

## **Executive Summary**

### **Domestic Sugar Market Summary**

Spot sugar prices rose this week amidst pickup in demand driven by the ongoing wedding season. However, adequate stock position on higher supplies from mills and reports of global sugar supply deficit capped the gain.

### **Price Projection For The Next Week**

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2700 - 2850 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**

- 351 sugar mills in India had produced 23.6 lakh tons of sugar in MY 2015-16 (01<sup>st</sup> Oct, 2015 – 30<sup>th</sup> Nov, 2015) which is 24.3% higher than the sugar produced last year during the same interval.
- An early start up of crushing operation in Maharashtra this year led the state to produce 12.87 lakh tons of sugar in 2015-16 16 (01<sup>st</sup> Oct, 2015 – 30<sup>th</sup> Nov, 2015) compared to 11.95 lakh tons of production in 2014-15 16 (01<sup>st</sup> Oct, 2014 – 30<sup>th</sup> Nov, 2014).
- Cane crushing has been recently started in the State of Uttar Pradesh which had churned out 1.80 lakh tons of sugar in 2015-16(till 30<sup>th</sup> Nov, 2015) compared to 1.00 lakh tons of sugar in 2014-15 (till 30<sup>th</sup> Nov, 2014).
- Sugar production rose by 77.5% in Karnataka which had produced 5.68 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 30<sup>th</sup> Nov, 2015) compared to 3.20 lakh tons of sugar in 2014-15 (01<sup>st</sup> Oct, 2014 – 30<sup>th</sup> Nov, 2014).

- 18 sugar mills in Gujarat had crushed around 2.25 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 30<sup>th</sup> Nov, 2015) which was 33.1% higher than the sugar produced during the corresponding period last year.
- 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 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 in 2015-16 (October September) compared to 780 million litres acquired in 2014-15 (October September).
- 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.

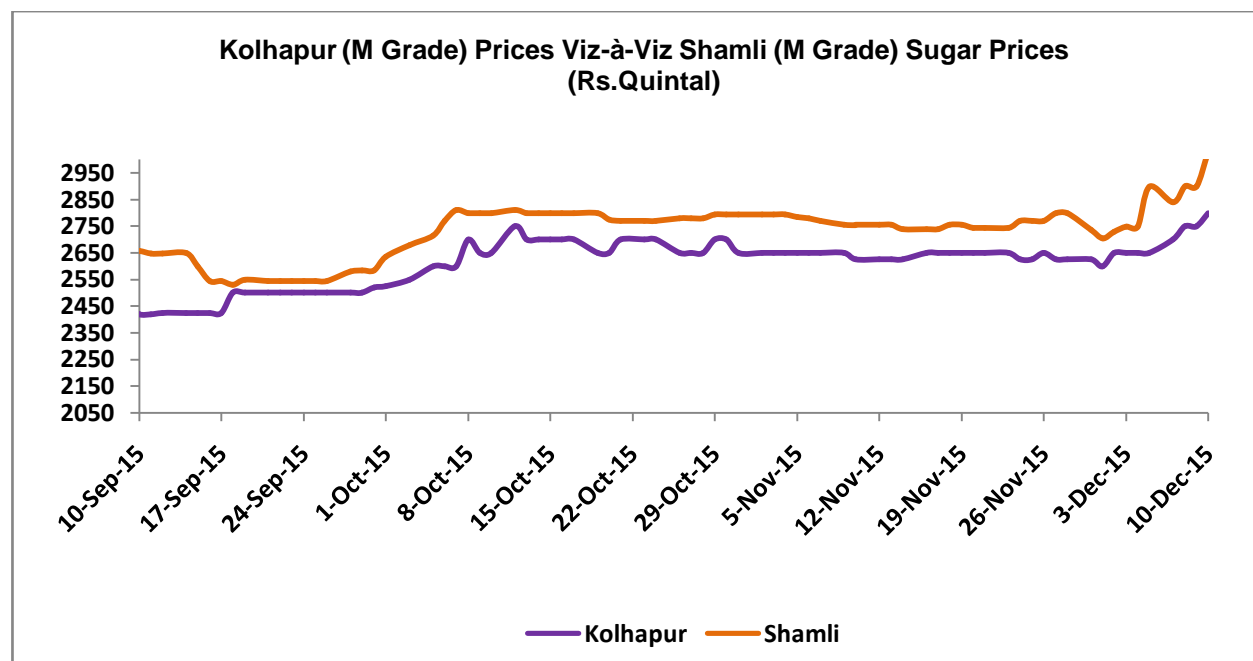
#### Indian Sugar Production Scenario Up to 30th November, 2015

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	12.87	11.95
Uttar Pradesh	1.80	1.00
Karnataka	5.68	3.20
Gujarat	2.25	1.69
<b>All India</b>	<b>23.60</b>	<b>18.98</b>

### Domestic Price Comparison

As shown in the chart below, the spread between the two-benchmarks widened this week depicting a larger price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2717 per quintal this week, which was 3.33% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 4.85% from Rs 2753 per quintal last week to Rs 2886 per quintal this week.



### Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$485.48 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$412.72 per ton.

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

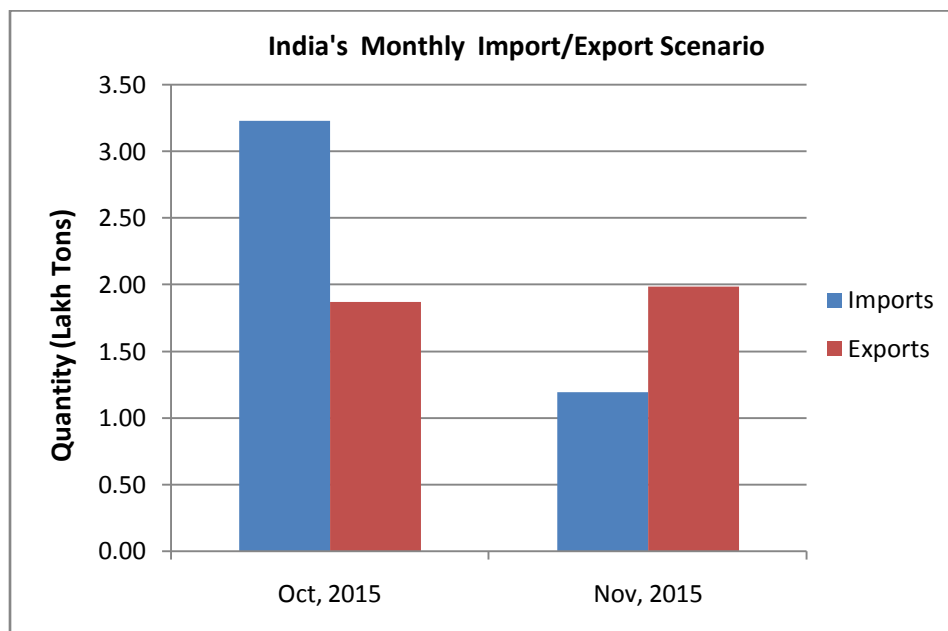
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

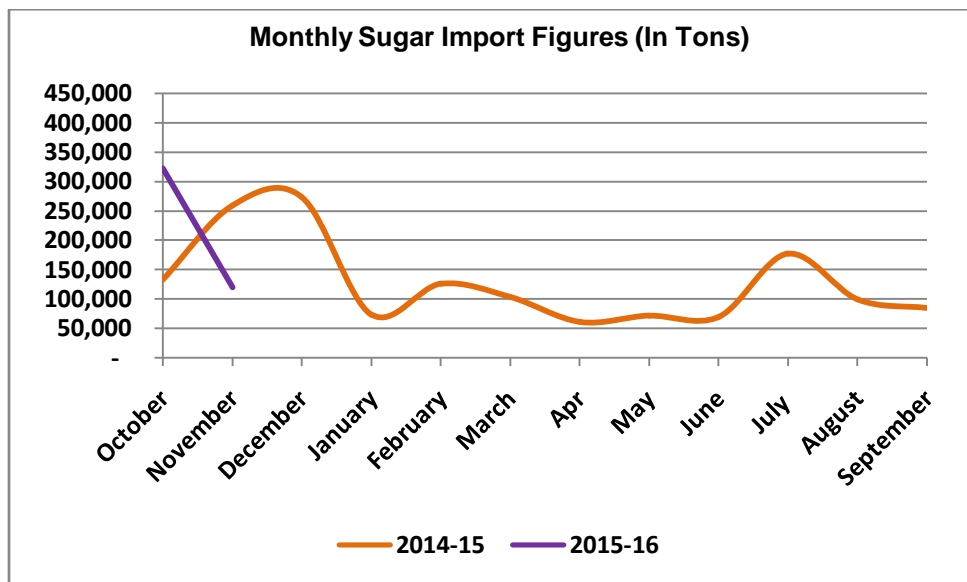
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.80) till 11 <sup>th</sup> Dec, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$417.80	\$436.80/408.90	\$412.72

### Sugar Import and Export Scenario

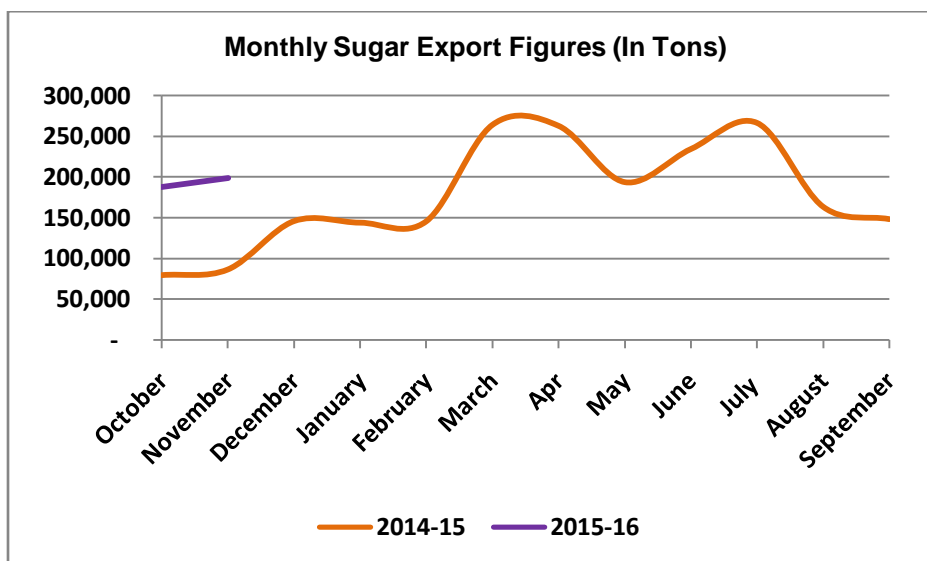
Indian sugar trade scenario improved this month as the country exported 1.99 lakh tons of sugar during the month compared to 1.19 lakh tons of sugar imports.

The recent cane sugar incentive announced by the govt. and fixation of minimum amount of raw sugar export policy helped the country to increase its sugar exports.





A depreciating Indian currency and a glut worldwide caused Indian sugar imports to fall by 63% this month as the country imported 1.19 lakh tons of sugar in November, 2015 compared to 3.22 lakh tons of imports in October, 2015.



On the other hand, Indian sugar exports rose by 1.03 lakh tons in November, 2015 compared to an y-o-y figure of November, 2014. Notably, the country exported 1.99 lakh tons of sugar in November, 2015 where Myanmar emerged as the biggest sugar importer from the country by importing 0.62 lakh tons of sugar respectively.

**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	04th Dec to 10thDec 2015	27th Nov to 03rdDec 2015	Change
Sugar	Delhi - Grade M	2860	2785	75
	Delhi - Grade S	2790	NA	-
	UP- Khatauli Grade M	2956	2888	68
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2950	2697	253
	UP- Dhampur Grade S Ex-Mill	2930	2677	253
	UP- Dhampur Grade L Ex-Mill	3000	2747	253
	Mumbai –Grade M	2906	2841	65
	Mumbai –Grade S	2790	2655	135
	Kolhapur – Grade M	2716	2629	87
	Kolhapur – Grade S	2617	2533	84
	Guhawati – Grade S	2920	2835	85
	Shillong – Grade S	2937	2853	84
	Vijayawada – Grade M	3003	2963	40
	Vijayawada- Grade S	2843	2803	40
	Nagpur – Grade M	2750	NA	-
	Nagpur – Grade S	2663	2673	-10
	Kolkata – Grade M	2980	2945	35
	Chennai - Grade S	2792	2720	72
	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
		10-Dec-15	03-Dec-15	10-Nov-15	10-Dec-14
Sugar	Delhi - Grade M	2930	2800	NA	2950
	Delhi - Grade S	NA	NA	NA	2900
	UP- Khatauli Grade M	3075	2900	2952	2950
	UP- Ramala Grade M	NA	NA	NA	2870
	UP- Dhampur Grade M Ex-Mill	2950	NA	2720	2900
	UP- Dhampur Grade S Ex-Mill	2930	NA	2700	2880
	UP- Dhampur Grade L Ex-Mill	3000	NA	2770	2950
	Mumbai –Grade M	2956	2860	2872	2976
	Mumbai –Grade S	2846	2746	2746	2802
	Kolhapur – Grade M	2800	2650	2625	2725
	Kolhapur – Grade S	2700	250	2525	2550
	Guhawati – Grade S	3004	2852	2827	2852
	Shillong – Grade S	3020	2870	2845	2870
	Vijayawada – Grade M	3080	2980	3000	3250
	Vijayawada- Grade S	2920	2820	2840	3050
	Nagpur – Grade M	NA	NA	2900	3000
	Nagpur – Grade S	2730	2620	2800	2850
	Kolkata – Grade M	NA	2980	NA	NA
	Chennai - Grade S	2850	NA	NA	2850
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	NA	NA	NA	3035
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	NA	NA	NA	3035

Commodity: Sugar  
Contract: Dec

Exchange: NCDEX  
Expiry: Dec 18, 2015

### SUGAR (December Weekly Chart)



#### Technical Commentary:

- Sugar prices are rising while volume and 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	2740	2765	2842	2890	2930
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	<b>Sell</b>	Below 2845	2795	2770	2875



### 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 Chaku, Khurpa, Laddoo and Rascut variety of gur from key Muzaffar Nagar market rose by Rs 96, Rs 86, Rs 62 and Rs 27 to Rs 2533, Rs 2317, Rs 2564 and Rs 2344 per quintal respectively. Similarly, prices of Mudde variety of gur from Belgaum Increased from Rs 2252/quintal to Rs 2325/quintal this week.

On the other hand, prices of Achhu (Medium), Kurikatu (Medium) and Yellow (Medium) variety of gur from Mandya fell by Rs 108, Rs 75 and Rs 91 per quintal to Rs 2442, Rs 2242 and Rs 2442 per quintal respectively. Prices of Achhu (Average) variety from Shimoga too declined from Rs 2867/quintal to Rs 2800/quintal this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	04th Dec to 10thDec 2015	27th Nov to 03rdDec 2015	Change
<b>Muzaffar Nagar</b>	Chaku	2533	2437	96
	Chaku (Arrival)	35000	41000	-6000
	Khurpa	2317	2231	86
	Laddoo	2564	2502	62
	Rascut	2344	2317	27
<b>Hapur</b>	Chaurasa	2273	2214	59
	Balti	NA	NA	-
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	-
<b>Bangalore</b>	Mudde	3600	3600	Unch
<b>Belgaum</b>	Mudde	2325	2252	73
<b>Belthangadi</b>	Yellow (Average)	NA	NA	-
<b>Bijapur</b>	Achhu	NA	NA	-
<b>Gulbarga</b>	Other (Average)	2598	2622	-24
<b>Mahalingapura</b>	Penti (Average)	2409	2409	Unch
<b>Mandya</b>	Achhu (Medium)	2442	2550	-108
	Kurikatu (Medium)	2242	2317	-75
	Other (Medium)	2250	2300	-50
	Yellow (Medium)	2442	2533	-91
<b>Shimoga</b>	Achhu (Average)	2800	2867	-67

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		10-Dec-15	03-Dec-15	10-Nov-15	10-Dec-14
Muzaffar Nagar	Chaku	2413	2488	2588	2300
	Khurpa	2363	2300	2405	2150
	Laddu	2713	2575	2553	2413
	Rascut	2355	2325	2303	NA
Hapur	Chaurasa	2363	2250	2375	2138
	Balti	NA	NA	NA	2200
Maharashtra	Latur(Lal Variety)	NA	NA	NA	NA
Bangalore	Mudde	3600	3600	NA	4200
Belgaum	Mudde	2400	2200	NA	2700
Belthangadi	Yellow (Average)	NA	NA	NA	3150
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2550	2645	NA	2515
Mahalingapura	Penti (Average)	2478	2405	NA	2450
Mandya	Achhu (Medium)	2400	2550	2400	2500
	Kurikatu (Medium)	2200	2300	2200	2200
	Other (Medium)	2250	2300	2250	2300
	Yellow (Medium)	2400	2550	2350	2500
Shimoga	Achhu (Average)	NA	2800	NA	2700

**International Market News Highlights:**

- Excessive rainfall in Brazil's main centre south region resulted in a meager sugar production of 0.70 MT in the second half of November, 2015 compared to 1.2 MT of production in the first half of the month.
- 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.
- Morgan Stanley predicted a global sugar supply deficit of 3.7 MT in 2015-16 owing to 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 have put 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.
- 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 Prices (Weekly)				
	Contract Month	09-Dec-15	02-Dec-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	15.09	15.34	-0.25
	16-May	14.68	14.88	-0.20
	16-Jul	14.35	14.53	-0.18
LIFFE Sugar (US \$/MT)	16-Mar	408.60	412.30	-3.70
	16-May	405.40	412.50	-7.10
	16-Aug	403.90	411.10	-7.20

**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: Sell at 398.1 with a target of 392.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	398.1	392.4

**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 14.55 with target of 14.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	14.55	14.35



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