

## **Executive Summary**

### **Domestic Sugar Market Summary**

Domestic prices traded steady to weak amidst scattered demand and restricted activity in the spot sugar market this week.

### **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**

- 510 sugar mills in India had produced 142.53 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016) which is 4.57% higher than the sugar produced last year by 517 mills during the corresponding period.
- Sugar production rose by 0.09% in Maharashtra this year which produced 54.42 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016) compared to 54.37 lakh tons of production last year during the same interval.
- Uttar Pradesh had produced 36.15 lakh tons of sugar in MY 2015-16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016) which is 7.11% higher than the sugar produced last year in 2014-15 (01<sup>st</sup> Oct, 2014 – 31<sup>st</sup> Jan, 2015)
- Sugar production rose by 3.76 lakh tons in Karnataka which produced 26.89 lakh tons of sugar during the MY 2015-16 (till 31<sup>st</sup> January, 2016) compared to 23.13 lakh tons in MY 2014-15 (till 31<sup>st</sup> January, 2015).

- 37 sugar mills in Tamil Nadu had produced 2.30 lakh tons of sugar in 2015-16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016) compared to 2.11 lakh tons of sugar production (by 39 mills) in 2014-15 (01<sup>st</sup> Oct, 2014 – 31<sup>st</sup> Jan, 2015).
- Sugar production rose by 11.47% in Gujarat which produced 6.90 lakh tons of sugar during 2015-16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016) compared to 6.19 lakh tons of production in 2014 -15 ((01<sup>st</sup> Oct, 2014 – 31<sup>st</sup> Jan, 2015).
- The combined sugar production of Andhra Pradesh & Telangana fell by 13.41% as the States produced 4.26 lakh tons of sugar in 2015 -16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016) compared to 4.92 lakh tons of sugar in 2014 -15 (01<sup>st</sup> Oct, 2014 – 31<sup>st</sup> Jan, 2015).
- Bihar, Uttarakhand, Punjab, Haryana and M.P had produced 3.05 lakh tons, 1.43 lakh tons, 2.60 lakh tons, 2.40 lakh tons and 1.90 lakh tons of sugar in 2015 -16 (01<sup>st</sup> Oct, 2015 – 31<sup>st</sup> Jan, 2016).
- The Indian govt. had enforced Sugar Cess (Amendment) Bill, 2015, under which the ceiling rate of sugar cess has been increased to Rs 200/quintal from Rs 25/quintal at present. Notably, until now the govt. used to levy a sugar cess of Rs 24/quintal, but with the enactment of the bill, the govt. could charge a higher sugar cess of Rs124/quintal. However, the cess is expected not to affect the retail sugar prices, as it would be collected only when sugar prices are low.

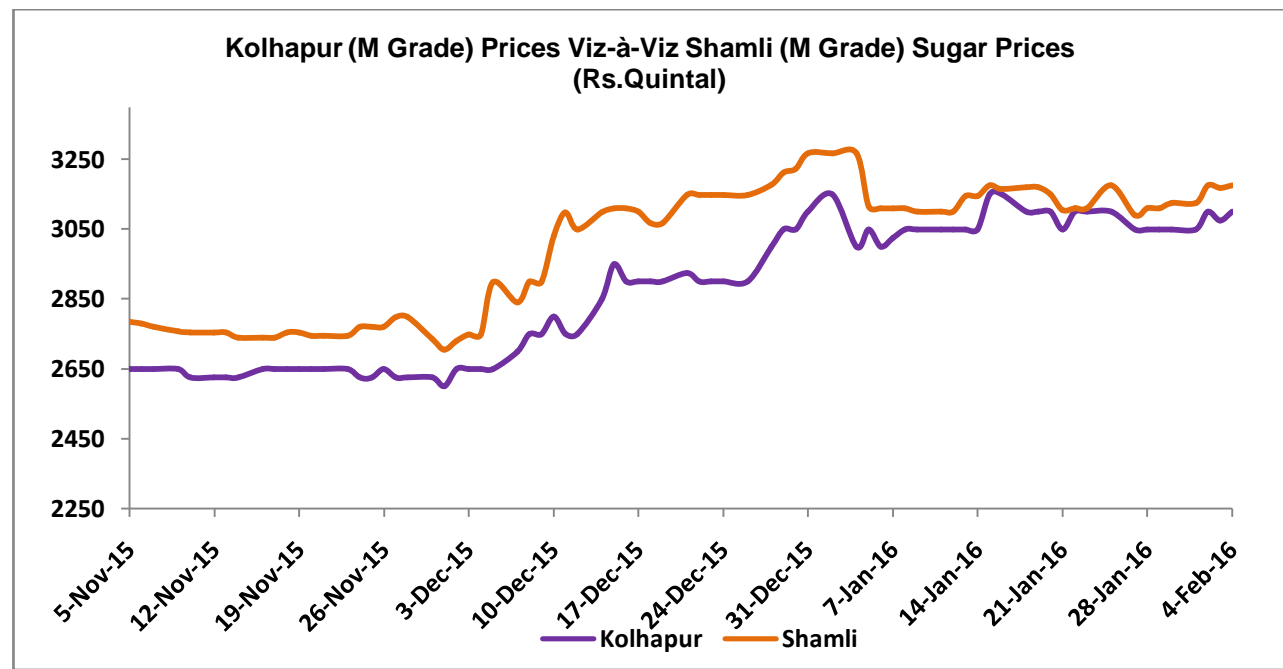
#### Indian Sugar Production Scenario Up to 31<sup>st</sup> January, 2016

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	54.42	54.37
Uttar Pradesh	36.15	33.75
Karnataka	26.89	23.13
Gujarat	6.90	6.19
A.P +Telangana	4.26	4.92
Tamil Nadu	2.30	2.11
<b>All India</b>	<b>142.53</b>	<b>136.30</b>

### Domestic Price Comparison

As shown in the chart below, the spread between the two-benchmarks widened out this week depicting a higher price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 3071 per quintal this week, which was 0.30% lower than the price reported last week. However, sugar prices for the same variety/grade in Shamli district rose by 0.88% from Rs 3119 per quintal last week to Rs 3146 per quintal this week.



### Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$392.14 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$458.71 per ton.

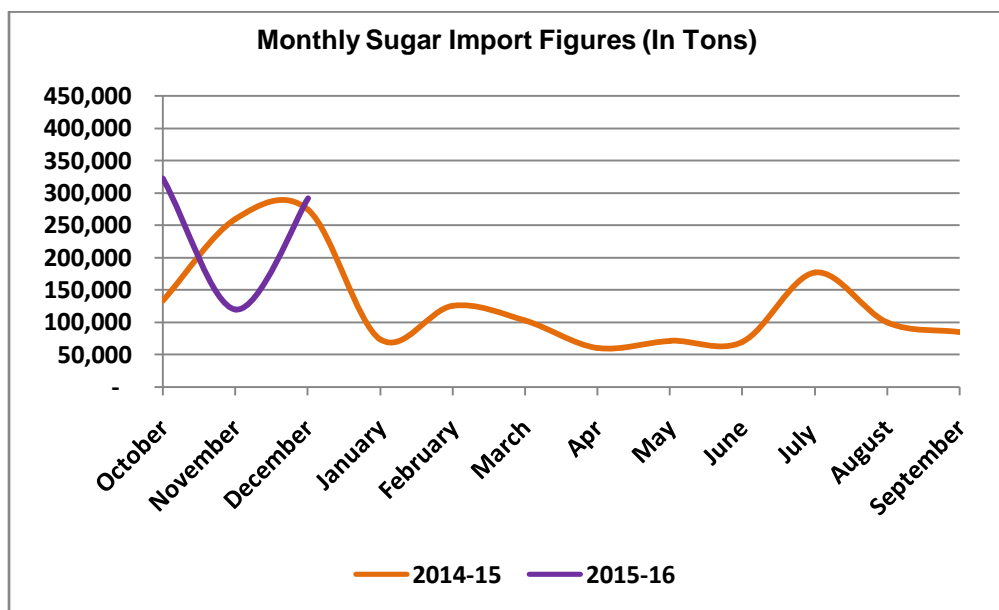
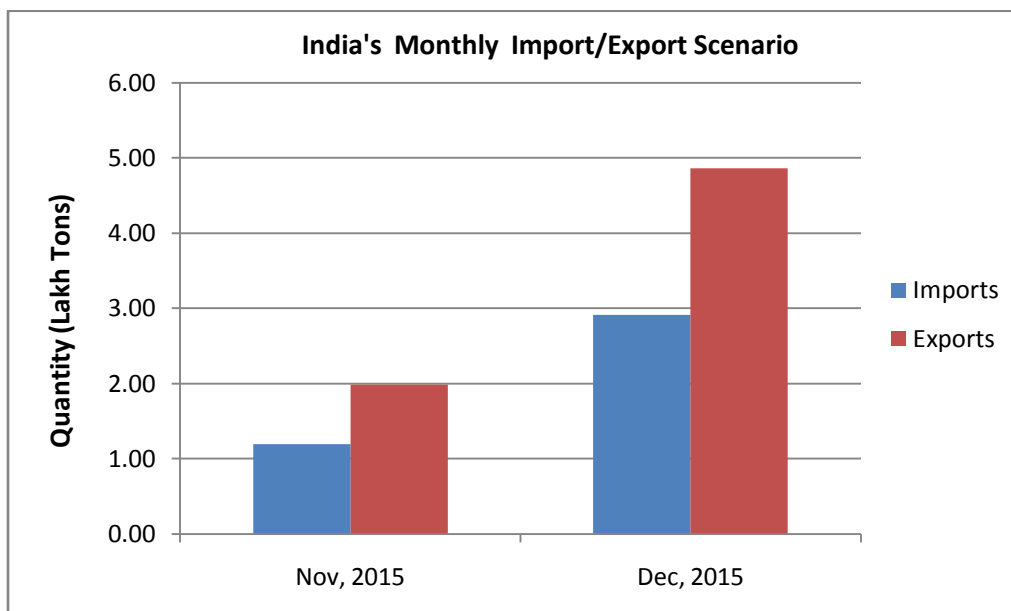
On International front, Brazil sugar FOB prices quoted at \$423.20/ Ton.

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

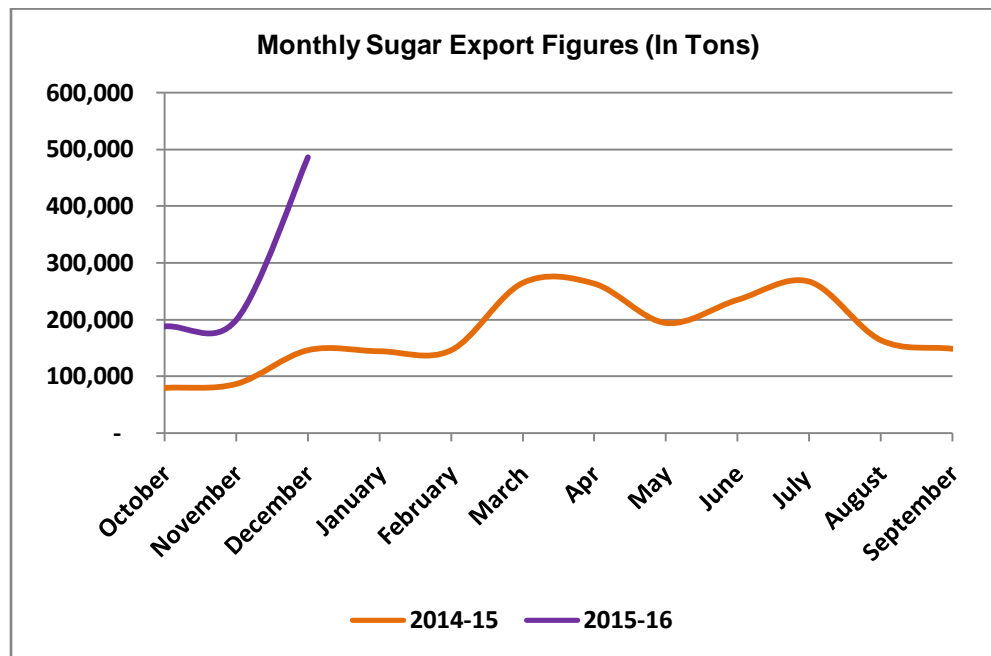
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.69) till 05 <sup>th</sup> Feb, 2016			
	Brazil	Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$423.20	\$447.65/399.40	\$458.71

### 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			29th Jan to 4th Feb 2016	22nd to 28th Jan 2016	
Delhi	Delhi	M-Grade	3201	3165	36
	Delhi	S-Grade	3156	3141	15
Uttar Pradesh	Khatauli	M-Grade	3142	3115	27
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3073	3040	33
	Dhampur	S-Grade Ex-Mill	3053	3020	33
	Dhampur	L-Grade Ex-Mill	3123	3090	33
Maharashtra	Mumbai	M-Grade	3340	3282	58
	Mumbai	S-Grade	3189	3152	37
	Nagpur	M-Grade	3250	NA	-
	Nagpur	S-Grade	3160	NA	-
	Kolhapur	M-Grade	3075	3080	-5
	Kolhapur	S-Grade	2965	2980	-15
Assam	Guhawati	S-Grade	3273	3289	-15
Meghalaya	Shillong	S-Grade	3285	3300	-15
Andhra Pradesh	Vijayawada	M-Grade	3467	3400	67
	Vijayawada	S-Grade	3307	3240	67
West Bengal	Kolkata	M-Grade	3266	3234	32
Tamil Nadu	Chennai	S-Grade	3042	3100	-58
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			4-Feb-16	28-Jan-16	4-Jan-16	4-Feb-15
Delhi	Delhi	M-Grade	3180	3150	3200	2875
	Delhi	S-Grade	3140	3120	NA	2800
Uttar Pradesh	Khatauli	M-Grade	NR	3162	3190	2935
	Ramala	M-Grade	NR	NA	3000	2830
	Dhampur	M-Grade Ex-Mill	NR	3100	3150	2830
	Dhampur	S-Grade Ex-Mill	NR	3080	3130	2810
	Dhampur	L-Grade Ex-Mill	NR	3150	3200	2880
Maharashtra	Mumbai	M-Grade	3340	3290	3250	2942
	Mumbai	S-Grade	3190	3150	3160	2756
	Nagpur	M-Grade	NR	NA	3080	2950
	Nagpur	S-Grade	NR	NA	2970	2750
	Kolhapur	M-Grade	3100	3050	3000	2600
	Kolhapur	S-Grade	3000	2950	2900	2500
Assam	Guhawati	S-Grade	3309	3258	3207	2801
Meghalaya	Shillong	S-Grade	3320	3270	3220	2820
Andhra Pradesh	Vijayawada	M-Grade	3500	3400	3400	3140
	Vijayawada	S-Grade	3340	3240	3200	3040
West Bengal	Kolkata	M-Grade	3250	3240	NA	3030
Tamil Nadu	Chennai	S-Grade	3025	3100	3050	2675
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 down while O.I and volume increased 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	2950	2980	3051	3100	3150
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Sell	Below 3060	3010	2985	3090



### Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Chaku Sukha(Cold), Khurpa (Fresh), and Laddoo (Fresh) variety of gur from key Muzzafar Nagar Market rose by Rs 63, Rs 83 and Rs 64 per quintal from Rs 2553, Rs 2395 and Rs 2534 per quintal to Rs 2616, Rs 2478 and Rs 2598 per quintal this week.

On the other hand, prices of Mudde (Average) variety of gur from Belgaum district of Karnatak fell by Rs 110/quintal from Rs 2460/quintal to Rs 2350/quintal. Similarly, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 94/quintal this week from Rs 2566/quintal the previous week.

### Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			29th Jan to 4th Feb 2016	22nd to 28th Jan 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2616	2553	63
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	40000	28000	12000
	Muzaffarnagar	Khurpa (Fresh)	2478	2395	83
	Muzaffarnagar	Laddoo (Fresh)	2598	2534	64
	Muzaffarnagar	Rascut (Fresh)	2447	2421	26
	Hapur	Chaurasa	2378	2359	18
	Hapur	Balti	2313	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3542	3610	-68
	Belgaum	Mudde (Average)	2350	2460	-110
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2532	2552	-20
	Mahalingapura	Penti (Average)	2472	2566	-94
	Mandya	Achhu (Medium)	2300	2300	Unch
	Mandya	Kurikatu (Medium)	2200	2260	-60
	Mandya	Other (Medium)	2250	2250	Unch
	Mandya	Yellow (Medium)	2300	2300	Unch
	Shimoga	Achhu (Average)	2750	2800	-50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			4-Feb-16	28-Jan-16	4-Jan-16	4-Feb-15
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2575	2563	2700	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	4000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2525	2405	2650	2175
	Muzaffarnagar	Laddoo (Fresh)	2600	2528	2663	2275
	Muzaffarnagar	Rascut (Fresh)	2453	2425	2390	NA
	Hapur	Chaurasa	2375	2335	NA	2325
	Hapur	Balti	NR	NA	NA	2175
Maharashtra	Latur	Lal Variety	NR	NA	NA	2400
Karnataka	Bangalore	Mudde (Average)	3550	3550	3550	3800
	Belgaum	Mudde (Average)	2400	2400	2500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	3100
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2540	2540	2550	2725
	Mahalingapura	Penti (Average)	2430	2549	2630	2496
	Mandya	Achhu (Medium)	2300	2300	2450	2400
	Mandya	Kurikatu (Medium)	2200	2200	2300	2200
	Mandya	Other (Medium)	2250	2250	2300	2250
	Mandya	Yellow (Medium)	2300	2300	2450	2400
	Shimoga	Achhu (Average)	NA	2800	NA	2800

**International Market News Highlights:**

- Brazil exported 1.28 MT of raw sugar in January 2016, which was 41.5% less than the sugar exported last month in December, 2015.
- 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).
- 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 397.00 with a target of 384.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'16	397.00	384.35

**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 13.35 with target of 13.60

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	13.35	13.60



International Sugar Prices (Weekly)				
	Contract Month	3-Feb-16	27-Jan-16	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	12.89	13.58	-0.69
	16-May	12.84	13.55	-0.71
	16-Jul	12.81	13.44	-0.63
LIFFE Sugar (US \$/MT)	16-Mar	399.40	414.70	-15.30
	16-May	388.20	403.90	-15.70
	16-Aug	380.80	395.80	-15.00

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