Executive Summary

Domestic Sugar Market Summary

Domestic sugar prices went up during the week driven by pickup in demand from retailers and bulk consumers amidst thin supplies from mills.

Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3050 - 3250 per quintal next week.

International Sugar Market Summary

Global sugar prices traded steady to weak as Brazilian cane data showed higher than expected rate of crushing during late season period (second half of January 2016).

Domestic News Highlights

- Indian sugar export increased by 17% this week (ending on 07th Feb, 2016) as the country exported 1.04 lakh tons of sugar during the week compared to 0.89 lakh tons of sugar exported the previous week.

- 510 sugar mills in India had produced 142.53 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Jan, 2016) which is 4.57% higher than the sugar produced last year by 517 mills during the corresponding period.

- Sugar production increased by 0.09% in Maharashtra this year which produced 54.42 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st 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 (01st Oct, 2015 – 31st Jan, 2016) which is 7.11% higher than the sugar produced last year in 2014-15 (01st Oct, 2014 – 31st Jan, 2015)

- Sugar production increased by 3.76 lakh tons in Karnataka which produced 26.89 lakh tons of sugar during the MY 2015-16 (till 31st January, 2016) compared to 23.13 lakh tons in MY 2014-15 (till 31st January, 2015).

- 37 sugar mills in Tamil Nadu had produced 2.30 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Jan, 2016) compared to 2.11 lakh tons of sugar production (by 39 mills) in 2014-15 (01st Oct, 2014 – 31st Jan, 2015).

- Sugar production increased by 11.47% in Gujarat which produced 6.90 lakh tons of sugar during 2015-16 (01st Oct, 2015 – 31st Jan, 2016) compared to 6.19 lakh tons of production in 2014 -15 ((01st Oct, 2014 – 31st 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 (01st Oct, 2015 – 31st Jan, 2016) compared to 4.92 lakh tons of sugar in 2014 -15 (01st Oct, 2014 – 31st 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 (01st Oct, 2015 – 31st 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.

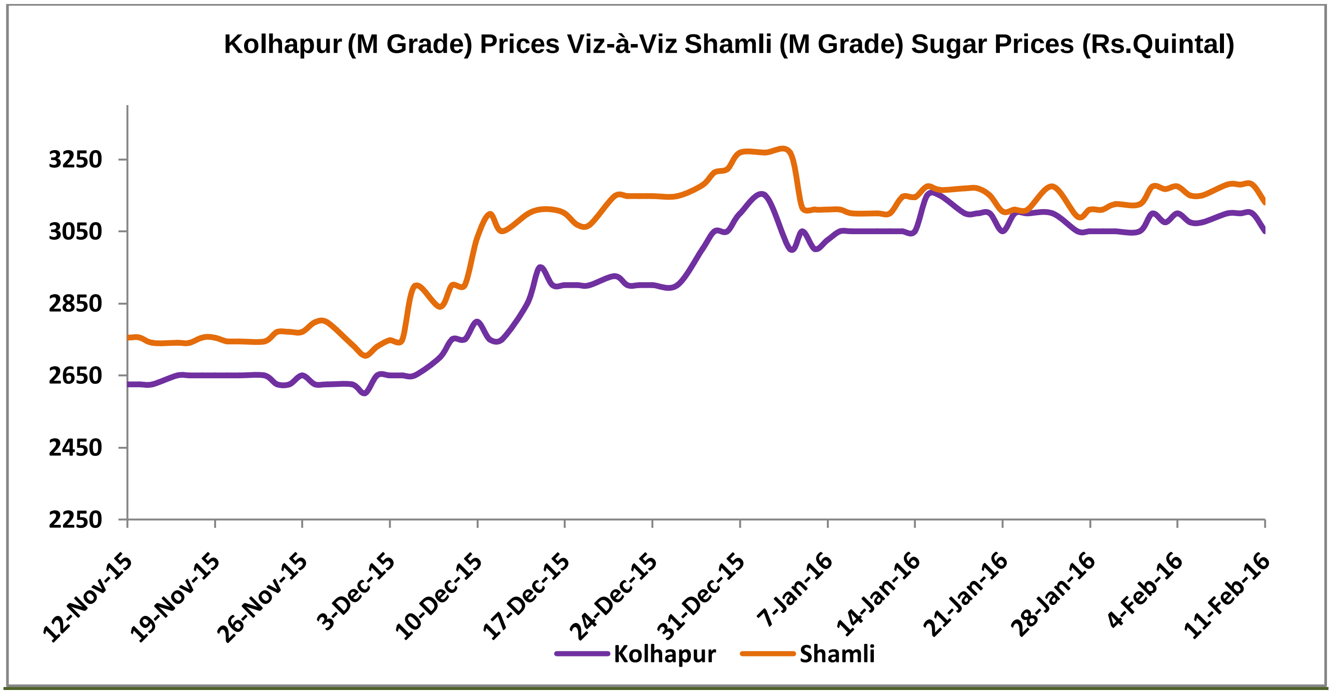
Indian Sugar Production Scenario Up to 31st January, 2016

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
All India	**142.53**	**136.30**

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 3083 per quintal this week, which was 0.41% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 0.49% from Rs 3146 per quintal last week to Rs 3162 per quintal this week.



Raw Sugar Import/Export Opportunity

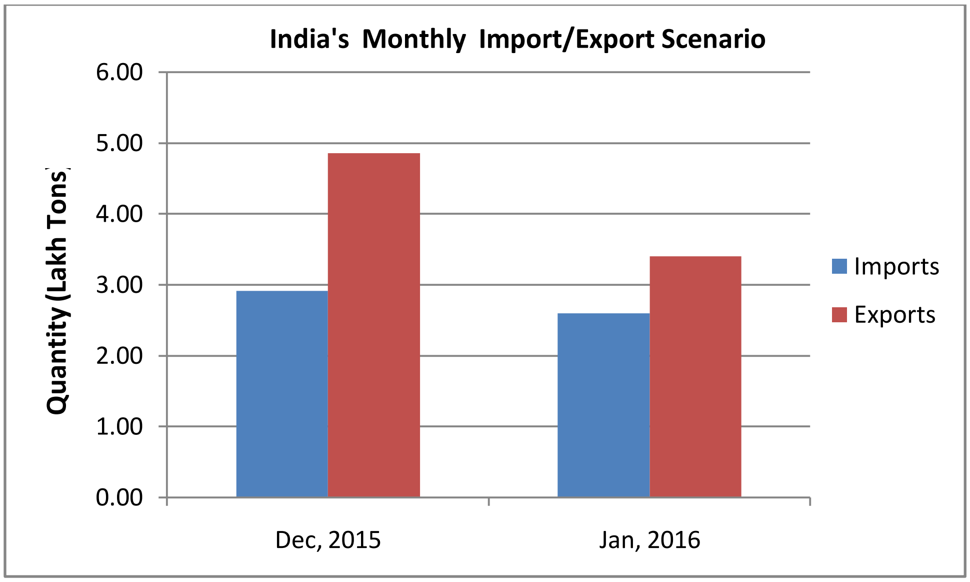
Indian indicative raw sugar CIF prices from Brazil quoted at $484.75 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $454.61per ton.

On International front, Brazil sugar FOB prices quoted at $463.50/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

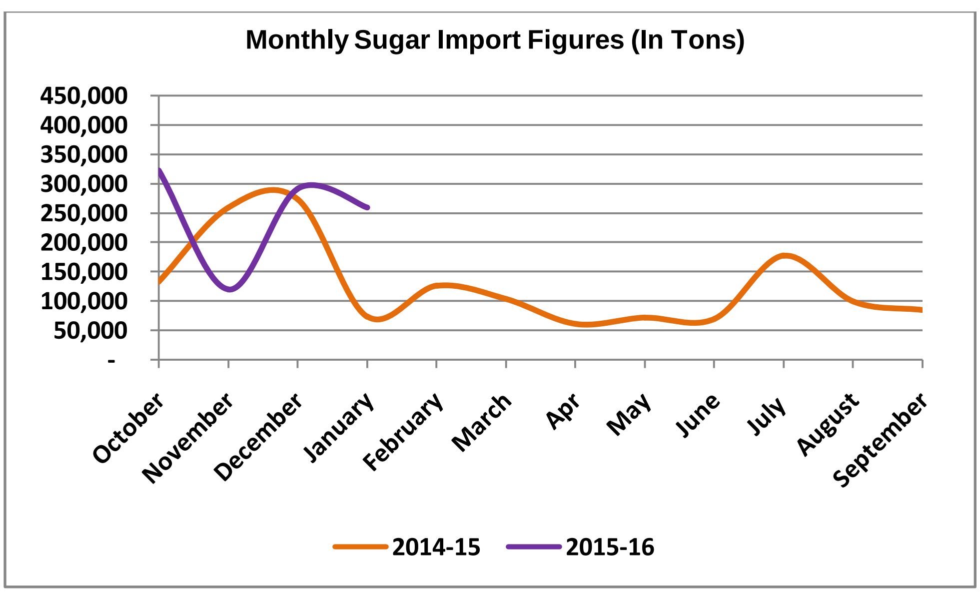
Indicative Sugar FOB Prices (USD/MT) ($=Rs.68.41) till 12th Feb, 2016			
	Brazil	**Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$463.50	$447.65/400.70	$454.61

Sugar Import and Export Scenario

India exported 3.40 lakh tons of sugar while imported 2.60 lakh tons of sugar in January, 2016. However, the country exported 4.86 lakh tons of sugar in December, 2014 compared to 2.91 lakh ton of imports during the same period.

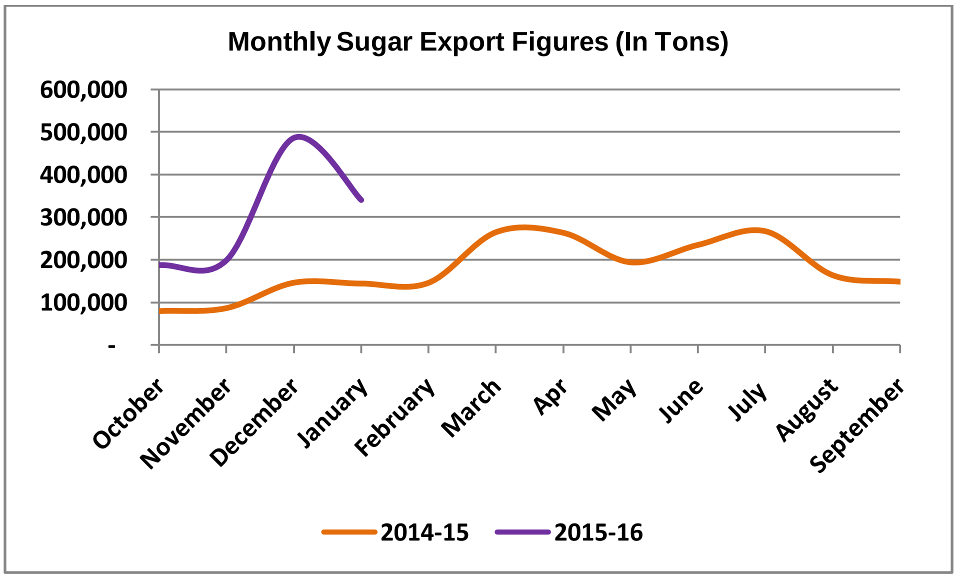


Indian sugar imports went up drastically this year amidst low cost raw sugar availability from top producer Brazil on one hand and rising demand for its refined sugar from major importers on the other. Notably, India primarily imports raw sugar from Brazil and then re-exports the refined sugar to the nearby countries.



An early startup 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 3.40 lakh tons of sugar in January, 2016 compared to 1.44 lakh tons of exports last year in January, 2015.

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 this year.



However, a m-o-m comparison shows a decline (29.9%) in the country's sugar export amidst rising speculation of surge in domestic sugar prices due to government's decision to increase the cess rate.

Notably, Myanmar had emerged as the leading sugar importing country from India and had imported 2.07 lakh tons of sugar during the month followed by Berbera and Sri Lanka which imported 0.236 lakh tons and 0.231 lakh tons of sugar respectively during the month.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			5th to 11th Feb 2016	29th Jan to 4th Feb 2016	
Delhi	Delhi	M-Grade	3194	3201	**-7**
	Delhi	S-Grade	3170	3156	**14**
Uttar Pradesh	Khatauli	M-Grade	3239	3142	**97**
	Ramala	M-Grade	NA	NA	**-**
	Dhampur	M-Grade Ex-Mill	3157	3073	**83**
	Dhampur	S-Grade Ex-Mill	3137	3053	**83**
	Dhampur	L-Grade Ex-Mill	3207	3123	**83**
Maharashtra	Mumbai	M-Grade	3334	3340	**-6**
	Mumbai	S-Grade	3184	3189	**-5**
	Nagpur	M-Grade	3150	3250	**-100**
	Nagpur	S-Grade	2970	3160	**-190**
	Kolhapur	M-Grade	3083	3075	**8**
	Kolhapur	S-Grade	2970	2965	**5**
Assam	Guhawati	S-Grade	3278	3273	**5**
Meghalaya	Shillong	S-Grade	3290	3285	**5**
Andhra Pradesh	Vijayawada	M-Grade	3433	3467	**-33**
	Vijayawada	S-Grade	3273	3307	**-33**
West Bengal	Kolkata	M-Grade	3273	3266	**7**
Tamil Nadu	Chennai	S-Grade	3013	3042	**-29**
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			11-Feb-16	4-Feb-16	11-Jan-16	11-Feb-15
Delhi	Delhi	M-Grade	3210	3180	3180	2820
	Delhi	S-Grade	NR	3140	NR	2780
Uttar Pradesh	Khatauli	M-Grade	3228	NR	3175	2950
	Ramala	M-Grade	NR	NR	NR	2770
	Dhampur	M-Grade Ex-Mill	3113	NR	3010	2800
	Dhampur	S-Grade Ex-Mill	3093	NR	2990	2780
	Dhampur	L-Grade Ex-Mill	3163	NR	3060	2850
Maharashtra	Mumbai	M-Grade	3352	3340	3256	2916
	Mumbai	S-Grade	3210	3190	3146	2736
	Nagpur	M-Grade	NR	NR	3100	3000
	Nagpur	S-Grade	NR	NR	3000	2750
	Kolhapur	M-Grade	3050	3100	3050	2600
	Kolhapur	S-Grade	2970	3000	2950	2500
Assam	Guhawati	S-Grade	3278	3309	3258	2801
Meghalaya	Shillong	S-Grade	3290	3320	3270	2820
Andhra Pradesh	Vijayawada	M-Grade	3420	3500	3400	3100
	Vijayawada	S-Grade	3260	3340	3240	3000
West Bengal	Kolkata	M-Grade	3300	3250	3320	2905
Tamil Nadu	Chennai	S-Grade	3025	3025	3100	2625
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 increased while volume and O.I fell down for the week.
- RSI is hovering into a neutral zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	2950	3100	3145	3230	3270
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	Buy	Above 3140	3190	3215	3110

Gur Market Scenario and Outlook

Domestic gur market mainly remained dormant with prices falling in majority of the trading centers. Prices of Mudde (Average) variety of gur from Bangalore fell by Rs 292/quintal from Rs 3542/quintal to Rs 3250/quintal this week. Prices of Chaku Sukha(Cold), Khurpa (Fresh), and Laddoo (Fresh) variety of gur from key Muzzafar Nagar Market fell by Rs 47, Rs 13 and Rs 35 per quintal to Rs 2569, Rs 2465 and Rs 2563per quintal respectively. Whilst, price of Penti (Average) and Mudde (Average) variety of gur from Karnataka increased by Rs 79 and Rs 75 per quintal from Rs 2472 and Rs 2350 per quintal to Rs 2551 and Rs 2425 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

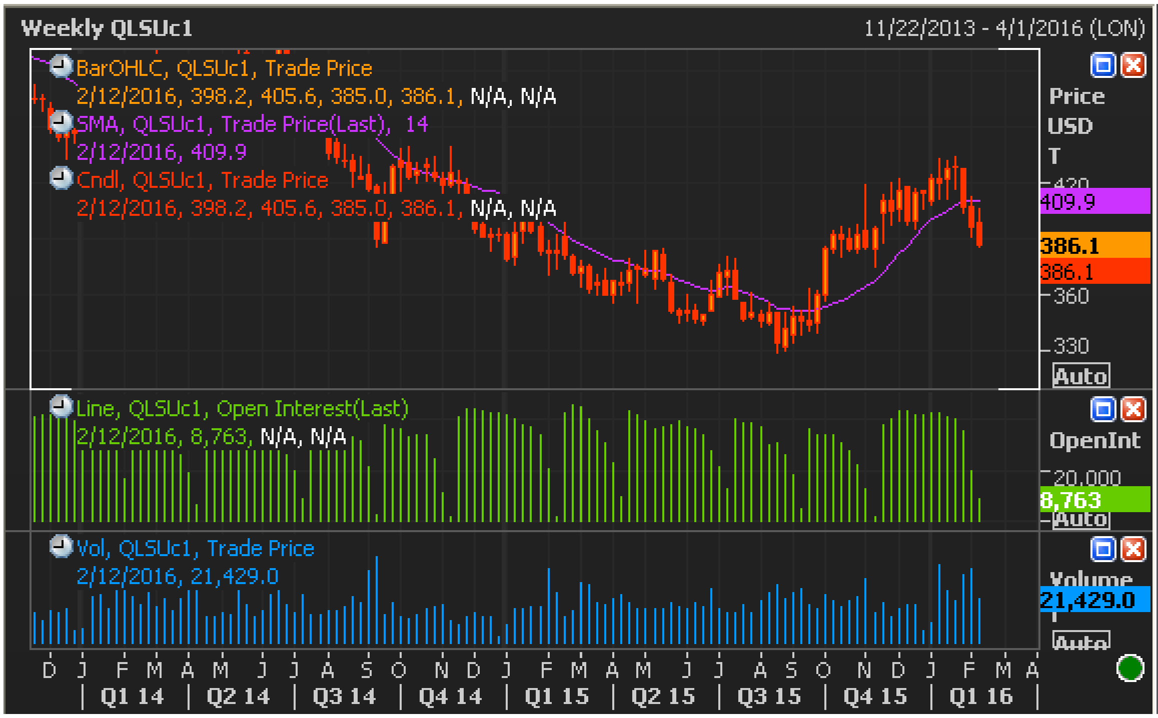
Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			5th to 11th Feb 2016	29th Jan to 4th Feb 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2569	2616	-47
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	43000	40000	3000
	Muzaffarnagar	Khurpa (Fresh)	2465	2478	-13
	Muzaffarnagar	Laddoo (Fresh)	2563	2598	-35
	Muzaffarnagar	Rascut (Fresh)	2438	2447	-9
	Hapur	Chaursa	2350	2378	-28
	Hapur	Balti	2291	2313	-22
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3250	3542	-292
	Belgaum	Mudde (Average)	2425	2350	75
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2549	2532	17
	Mahalingapura	Penti (Average)	2551	2472	79
	Mandya	Achhu (Medium)	2292	2300	-8
	Mandya	Kurikatu (Medium)	2200	2200	Unch
	Mandya	Other (Medium)	2250	2250	Unch
	Mandya	Yellow (Medium)	2300	2300	Unch
	Shimoga	Achhu (Average)	2717	2750	-33

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			11-Feb-16	4-Feb-16	11-Jan-16	11-Feb-15
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2565	2575	2553	NR
	Muzaffarnagar	Chaku(Arrival)(40 kg Bag)	8000	7000	10000	NR
	Muzaffarnagar	Khurpa (Fresh)	2450	2525	2338	2163
	Muzaffarnagar	Laddoo (Fresh)	2563	2600	2613	2313
	Muzaffarnagar	Rascut (Fresh)	2430	2453	2390	NR
	Hapur	Chaursa	2350	2375	NR	2200
	Hapur	Balti	2275	NR	NR	2075
Maharashtra	Latur	Lal Variety	NR	NR	NR	2450
Karnataka	Bangalore	Mudde (Average)	3100	3550	3600	4150
	Belgaum	Mudde (Average)	NA	2400	NA	NR
	Belthangadi	Yellow (Average)	NA	NR	NR	3100
	Bijapur	Achhu	NA	NR	NR	NR
	Gulbarga	Other (Average)	2500	2540	2550	2650
	Mahalingapura	Penti (Average)	2665	2430	2801	2614
	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	NR	2950	2800

International Market News Highlights:

- Thailand announced tender for the sale of 50,000 tons of raw sugar which is due for shipment in between 01st Jul, 2016 to 15th Sep, 2016.
- Brazil's agricultural waterway, Tiete-Parana; which has been closed since 2014 due to drought and better utilization of water for electricity has been reopened for transportation.
- Brazil exported 1.28 MT of raw sugar in January 2016, which is 41.5% less than the sugar exported 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 is 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 386.00 with a target of 372.5

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Mar'16**	386.00	372.5

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 13.05 with target of 12.83.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	13.05	12.83

International Sugar Prices (Weekly)				
	Contract Month	**10-Feb-16**	**3-Feb-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-Mar**	13.38	12.89	**0.49**
	16-May	13.33	12.84	**0.49**
	16-Jul	13.31	12.81	**0.50**
LIFFE Sugar (US $/MT)	**16-May**	391.20	388.20	**3.00**
	16-Aug	385.10	380.80	**3.00**
	16-Oct	382.10	376.10	**4.30**

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