

**Executive Summary****Domestic Sugar Market Summary**

Spot sugar prices declined this week on back of higher arrivals and stocks pressure in the market. However, reports of global sugar supply deficit capped the fall.

**Price Projection For The Next Week**

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2560 - 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**

- India's raw sugar exports are expected to decline this year as the millers in the country are prioritizing the sale of low quality white sugar to the domestic and international market over and above the export of raw sugar to the international market.
- The Oil Marketing Companies (OMCs) in India had agreed upon acquiring 1,040 million litres of ethanol supply from the country this year in 2015-16 (October September) compared to 780 million litres acquired last year in 2014-15 (October September).
- 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 (01<sup>st</sup> Oct, 2014 – 15<sup>th</sup> 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.

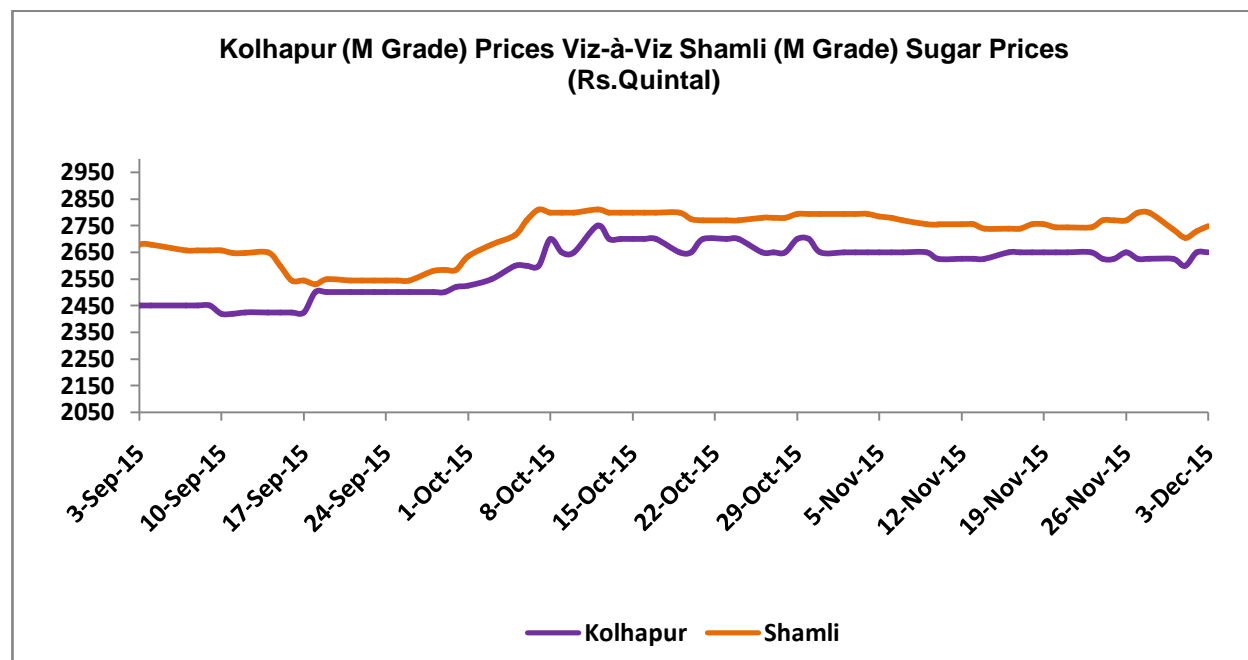
**Indian Sugar Production Scenario Up to 15th November, 2015:**

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 + Telangana	0.05	0.12
<b>All India</b>	<b>7.61</b>	<b>5.74</b>

### 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 2629 per quintal this week, which was 0.47% lower than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district fell by 0.18% from Rs 2758 per quintal last week to Rs 2753 per quintal this week.



### Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$509.92 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$399.97 per ton.

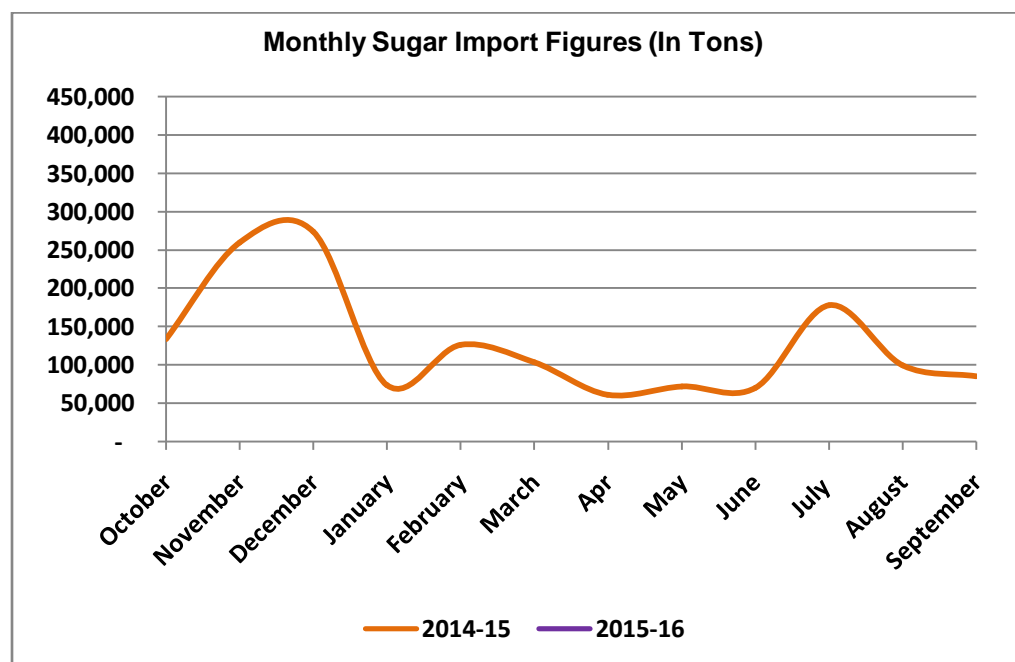
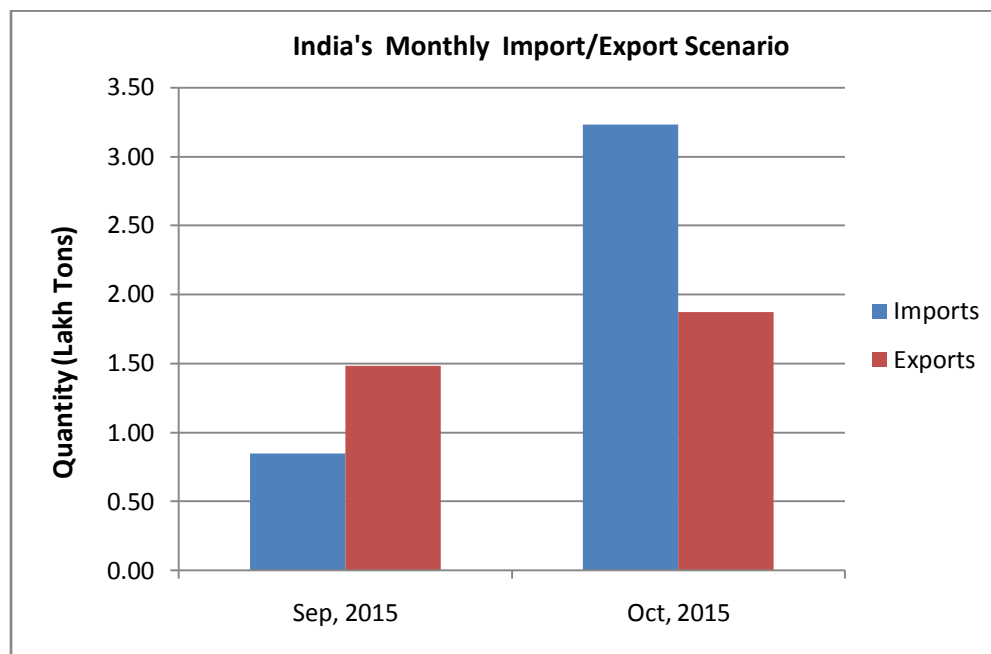
On International front, Brazil sugar FOB prices quoted at \$417.80/ Ton.

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

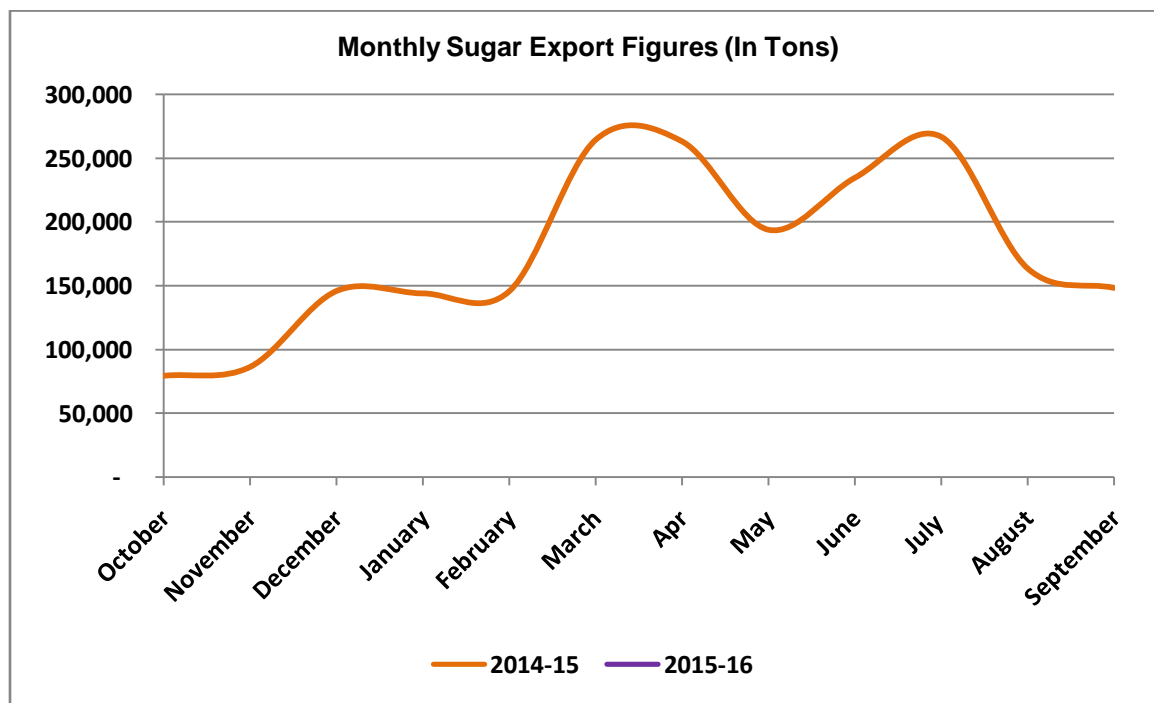
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.83) till 04 <sup>th</sup> Dec, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$417.80	\$436.80/404.60	\$399.97

### 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 in September, 2015.



**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	27th Nov to 03rd Dec 2015	20th Nov to 26th Nov 2015	Change
Sugar	Delhi - Grade M	2785	2795	-10
	Delhi - Grade S	NA	NA	-
	UP- Khatauli Grade M	2888	2928	-40
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2697	2743	-46
	UP- Dhampur Grade S Ex-Mill	2677	2723	-46
	UP- Dhampur Grade L Ex-Mill	2747	2793	-46
	Mumbai –Grade M	2841	2848	-7
	Mumbai –Grade S	2655	2741	-86
	Kolhapur – Grade M	2629	2642	-13
	Kolhapur – Grade S	2533	2542	-9
	Guhawati – Grade S	2835	2844	-9
	Shillong – Grade S	2853	2862	-9
	Vijayawada – Grade M	2963	2960	3
	Vijayawada- Grade S	2803	2800	3
	Nagpur – Grade M	NA	2900	-
	Nagpur – Grade S	2673	2756	-83
	Kolkata – Grade M	2945	2960	-15
	Chennai - Grade S	2720	2746	-26
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	NA	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		03-Dec-15	26-Nov-15	03-Nov-15	03-Dec-14
Sugar	Delhi - Grade M	2800	2790	2850	2895
	Delhi - Grade S	NA	NA	2825	2865
	UP- Khatauli Grade M	2900	2905	2900	3040
	UP- Ramala Grade M	NA	NA	NA	2870
	UP- Dhampur Grade M Ex-Mill	NA	2730	2680	2950
	UP- Dhampur Grade S Ex-Mill	NA	2710	2660	2930
	UP- Dhampur Grade L Ex-Mill	NA	2780	2730	3000
	Mumbai –Grade M	2860	2836	2886	3020
	Mumbai –Grade S	2746	2722	2750	2812
	Kolhapur – Grade M	2650	2650	2650	2750
	Kolhapur – Grade S	250	2550	2550	2650
	Guhawati – Grade S	2852	2852	2852	2954
	Shillong – Grade S	2870	2870	2870	2970
	Vijayawada – Grade M	2980	2960	3060	3280
	Vijayawada- Grade S	2820	2800	2900	3080
	Nagpur – Grade M	NA	NA	2900	3050
	Nagpur – Grade S	2620	2739	2800	2850
	Kolkata – Grade M	2980	2960	NA	3060
	Chennai - Grade S	NA	2725	2775	2900
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	NA	2835	3035
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	2835	3035



Commodity: Sugar  
Contract: Dec

Exchange: NCDEX  
Expiry: Dec 18, 2015

### SUGAR (December Weekly Chart)



#### Technical Commentary:

- Sugar prices and volume are rising while O.I 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	2680	2741	2800	2840
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	<b>Sell</b>	Below 2745	2705	2685	2769

### Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market with price declining in some markets while rising in others. Prices of Kurikatu (Medium) variety of gur from Mandya rose by Rs 117/quintal this week from Rs 2200/quintal the previous week. Similarly, prices of Achhu (Average) variety from Shimoga and Chaurasa variety from Hapur increased by Rs 67 and Rs 51 per quintal to Rs 2867 and Rs 2214 per quintal this week.

On the other hand, prices of Khurpa, Laddoo and Chaku variety of gur from key Muzaffar Nagar market fell by Rs 122, Rs 108 and Rs 78 per quintal to Rs 2231, Rs 2502 and Rs 2437 per quintal this week. Prices of Mudde variety of gur from Belgaum too declined by Rs 88/quintal this week from Rs 2340/quintal to Rs 2252/quintal.

### Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	27th Nov to 03rdDec 2015	20th Nov to 26th Nov 2015	Change
Muzaffar Nagar	Chaku	2437	2515	-78
	Chaku (Arrival)	41000	46000	-5000
	Khurpa	2231	2353	-122
	Laddoo	2502	2610	-108
	Rascut	2317	2348	-31
Hapur	Chaurasa	2214	2163	51
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3600	3600	Unch
Belgaum	Mudde	2252	2340	-88
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2622	2604	18
Mahalingapura	Penti (Average)	2409	2444	-35
Mandya	Achhu (Medium)	2550	2533	17
	Kurikatu (Medium)	2317	2200	117
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2533	2533	Unch
Shimoga	Achhu (Average)	2867	2800	67

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		03-Dec-15	26-Nov-15	03-Nov-15	03-Dec-14
Muzaffar Nagar	Chaku	2488	2450	2750	2313
	Khurpa	2300	2313	2450	2125
	Laddu	2575	2500	2763	2075
	Rascut	2325	2325	2395	NA
Hapur	Chaurasa	2250	2160	2300	2030
	Balti	NA	NA	NA	2038
Maharashtra	Latur(Lal Variety)	NA	NA	NA	NA
Bangalore	Mudde	3600	3600	3600	4150
Belgaum	Mudde	2200	2300	NA	2600
Belthangadi	Yellow (Average)	NA	NA	NA	NA
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2645	2625	NA	2700
Mahalingapura	Penti (Average)	2405	NA	NA	2630
Mandya	Achhu (Medium)	2550	2550	NA	2550
	Kurikatu (Medium)	2300	2200	NA	2250
	Other (Medium)	2300	2250	NA	2250
	Yellow (Medium)	2550	2600	NA	2550
Shimoga	Achhu (Average)	2800	2800	2850	3100

**International Market News Highlights:**

- Brazil raw sugar export declined by 3.35% in the month of November 2015 as the country exported 2 MT of sugar during the month compared to 2.07 MT of exports in October, 2015.
- A buoyant sweetener demand in Brazil led the sugar producers in the country to buy back their sold raw sugar (meant for export) from the trade houses.
- Indonesia's Trade Ministry expects the country to import 3.22 MT of raw sugar in 2016 compared to 3.1 MT of import target this year.
- 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 – 30<sup>th</sup> 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.
- 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 shall 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 upward for the week.
  - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 418.2 with a target of 425.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	418.2	425.5

**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 15.60 with target of 15.92

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	15.60	15.92



International Sugar Prices (Weekly)				
	Contract Month	02-Dec-15	25-Nov-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	15.34	14.91	0.43
	16-May	14.88	14.53	0.35
	16-Jul	14.53	14.26	0.27
LIFFE Sugar (US \$/MT)	16-Mar	412.30	402.80	9.50
	16-May	412.50	404.50	8.00
	16-Aug	411.10	404.70	6.40

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