Executive Summary

Domestic Sugar Market Summary

Domestic sugar prices traded steady to firm amidst large scale speculative trading during the week. 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 up in entire Brazil including the main centre south region.

Domestic News Highlights

- 470 sugar mills in India had produced 79.85 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Dec, 2015).compared to 74.95 lakh tons of sugar production (made by 490 mills) in 2014-15 (01st Oct, 2014 – 31st Dec, 2014).

- Maharashtra sugar production rose by 3.4% as the state produced 33.75 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Dec, 2015) compared to 32.64 lakh tons of production during corresponding period of last year.

- Sugar recovery rate has improved in States like Uttar Pradesh (from 9.2% to 10%) which had produced 18.32 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Dec, 2015) compared to 16.95 lakh tons of sugar in 2014-15 (01st Oct, 2014 – 31st Dec, 2014).

- Karnataka had produced 15.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Dec, 2015).which was 3.07 lakh tons higher than the production made last year in 2014-1515 (01st Oct, 2014 – 31st Dec, 2014).

- The combined sugar production of Andhra Pradesh and Telangana stood at 2.15 lakh tons sugar in 2015 -16 (till 31st Dec, 2015) which was 16.02% less than the production made last year during the same interval.

- Sugar production this year remained almost the same as of previous year in Tamil Nadu which had produced 0.80 lakh tons of sugar both in 2014-15 and 2015 -16 (till 31st December).

- Sugar production rose by 13.4% in Gujarat which had produced 4.40 lakh tons of sugar in in 2015-16 (01st Oct, 2015 – 31st Dec, 2015) compared to 3.88 lakh tons of production in 2014-15 (01st Oct, 2014 – 31st Dec, 2014).

- Bihar, Haryana, Punjab, Uttarakhand and M.P had produced 1.40 lakh tons, 1.00 lakh tons, 0.95 lakh tons, 0.70 lakh tons and 0.75 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Dec, 2015).

- Indian sugar export fell by 12% this week as the country exported 0.94 lakh tons of sugar during the week (ending on 03rd January, 2016) compared to 1.07 lakh tons of sugar the previous week.

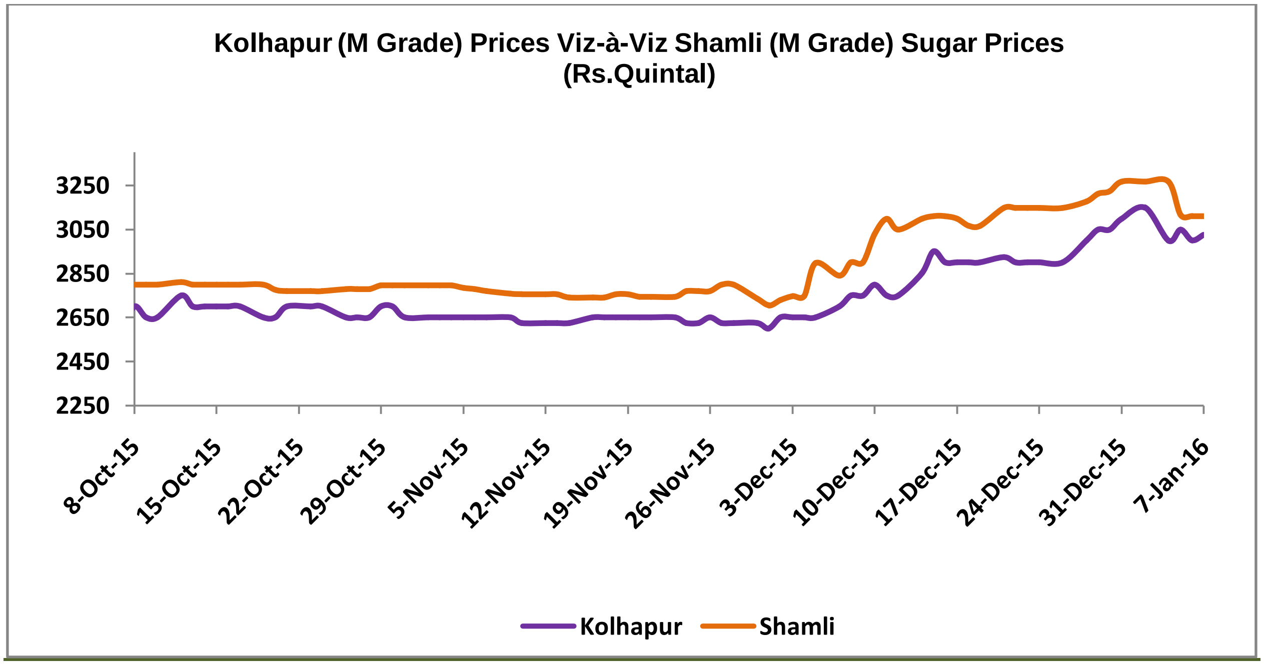
Indian Sugar Production Scenario Up to 31st December, 2015

States	Sugar Produced (Lakh Tons)	
	2015-16	**2014-15**
Maharashtra	33.75	32.64
Uttar Pradesh	18.32	16.95
Karnataka	15.50	12.43
Gujarat	4.40	3.88
A.P +Telangana	2.15	2.56
Tamil Nadu	0.80	0.80
All India	**79.85**	**74.95**

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 3045 per quintal this week, which was 0.83% higher than the price reported last week. However, sugar prices for the same variety/grade in Shamli district fell by 0.99% from Rs 3206 per quintal last week to Rs 3174 per quintal this week.



Raw Sugar Import/Export Opportunity

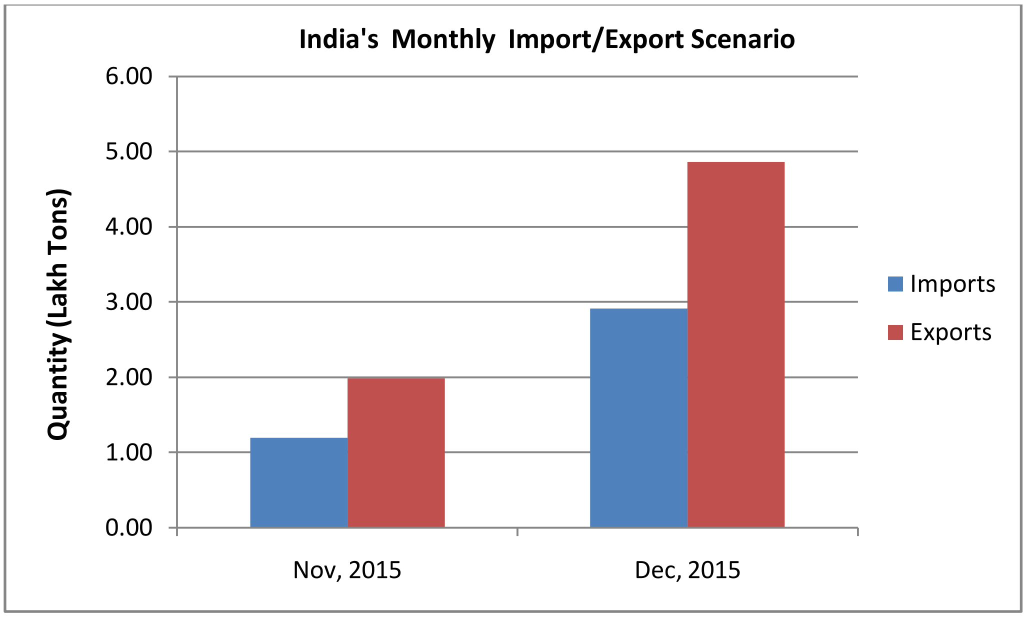
Indian indicative raw sugar CIF prices from Brazil quoted at $493.07 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $462.73 per ton.

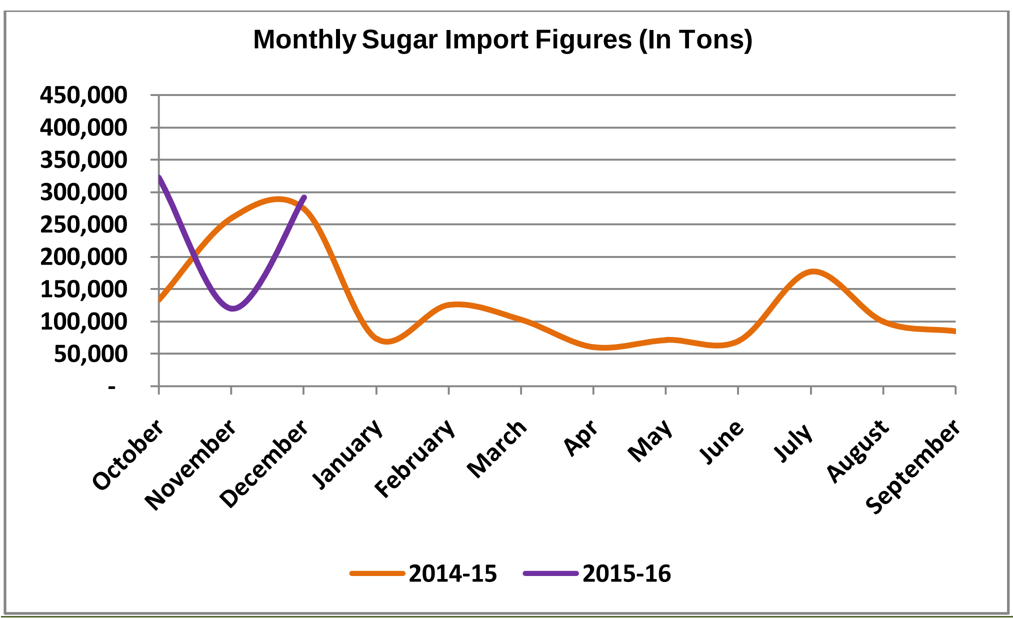
On International front, Brazil sugar FOB prices quoted at $409.27/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) ($=Rs.66.67) till 08th Jan, 2016			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$409.27	$436.80/419.20	$462.73

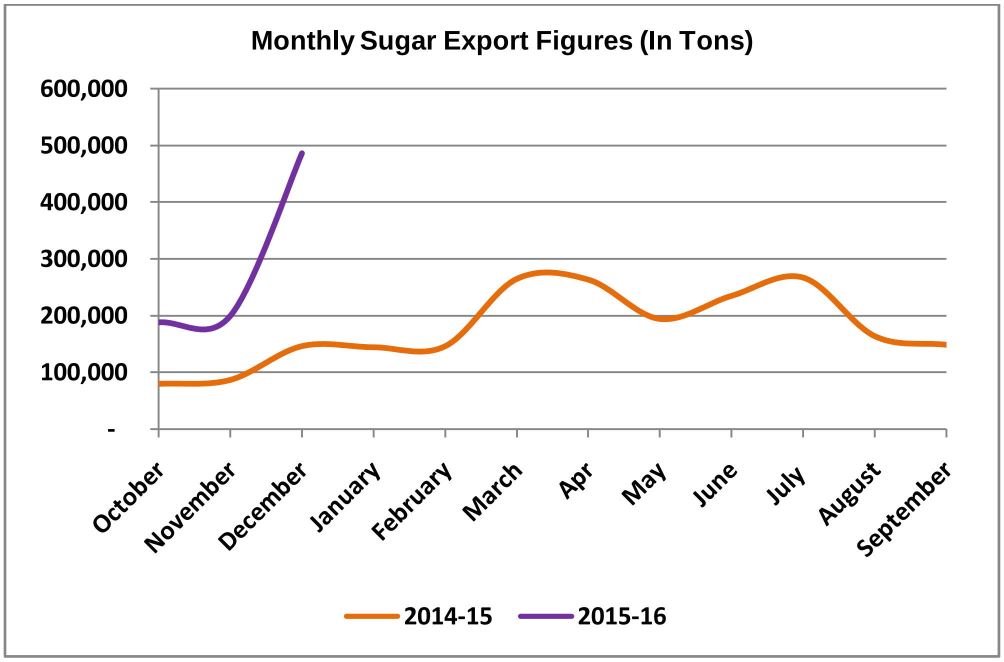
Sugar Import and Export Scenario

Indian sugar trade scenario improved in the month of December as the country exported 4.86 lakh tons of sugar compared to 2.91 lakh tons of sugar imports.





However, speculation of increase in sugar prices (due to government's decision to increase the cess rate) and reports of global sugar deficit this year caused the country to import 2.91 lakh tons of sugar in December, 2015 compared to 2.73 lakh tons of sugar in December, 2014.



An early commencement of crushing operation In India and an overall improvement in sugarcane recovery rate (at least in majority of cane producing areas) led the country to produce more sugar this marketing year i.e. 2015-16 compared to the production made last year in 2014-15. This is the reason that the country exported 4.86 lakh tons of sugar in December, 2015 compared to 1.45 lakh tons of exports last year in December, 2014.

Moreover, the direct cane production subsidy (of Rs 45/ ton of cane produced) announced by the govt. and fixation of minimum amount of sugar export policy too helped the country to increase its sugar exports.

Notably, Myanmar had emerged as the leading sugar importing country from India and had imported 0.30 lakh tons of sugar during the month followed by Somalia and Sri Lanka which imported 0.03 lakh tons and 0.02 lakh tons of sugar respectively.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			02nd to 07th Jan 2016	25th to 31st Dec 2015	
Delhi	Delhi	M-Grade	3182	3131	**51**
	Delhi	S-Grade	NA	NA	**-**
Uttar Pradesh	Khatauli	M-Grade	3214	3287	**-73**
	Ramala	M-Grade	2999	2928	**71**
	Dhampur	M-Grade Ex-Mill	3126	3089	**37**
	Dhampur	S-Grade Ex-Mill	3106	3069	**37**
	Dhampur	L-Grade Ex-Mill	3176	3139	**37**
Maharashtra	Mumbai	M-Grade	3256	3142	**114**
	Mumbai	S-Grade	3154	3034	**120**
	Nagpur	M-Grade	3088	3013	**75**
	Nagpur	S-Grade	2998	2938	**60**
	Kolhapur	M-Grade	3045	3050	**-5**
	Kolhapur	S-Grade	2945	2950	**-5**
Assam	Guhawati	S-Grade	3253	3258	**-5**
Meghalaya	Shillong	S-Grade	3265	3270	**-5**
Andhra Pradesh	Vijayawada	M-Grade	3400	3280	**120**
	Vijayawada	S-Grade	3200	3096	**104**
West Bengal	Kolkata	M-Grade	3283	3130	**153**
Tamil Nadu	Chennai	S-Grade	3110	2915	**195**
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2835	2835	**Unch**
	Ambikapur	S-Grade (Without Duty)	2835	2835	**Unch**
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			7-Jan-16	31-Dec-15	7-Dec-15	7-Jan-15
Delhi	Delhi	M-Grade	3130	3200	2850	2900
	Delhi	S-Grade	NA	NA	NA	2880
Uttar Pradesh	Khatauli	M-Grade	3190	3298	2900	2955
	Ramala	M-Grade	2998	2948	NA	NA
	Dhampur	M-Grade Ex-Mill	3110	3138	NA	2880
	Dhampur	S-Grade Ex-Mill	3090	3118	NA	2860
	Dhampur	L-Grade Ex-Mill	3160	3188	NA	2930
Maharashtra	Mumbai	M-Grade	3250	3216	2900	2940
	Mumbai	S-Grade	3146	3130	2780	2766
	Nagpur	M-Grade	3100	3100	NA	3000
	Nagpur	S-Grade	2990	3000	2650	2825
	Kolhapur	M-Grade	3025	3100	2700	2650
	Kolhapur	S-Grade	2925	3000	2600	2550
Assam	Guhawati	S-Grade	3233	3309	2903	2852
Meghalaya	Shillong	S-Grade	3245	3320	2920	2870
Andhra Pradesh	Vijayawada	M-Grade	3400	3400	2980	3180
	Vijayawada	S-Grade	3200	3200	2820	3020
West Bengal	Kolkata	M-Grade	3290	NA	NA	2950
Tamil Nadu	Chennai	S-Grade	3150	2975	2800	2725
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2835	2835	NA	3035
	Ambikapur	S-Grade (Without Duty)	2835	2835	NA	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 18, 2015

SUGAR (March Weekly Chart)

Technical Commentary:

- Sugar prices and O.I are falling while volume surged up for the week.
- 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	3100	3130	3205	3260	3300
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Sell**	Below 3210	3160	3135	3240

Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market this week with price rising in some markets while declining in others.

Prices of Penti (Average) variety of gur from Mahalingapura district of Karnataka rose by Rs 151/quintal from Rs 2572/quintal to Rs 2723/quintal this week. Similarly, price of Achhu (Medium), Yellow (Medium) and Other (Medium) variety of gur from Mandya rose by Rs 50/quintal each to Rs 2450, Rs 2450 and Rs 2300/quintal respectively.

On the other hand, price of Chaku, Khurpa and Laddoo variety of gur from key Muzaffar Nagar market fell by Rs 13, Rs 144 and Rs 128 per quintal to Rs 2662, Rs 2530 and Rs 2649 per quintal this week. Similarly, price of Achhu (Average) variety of gur from Shimoga fell from Rs 2788/quintal to Rs 2783/quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	**Centre**	**Variety**	**Prices (Rs/Qtl)**		**Change**
Jaggery(Gur)			**02nd to 07th Jan 2016**	**25th to 31st Dec 2015**	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2662	2675	**-13**
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	36000	38000	**-2000**
	Muzaffarnagar	Khurpa (Fresh)	2530	2673	**-144**
	Muzaffarnagar	Laddoo (Fresh)	2649	2776	**-128**
	Muzaffarnagar	Rascut (Fresh)	2405	2422	**-18**
	Hapur	Chaursa	2347	2385	**-38**
	Hapur	Balti	NA	NA	**-**
Maharashtra	Latur	Lal Variety	NA	NA	**-**
Karnataka	Bangalore	Mudde (Average)	3580	3550	**30**
	Belgaum	Mudde (Average)	2380	2350	**30**
	Belthangadi	Yellow (Average)	NA	NA	**-**
	Bijapur	Achhu	NA	NA	**-**
	Gulbarga	Other (Average)	2576	2563	**13**
	Mahalingapura	Penti (Average)	2723	2572	**151**
	Mandya	Achhu (Medium)	2450	2400	**50**
	Mandya	Kurikatu (Medium)	2300	2260	**40**
	Mandya	Other (Medium)	2300	2250	**50**
	Mandya	Yellow (Medium)	2450	2400	**50**
	Shimoga	Achhu (Average)	2783	2788	**-5**

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**7-Jan-16**	**31-Dec-15**	**7-Dec-15**	**7-Jan-15**
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2628	2663	2530	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	7000	8000	NA
	Muzaffarnagar	Khurpa (Fresh)	2400	2788	2288	2438
	Muzaffarnagar	Laddoo (Fresh)	2625	2788	2325	2700
	Muzaffarnagar	Rascut (Fresh)	2403	2440	2338	NA
	Hapur	Chaursa	2325	2375	NA	2363
	Hapur	Balti	NA	NA	NA	2400
Maharashtra	Latur	Lal Variety	NA	NA	NA	2500
Karnataka	Bangalore	Mudde (Average)	3600	3550	3600	4250
	Belgaum	Mudde (Average)	2300	2400	NA	2700
	Belthangadi	Yellow (Average)	NA	NA	NA	3200
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2580	2560	2550	2575
	Mahalingapura	Penti (Average)	2821	2609	2416	2610
	Mandya	Achhu (Medium)	2450	2450	2400	2650
	Mandya	Kurikatu (Medium)	2300	2300	2200	2300
	Mandya	Other (Medium)	2300	2300	2200	2350
	Mandya	Yellow (Medium)	2450	2450	2400	2650
	Shimoga	Achhu (Average)	NA	2750	2800	2800

International Market News Highlights:

- Brazil's raw sugar export rose by 9.12% in the month of December as the country exported 2.18 MT of sugar during the month compared to 2.00 MT of sugar last month.

- 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 in 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 to around four or five million tons if weather condition deteriorate in India.

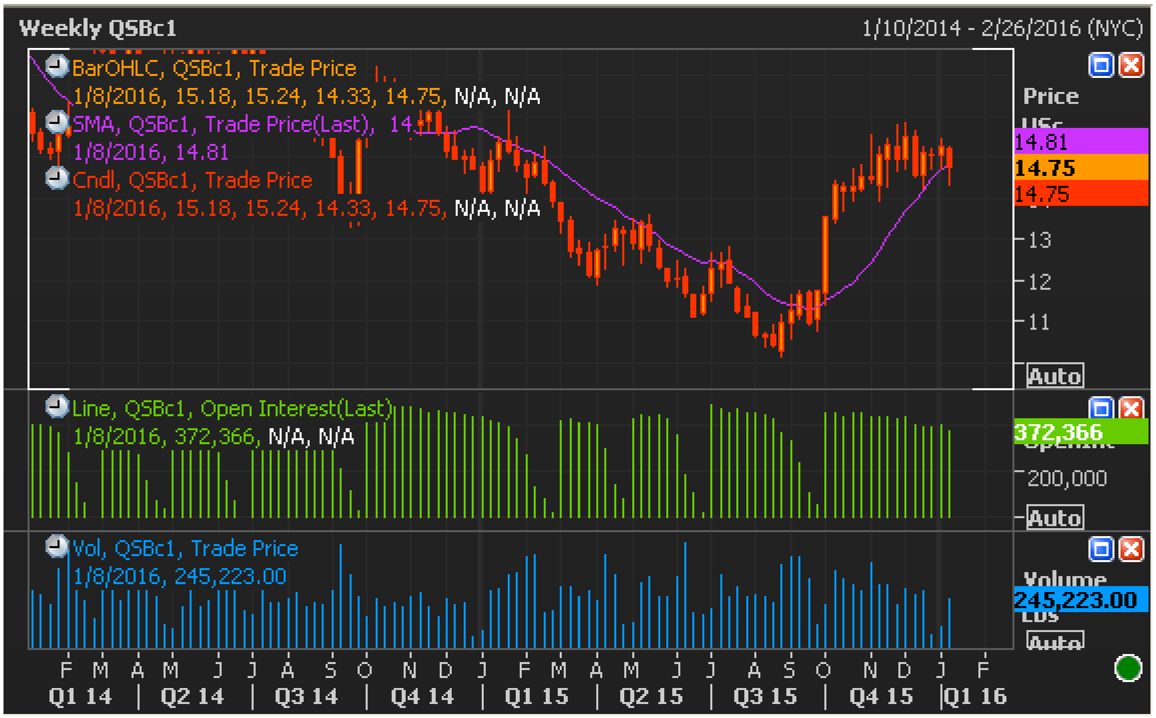
LIFFE Future Market Sugar Scenario (Mar'16 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 430.1 with a target of 446.9

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Mar'16**	430.1	446.9

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: Sell at 14.70 with target of 14.52

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	14.70	14.52

International Sugar Prices (Weekly)				
	Contract Month	**6-Jan-16**	**30-Dec-15**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-Mar**	14.42	15.15	**-0.73**
	16-May	14.12	14.76	**-0.64**
	16-Jul	13.88	14.48	**-0.60**
LIFFE Sugar (US $/MT)	**16-Mar**	428.80	419.00	**9.80**
	16-May	418.80	415.10	**3.70**
	16-Aug	411.50	409.90	**1.60**

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