

Executive Summary

Domestic Sugar Market Summary

Domestic sugar prices traded steady to weak driven by a broad-based decline in commodities complex led by crude oil. In addition to that, a gloomy economic outlook in world's largest sugar consumer, China too supported the fall in prices.

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

- As per the second advance estimate released by ISMA, Maharashtra sugar production is expected to fall to 87 lakh tons in 2015-16 amidst lower production yield due to water scarcity in the area. Sugar production in Karnataka too is expected to fall to 43 lakh tons in 2015-16 amidst a deficient rainfall in the region.
- On the other hand, a better sugar recoveries in U.P this year could cause the State to produce 71.5 lakh tons of sugar in 2015-16. Similarly, Tamil Nadu is also expected to produce 13.9 lakh tons of sugar this marketing year.
- Indian sugar exports fell by 62% this week as the country exported 36.2 thousand tons of sugar for the week ending 24th Jan, 2016 compared to 96.6 thousand tons of sugar exported the previous week.
- 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 is 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 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 in 2014-15 (till 15th Jan, 2015).

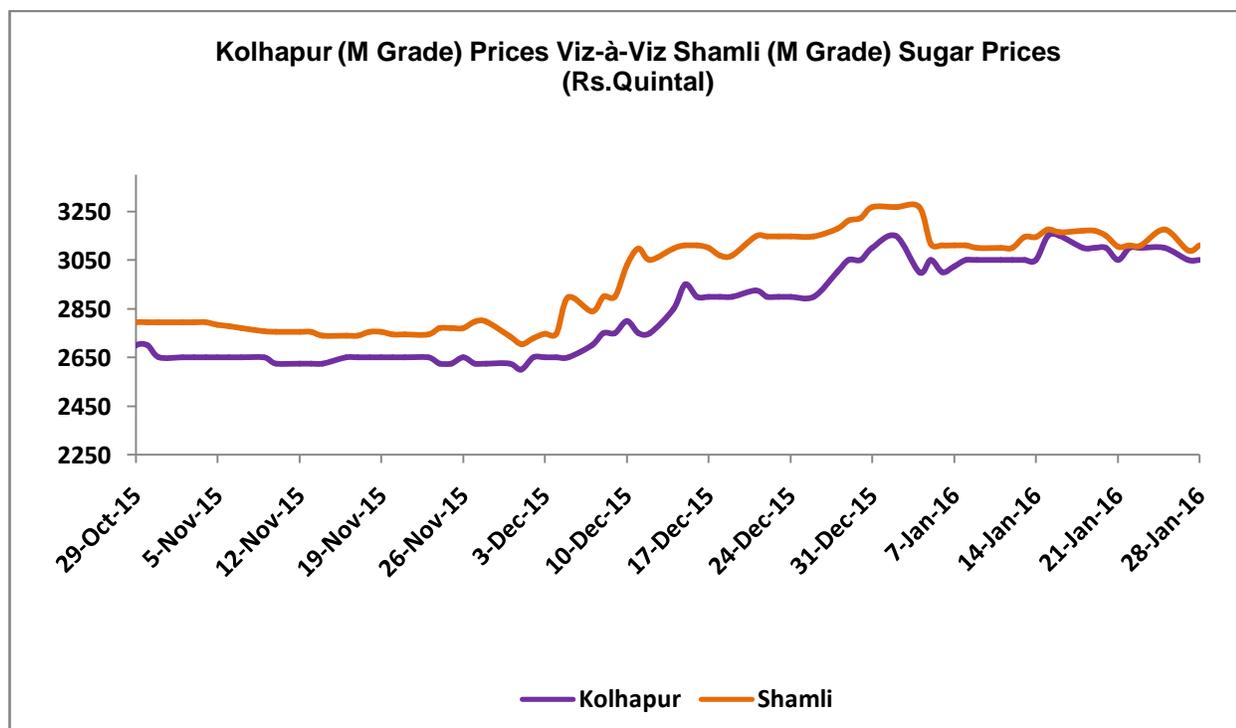
Indian Sugar Production Scenario Up to 15th January, 2016

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

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 3080 per quintal this week, which was 0.91% lower than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district fell by 1.17% from Rs 3156 per quintal last week to Rs 3119 per quintal this week.



Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$486.12 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$460.24 per ton.

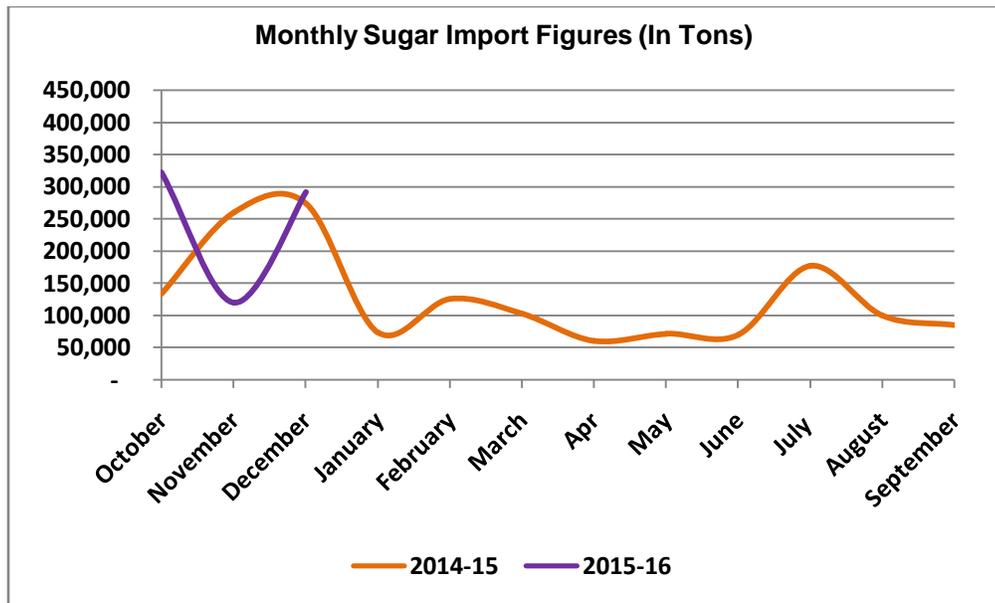
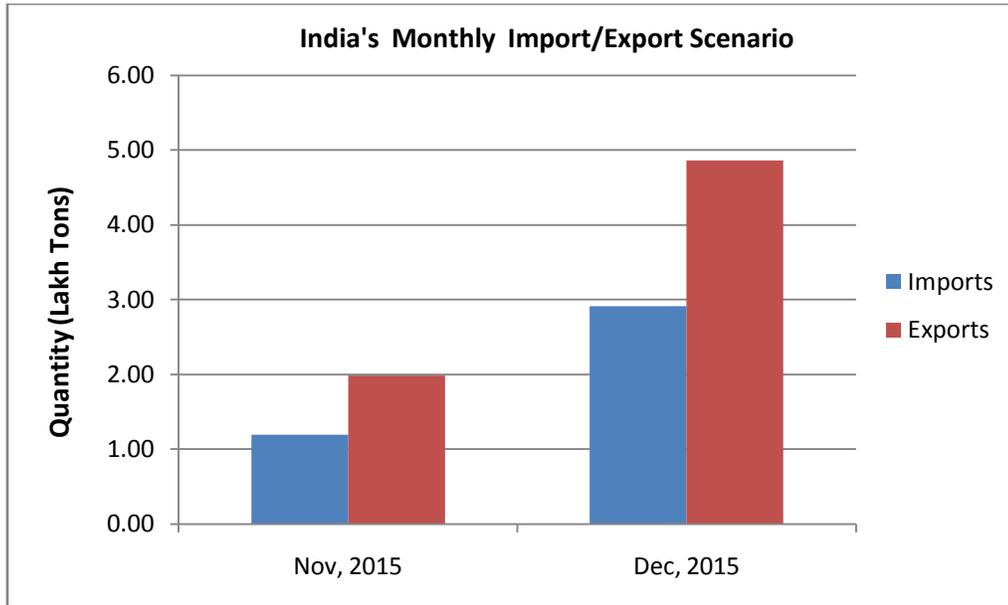
On International front, Brazil sugar FOB prices quoted at \$406.77/ Ton.

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

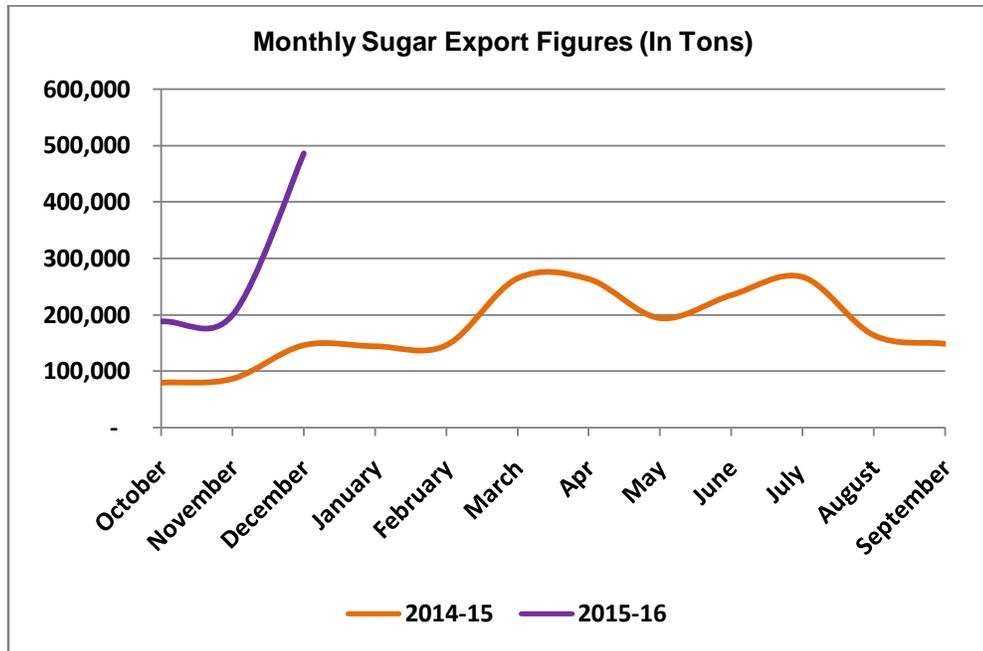
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.79) till 29 th Jan, 2016			
	Brazil	Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$406.77	\$477.20/414.70	\$460.24

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			22nd to 28th Jan 2016	15th to 21st Jan 2016	
Delhi	Delhi	M-Grade	3165	3221	-56
	Delhi	S-Grade	3141	3197	-56
Uttar Pradesh	Khatauli	M-Grade	3115	3218	-104
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3040	3070	-30
	Dhampur	S-Grade Ex-Mill	3020	3050	-30
	Dhampur	L-Grade Ex-Mill	3090	3120	-30
Maharashtra	Mumbai	M-Grade	3282	3282	-1
	Mumbai	S-Grade	3152	3160	-8
	Nagpur	M-Grade	NA	3120	-
	Nagpur	S-Grade	NA	3050	-
	Kolhapur	M-Grade	3080	3108	-28
	Kolhapur	S-Grade	2980	3008	-28
Assam	Guhawati	S-Grade	3289	3317	-29
Meghalaya	Shillong	S-Grade	3300	3328	-28
Andhra Pradesh	Vijayawada	M-Grade	3400	3400	Unch
	Vijayawada	S-Grade	3240	3240	Unch
West Bengal	Kolkata	M-Grade	3234	3278	-44
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			28-Jan-16	21-Jan-16	28-Dec-15	28-Jan-15
Delhi	Delhi	M-Grade	3150	3225	3125	2890
	Delhi	S-Grade	3120	3215	NA	2810
Uttar Pradesh	Khatauli	M-Grade	3162	3170	3253	2950
	Ramala	M-Grade	NA	NA	NA	2870
	Dhampur	M-Grade Ex-Mill	3100	3110	3040	2840
	Dhampur	S-Grade Ex-Mill	3080	3090	3020	2820
	Dhampur	L-Grade Ex-Mill	3150	3160	3090	2890
Maharashtra	Mumbai	M-Grade	3290	3276	3092	2946
	Mumbai	S-Grade	3150	3150	2992	2762
	Nagpur	M-Grade	NR	NR	2950	2950
	Nagpur	S-Grade	NR	NR	2900	2800
	Kolhapur	M-Grade	3050	3050	3000	2650
	Kolhapur	S-Grade	2950	2950	2900	2550
Assam	Guhawati	S-Grade	3258	3258	3207	2852
Meghalaya	Shillong	S-Grade	3270	3270	3220	2870
Andhra Pradesh	Vijayawada	M-Grade	3400	3400	3200	3180
	Vijayawada	S-Grade	3240	3240	3040	3050
West Bengal	Kolkata	M-Grade	3240	3240	NA	3000
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 and volume fell down while O.I surged 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	3162	3240	3270
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Sell	Below 3170	3120	3095	3200

Gur Market Scenario and Outlook

Spot gur market mostly remained dormant with price rising only in few centers. Price of Achhu (Medium) and Kurikatu (Medium) variety of gur from Mandya fell by Rs 60 and Rs 40 per quintal to Rs 2300 and Rs 2260 per quintal. Similarly, price of Penti (Average) variety of gur from Mahalingapura district of Karnataka fell by Rs 64/quintal from Rs 2629/quintal to Rs 2566/quintal this week. On the other hand, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 35/quintal from Rs 2425/quintal to Rs 2460/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)			22nd to 28th Jan 2016	15th to 21st Jan 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2553	2562	-9
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	28000	30000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2395	2403	-9
	Muzaffarnagar	Laddoo (Fresh)	2534	2577	-43
	Muzaffarnagar	Rascut (Fresh)	2421	2410	11
	Hapur	Chaurasa	2359	2343	17
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3610	3650	-40
	Belgaum	Mudde (Average)	2460	2425	35
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2552	2564	-12
	Mahalingapura	Penti (Average)	2566	2629	-64
	Mandya	Achhu (Medium)	2300	2360	-60
	Mandya	Kurikatu (Medium)	2260	2300	-40
	Mandya	Other (Medium)	2250	2210	40
	Mandya	Yellow (Medium)	2300	2360	-60
	Shimoga	Achhu (Average)	2800	2825	-25

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			28-Jan-16	21-Jan-16	28-Dec-15	28-Jan-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2563	2650	2650	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	3000	8000	NA
	Muzaffarnagar	Khurpa (Fresh)	2405	2413	2500	2400
	Muzaffarnagar	Laddoo (Fresh)	2528	2563	2775	2600
	Muzaffarnagar	Rascut (Fresh)	2425	2425	2413	NA
	Hapur	Chaurasa	2335	2350	NA	2650
	Hapur	Balti	NA	NA	NA	2288
Maharashtra	Latur	Lal Variety	NA	NA	NA	2450
Karnataka	Bangalore	Mudde (Average)	3550	3650	3550	4150
	Belgaum	Mudde (Average)	2400	NA	2300	2700
	Belthangadi	Yellow (Average)	NA	NA	NA	3100
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2540	2680	2550	2750
	Mahalingapura	Penti (Average)	2549	2581	2511	2641
	Mandya	Achhu (Medium)	2300	2350	2350	2450
	Mandya	Kurikatu (Medium)	2200	2300	2200	2200
	Mandya	Other (Medium)	2250	2200	2200	2300
	Mandya	Yellow (Medium)	2300	2350	2350	2450
	Shimoga	Achhu (Average)	2800	2800	2800	2700

International Market News Highlights:

- Brazil's centre south region had crushed 1.82 MT of sugarcane in the first half of January, 2016 thereby yielding 0.03 MT of sugar there on.
- Indonesia had issued import permit of 968,143 tons of raw sugar in the first quarter of 2016 (January – March).
- 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 downward for the week.
- The last candlestick depicts bearishness in the market.
Strategy: Sell at 406.2 with a target of 395.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	406.2	395.6

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 13.20 with target of 12.86

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	13.20	12.86

International Sugar Prices (Weekly)				
	Contract Month	27-Jan-16	20-Jan-16	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	13.58	14.18	-0.60
	16-May	13.55	13.91	-0.36
	16-Jul	13.44	13.69	-0.25
LIFFE Sugar (US \$/MT)	16-Mar	414.70	417.80	-3.10
	16-May	403.90	409.00	-5.10
	16-Aug	395.80	402.60	-6.80

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