Executive Summary

Domestic Sugar Market Summary

Domestic sugar prices continued to climb up this week amidst pickup in demand from retailers and bulk consumers at the spot market.

Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3100 - 3250 per quintal next week.

International Sugar Market Summary

Global sugar prices traded steady to firm as crushing operation winded up in the top producer, Brazil.

Domestic News Highlights

- 472 mills in India had produced 173.37 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 167.24 lakh tons of production (made by 516 mills) in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

- Sugar production fell by 3.54% in Maharashtra which produced 62.70 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 65 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

- 115 sugar mills in U.P had produced 45.55 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) which was 7.81% higher than the sugar produced during the corresponding period last year.

- Karnataka produced 32.21 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) which was 12.82% higher than the production made last year during the same interval.

- The combined sugar production of Andhra Pradesh and Telangana fell by 12% as the States produced 5.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 6.25 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

- Tamil Nadu had produced 4 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) which is 0.75 lakh tons higher than the sugar produced last year during the same interval.

- 20 sugar mills in Gujarat had produced 8.08 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 7.25 lakh tons of sugar produced in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

- Bihar had produced 3.90 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016), 6.02% less than the sugar produced in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

- Sugar production in Punjab rose by 12.7% as the State produced 3.55 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 3.15 lakh tons of production last year during the same interval.

- The States of M.P and Chhattisgarh produced 2.80 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 2.16 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

- In a bid to achieve 5% ethanol blending target with petrol, the Indian OMCs (Oil Marketing Companies) are planning to raise procurement of ethanol from 67 crore in 2014-15 to 120 crore in 2015-16.

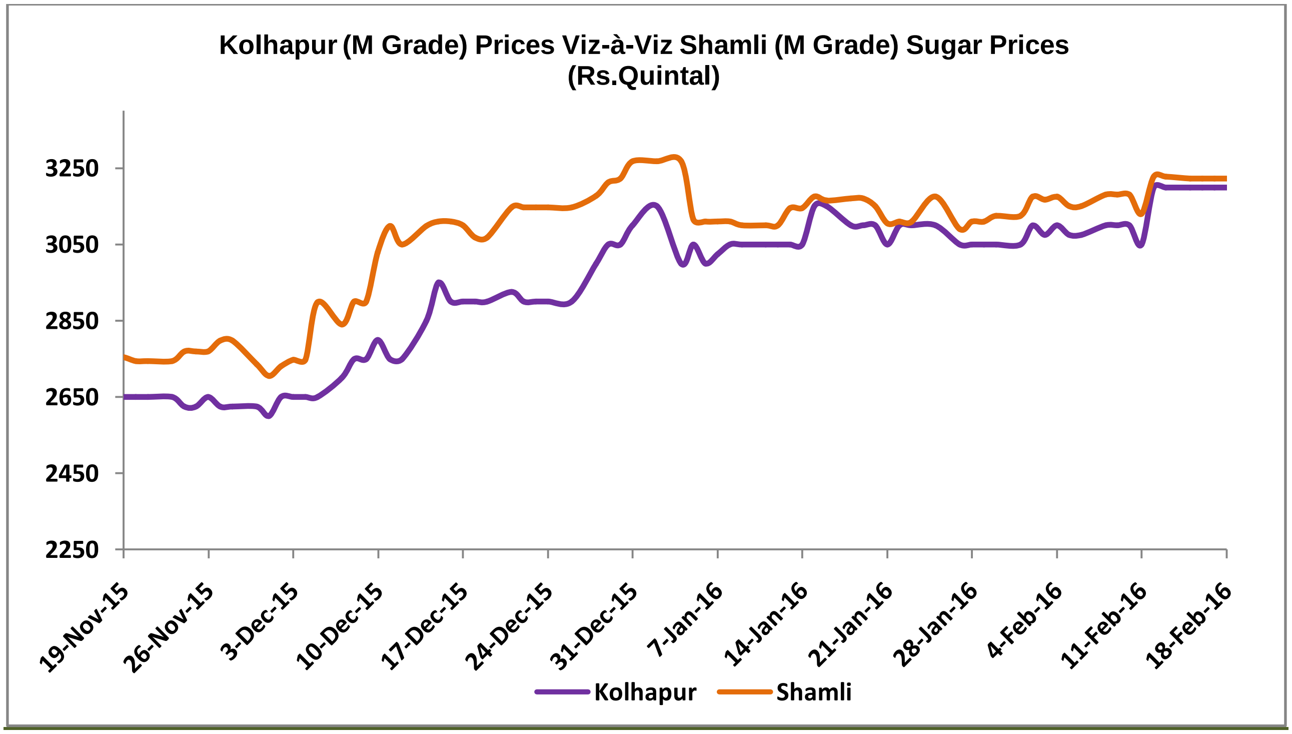
Indian Sugar Production Scenario Up to 15th February, 2016

States	**Sugar Produced (Lakh Tons)**	
	2015-16	**2014-15**
Maharashtra	62.70	65.00
Uttar Pradesh	45.55	42.25
Karnataka	32.21	28.55
Gujarat	8.08	7.25
A.P +Telangana	5.50	6.25
Tamil Nadu	4.00	3.25
All India	**173.37**	**167.24**

Domestic Price Comparison

As shown in the chart below, the spread between the two-benchmarks narrowed down this week depicting a lower price differential between the two markets.

Notably, the average sugar price for ‘M’ grade in key Kolhapur market settled at Rs 3200 per quintal this week, which was 3.78% higher than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district rose by 1.99% from Rs 3162 per quintal last week to Rs 3225 per quintal this week.



Raw Sugar Import/Export Opportunity

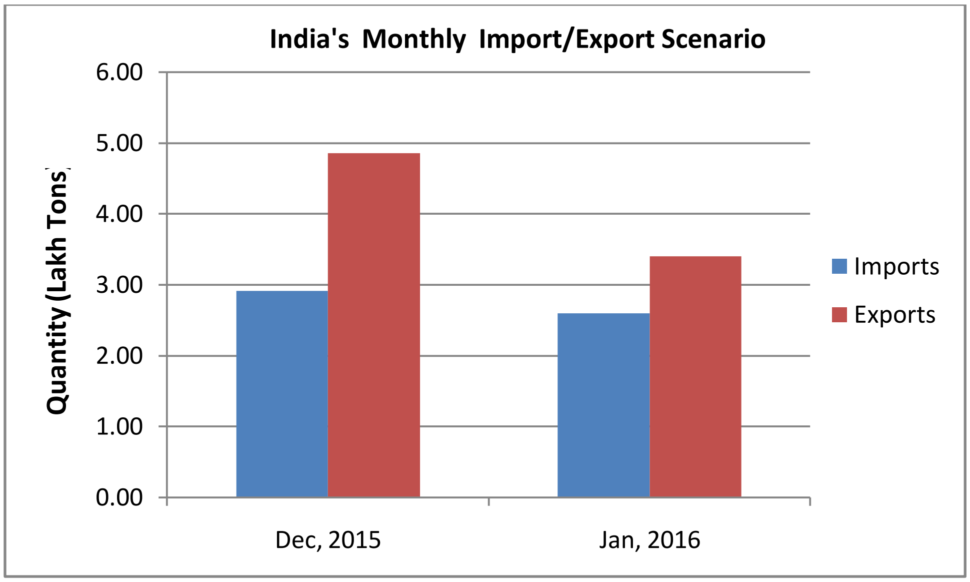
Indian indicative raw sugar CIF prices from Brazil quoted at $457.84 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $470.72 per ton.

On International front, Brazil sugar FOB prices quoted at $369.9/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

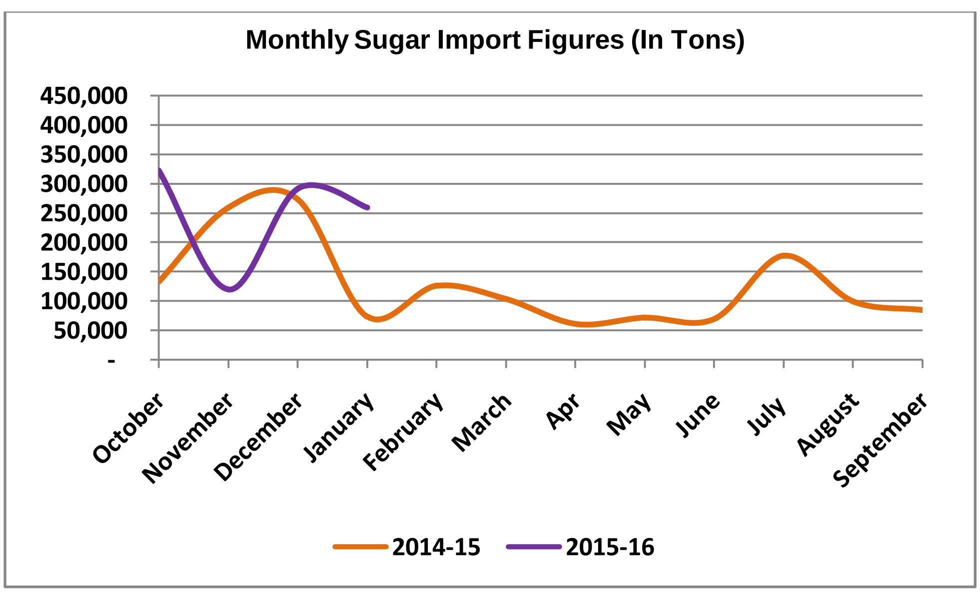
Indicative Sugar FOB Prices (USD/MT) ($=Rs.68.83) till 19th Feb, 2016			
	Brazil	**Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$369.9	$425.10/373.40	$470.72

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.

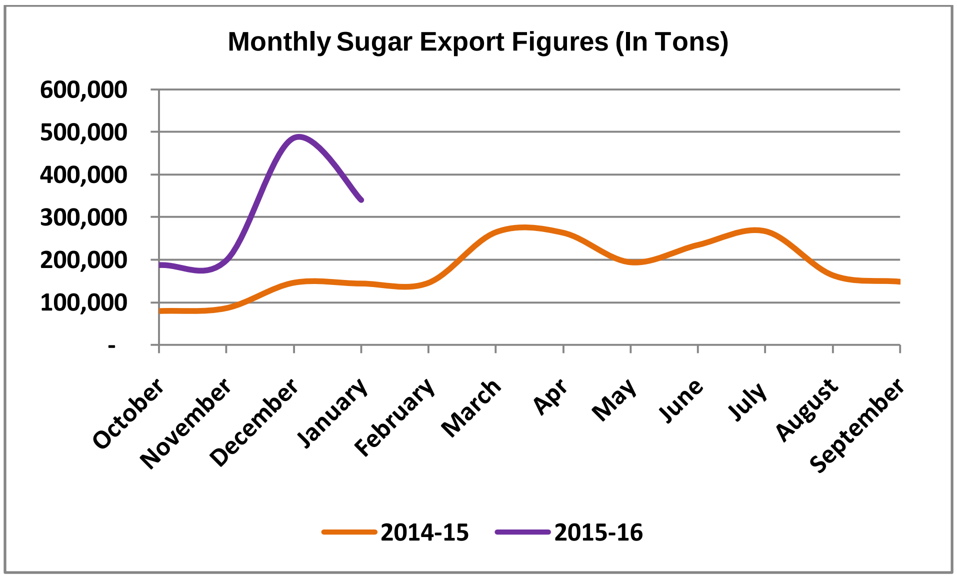


Indian sugar imports went up drastically this year amidst low cost raw sugar availability from top producer Brazil on one hand and rising demand for its refined sugar from major importers on the other. Notably, India primarily imports raw sugar from Brazil and then re-exports the refined sugar to the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



An early 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, leading the country to export 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			12th to 18th Feb 2016	5th to 11th Feb 2016	
Delhi	Delhi	M-Grade	3249	3194	55
	Delhi	S-Grade	3218	3170	48
Uttar Pradesh	Khatauli	M-Grade	3188	3239	-51
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3118	3157	-39
	Dhampur	S-Grade Ex-Mill	3098	3137	-39
	Dhampur	L-Grade Ex-Mill	3168	3207	-39
Maharashtra	Mumbai	M-Grade	3363	3334	29
	Mumbai	S-Grade	3229	3184	45
	Nagpur	M-Grade	NA	3150	-
	Nagpur	S-Grade	NA	2970	-
	Kolhapur	M-Grade	3200	3083	117
	Kolhapur	S-Grade	3100	2970	130
Assam	Guhawati	S-Grade	3410	3278	132
Meghalaya	Shillong	S-Grade	3420	3290	130
Andhra Pradesh	Vijayawada	M-Grade	3430	3433	-3
	Vijayawada	S-Grade	3270	3273	-3
West Bengal	Kolkata	M-Grade	3365	3273	93
Tamil Nadu	Chennai	S-Grade	3050	3013	38
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			18-Feb-16	11-Feb-16	18-Jan-16	18-Feb-15
Delhi	Delhi	M-Grade	3280	3210	3225	2800
	Delhi	S-Grade	3220	NA	3200	2720
Uttar Pradesh	Khatauli	M-Grade	Closed	3228	3230	NA
	Ramala	M-Grade	Closed	NA	NA	2770
	Dhampur	M-Grade Ex-Mill	Closed	3113	3060	2750
	Dhampur	S-Grade Ex-Mill	Closed	3093	3040	2730
	Dhampur	L-Grade Ex-Mill	Closed	3163	3110	2800
Maharashtra	Mumbai	M-Grade	3360	3352	3282	2912
	Mumbai	S-Grade	3210	3210	3166	2712
	Nagpur	M-Grade	NR	NA	3120	3000
	Nagpur	S-Grade	NR	NA	3050	2800
	Kolhapur	M-Grade	3200	3050	3100	2580
	Kolhapur	S-Grade	3100	2970	3000	2480
Assam	Guhawati	S-Grade	3410	3278	3309	2781
Meghalaya	Shillong	S-Grade	3420	3290	3320	2800
Andhra Pradesh	Vijayawada	M-Grade	3440	3420	3400	3070
	Vijayawada	S-Grade	3280	3260	3240	2970
West Bengal	Kolkata	M-Grade	3390	NA	NA	2860
Tamil Nadu	Chennai	S-Grade	3050	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, volume and O.I fell down indicating consolidation in the market.
- 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	2970	3020	3080	3150	3200
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	Sell	Below 3100	3050	3025	3130

Gur Market Scenario and Outlook

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Price of Penti (Average) variety from Mahalingapura rose by Rs 142/quintal from Rs 2551/quintal to Rs 2694/quintal. Similarly, price of Achhu (Average) variety of gur from Shimoga district of Karnataka increased by Rs 83/quintal to Rs 2800/quintal this week.

On the other hand, price of Mudde (Average) variety of gur from Bangalore fell by Rs 150/quintal from Rs 3250/quintal to Rs 3100/quintal. Similarly, prices of Khurpa (Fresh) variety of gur from key Muzzafar Nagar market fell by Rs 80/quintal to Rs 2385/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)			12th to 18th Feb 2016	5th to 11th Feb 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2564	2569	-6
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	44000	43000	1000
	Muzaffarnagar	Khurpa (Fresh)	2385	2465	-80
	Muzaffarnagar	Laddoo (Fresh)	2554	2563	-9
	Muzaffarnagar	Rascut (Fresh)	2420	2438	-19
	Hapur	Chaursa	2320	2350	-30
	Hapur	Balti	2263	2291	-29
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3100	3250	-150
	Belgaum	Mudde (Average)	2380	2425	-45
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2548	2549	-1
	Mahalingapura	Penti (Average)	2694	2551	142
	Mandya	Achhu (Medium)	2310	2292	18
	Mandya	Kurikatu (Medium)	2200	2200	Unch
	Mandya	Other (Medium)	2250	2250	Unch
	Mandya	Yellow (Medium)	2310	2300	10
	Shimoga	Achhu (Average)	2800	2717	83

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**18-Feb-16**	**11-Feb-16**	**18-Jan-16**	**18-Feb-15**
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2563	2565	2538	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	4000	NA
	Muzaffarnagar	Khurpa (Fresh)	2363	2450	2413	2188
	Muzaffarnagar	Laddoo (Fresh)	2513	2563	2563	2350
	Muzaffarnagar	Rascut (Fresh)	2405	2430	2410	NA
	Hapur	Chaursa	2313	2350	NR	2130
	Hapur	Balti	2250	2275	NA	2135
Maharashtra	Latur	Lal Variety	NR	NA	NA	2400
Karnataka	Bangalore	Mudde (Average)	3100	3100	3650	4000
	Belgaum	Mudde (Average)	2300	NA	2400	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	3100
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2575	2500	2540	NA
	Mahalingapura	Penti (Average)	2723	2665	2637	NA
	Mandya	Achhu (Medium)	2350	2300	2350	2400
	Mandya	Kurikatu (Medium)	2200	2200	2300	2200
	Mandya	Other (Medium)	2250	2250	2200	2250
	Mandya	Yellow (Medium)	2350	2300	2350	2400
	Shimoga	Achhu (Average)	NA	NA	2800	2800

International Market News Highlights:

- FC Stone predicted a surge in Brazilian (C.S region) cane production in 2016-17 amidst an expected improvement in prevailing weather condition during that period. Notably, the organization predicted the region to produce 619 MT of sugarcane in 2016-17 as against 599.9 MT of cane in 2015-16.

- Brazil is expected to have contracted at least three lakh tons of “CXL quota” sugar which is meant for shipment in March/April 2016. Notably, “CXL quota” is the raw cane sugar which has preferential access to the EU market.

- Brazil’s centre south sugar production rose drastically in the second half of January, 2016 as the country churned around 0.10 MT of sugar during the period compared to 0.03 MT of sugar in the first half of January, 2016.

- 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.

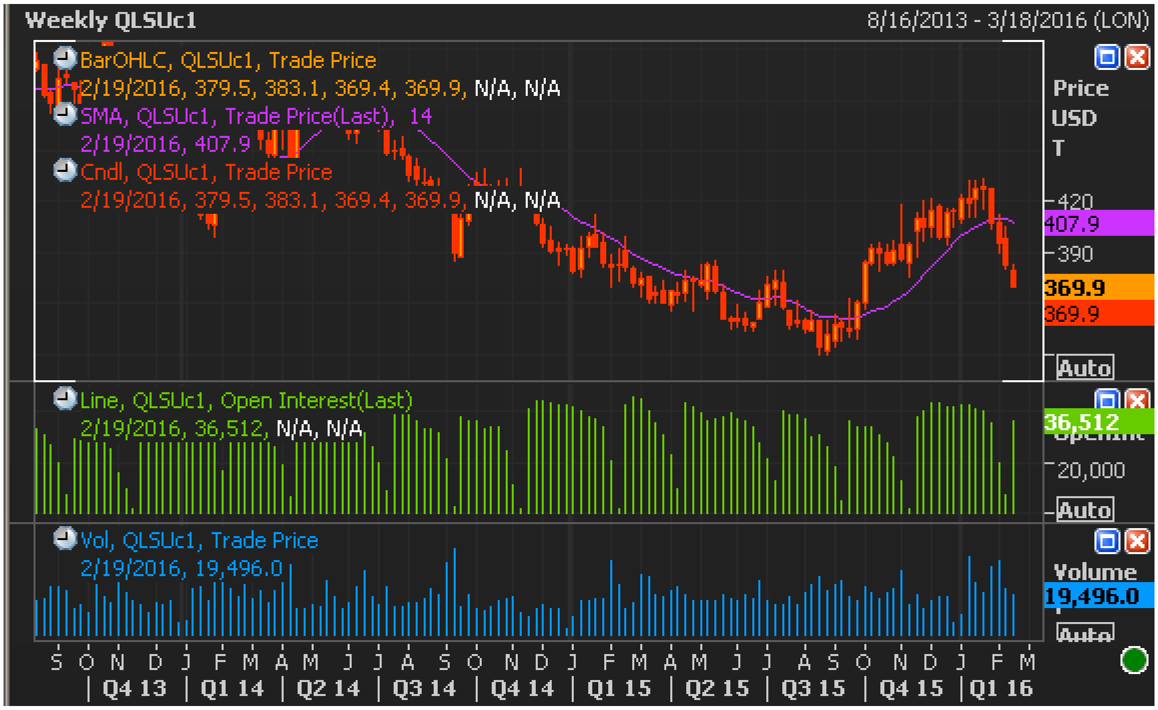
- Brazil exported 1.28 MT of raw sugar in January 2016, which is 41.5% less than the sugar exported in December, 2015.

- 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.

LIFFE Future Market Sugar Scenario (May'16 Contract)

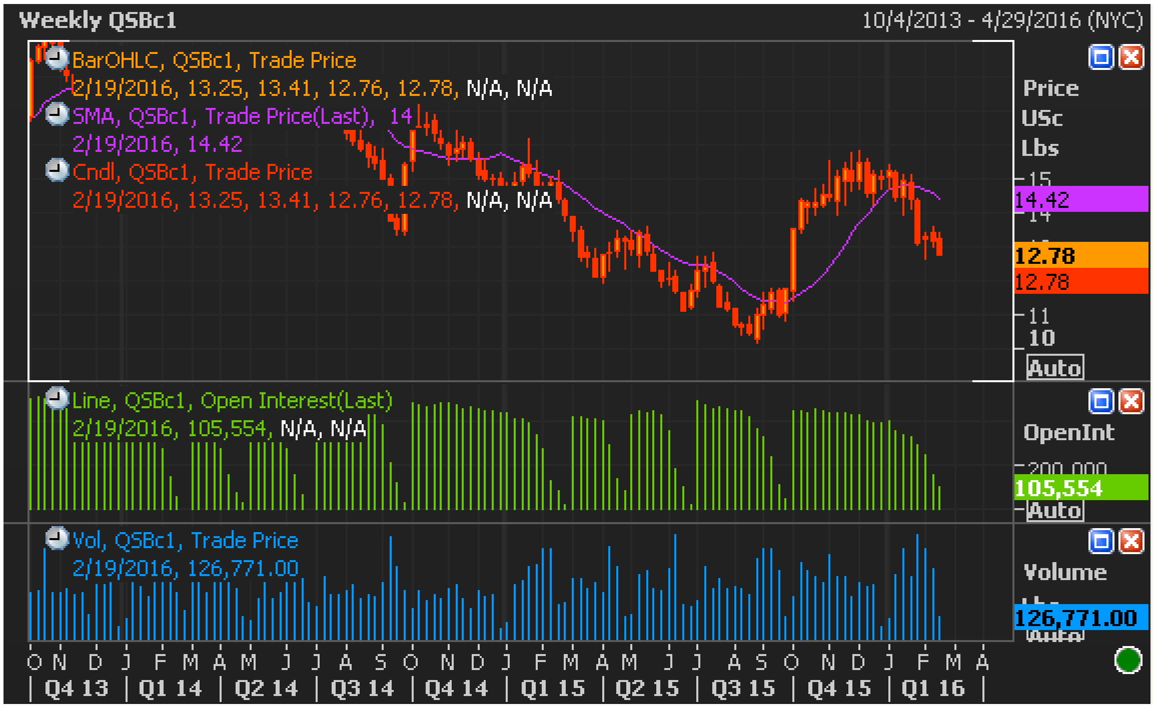


Technical Commentary

- LIFE future market trends downward for the week.
- The last candlestick depicts bearishness in the market.
  Strategy: Sell at 369.00 with a target of 359.7

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'16**	369.00	359.7

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 12.75 with target of 12.55.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	12.75	12.55

International Sugar Prices (Weekly)				
	Contract Month	**17-Feb-16**	**10-Feb-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-Mar**	13.16	13.38	**-0.22**
	16-May	13.15	13.33	**-0.18**
	16-Jul	13.12	13.31	**-0.19**
LIFFE Sugar (US $/MT)	**16-May**	373.40	391.20	**-17.80**
	16-Aug	373.70	385.10	**-17.80**
	16-Oct	375.40	382.10	**-11.40**

******