

## **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**

- Indian sugar export rose by 17% this week (ending on 20<sup>th</sup> Dec, 2015) as the country exported 1.33 lakh tons of sugar during the period compared to 1.14 lakh tons of sugar the previous week.
- India had produced 47.86 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 15<sup>th</sup> Dec, 2015) compared to 42.29 lakh tons of sugar produced in 2014-15 (01<sup>st</sup> Oct, 2014 – 15<sup>th</sup> Dec, 2014).
- The largest sugar producer, Maharashtra had produced 22.50 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 15<sup>th</sup> 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 (01<sup>st</sup> Oct, 2015 – 15<sup>th</sup> 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 (01<sup>st</sup> Oct, 2015 – 15<sup>th</sup> Dec, 2015) compared to 7.06 lakh tons of sugar in 2014-15 (01<sup>st</sup> Oct, 2014 – 15<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> 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 (01<sup>st</sup> Oct, 2015 – 15<sup>th</sup> 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 (01<sup>st</sup> Oct, 2015 – 15<sup>th</sup> 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.

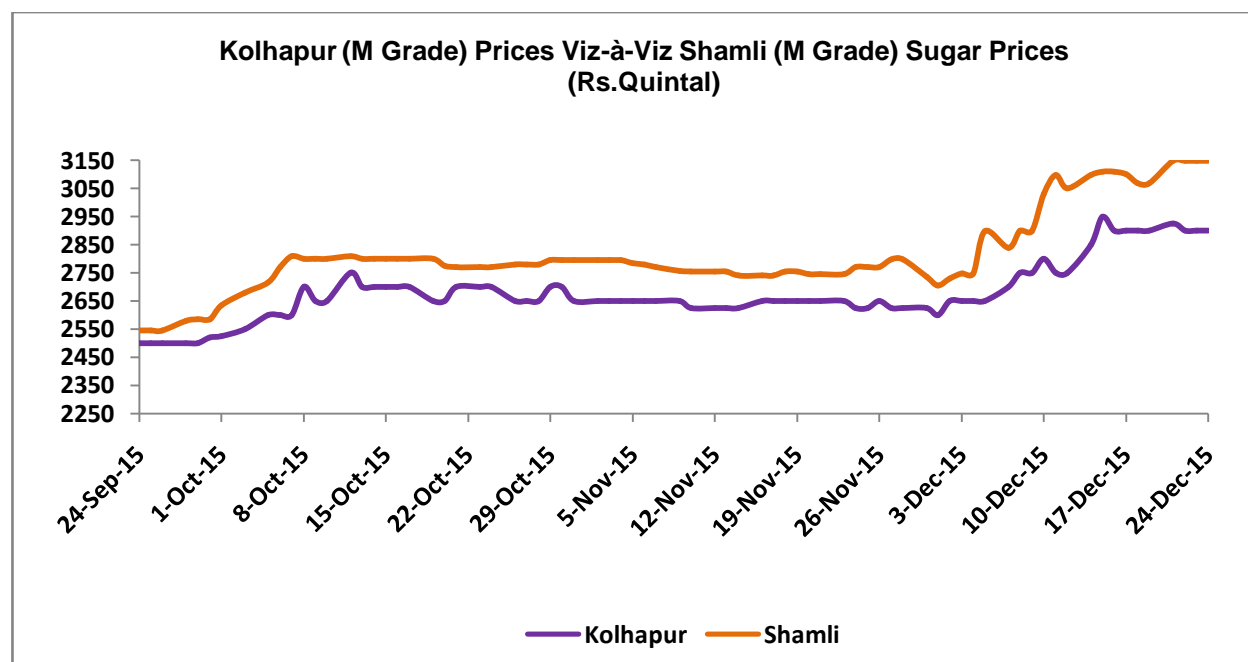
#### Indian Sugar Production Scenario Up to 15th December, 2015

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
<b>All India</b>	<b>47.86</b>	<b>42.29</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 2904 per quintal this week, which was 1.90% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 0.87% from Rs 3094 per quintal last week to Rs 3121 per quintal this week.



### Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$504.04 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$445.07 per ton.

On International front, Brazil sugar FOB prices quoted at \$413.99/ Ton.

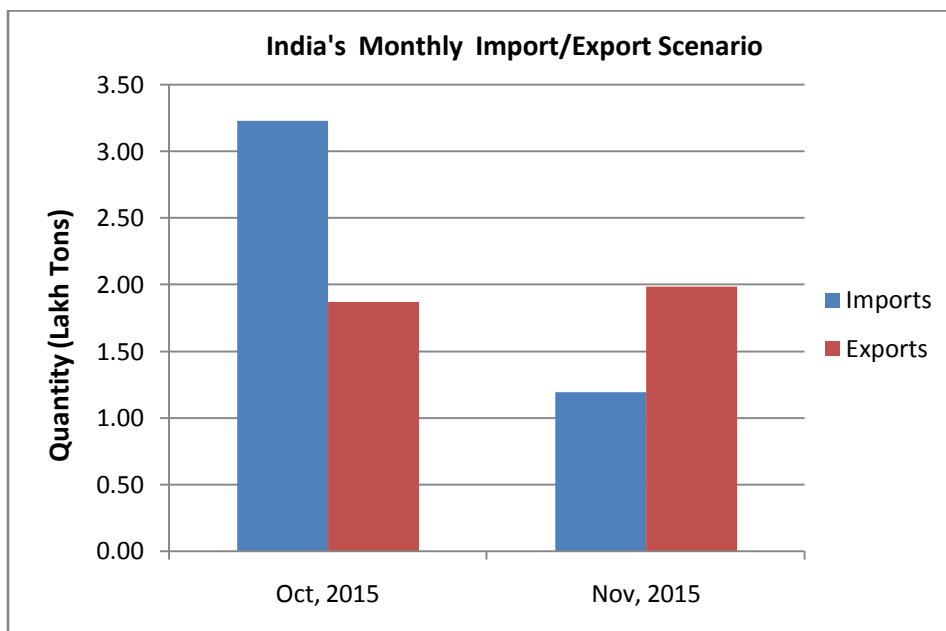
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

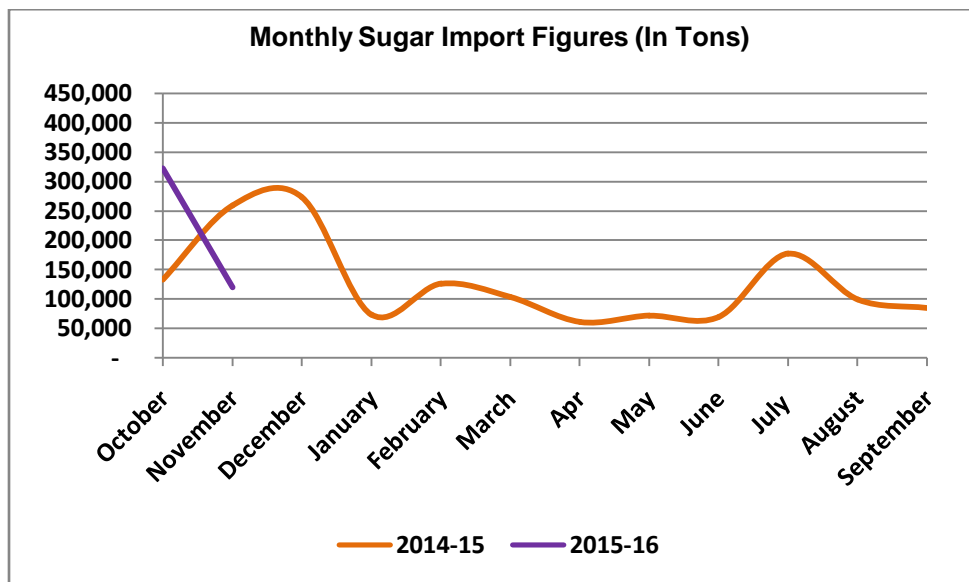
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.17) till 28 <sup>th</sup> Dec, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$413.99	\$436.80/413.80	\$445.07

### Sugar Import and Export Scenario

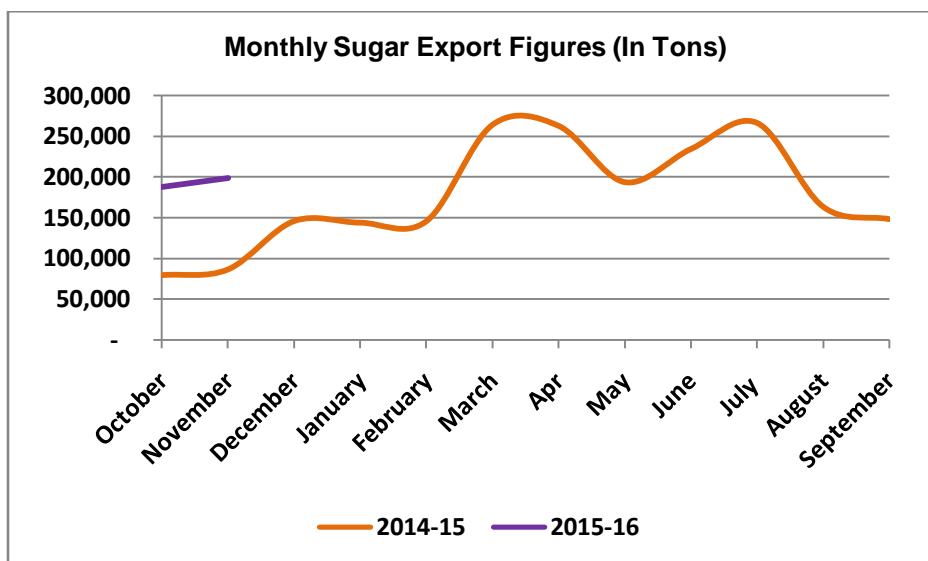
Indian sugar trade scenario improved this month as the country exported 1.99 lakh tons of sugar during the month compared to 1.19 lakh tons of sugar imports.

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	18th Dec to 24th Dec 2015	11th Dec to 17th Dec 2015	Change
Sugar	Delhi - Grade M	3104	3038	66
	Delhi - Grade S	NA	3035	-
	UP- Khatauli Grade M	3236	3173	63
	UP- Ramala Grade M	2881	2866	15
	UP- Dhampur Grade M Ex-Mill	3049	3084	-35
	UP- Dhampur Grade S Ex-Mill	3029	3064	-35
	UP- Dhampur Grade L Ex-Mill	3099	3134	-35
	Mumbai –Grade M	3029	2989	40
	Mumbai –Grade S	2931	2895	36
	Kolhapur – Grade M	2905	2850	55
	Kolhapur – Grade S	2805	2750	55
	Guhawati – Grade S	3110	3055	55
	Shillong – Grade S	3124	3070	54
	Vijayawada – Grade M	3200	3130	70
	Vijayawada- Grade S	3040	2970	70
	Nagpur – Grade M	2880	2864	16
	Nagpur – Grade S	2780	2787	-7
	Kolkata – Grade M	3227	3230	-3
	Chennai - Grade S	2875	2854	21
	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
		24-Dec-15	17-Dec-15	24-Nov-15	24-Dec-14
Sugar	Delhi - Grade M	Closed	3150	2810	2850
	Delhi - Grade S	Closed	NA	NA	2830
	UP- Khatauli Grade M	Closed	3268	2923	2905
	UP- Ramala Grade M	Closed	NA	NA	NA
	UP- Dhampur Grade M Ex-Mill	Closed	3100	2750	2790
	UP- Dhampur Grade S Ex-Mill	Closed	3080	2730	2770
	UP- Dhampur Grade L Ex-Mill	Closed	3150	2800	2840
	Mumbai –Grade M	3036	3020	2863	2950
	Mumbai –Grade S	2936	2930	2740	2756
	Kolhapur – Grade M	Closed	2900	2625	2650
	Kolhapur – Grade S	Closed	2800	2550	2550
	Guhawati – Grade S	3106	3106	2852	2852
	Shillong – Grade S	3120	3120	2870	3250
	Vijayawada – Grade M	3200	3200	2960	3250
	Vijayawada- Grade S	3040	3040	2800	3050
	Nagpur – Grade M	NR	2870	NA	3000
	Nagpur – Grade S	NR	2800	NA	2800
	Kolkata – Grade M	3300	NR	2960	2920
	Chennai - Grade S	2970	2875	2750	2725
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	NA	3035
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	NA	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 bullishness in the market.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	2960	3000	3080	3120	3160
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	<b>Sell</b>	Below 3085	3035	3010	3115



### 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 variety of gur from key Muzaffar Nagar market rose by Rs 11, Rs 12, Rs 43 and Rs 30 to Rs 2776, Rs 2431, Rs 2745 and Rs 2410 per quintal respectively. Similarly, prices of Penti (Average) variety of gur from Mahalingapura Increased from Rs 2516/quintal to Rs 2567/quintal this week.

On the other hand, prices of Mudde variety of gur from Belgaum district fell by Rs 60/quintal from Rs 2400/quintal to Rs 2340/quintal this week. Similarly, price of Achhu (Medium) and Yellow (Medium) variety of gur from Mandya fell by Rs 50 and Rs 58 respectively to Rs 2300 each this week.

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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	18th Dec to 24th Dec 2015	11th Dec to 17th Dec 2015	Change
Muzaffar Nagar	Chaku	2776	2765	11
	Chaku (Arrival)	29000	37500	-8500
	Khurpa	2431	2419	12
	Laddoo	2745	2702	43
	Rascut	2410	2380	30
Hapur	Chaurasa	2360	2353	7
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3550	3560	-10
Belgaum	Mudde	2340	2400	-60
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2550	2573	-23
Mahalingapura	Penti (Average)	2567	2516	51
Mandya	Achhu (Medium)	2300	2350	-50
	Kurikatu (Medium)	2200	2200	Unch
	Other (Medium)	2150	2158	-8
	Yellow (Medium)	2300	2358	-58
Shimoga	Achhu (Average)	2700	2700	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		24-Dec-15	17-Dec-15	24-Nov-15	24-Dec-14
Muzaffar Nagar	Chaku	2800	2778	2500	2513
	Khurpa	4000	2413	10000	2425
	Laddu	2475	2675	2313	2600
	Rascut	2778	2390	2500	NA
Hapur	Chaurasa	2413	2363	2325	2338
	Balti	2413	NA	2150	2213
Maharashtra	Latur(Lal Variety)	NA	NA	Closed	NA
Bangalore	Mudde	NA	3550	NA	4200
Belgaum	Mudde	NA	2600	3600	2700
Belthangadi	Yellow (Average)	NA	NA	2400	3100
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	NA	2560	NA	2800
Mahalingapura	Penti (Average)	NA	2559	2640	2630
Mandya	Achhu (Medium)	NA	2300	2415	2500
	Kurikatu (Medium)	NA	2200	2550	2250
	Other (Medium)	NA	2150	2200	2300
	Yellow (Medium)	NA	2350	2300	2500
Shimoga	Achhu (Average)	NA	NA	2550	2800

**International Market News Highlights:**

- Imposition of import restriction by Chinese govt. caused the country to import 2.59 lakh tons of sugar in November, 2015 which was 14.5% less than the sugar imported last year in November, 2014.
- 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.

**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 415.0 with a target of 421.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
<b>LIFFE Sugar (US \$/MT)</b>	<b>Mar'16</b>	415.0	421.9

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

**Technical Commentary:**

- ICE raw sugar futures are trending downwards for the week.
  - Last candlestick depicts bearishness in the market.
- Strategy: Buy at 15.10 with target of 15.30

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	15.10	15.30



International Sugar Prices (Weekly)				
	Contract Month	22-Dec-15	16-Dec-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	15.04	14.59	0.45
	16-May	14.65	14.28	0.37
	16-Jul	14.34	14.03	0.31
LIFFE Sugar (US \$/MT)	16-Mar	411.60	401.50	10.1
	16-May	409.60	399.70	9.9
	16-Aug	405.80	396.80	9

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