

Executive Summary

Domestic Sugar Market Summary

Spot sugar prices ascended this week followed by increased buying by stockiest and bulk consumers due to the uptick in demand. In addition, reports of a lower production (sugar) estimate globally this year 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 - 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

- The Uttar Pradesh govt. announced cane SAP (State Advisory Price) at Rs 280/quintal for MY 2015- 16 (01st Oct, 2015 – 30th Sep, 2016) which was same as the price fixed last year for 2014-15.
- An early commencement of crushing operation in India this year led the country to produce 110.90 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Jan, 2016) which is 6.82% higher than the sugar produced during the corresponding period last year.
- 168 sugar mills in Maharashtra had produced 44 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Jan, 2016) which was 2.33% higher than the sugar produced last year in 2014-15(01st Oct, 2014 – 15th Jan, 2015).
- Sugar production rose by 2.07 lakh tons in Uttar Pradesh which produced 27.07 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Jan, 2016) compared to 25 lakh tons of sugar last year in 2014-15 (01st Oct, 2014 – 15th Jan, 2015).

- Karnataka had produced 21.12 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Jan, 2016) which is 19.25% higher than the sugar produced during the corresponding period last year.
- 25 sugar mills in Tamil Nadu had produced 1.60 lakh tons of sugar in 2015 -16 (till 15th Jan, 2016) compared to 1.10 lakh tons of production made (by 20 sugar mills) in 2014-15 (till 15th Jan, 2015).
- Sugar production rose by 14.69% in Gujarat which produced 5.70 lakh tons of sugar in 2015-16 (till 15th Jan, 2016) compared to 4.97 lakh tons of sugar in 2014-15 (till 15th Jan, 2015).
- The combined sugar production of Andhra Pradesh & Telangana fell by 18.05% this year as they jointly produced 3.27 lakh tons of sugar in 2015-16 (till 15th Jan, 2016) compared to 3.99 lakh tons of production last year in 2014-15 (till 15th Jan, 2015).
- .Bihar, Uttarakhand, Punjab, Haryana and M.P had produced 2.20 lakh tons, 1.05 lakh tons, 1.70 lakh tons, 1.60 lakh tons and 1.40 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Jan, 2016).
- Indian sugar mills made contracts to sell 900,000 tons of sugar so far in 2015/16 marketing year as companies try to reduce inventories, according to Indian Sugar Mills Association (ISMA). India is primarily exporting to Asian countries like Myanmar, Sri Lanka and Bangladesh. Indian sugar production rose 6.8 percent to 11 MMT in first three and half months of the marketing year.

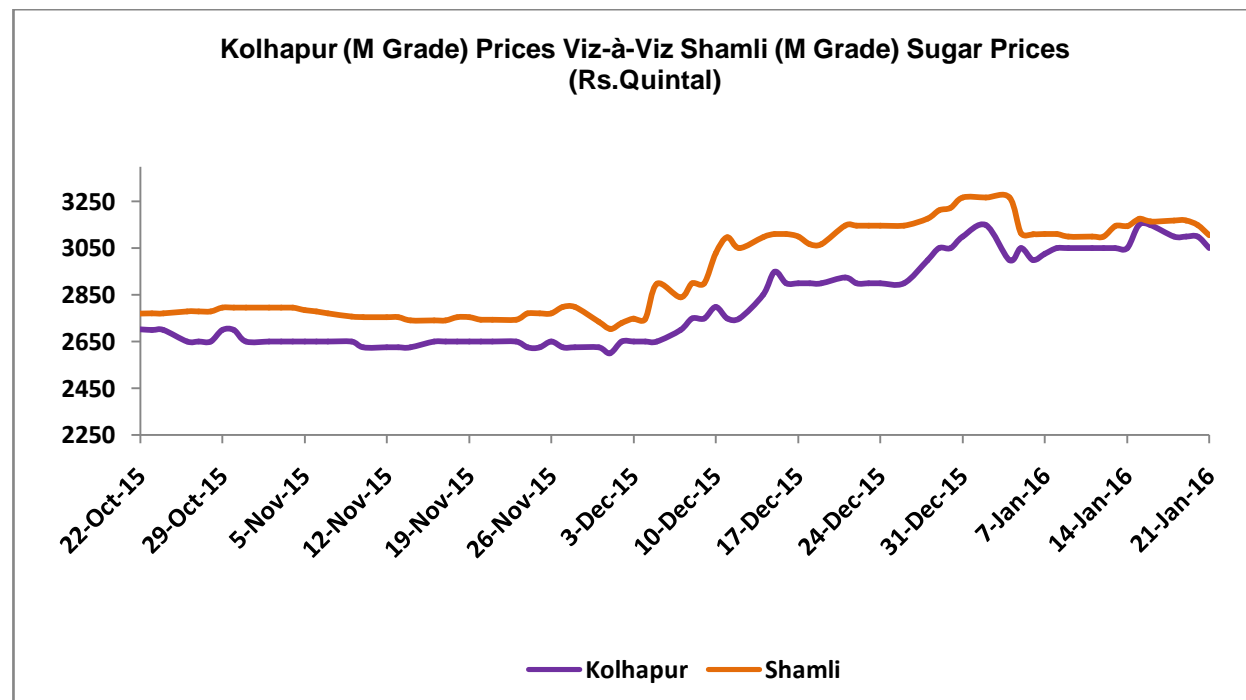
Indian Sugar Production Scenario Up to 15th January, 2016

| States | Sugar Produced (Lakh Tons) | |
|------------------|----------------------------|---------------|
| | 2015-16 | 2014-15 |
| Maharashtra | 44.00 | 43.00 |
| Uttar Pradesh | 27.07 | 25.00 |
| Karnataka | 21.12 | 17.71 |
| Gujarat | 5.70 | 4.97 |
| A.P +Telangana | 3.27 | 3.99 |
| Tamil Nadu | 1.60 | 1.10 |
| All India | 110.90 | 103.82 |

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 3108 per quintal this week, which was 1.91% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 1.26% from Rs 3117 per quintal last week to Rs 3156 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 \$465.13 per ton.

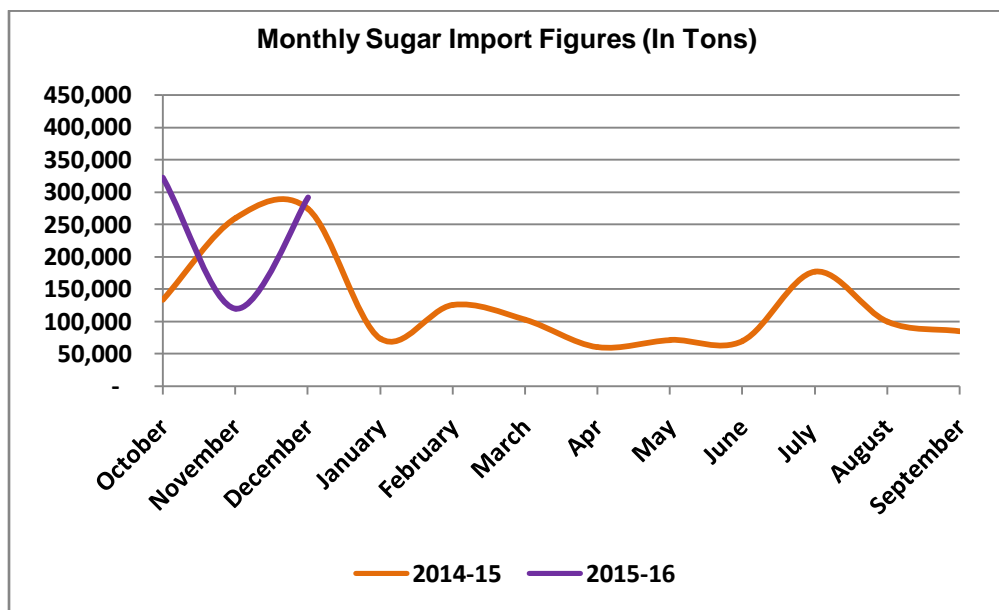
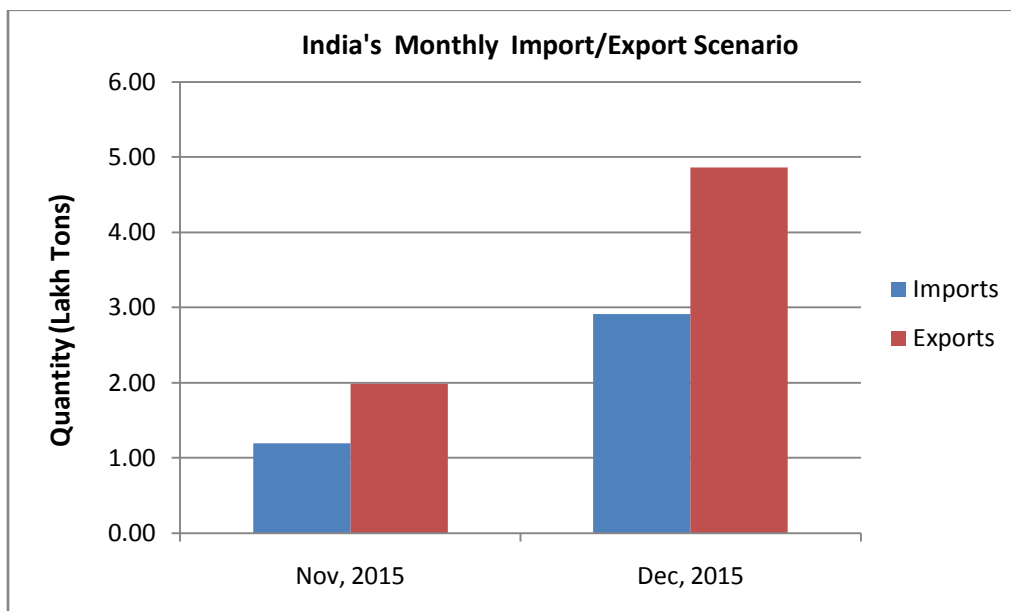
On International front, Brazil sugar FOB prices quoted at \$408.87/ Ton.

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

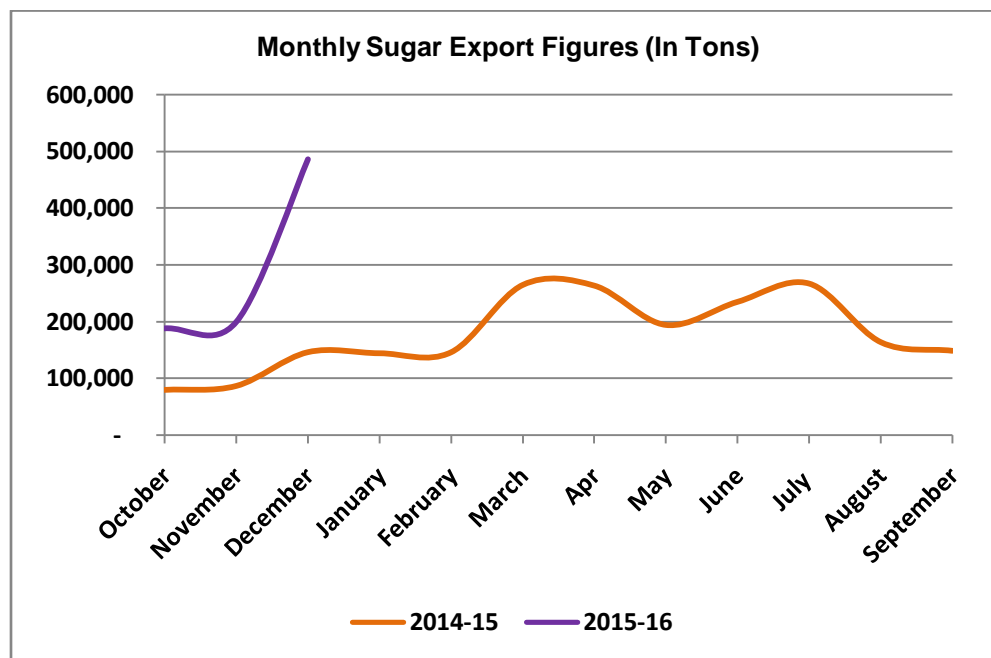
| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.68) till 22 nd Jan, 2016 | | | |
|--|----------|---|--------------------|
| | Brazil | Thailand (100 Icumsa Mar Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices | \$408.87 | \$475.65/417.80 | \$465.13 |

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 | | | 15th to 21st Jan 2016 | 08th to 14th Jan 2016 | |
| Delhi | Delhi | M-Grade | 3221 | 3177 | 44 |
| | Delhi | S-Grade | 3197 | 3100 | 97 |
| Uttar Pradesh | Khatauli | M-Grade | 3218 | 3190 | 28 |
| | Ramala | M-Grade | NA | 2998 | - |
| | Dhampur | M-Grade Ex-Mill | 3070 | 3052 | 18 |
| | Dhampur | S-Grade Ex-Mill | 3050 | 3032 | 18 |
| | Dhampur | L-Grade Ex-Mill | 3120 | 3102 | 18 |
| Maharashtra | Mumbai | M-Grade | 3282 | 3263 | 19 |
| | Mumbai | S-Grade | 3160 | 3149 | 10 |
| | Nagpur | M-Grade | 3120 | 3093 | 27 |
| | Nagpur | S-Grade | 3050 | 3005 | 45 |
| | Kolhapur | M-Grade | 3108 | 3050 | 58 |
| | Kolhapur | S-Grade | 3008 | 2950 | 58 |
| Assam | Guhawati | S-Grade | 3317 | 3258 | 59 |
| Meghalaya | Shillong | S-Grade | 3328 | 3270 | 58 |
| Andhra Pradesh | Vijayawada | M-Grade | 3400 | 3400 | Unch |
| | Vijayawada | S-Grade | 3240 | 3227 | 13 |
| West Bengal | Kolkata | M-Grade | 3278 | 3317 | -39 |
| Tamil Nadu | Chennai | S-Grade | 3100 | 3100 | Unch |
| 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 | | | 21-Jan-16 | 14-Jan-16 | 21-Dec-15 | 21-Jan-15 |
| Delhi | Delhi | M-Grade | 3250 | 3200 | 3100 | 2890 |
| | Delhi | S-Grade | 3230 | NA | NA | 2860 |
| Uttar Pradesh | Khatauli | M-Grade | 3210 | 3210 | 3260 | 2930 |
| | Ramala | M-Grade | NA | NA | 2898 | NA |
| | Dhampur | M-Grade Ex-Mill | 3050 | 3035 | 3068 | 2800 |
| | Dhampur | S-Grade Ex-Mill | 3030 | 3015 | 3048 | 2780 |
| | Dhampur | L-Grade Ex-Mill | 3100 | 3085 | 3118 | 2850 |
| Maharashtra | Mumbai | M-Grade | 3282 | 3282 | 3020 | 2950 |
| | Mumbai | S-Grade | 3156 | 3156 | 2920 | 2762 |
| | Nagpur | M-Grade | NR | 3100 | 2900 | 2950 |
| | Nagpur | S-Grade | NR | 3030 | 2800 | 2800 |
| | Kolhapur | M-Grade | 3100 | 3050 | 2900 | 2650 |
| | Kolhapur | S-Grade | 3000 | 2950 | 2800 | 2550 |
| Assam | Guhawati | S-Grade | 3309 | 3258 | 3106 | 2852 |
| Meghalaya | Shillong | S-Grade | 3320 | 3270 | 3120 | 2870 |
| Andhra Pradesh | Vijayawad a | M-Grade | 3400 | 3400 | 3200 | 3180 |
| | Vijayawad a | S-Grade | 3240 | 3240 | 3040 | 3050 |
| West Bengal | Kolkata | M-Grade | 3260 | 3310 | 3260 | 2930 |
| Tamil Nadu | Chennai | S-Grade | 3100 | 3100 | 2875 | 2700 |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 2835 | 2835 | 2835 | 3035 |
| | Ambikapur | S-Grade (Without Duty) | 2835 | 2835 | 2835 | 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 fell while volume rose for the week.
- RSI is hovering into a neutral zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|-------------|------------|------|------|------|
| Sugar | NCDEX | Mar | 3070 | 3100 | 3179 | 3240 | 3270 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Mar | Sell | Below 3180 | 3130 | 3105 | 3210 |

Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market with price rising in some market while declining in others. Prices of Mudde (Average) variety of gur from Belgaum district rose by Rs 100/quintal from Rs 2325/quintal to Rs 2425/quintal this week. Similarly, price of Khurpa (Fresh) variety of gur from key Muzaffar Nagar market increased from Rs 2355/quintal to Rs 2403/quintal this week.

On the other hand, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 90/quintal from Rs 2719/quintal to Rs 2629/quintal this week. Similarly, prices of Achhu (Medium) and Yellow (Medium) variety from Mandya fell by Rs 70/quintal each to Rs 2360/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) | | | 15th to 21st Jan 2016 | 08th to 14th Jan 2016 | |
| Uttar Pradesh | Muzaffarnagar | ChakuSukha(Cold) | 2562 | 2588 | -26 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 30000 | 35000 | -5000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2403 | 2355 | 48 |
| | Muzaffarnagar | Laddoo (Fresh) | 2577 | 2580 | -2 |
| | Muzaffarnagar | Rascut (Fresh) | 2410 | 2398 | 12 |
| | Hapur | Chaurasa | 2343 | 2329 | 14 |
| | Hapur | Balti | NA | NA | - |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 3650 | 3620 | 30 |
| | Belgaum | Mudde (Average) | 2425 | 2325 | 100 |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | NA | - |
| | Gulbarga | Other (Average) | 2564 | 2566 | -2 |
| | Mahalingapura | Penti (Average) | 2629 | 2719 | -90 |
| | Mandya | Achhu (Medium) | 2360 | 2430 | -70 |
| | Mandya | Kurikatu (Medium) | 2300 | 2300 | Unch |
| | Mandya | Other (Medium) | 2210 | 2260 | -50 |
| | Mandya | Yellow (Medium) | 2360 | 2430 | -70 |
| | Shimoga | Achhu (Average) | 2825 | 2850 | -25 |

| Spot Jaggery(Gur) Prices Scenario (Weekly) | | | | | | |
|--|---------------|--------------------------|-----------|-----------|-----------|-----------|
| Commodity | Centre | Variety | Today | Week Ago | Month Ago | Year Ago |
| Jaggery(Gur) | | | 21-Jan-16 | 14-Jan-16 | 21-Dec-15 | 21-Jan-15 |
| Uttar Pradesh | Muzaffarnagar | ChakuSukha(Cold) | 2553 | 2700 | 2770 | NA |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 7000 | 2000 | 4000 | NA |
| | Muzaffarnagar | Khurpa (Fresh) | 2413 | 2313 | 2413 | 2363 |
| | Muzaffarnagar | Laddoo (Fresh) | 2600 | 2538 | 2688 | 2638 |
| | Muzaffarnagar | Rascut (Fresh) | 2418 | 2403 | 2350 | NA |
| | Hapur | Chaurasa | 2350 | 2320 | 2338 | 2475 |
| | Hapur | Balti | NA | NA | NA | 2363 |
| Maharashtra | Latur | Lal Variety | NA | NA | NA | 2450 |
| Karnataka | Bangalore | Mudde (Average) | 3650 | 3650 | 3550 | 3950 |
| | Belgaum | Mudde (Average) | 2500 | 2300 | 2300 | NA |
| | Belthangadi | Yellow (Average) | NA | NA | NA | 3100 |
| | Bijapur | Achhu | NA | NA | NA | NA |
| | Gulbarga | Other (Average) | 2520 | 2640 | 2590 | NA |
| | Mahalingapur | Penti (Average) | 2643 | 2725 | 2613 | NA |
| | Mandya | Achhu (Medium) | 2350 | 2400 | 2300 | 2500 |
| | Mandya | Kurikatu (Medium) | 2300 | 2300 | 2200 | 2300 |
| | Mandya | Other (Medium) | 2250 | 2200 | 2150 | 2400 |
| | Mandya | Yellow (Medium) | 2350 | 2400 | 2300 | 2500 |
| | Shimoga | Achhu (Average) | 2800 | NA | 2700 | 2700 |

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 425.2 with a target of 435.8

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Mar'16 | 425.2 | 435.8 |

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 14.40 with target of 14.28

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Mar'16 | 14.40 | 14.28 |



| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|-----------|--------|
| | Contract Month | 20-Jan-16 | 13-Jan-16 | Change |
| ICE Sugar #11 (US Cent/lb) | 16-Mar | 14.18 | 14.88 | -0.70 |
| | 16-May | 13.91 | 14.44 | -0.53 |
| | 16-Jul | 13.69 | 14.17 | -0.48 |
| LIFFE Sugar (US \$/MT) | 16-Mar | 417.80 | 428.40 | -10.60 |
| | 16-May | 409.00 | 419.90 | -10.90 |
| | 16-Aug | 402.60 | 413.30 | -10.70 |

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