

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 3050 - 3200 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

- Indian sugar export fell by 10% this week as the country exported 0.85 lakh tons of sugar during the week (ending on 10th January, 2016) compared to 0.94 lakh tons of sugar the previous week.
- 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 in 2014-15 (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 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).

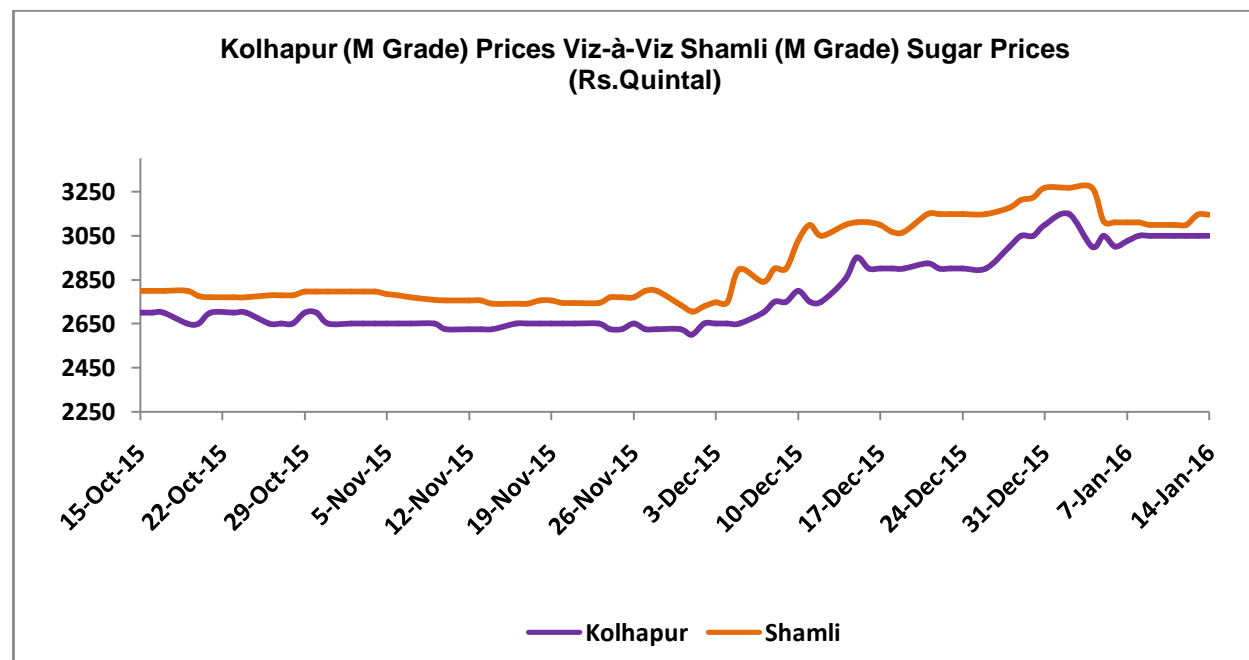
Indian Sugar Production Scenario Up to 31st December, 2015

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 further depicting a lower price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 3050 per quintal this week, which was 0.16% higher than the price reported last week. However, sugar prices for the same variety/grade in Shamli district fell by 1.81% from Rs 3174 per quintal last week to Rs 3117 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 \$455.82 per ton.

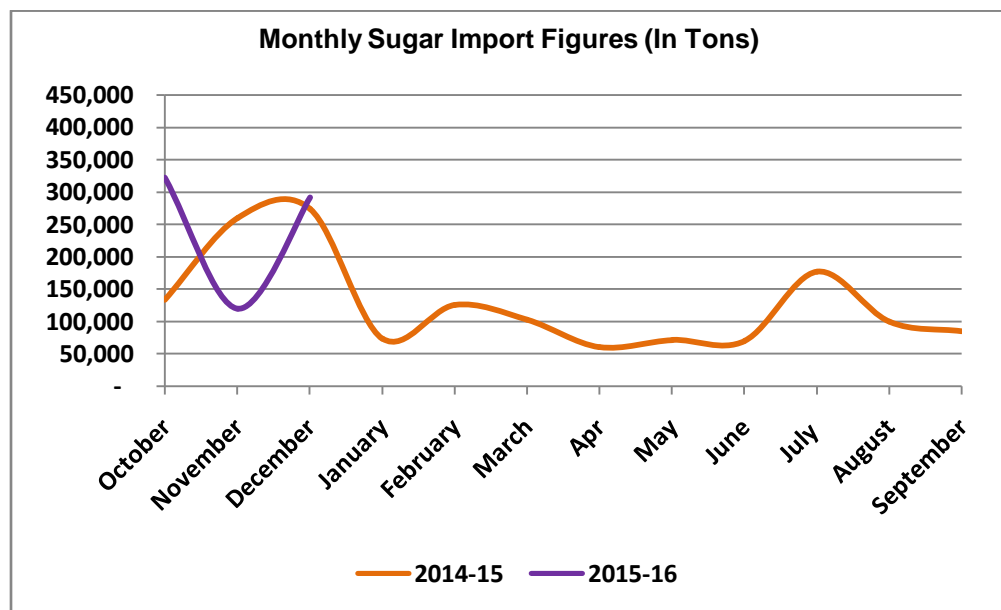
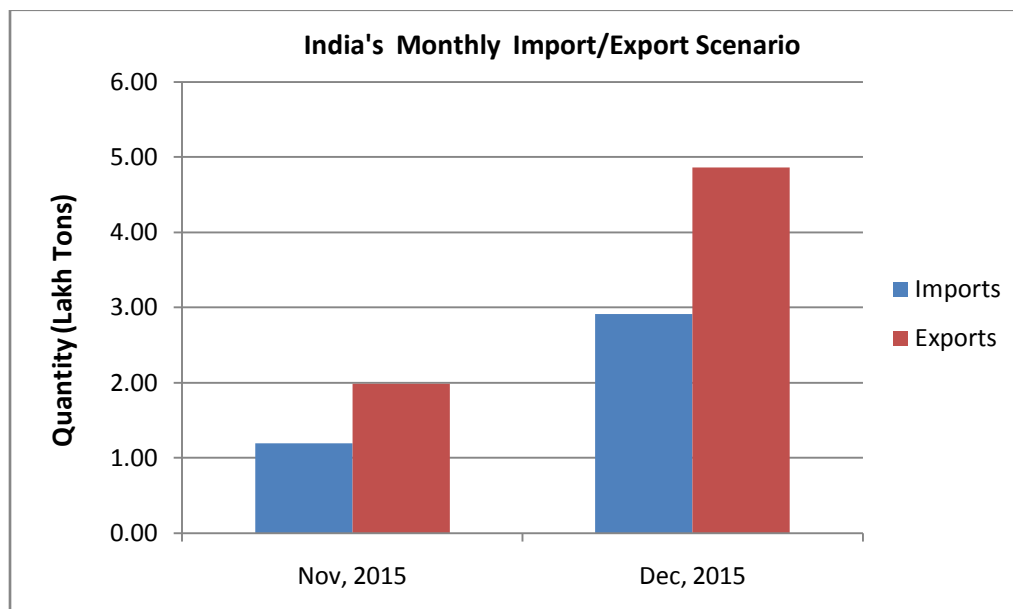
On International front, Brazil sugar FOB prices quoted at \$408.87/ Ton.

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

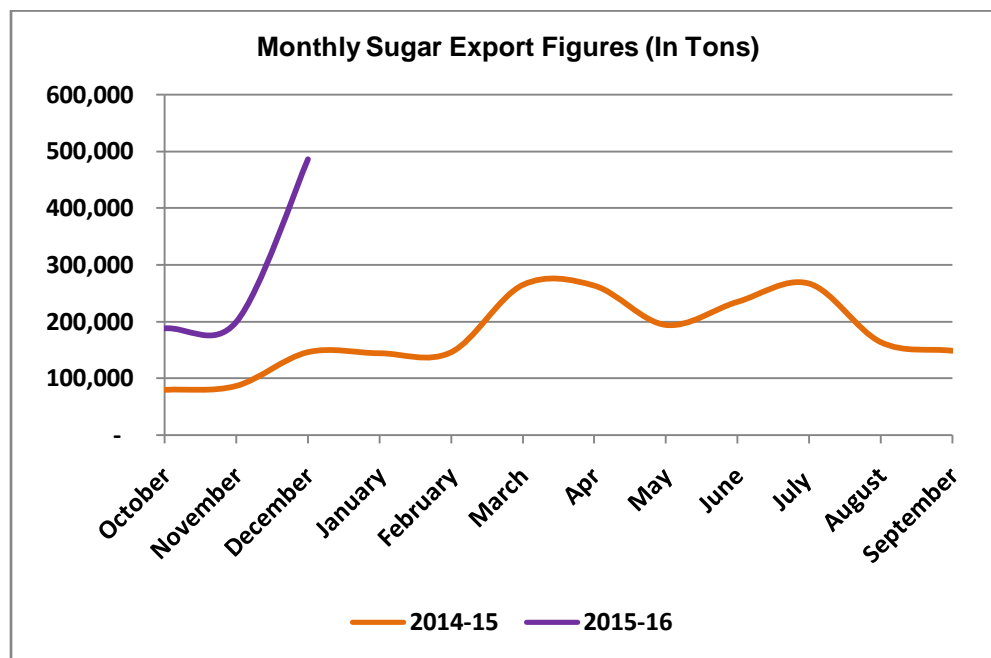
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.79) till 15 th Jan, 2016			
	Brazil	Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$408.87	\$475.65/428.40	\$455.82

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 in 2014-15. Hence 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			08th to 14th Jan 2016	02nd to 07th Jan 2016	
Delhi	Delhi	M-Grade	3177	3182	-5
	Delhi	S-Grade	3100	NA	-
Uttar Pradesh	Khatauli	M-Grade	3190	3214	-24
	Ramala	M-Grade	2998	2999	-1
	Dhampur	M-Grade Ex-Mill	3052	3126	-74
	Dhampur	S-Grade Ex-Mill	3032	3106	-74
	Dhampur	L-Grade Ex-Mill	3102	3176	-74
Maharashtra	Mumbai	M-Grade	3263	3256	7
	Mumbai	S-Grade	3149	3154	-4
	Nagpur	M-Grade	3093	3088	5
	Nagpur	S-Grade	3005	2998	7
	Kolhapur	M-Grade	3050	3045	5
	Kolhapur	S-Grade	2950	2945	5
Assam	Guhawati	S-Grade	3258	3253	5
Meghalaya	Shillong	S-Grade	3270	3265	5
Andhra Pradesh	Vijayawada	M-Grade	3400	3400	Unch
	Vijayawada	S-Grade	3227	3200	27
West Bengal	Kolkata	M-Grade	3317	3283	34
Tamil Nadu	Chennai	S-Grade	3100	3110	-10
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)

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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	3180	3200	3263	3340	3370
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Buy	Above 3260	3310	3335	3230

Gur Market Scenario and Outlook

Gur market remained pale during the week with price falling in almost all the major market. , Prices of Chaku, Khurpa and Laddoo variety of gur from key Muzaffar Nagar market fell by Rs 74, Rs 175 and Rs 69 per quintal to Rs 2588, Rs 2355 and Rs 2580 per quintal this week. Similarly, price of Mudde (Average) variety of gur from Belgaum district fell by Rs 55/quintal from Rs 2380/quintal to Rs 2325/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)			08th to 14th Jan 2016	02nd to 07th Jan 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2588	2662	-74
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	35000	36000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2355	2530	-175
	Muzaffarnagar	Laddoo (Fresh)	2580	2649	-69
	Muzaffarnagar	Rascut (Fresh)	2398	2405	-7
	Hapur	Chaurasa	2329	2347	-18
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3620	3580	40
	Belgaum	Mudde (Average)	2325	2380	-55
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2566	2576	-10
	Mahalingapura	Penti (Average)	2719	2723	-4
	Mandya	Achhu (Medium)	2430	2450	-20
	Mandya	Kurikatu (Medium)	2300	2300	Unch
	Mandya	Other (Medium)	2260	2300	-40
	Mandya	Yellow (Medium)	2430	2450	-20
	Shimoga	Achhu (Average)	2850	2783	67

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			14-Jan-16	7-Jan-16	14-Dec-15	14-Jan-15
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2528	2628	2778	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	5500	NA
	Muzaffarnagar	Khurpa (Fresh)	2350	2400	2438	2338
	Muzaffarnagar	Laddoo (Fresh)	2563	2625	2675	2625
	Muzaffarnagar	Rascut (Fresh)	2400	2403	2350	NA
	Hapur	Chaurasa	2325	2325	NA	2413
	Hapur	Balti	NA	NA	NA	2300
Maharashtra	Latur	Lal Variety	NA	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	3650	3600	3550	4200
	Belgaum	Mudde (Average)	2300	2300	2300	2700
	Belthangadi	Yellow (Average)	NA	NA	NA	3100
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2535	2580	2580	2640
	Mahalingapur	Penti (Average)	2666	2821	2544	NA
	Mandya	Achhu (Medium)	2400	2450	2350	2500
	Mandya	Kurikatu (Medium)	2300	2300	2200	2300
	Mandya	Other (Medium)	2200	2300	2150	2400
	Mandya	Yellow (Medium)	2400	2450	2350	2500
	Shimoga	Achhu (Average)	NA	NA	2700	NA

International Market News Highlights:

- Keeping in view the rising population growth in Indonesia and their production and consumption growth, the country's raw sugar imports is expected to increase from 3 MT in 2015 to 3.2 MT in the year 2016.
- As per the latest report of UNICA, Brazil's C.S region had crushed around 10.44 MT of sugarcane in the second half of December, 2015 to produce 0.38 MT of sugar there on.
- Indonesia's white refined sugar production is expected to decline by 8% from 2.5 MT in 2015 to 2.3 MT in the year 2016.
- 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.
- 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.
- 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.
- 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.

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 upwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 14.95 with target of 15.23

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	14.95	15.23



International Sugar Prices (Weekly)				
	Contract Month	13-Jan-16	6-Jan-16	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.88	14.42	0.46
	16-May	14.44	14.12	0.32
	16-Jul	14.17	13.88	0.29
LIFFE Sugar (US \$/MT)	16-Mar	428.40	428.80	-0.40
	16-May	419.90	418.80	1.10
	16-Aug	413.30	411.50	1.80

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