

Executive Summary

Domestic Sugar Market Summary

Spot sugar market remained buoyant amidst lower production expectation both in domestic as well as international market.

Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2750 - 2900 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 had produced 47.86 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Dec, 2015) compared to 42.29 lakh tons of sugar produced in 2014-15 (01st Oct, 2014 – 15th Dec, 2014).
- The largest sugar producer, Maharashtra had produced 22.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Dec, 2015) which was 8.54% higher than the sugar produced last year during the corresponding period.
- The largest cane producer, U.P had produced 8.52 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Dec, 2015) which was 0.58 lakh tons higher than the sugar produced last year during the corresponding period.
- A remarkable jump of 45.7% had been seen in sugar production in Karnataka which produced 10.29 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Dec, 2015) compared to 7.06 lakh tons of sugar in 2014-15 (01st Oct, 2014 – 15th Dec, 2014).

- The combined production of Andhra Pradesh and Telangana fell by 0.43 lakh tons this year where the states produced 0.92 lakh tons of sugar in 2015 -16 (till 15th Dec, 2015) compared to 1.35 lakh tons production made last year during the corresponding period.
- 6 mills in Tamil Nadu had produced 0.60 lakh tons of sugar in 2015-16 (till 15th Dec, 2015) which was 0.25 lakh tons higher than the sugar produced last year during the same interval.
- Sugar production rose by 21.2% in Gujarat which produced 3.25 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Dec, 2015) compared to 2.68 lakh tons of sugar during the same interval last year.
- Bihar, Punjab, Haryana and M.P had produced 0.54, 0.20, 0.40 and 0.30 lakh tons of sugar respectively in 2015-16 (01st Oct, 2015 – 15th Dec, 2015) so far.
- The Indian govt. is planning to impose Sugar Cess (Amendment) Bill, 2015, under which the ceiling rate of sugar cess would be increased to Rs 200/quintal from Rs 25/quintal at present. Notably, till now the govt. levied a sugar cess of Rs 24/quintal, but with the enactment of the bill, the govt. could charge a higher sugar cess of Rs124/quintal. However, the cess is expected not to affect the retail sugar prices as it would be collected only when sugar prices are low.
- The U.P govt. is planning to increase cane SAP (at present Rs 2800/ton) for accepted variety of sugarcane from this MY 2015-16 (October, 2015- September, 2016) for which a meeting has also been scheduled for next week.

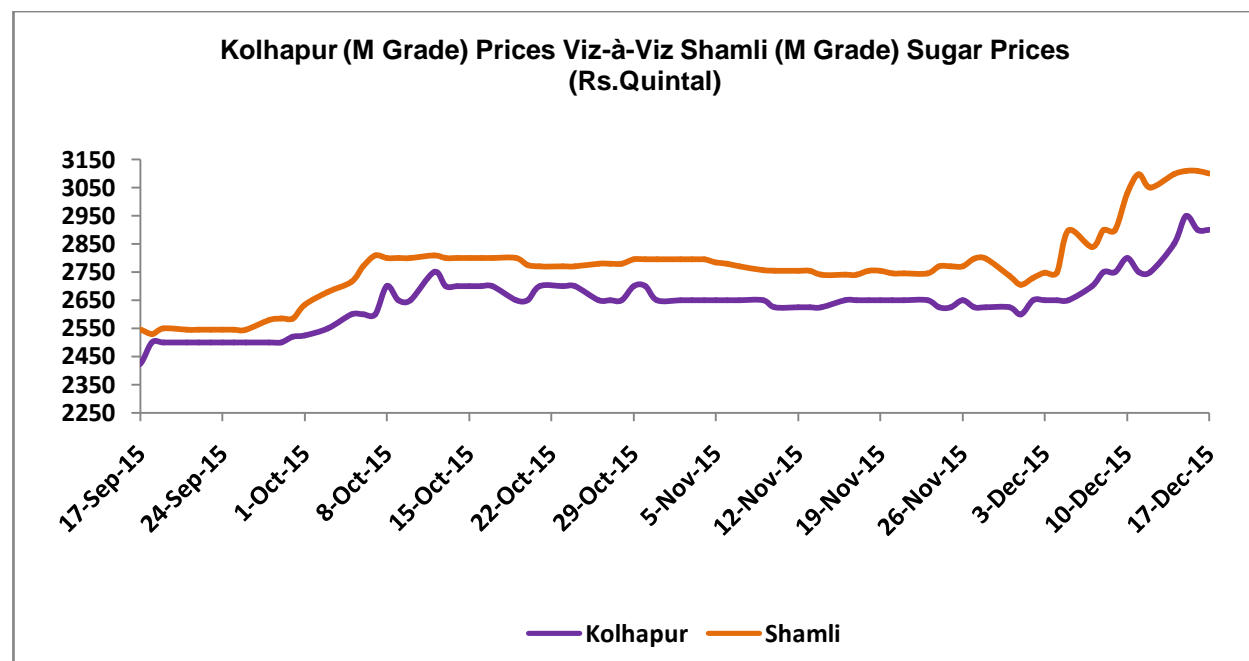
Indian Sugar Production Scenario Up to 15th December, 2015

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	22.50	20.73
Uttar Pradesh	8.52	7.94
Karnataka	10.29	7.06
Gujarat	3.25	2.68
A.P +Telangana	0.92	1.35
Tamil Nadu	0.60	0.35
All India	47.86	42.29

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 2850 per quintal this week, which was 4.91% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 7.22% from Rs 2886 per quintal last week to Rs 3094 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$490.12 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$435.90 per ton.

On International front, Brazil sugar FOB prices quoted at \$408.36/ Ton.

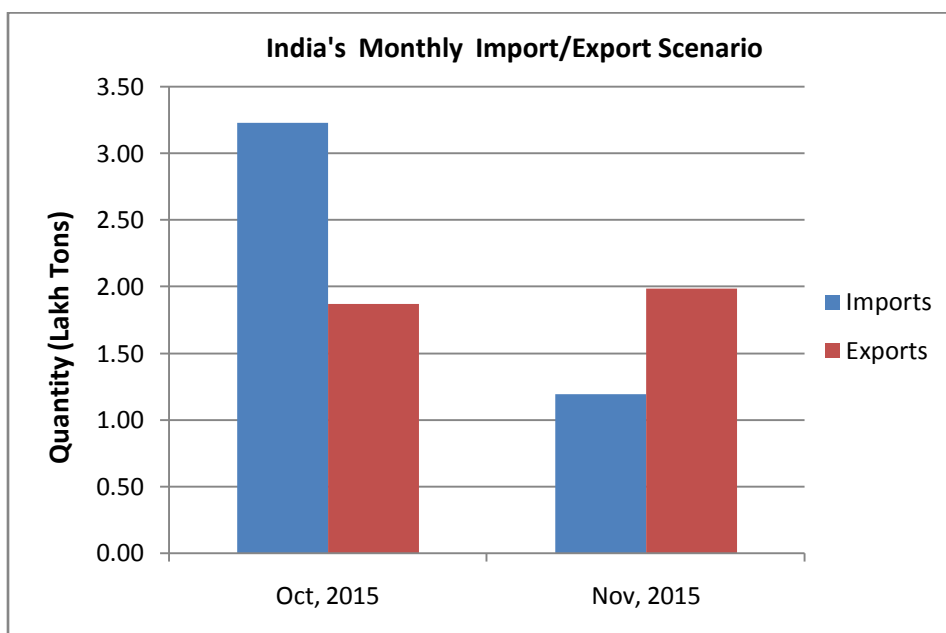
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

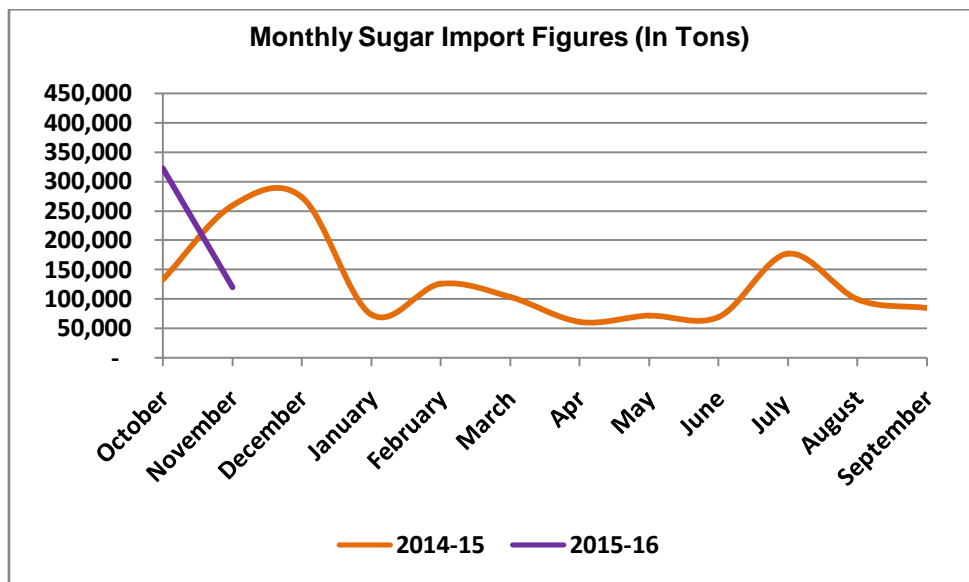
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.30) till 18 th Dec, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$408.36	\$436.80/401.50	\$435.90

Sugar Import and Export Scenario

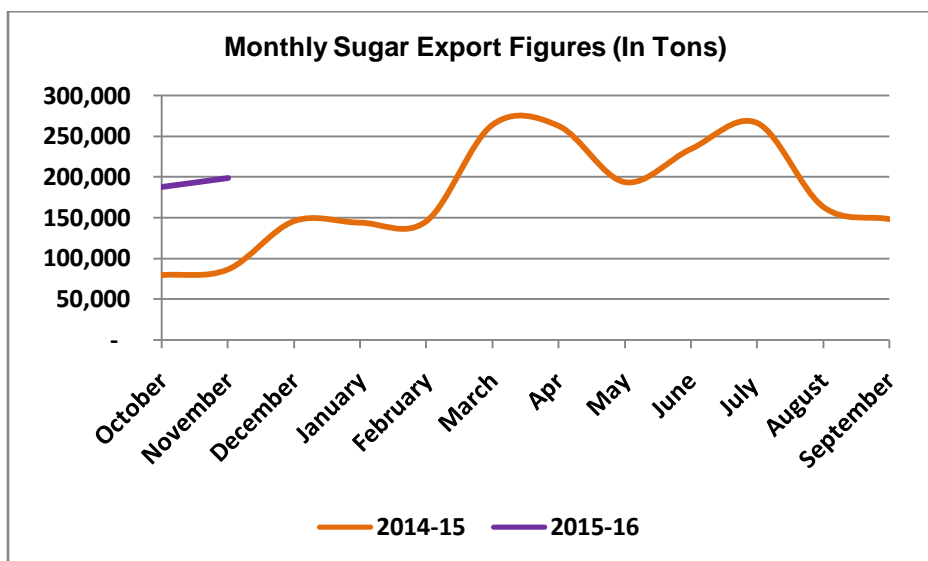
Indian sugar trade scenario improved this month as the country exported 1.99 lakh tons of sugar during the month compared to 1.19 lakh tons of sugar imports.

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	11th Dec to 17th Dec 2015	04th Dec to 10th Dec 2015	Change
Sugar	Delhi - Grade M	3038	2860	178
	Delhi - Grade S	3035	2790	245
	UP- Khatauli Grade M	3173	2956	217
	UP- Ramala Grade M	2866	NA	-
	UP- Dhampur Grade M Ex-Mill	3084	2950	134
	UP- Dhampur Grade S Ex-Mill	3064	2930	134
	UP- Dhampur Grade L Ex-Mill	3134	3000	134
	Mumbai –Grade M	2989	2906	83
	Mumbai –Grade S	2895	2790	105
	Kolhapur – Grade M	2850	2716	134
	Kolhapur – Grade S	2750	2617	133
	Guhawati – Grade S	3055	2920	135
	Shillong – Grade S	3070	2937	133
	Vijayawada – Grade M	3130	3003	127
	Vijayawada- Grade S	2970	2843	127
	Nagpur – Grade M	2864	2750	114
	Nagpur – Grade S	2787	2663	124
	Kolkata – Grade M	3230	2980	250
	Chennai - Grade S	2854	2792	62
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	NA	-
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	NA	-

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		17-Dec-15	10-Dec-15	17-Nov-15	17-Dec-14
Sugar	Delhi - Grade M	3150	2930	2790	2875
	Delhi - Grade S	NA	NA	NA	2855
	UP- Khatauli Grade M	3268	3075	2941	2950
	UP- Ramala Grade M	NA	NA	NA	2800
	UP- Dhampur Grade M Ex-Mill	3100	2950	2735	2850
	UP- Dhampur Grade S Ex-Mill	3080	2930	2715	2830
	UP- Dhampur Grade L Ex-Mill	3150	3000	2785	2900
	Mumbai –Grade M	3020	2956	2850	2970
	Mumbai –Grade S	2930	2846	2746	2796
	Kolhapur – Grade M	2900	2800	2650	2675
	Kolhapur – Grade S	2800	2700	2550	2550
	Guhawati – Grade S	3106	3004	2852	2852
	Shillong – Grade S	3120	3020	2870	2870
	Vijayawada – Grade M	3200	3080	2960	3250
	Vijayawada- Grade S	3040	2920	2800	3050
	Nagpur – Grade M	2870	NA	2850	3000
	Nagpur – Grade S	2800	2730	2750	2800
	Kolkata – Grade M	NR	NA	2850	3050
	Chennai - Grade S	2875	2850	2750	2800
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	NA	2835	3035
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	NA	2835	3035

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 18, 2015

SUGAR (March Weekly Chart)



Technical Commentary:

- Sugar prices continued to rise in the past few weeks but are expected to fell down in the near future.
- 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	Mar	2920	2960	3055	3110	3160
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Sell	Below 3060	3010	2985	3090

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 and Laddoo variety of gur from key Muzaffar Nagar market rose by Rs 232, Rs 102 and Rs 138 to Rs 2765, Rs 2419 and Rs 2702 per quintal respectively. Similarly, prices of Penti (Average) variety of gur from Mahalingapura Increased from Rs 2409/quintal to Rs 2516/quintal this week.

On the other hand, prices of Achhu (Medium), Kurikatu (Medium), Other (Medium) and Yellow (Medium) variety of gur from Mandya fell by Rs 92, Rs 42, Rs 92 and Rs 84 per quintal to Rs 2350, Rs 2200, Rs 2158 and Rs 2358 per quintal respectively. Prices of Achhu (Average) variety from Shimoga too declined from Rs 2800/quintal to Rs 2700/quintal this week.

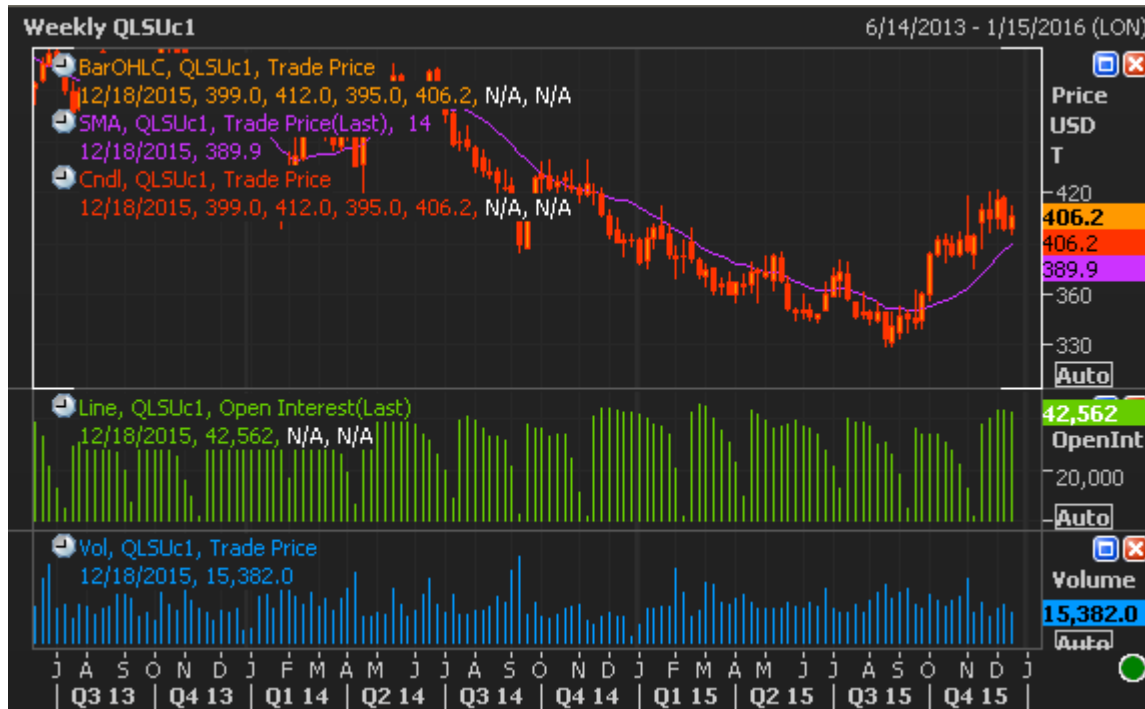
Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	11th Dec to 17th Dec 2015	04th Dec to 10th Dec 2015	Change
Muzaffar Nagar	Chaku	2765	2533	232
	Chaku (Arrival)	37500	35000	2500
	Khurpa	2419	2317	102
	Laddoo	2702	2564	138
	Rascut	2380	2344	36
Hapur	Chaurasa	2353	2273	80
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3560	3600	-40
Belgaum	Mudde	2400	2325	75
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2573	2598	-25
Mahalingapura	Penti (Average)	2516	2409	107
Mandya	Achhu (Medium)	2350	2442	-92
	Kurikatu (Medium)	2200	2242	-42
	Other (Medium)	2158	2250	-92
	Yellow (Medium)	2358	2442	-84
Shimoga	Achhu (Average)	2700	2800	-100

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		17-Dec-15	10-Dec-15	17-Nov-15	17-Dec-14
Muzaffar Nagar	Chaku	2778	2413	2563	2275
	Khurpa	2413	2363	2420	2325
	Laddu	2675	2713	2605	2425
	Rascut	2390	2355	2350	NA
Hapur	Chaursa	2363	2363	2138	2200
	Balti	NA	NA	NA	2275
Maharashtra	Latur(Lal Variety)	NA	NA	NA	NA
Bangalore	Mudde	3550	3600	3600	4250
Belgaum	Mudde	2600	2400	NA	2900
Belthangadi	Yellow (Average)	NA	NA	NA	3150
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2560	2550	2640	2650
Mahalingapura	Penti (Average)	2559	2478	2378	2550
Mandya	Achhu (Medium)	2300	2400	2500	2550
	Kurikatu (Medium)	2200	2200	2200	2250
	Other (Medium)	2150	2250	2300	2300
	Yellow (Medium)	2350	2400	2500	2500
Shimoga	Achhu (Average)	NA	NA	NA	2700

International Market News Highlights:

- As expected the Indonesian govt. announced raw sugar import permit of 3.2 MT in 2016 (January, 2016 - December, 2016).
- Conab reduced its sugar production estimate in Brazil's main centre south region (31.3 MT) for 2015-16 as excessive rainfall not only hampered cane processing in the region but also reduced sugar concentration in the cane available.
- Czarnikow revised its global sugar deficit forecast from 4.1 MT to 8.2 MT in 2015-16 on the back of lower sugar production data from top producer Brazil.
- As per the revised estimate of Green Pool Commodity Brazil's centre south sugar production is expected to decline by 1.31% to 30.25 MT this marketing year i.e. 2015-16.
- Rabobank reduced its Brazilian centre south sugar production estimate from 31.5 MT to 30.7 MT in 2015-16.
- Platts Kingsman has estimated the global supply shortage of sugar at 7.8 million tonnes in 2016/17 (Oct. – Sept.), on forecast of higher than expected disappearance/consumption.
- Sucden predicted Brazil's centre south region to crush 599 MT of sugarcane in 2015-16 so as to generate 30.5 MT of sugar there on.
- Brazilian raw sugar export is expected to decline next year in 1Q16 as continues heavy rainfall in Brazil's main centre south region disrupted cane processing in the area and thus resulted into lower sugar production this marketing year.
- Broking firm, JSG Commodities predicted a global sugar supply deficit of 3.5 MT in 2015-16 which is further expected to rose somewhat around four or five million tons if weather condition deteriorate out in India.
- 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.
- 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.
- WTO members such as EU (European Union) and Brazil have put forward a proposal to end agricultural export subsidy by the organization.

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 407.2 with a target of 417.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	407.2	417.4

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 14.85 with target of 15.10

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	14.85	15.10



International Sugar Prices (Weekly)				
	Contract Month	16-Dec-15	09-Dec-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.59	15.09	-0.5
	16-May	14.28	14.68	-0.4
	16-Jul	14.03	14.35	-0.3
LIFFE Sugar (US \$/MT)	16-Mar	401.50	408.60	-7.1
	16-May	399.70	405.40	-5.7
	16-Aug	396.80	403.90	-7.1

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