

## NEWS FLASH –25<sup>th</sup> FEBRUARY, 2016

### SUGAR

#### Sugar to be in shorter supply than forecast, warns ISO

LONDON — Sugar is going to be in even shorter supply than forecast this year as global output falls, the International Sugar Organization (ISO) warned on Tuesday.

The London-based intergovernmental organisation raised its global deficit forecast for 2015/16 to 5.0 million tonnes, on expectations of lower output in India, Thailand, Brazil and the European Union.

The ISO had forecast a deficit of 3.5 million tonnes in November after reporting a 2.3 million tonne surplus in 2014/15 (October-September).

The revised forecast, which follows another upward revision in the 2015/16 deficit forecast by analyst F.O.Licht on Friday, had an immediate impact on sugar prices, with the ICE raw sugar contract rising by more than 7%.

The ISO said it expected global sugar output of 166.8 million tonnes in 2015/16, down from 171.2 million in 2014/15.

"Although 2015/16 is expected to be the third consecutive season of shrinking global output, for the first time since 2008/09 the production fall is so pronounced as to exceed 4 million tonnes," it said.

Sergey Gudoshnikov, a senior economist at the ISO, said it had scaled back its estimates for output in number 2 producer India by 500,000 tonnes and in Thailand, the world's second-biggest exporter behind Brazil, by 650,000 tonnes.

The ISO has also cut its output projections for the EU and Brazil, but raised production forecasts for Russia, the United States and Ukraine, adding that it expects lower consumption growth.

The ISO said it expected world consumption growth in 2015/16 to be 1.75%, below the 10-year average of 2.01%.

It said it expected global consumption of 171.9 million tonnes in 2015/16, compared with 168.9 million in 2014/15.

"The deceleration in growth is projected on the back of ongoing macroeconomic concerns including a slowdown in emerging market economies and the collapse of oil prices," it said.

Analysts are scaling back sugar output forecasts for India and Thailand because of drought-eroded yields, increasing the likelihood of upward revisions to global deficit forecasts for the 2015/16 season.

**(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=5281>, published on 24th February, 2016 in the Business Line)**

## **Sugar stocks sweeten amid hopes of export boost**

Shares of sugar companies rose today amid hopes of export boost. The stocks jumped tracking overnight gains in futures.

Investors rush to cover bearish bets amid growing concerns that heavy rains and drought from Thailand to Central America will tighten sugar supplies. Shree Renuka Sugars, Bajaj Hindusthan Sugar, Dhampur Sugar Mills and Balrampur Chini Mills rose 3 to 5 per cent.

Indian mills have so far struggled to export raw sugar despite government subsidy. Rise in international prices has raised the hopes of export parity.

March futures, which will expire on Monday, settled up 11 per cent at 14 cents on Tuesday.

**(Source- <http://www.thehindubusinessline.com/markets/stock-markets/sugar-stocks-jump-amid-hopes-of-export-boost/article8275170.ece>. This article was published on 24th February, 2016)**

## **COGEN**

### **Uday scheme to reboot coal demand in six months: Coal Secretary**

#### **Anil Swarup says scheme is reducing debt burden on the power distribution sector, resulting in increased competency**

The power sector's demand for coal, which has been stagnated lately, is likely to go up in six months as states join a scheme aimed at de-stressing financially ailing power distribution firms, called Ujwal Discom Assurance Yojna or Uday. The reason, said Coal Secretary Anil Swarup, was that the scheme was lowering the debt burden on the power distribution sector, leading to increased competency.

When the burden dissipated, he said, demand for power would pick up and thermal power producers would start asking for more coal.

Uday was launched to rescue the state power distribution companies, which were under almost Rs 4.3 lakh crore of debt. The Centre had allowed state governments to take over the debt and issue bonds.

Speaking on the sidelines of the 6th Asian Mining Congress in Kolkata on Wednesday, Swarup said: "The demand should pick up and increase in the coming six months."

As on February 22, thermal power plants across India had an average coal stock of 36.04 million tonnes (mt), which can generate power for 24 days without replenishment. Coal stock a year ago was 19.49 mt, amounting to 12 days of production capacity.

From April-December last year, across India, 710,394.46 MW of power was generated from coal while it stood at 667,189.51 MW during April-December 2014.

Nevertheless, subdued power demand has resulted in the energy sector facing a critical moment besides coal stocks piling up in their warehouses.

The coal secretary ruled out the possibility of Coal India slowing down production as demand from the power sector becomes muted. "Fifteen months back, we had a scenario where there was an acute shortage of coal. But now it is abundant. I will be happy with a scenario where we can have abundant coal rather than a shortage."

Despite the use of solar energy picking up fast, India's dependency on thermal power will continue and demand for coal is expected to remain strong. "Solar energy will not be able to entirely fulfill the country's demand for power."

The government is also coming up with a policy in a month's time for those power companies who presently don't have existing coal linkages so that the fuel supply can be ensured.

**(Source- [http://www.business-standard.com/article/economy-policy/uday-scheme-to-reboot-coal-demand-in-six-months-coal-secretary-116022400526\\_1.html](http://www.business-standard.com/article/economy-policy/uday-scheme-to-reboot-coal-demand-in-six-months-coal-secretary-116022400526_1.html). This article was published on 24th February, 2016)**

#### **THOUGHT OF THE DAY:**

"The minute you start feeling grateful for everything in your world, the sooner the things show up to be grateful for. That is no coincidence."

~ Elizabeth Bryan

#### **HEALTH TIP OF THE DAY:**

Always answer the call by left ear because using the right ear will directly affect the brain.