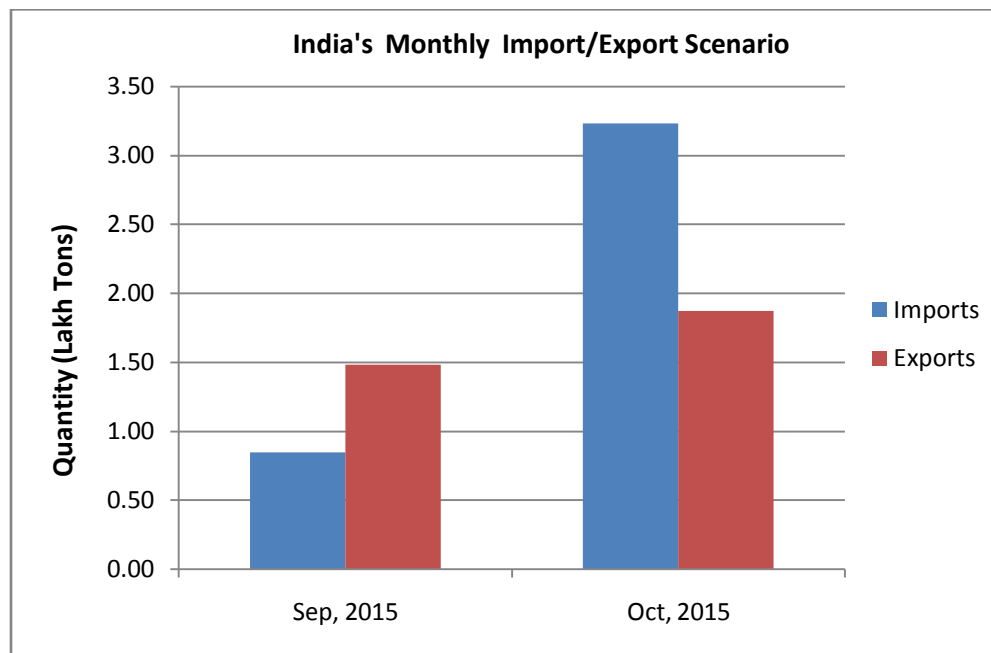
On International front, Brazil sugar FOB prices quoted at \$393.75/ Ton.

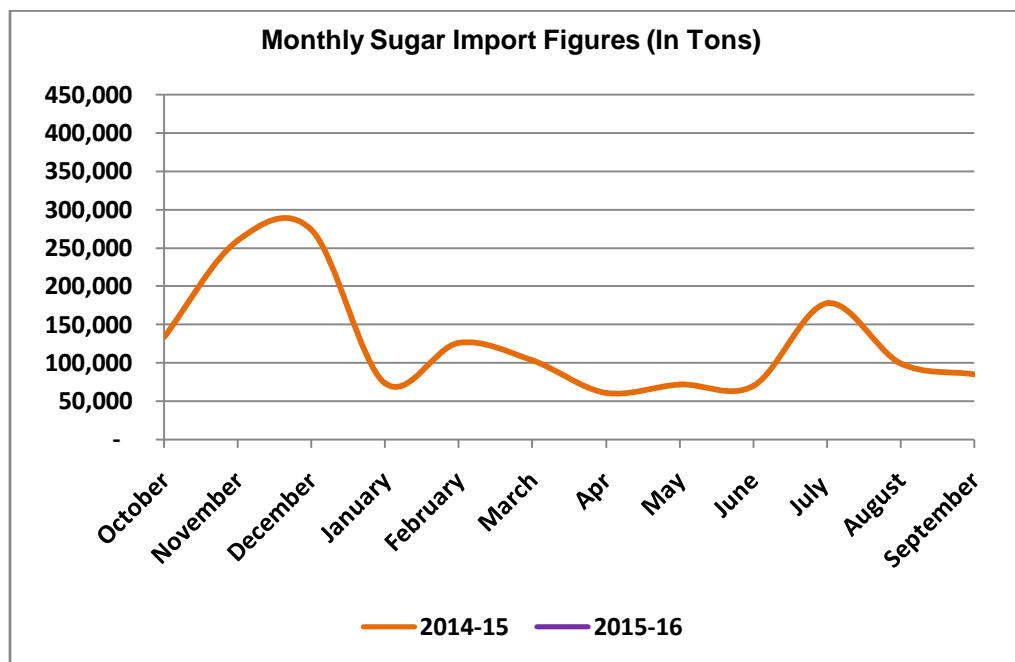
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.78) till 27 th Nov, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$393.75	\$436.80/412.50	\$401.62

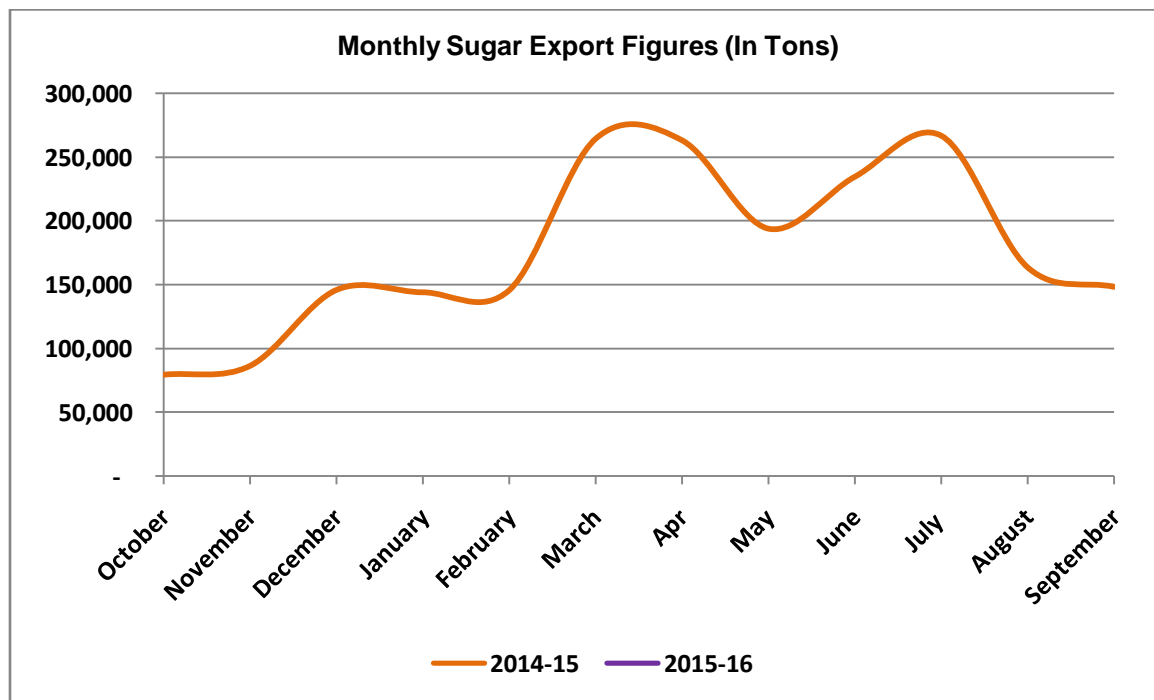
Sugar Import and Export Scenario

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	20th Nov to 26th Nov 2015	13th Nov to 19th Nov 2015	Change
Sugar	Delhi - Grade M	2795	2783	12
	Delhi - Grade S	NA	NA	-
	UP- Khatauli Grade M	2928	2947	-19
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2743	2738	5
	UP- Dhampur Grade S Ex-Mill	2723	2718	5
	UP- Dhampur Grade L Ex-Mill	2793	2788	5
	Mumbai –Grade M	2848	2846	2
	Mumbai –Grade S	2741	2744	-3
	Kolhapur – Grade M	2642	2650	-8
	Kolhapur – Grade S	2542	2550	-8
	Guhawati – Grade S	2844	2852	-8
	Shillong – Grade S	2862	2870	-8
	Vijayawada – Grade M	2960	2960	Unch
	Vijayawada- Grade S	2800	2800	Unch
	Nagpur – Grade M	2900	2863	37
	Nagpur – Grade S	2756	2763	-7
	Kolkata – Grade M	2960	2827	133
	Chennai - Grade S	2746	2742	4
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	2835	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	2835	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		26-Nov-15	19-Nov-15	26-Oct-15	26-Nov-14
Sugar	Delhi - Grade M	2790	2771	Closed	2900
	Delhi - Grade S	NA	NA	Closed	2875
	UP- Khatauli Grade M	2905	2960	3220	3055
	UP- Ramala Grade M	NA	NA	3010	2930
	UP- Dhampur Grade M Ex-Mill	2730	2750	3090	2830
	UP- Dhampur Grade S Ex-Mill	2710	2730	3070	2810
	UP- Dhampur Grade L Ex-Mill	2780	2800	3140	2880
	Mumbai –Grade M	2836	2842	NA	3125
	Mumbai –Grade S	2722	2752	NA	2846
	Kolhapur – Grade M	2650	2650	Closed	2800
	Kolhapur – Grade S	2550	2550	Closed	2700
	Guhawati – Grade S	2852	2852	NA	3004
	Shillong – Grade S	2870	2870	NA	3020
	Vijayawada – Grade M	2960	2960	3480	3380
	Vijayawada- Grade S	2800	2800	3380	3180
	Nagpur – Grade M	NA	2900	3250	3100
	Nagpur – Grade S	2739	2800	3100	2900
	Kolkata – Grade M	2960	2900	NA	3005
	Chennai - Grade S	2725	2750	Closed	2900
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	2835	3161	NA
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	2835	3135	NA

Commodity: Sugar
Contract: Dec

Exchange: NCDEX
Expiry: Dec 18, 2015

SUGAR (December Weekly Chart)



Technical Commentary:

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

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2560	2580	2668	2780	2840
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Sell	Below 2670	2630	2610	2694

Gur Market Scenario and Outlook

Spot gur market mainly remained buoyant amid surging demand of gur due to onset of winter season. Prices of Chaku, Khurpa, Laddoo and Rascut variety of gur from key Muzaffar Nagar market rose by Rs 380, Rs 349, Rs 402 and Rs 356 per quintal from Rs 2135, Rs 2004, Rs 2208 and Rs 1992 per quintal last week. Similarly, price of Achhu (Medium) and Yellow (Medium) variety of gur from Mandya rose from Rs 2460 and Rs 2440 per quintal to Rs 2533 per quintal each this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	20th Nov to 26th Nov 2015	13th Nov to 19th Nov 2015	Change
Muzaffar Nagar	Chaku	2515	2135	380
	Chaku (Arrival)	920	4833	-3913
	Khurpa	2353	2004	349
	Laddoo	2610	2208	402
	Rascut	2348	1992	356
Hapur	Chaurasa	2163	2190	-27
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3600	3600	Unch
Belgaum	Mudde	2340	2325	15
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2604	2574	30
Mahalingapura	Penti (Average)	2444	2370	74
Mandya	Achhu (Medium)	2533	2460	73
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2300	2290	10
	Yellow (Medium)	2533	2440	93
Shimoga	Achhu (Average)	2800	3000	-200

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		26-Nov-15	19-Nov-15	26-Oct-15	26-Nov-14
Muzaffar Nagar	Chaku	2450	2600	2678	2375
	Khurpa	2313	2430	2445	2225
	Laddu	2500	2753	2575	2338
	Rascut	2325	2425	2375	NA
Hapur	Chaurasa	2160	2200	2400	2138
	Balti	NA	NA	NA	2050
Maharashtra	Latur(Lal Variety)	NA	NA	NA	2400
Bangalore	Mudde	3600	3600	NA	4000
Belgaum	Mudde	2300	2500	NA	2800
Belthangadi	Yellow (Average)	NA	NA	NA	3150
Bijapur	Achhu	NA	NA	NA	2500
Gulbarga	Other (Average)	2625	2590	NA	2715
Mahalingapura	Penti (Average)	NA	2383	NA	2510
Mandya	Achhu (Medium)	2550	2500	NA	2600
	Kurikatu (Medium)	2200	2200	NA	2300
	Other (Medium)	2250	2300	NA	2350
	Yellow (Medium)	2600	2500	NA	2600
Shimoga	Achhu (Average)	2800	NA	NA	3100

International Market News Highlights:

- Kingsman predicted a global sugar supply deficit of 3.3 MT in 2015-16, which is expected to rise further to 6.4 MT in 2016-17 amidst fall in world's total sugar production.
- Brazil's main centre south region crushed only 1.2 MT of sugar in the first half of November, 2015 as excessive rainfall disrupted cane crushing in the region.
- Morgan Stanley predicted a global sugar supply deficit of 3.7 MT in 2015-16 on the back of lower production estimate in Brazil and India.
- China, the world's biggest sugar importer, had imported 3.6 lakh tons of sugar in October, 2015 which was 14.5% less than the sugar imported last year in October, 2014.
- 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.
- 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.

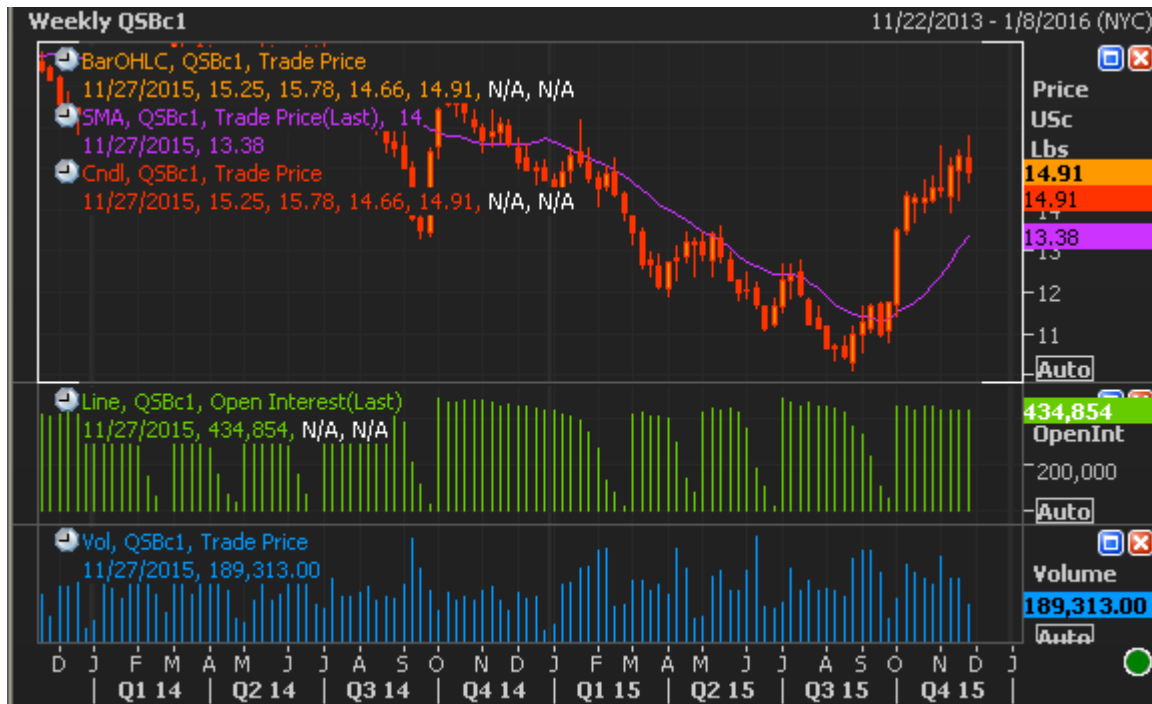
- A fall in ASIAN raw sugar import duty for 2015 and 2016 enabled the Thai raw sugar exporters to acquire a greater share in the Indonesian sugar market, earlier occupied by the Brazilian counterparts.
- In the absence of any raw sugar export subsidy, the Indian sugar exporters are focusing more on sale 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, earlier estimated at 4.8 MT in April this year, is expected to rise to 5.0 MT in 2015-16.

LIFFE Future Market Sugar Scenario (Mar'16 Contract)

Technical Commentary

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Buy at 405.0 with a target of 417.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	405.0	417.6

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

Technical Commentary:

- ICE raw sugar futures are trending upwards for the week.
 - Last candlestick depicts bearishness 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	25-Nov-15	18-Nov-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.91	14.47	0.44
	16-May	14.53	14.14	0.39
	16-Jul	14.26	13.92	0.34
LIFFE Sugar (US \$/MT)	16-Mar	402.80	390.8	12
	16-May	404.50	394.1	10.4
	16-Aug	404.70	394.8	9.9

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