

Executive Summary

Domestic Sugar Market Summary

Spot sugar market remained buoyant amidst speculation of price rise due to government's decision to increase cess rate. In addition, reports of a lower production (sugar) estimate this year globally also weighed on domestic sugar prices and brought the upsurge in the market.

Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3000 - 3150 per quintal next week.

International Sugar Market Summary

Global sugar prices traded steady to firm as crushing operation almost winded in entire Brazil including the main centre south region.

Domestic News Highlights

- Indian sugar export fell by 20% this week (ending on 27th Dec, 2015) as the country exported 1.07 lakh tons of sugar during the period compared to 1.33 lakh tons of sugar the previous week.
- 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 during the corresponding period last year..
- 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 during the corresponding period last year..
- 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 during the same interval last year.
- 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 Rs 124/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.

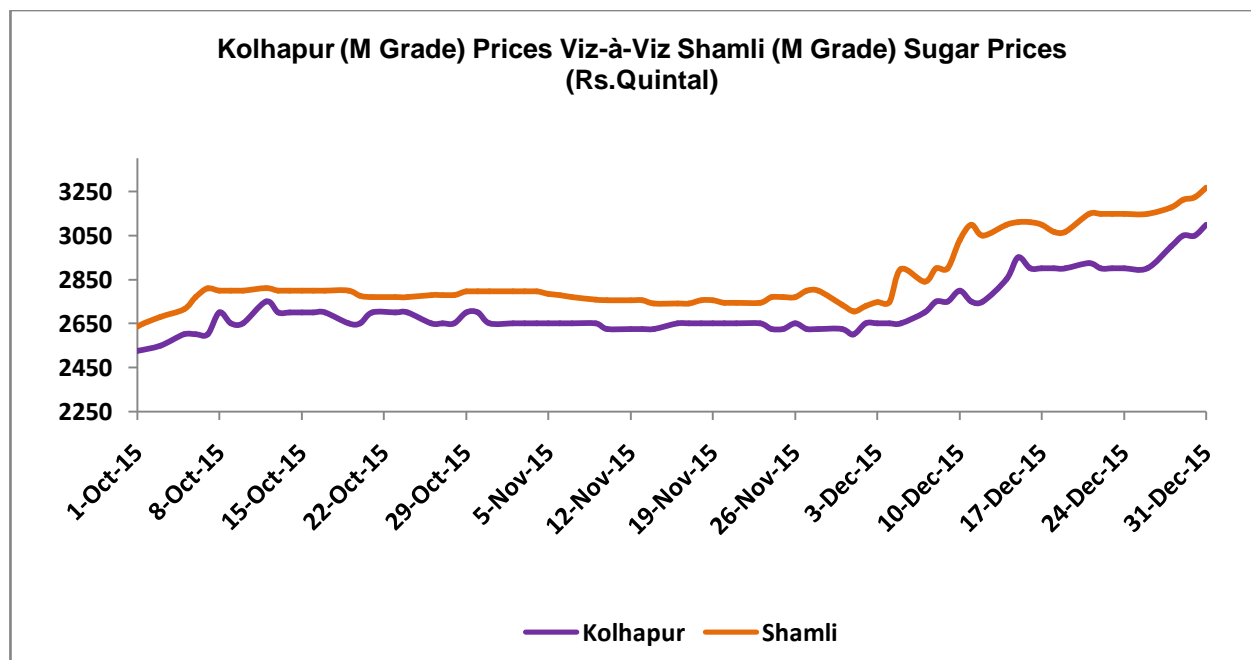
Indian Sugar Production Scenario Up to 15th December, 2015

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 narrowed down this week depicting a lower price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 3020 per quintal this week, which was 3.99% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 2.71% from Rs 3121 per quintal last week to Rs 3206 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$515.64 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$466.56 per ton.

On International front, Brazil sugar FOB prices quoted at \$415.05/ Ton.

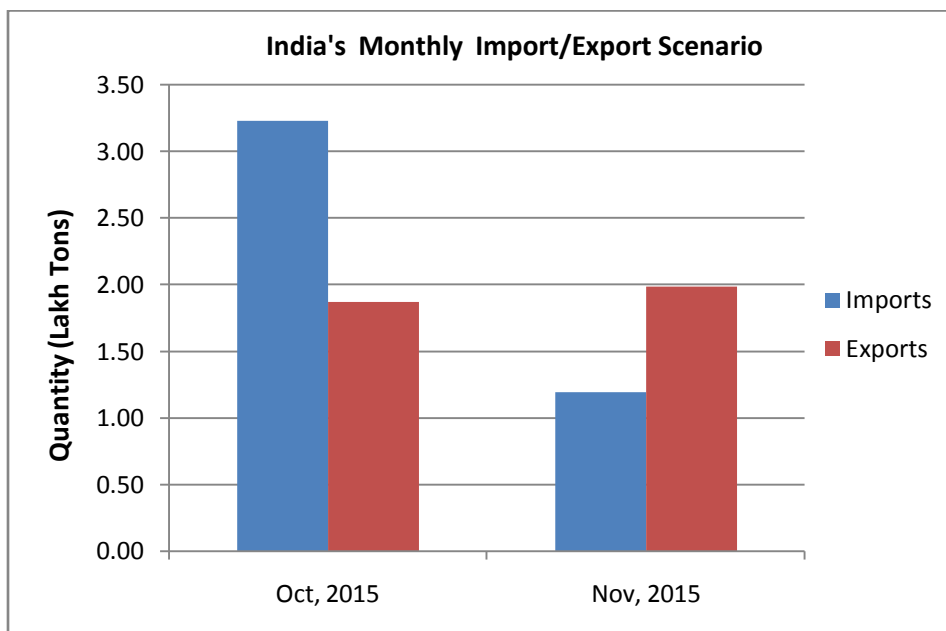
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

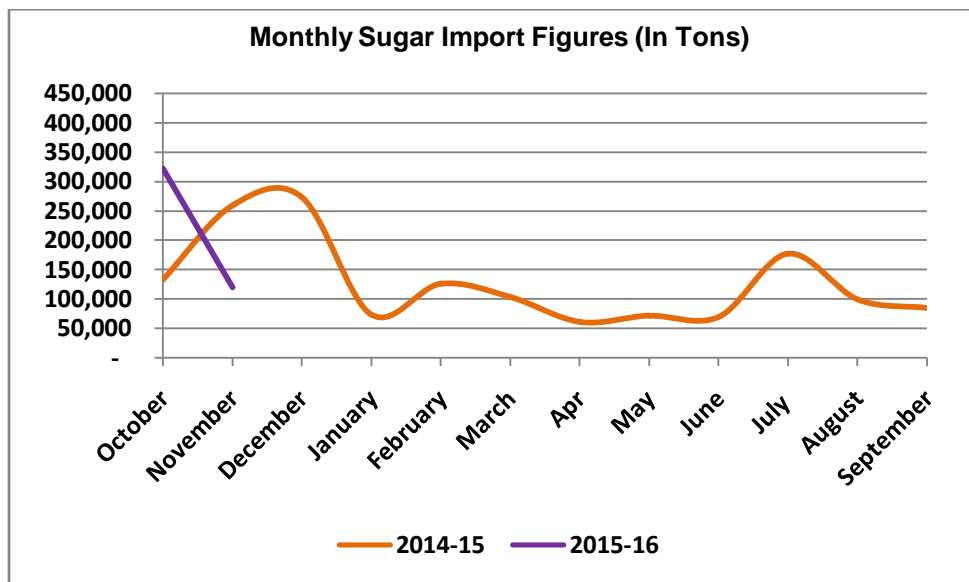
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.23) till 02 nd Jan, 2016			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$415.05	\$436.80/414.80	\$466.56

Sugar Import and Export Scenario

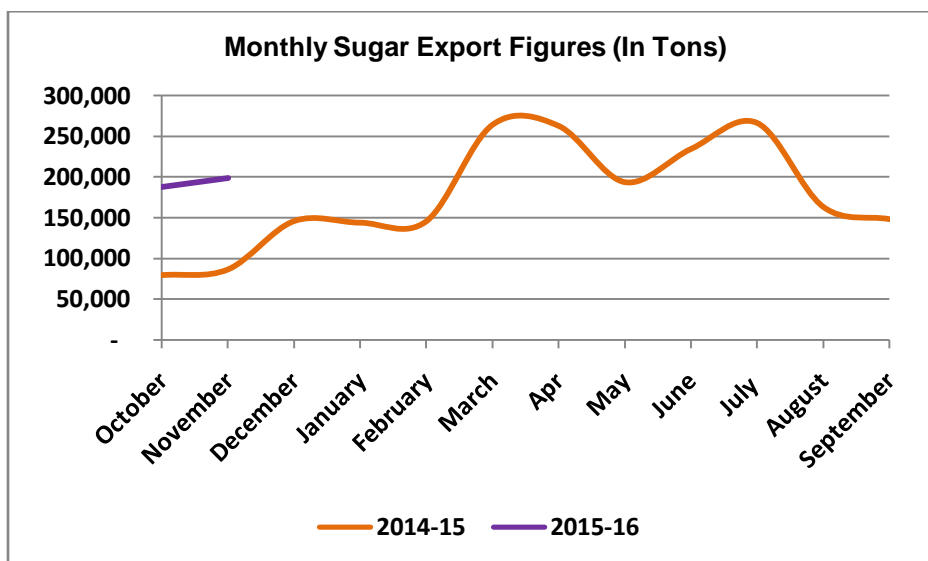
Indian sugar trade scenario improved this month as the country exported 1.99 lakh tons of sugar during the month compared to 1.19 lakh tons of sugar imports.

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	25th Dec to 31stDec 2015	18th Dec to 24thDec 2015	Change
Sugar	Delhi - Grade M	3131	3104	27
	Delhi - Grade S	NA	NA	-
	UP- Khatauli Grade M	3287	3236	51
	UP- Ramala Grade M	2928	2881	47
	UP- Dhampur Grade M Ex-Mill	3089	3049	40
	UP- Dhampur Grade S Ex-Mill	3069	3029	40
	UP- Dhampur Grade L Ex-Mill	3139	3099	40
	Mumbai –Grade M	3142	3029	113
	Mumbai –Grade S	3034	2931	103
	Kolhapur – Grade M	3050	2905	145
	Kolhapur – Grade S	2950	2805	145
	Guhawati – Grade S	3258	3110	148
	Shillong – Grade S	3270	3124	146
	Vijayawada – Grade M	3280	3200	80
	Vijayawada- Grade S	3096	3040	56
	Nagpur – Grade M	3013	2880	133
	Nagpur – Grade S	2938	2780	158
	Kolkata – Grade M	3130	3227	-97
	Chennai - Grade S	2915	2875	40
	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
		31-Dec-15	24-Dec-15	30-Nov-15	31-Dec-14
Sugar	Delhi - Grade M	3200	Closed	2750	2855
	Delhi - Grade S	NA	Closed	NA	2825
	UP- Khatauli Grade M	3298	Closed	2882	2910
	UP- Ramala Grade M	2948	Closed	NA	NA
	UP- Dhampur Grade M Ex-Mill	3138	Closed	2648	2820
	UP- Dhampur Grade S Ex-Mill	3118	Closed	2628	2800
	UP- Dhampur Grade L Ex-Mill	3188	Closed	2698	2870
	Mumbai –Grade M	3216	3036	2836	2928
	Mumbai –Grade S	3130	2936	2726	2756
	Kolhapur – Grade M	3100	Closed	2625	2650
	Kolhapur – Grade S	3000	Closed	2525	2550
	Guhawati – Grade S	3309	3106	2827	2852
	Shillong – Grade S	3320	3120	2845	2870
	Vijayawada – Grade M	3400	3200	2960	3180
	Vijayawada- Grade S	3200	3040	2800	3020
	Nagpur – Grade M	3100	NR	NA	3000
	Nagpur – Grade S	3000	NR	2668	2800
	Kolkata – Grade M	NA	3300	NA	2900
	Chennai - Grade S	2975	2970	2710	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 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: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	3160	3200	3243	3320	3360
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Buy	Above 3230	3280	3305	3200

Gur Market Scenario and Outlook

Spot gur market remained buoyant with price rising in almost all the major trading centers. Price of Achhu (Average) variety of gur from Shimoga rose by Rs 88/quintal from Rs 2700/quintal to Rs 2788/quintal this week. Similarly, prices of Achhu (Medium), Yellow (Medium) and Other (Medium) variety from Mandya rose by Rs 100/quintal each to Rs 2400, Rs 2400 and Rs 2250 per quintal respectively.

However, price of Chaku variety of gur from key Muzaffar Nagar market fell by Rs 101/quintal from Rs 2776/quintal to Rs 2675/quintal on back of higher gur arrival during the week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	25th Dec to 31st Dec 2015	18th Dec to 24th Dec 2015	Change
Muzaffar Nagar	Chaku	2675	2776	-101
	Chaku (Arrival)	38000	29000	9000
	Khurpa	2673	2431	242
	Laddoo	2776	2745	31
	Rascut	2422	2410	12
Hapur	Chaurasa	2385	2360	25
	Balti	NA	NA	-
Maharashtra	Latur(Lal Variety)	NA	NA	-
Bangalore	Mudde	3550	3550	Unch
Belgaum	Mudde	2350	2340	10
Belthangadi	Yellow (Average)	NA	NA	-
Bijapur	Achhu	NA	NA	-
Gulbarga	Other (Average)	2563	2550	13
Mahalingapura	Penti (Average)	2572	2567	5
Mandya	Achhu (Medium)	2400	2300	100
	Kurikatu (Medium)	2260	2200	60
	Other (Medium)	2250	2150	100
	Yellow (Medium)	2400	2300	100
Shimoga	Achhu (Average)	2788	2700	88

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		31-Dec-15	24-Dec-15	30-Nov-15	31-Dec-14
Muzaffar Nagar	Chaku	2663	2800	2375	2458
	Khurpa	2788	4000	2205	2363
	Laddu	2788	2475	2563	2588
	Rascut	2440	2778	2338	NA
Hapur	Chaurasa	2375	2413	Closed	2400
	Balti	NA	2413	Closed	2263
Maharashtra	Latur(Lal Variety)	NA	NA	NA	2500
Bangalore	Mudde	3550	NA	3600	4200
Belgaum	Mudde	2400	NA	2260	2800
Belthangadi	Yellow (Average)	NA	NA	NA	3150
Bijapur	Achhu	NA	NA	NA	NA
Gulbarga	Other (Average)	2560	NA	2640	2600
Mahalingapura	Penti (Average)	2609	NA	2420	2580
Mandya	Achhu (Medium)	2450	NA	2550	2500
	Kurikatu (Medium)	2300	NA	2200	2250
	Other (Medium)	2300	NA	2300	2300
	Yellow (Medium)	2450	NA	2550	2500
Shimoga	Achhu (Average)	NA	NA	2800	NA

International Market News Highlights:

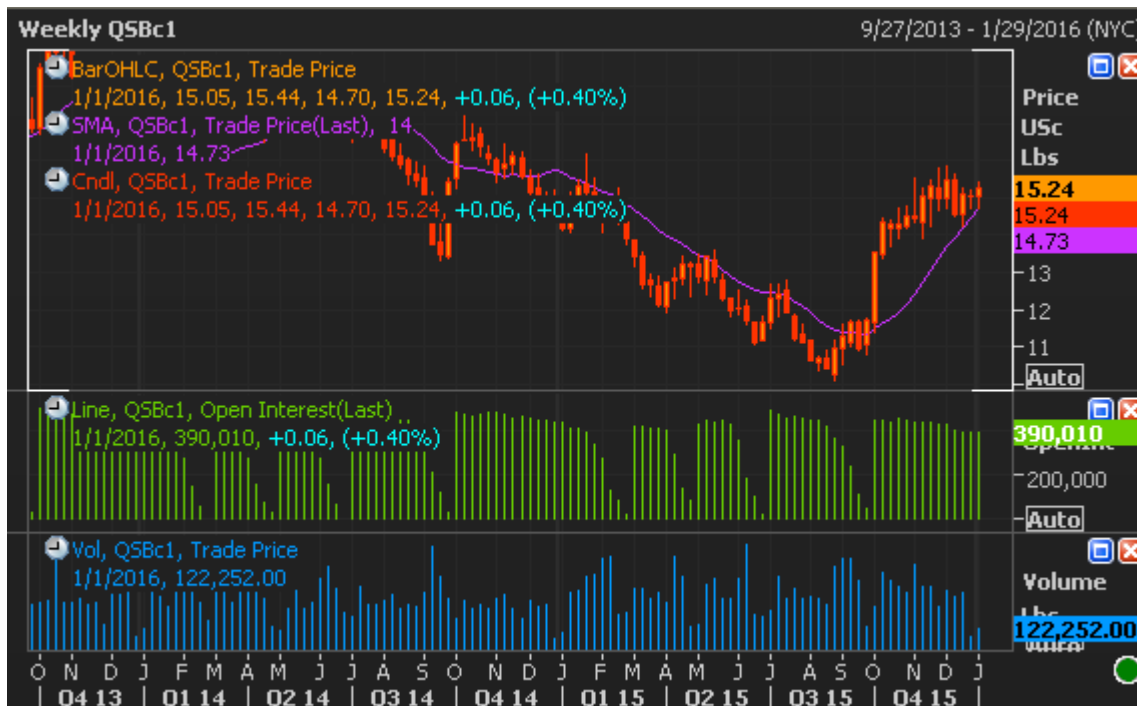
- Brazil's main C.S region had churned around 0.64 MT of sugar in the first half of December, 2015 which was 66% higher than the sugar crushed last year during the same interval.
- Imposition of import restriction by Chinese govt. caused the country to import 2.59 lakh tons of sugar in November, 2015 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 to generate 30.5 MT of sugar there on.
- Brazilian raw sugar export is expected to decline next year in 1Q16 as continuous 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 rise around four or five million tons if weather condition deteriorate in India.
- 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 423.4 with a target of 431.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	423.4	431.5

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 15.30 with target of 15.53

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	15.30	15.53



International Sugar Prices (Weekly)				
	Contract Month	30-Dec-15	22-Dec-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	15.15	15.04	0.11
	16-May	14.76	14.65	0.11
	16-Jul	14.48	14.34	0.14
LIFFE Sugar (US \$/MT)	16-Mar	419.00	411.60	7.4
	16-May	415.10	409.60	5.5
	16-Aug	409.90	405.80	4.1

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