
Sugar & Gur Monthly Research Report

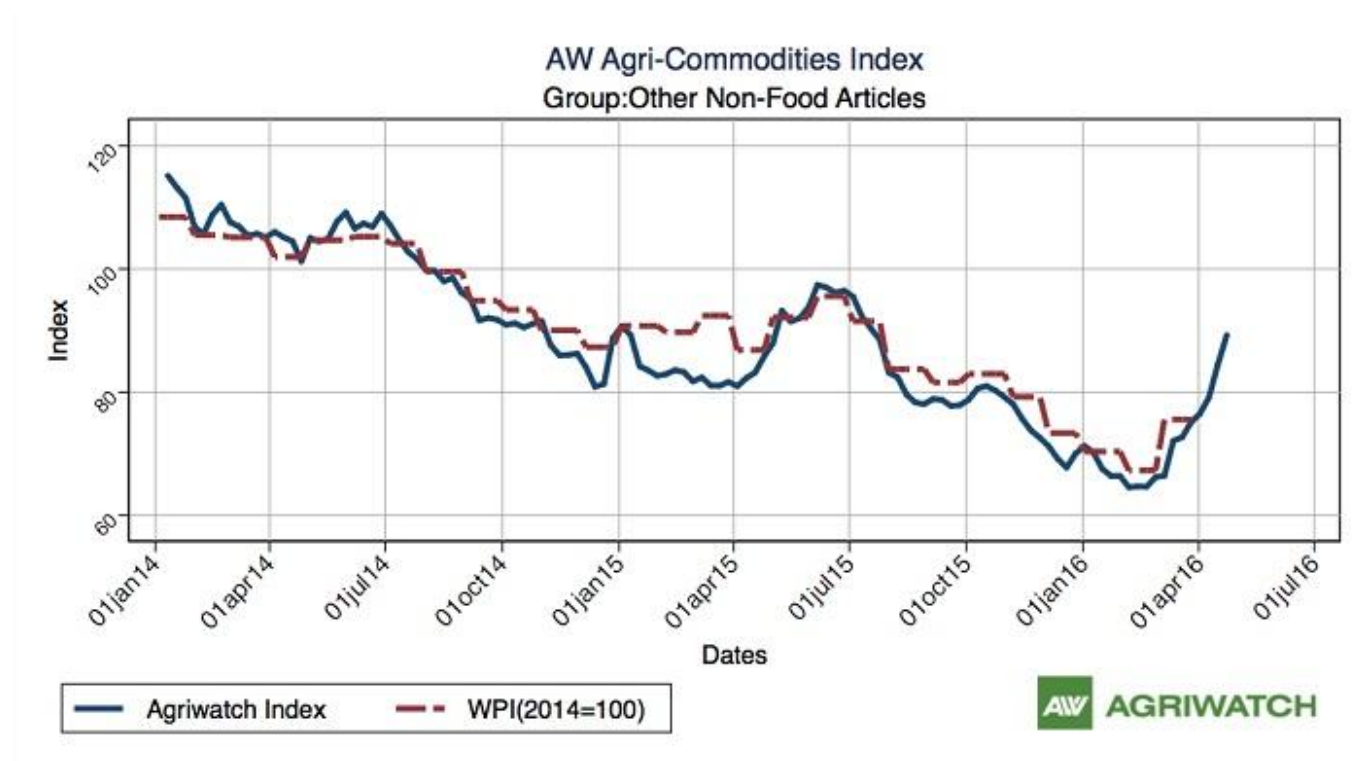
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Domestic Sugar Market Summary

Spot sugar prices surged in the month of April amidst spurt in demand on back of greater than expected global sugar deficit forecast for this year. However, according to the Agriwatch analysis; with the recent report of government imposing stock limit on sugar and an expected bumper cane production in top producer Brazil, prices are expected to fall in the months to come.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Apr 30, 2016



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

According to Agriwatch, Sweeteners (Sugar, Gur & Khandsari) Index, sweeteners price fell by 2.28% to 115.54 during the week ending on Apr 30, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for The Next Month

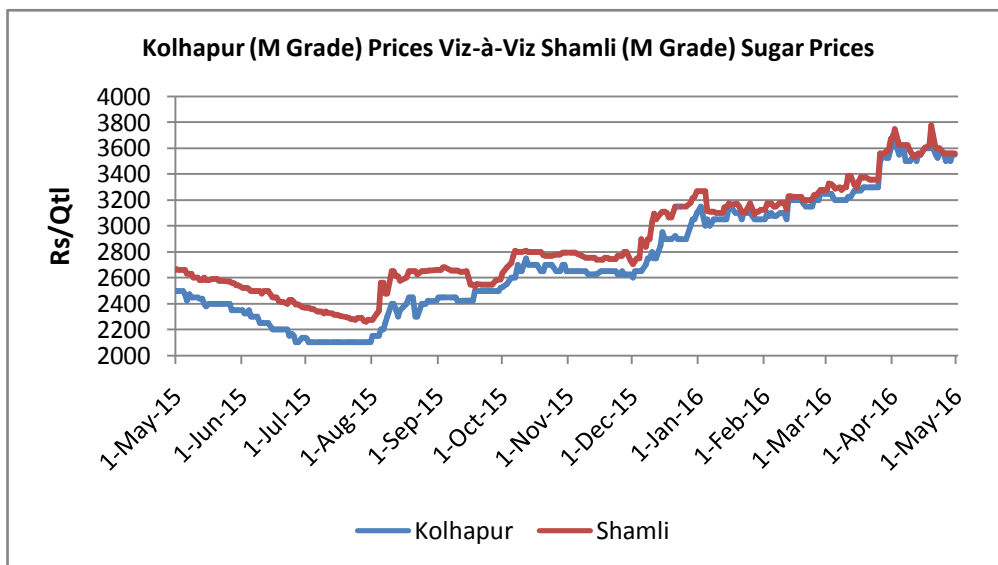
According to Agriwatch, the spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3450 - 3600 per quintal next month.

International Sugar Market Summary

International sugar market remained lackluster amid sufficient supply in the world's biggest producer, Brazil. While, as per the Agriwatch estimate prices are expected to slide down further as the prevailing dry weather condition in top producer Brazil is expected to support a strong cane harvesting this season.

Domestic Market Fundamentals

- India is soon expected to scrap its mandatory sugar export promotion scheme which made it mandatory for mills to export 3.2 MT of sugar during the year 2015-16. Lower sugar production estimate this year as well as next year could be cited responsible for the decision made. If implemented, the move is expected to bring down domestic sugar prices by increasing the domestic stock availability.
- With a view to control soaring sugar prices, the govt. of India had allowed states to levy stock limit on sugar. Owing to this limit imposed, sugar stock at NCDEX warehouses have reduced to 61 thousand tons by 02nd May, 2016.
- As per the Agriwatch estimate, India is expected to produce 250 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Sep, 2016) and India's sugar import is expected to rise to 24.79 lakh tons during the same period..
- India produced 246 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) which was 10.87% lower than the sugar produced during the corresponding period last year. However, as per the Agriwatch estimates India is expected to produce 250 lakh tons of sugar during MY 2015-16.



- India's biggest sugar producing state, Maharashtra produced 83.75 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) compared to 103.47 lakh tons of sugar produced last year during the corresponding period.
- A lower cane crushing in U.P this year led the state to produce only 68 lakh tons of sugar (though achieved a higher recovery rate of 10.60%) in 2015-16(01st Oct, 2015 – 30th Apr, 2016 compared to 70.42 lakh tons of production made last year during the same interval.
- Sugar production in Karnataka fell by 16% as the state produced 40.37 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) compared to 48.06 lakh tons of production made last year during the corresponding period.
- 35 sugar mills in Tamil Nadu had produced 10.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) which was 10.76% higher than the sugar produced during the corresponding interval last year.
- Gujarat, Uttarakhand, Bihar, Punjab, Haryana, M.P and Andhra Pradesh produced 11.60 lakh tons, 2.68 lakh tons, 5.01 lakh tons, 6.35 lakh tons, 5.40 lakh tons, 3.67 lakh tons and 8.10 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016).

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$558.79 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$541.07 per ton.

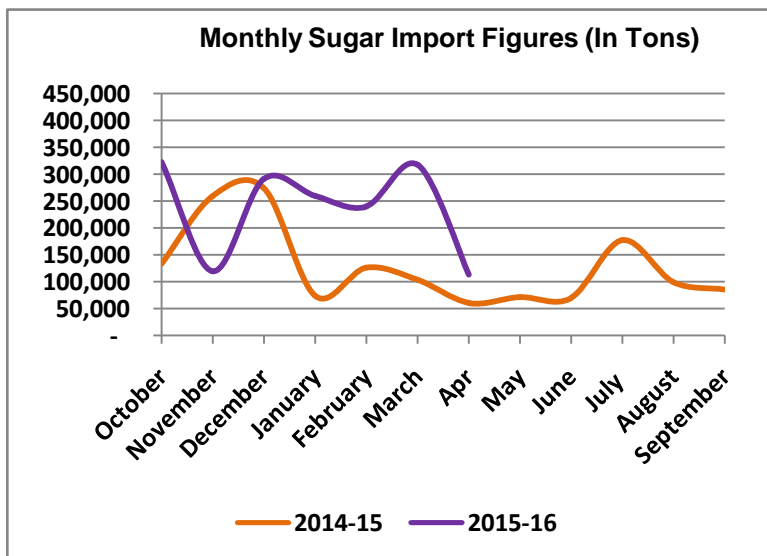
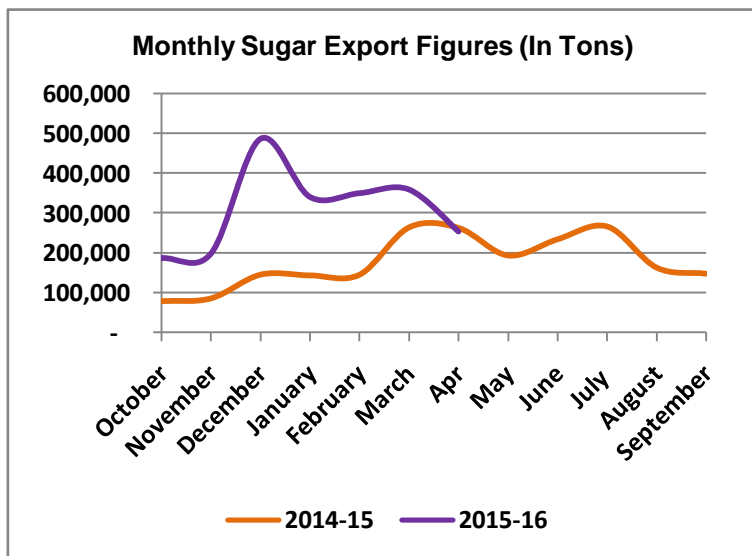
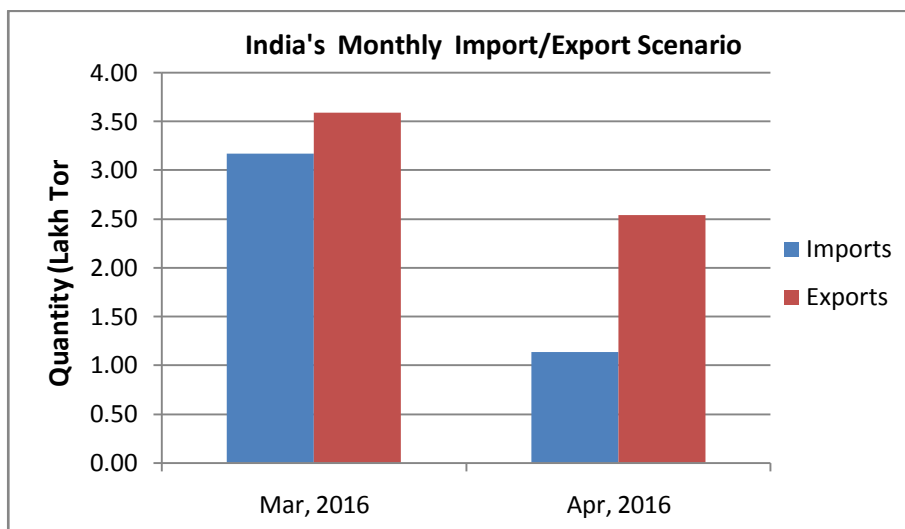
On International front, Brazil sugar FOB prices quoted at \$530.40/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.35) as on 02nd May, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$530.40	\$499.70/457.70	\$541.07

Sugar Import and Export Scenario

India exported 2.54 lakh tons of sugar while imported 1.14 lakh tons of sugar in April, 2016. However, the country exported 3.59 lakh tons of sugar in March, 2016 relative to 3.17 lakh ton of imports during the same period.



Indian sugar imports rose by 88% (when compared with the sugar imported last year in April, 2016) amidst reports of domestic production deficit forecast for the year 2015-16. While, the mandatory sugar export promotion scheme compelled the Indian traders to export more of their sugar to the international market.

Domestic Sugar Market Technical Analysis (Future Market)


Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market



- Sugar spot prices at benchmark Kolhapur market closes at Rs 3550/quintal in the month of April.
- Next resistance and support level for the coming week has been seen at Rs 3795 and Rs 3470 per quintal.

Sugar Domestic Balance Sheet

(Lakh Ton)

		2014-15	2015-16*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	39.94	64.21	64.21	66.03	170.29	101.34
B	Estimated sugar production	280.30	250.00	79.85	157.15	10.00	3.00
C	Imports	15.33	24.79	7.34	8.75	5.70	3.00
D	Estimated sugar availability (A + B + C)	335.57	339.00	151.40	231.93	185.99	107.34
E	Exports	21.36	33.26	8.72	10.54	8.00	6.00
G	Availability for domestic consumption (D - E)	314.21	305.74	142.68	221.39	177.99	101.34
H	Estimates sugar consumption	250.00	255.50	76.65	51.10	76.65	51.10
I	Carry out stock (G - H)	64.21	50.24	66.03	170.29	101.34	50.24

Note: Indian sugar marketing year begins from October – September.

Sugar domestic balance sheet showed higher carry in stock for marketing year 2015-16 owing to surplus sugar production last year and a fall in exports.

However, sugar production is expected to decline this year amidst lower production estimate in top producing states such as Maharashtra and Karnataka.

Notably, sugar domestic consumption rises at an annual compound growth rate of 2.2 percent per annum.

International Market Fundamentals

- Brazil crushes record amount of sugarcane in the current season. It is expected to crush 605 to 630 MMT of cane in 2016/17. Sugar production is expected to be 33.5 MMT to 35 MMT, up from 31.2 MMT last year: UNICA..
- The Thailand govt. is expected to sell 72 thousand tons of high polarization (raw) sugar (due for shipment in March and May 2017) at a tender on 10th May, 2016.
- Indonesia's sugar production is expected to decline to 2.5 MT amid El Nino related weather factors prevailing during the year 2016
- Indonesia is expected to impose import permit of 9.68 lakh tons of raw sugar in the second quarter (April – June) of 2016 which was same as that imposed for the first quarter (January – March) of year.
- Thailand's sugar export is expected to decline to 7.1 MT in 2016 led by lower production supply (due to drought) and increased consumption demand within the country.
- The white sugar refining premium remained buoyant amid rising Chinese demand for the white sugar and restricted world supply of the commodity. In addition, the pre- Ramadan demand for the commodity too played an active role in raising the premium.
- F.O Licht raised its global sugar supply deficit forecast (from 6.5 MT to 7.2 MT) for 2015-16 on back of damage to the Chinese cane crop (due to frost) .
- An expected fall in sugar production in India and Thailand caused Rabobank to raise its global sugar supply deficit forecast to 6.8 MT in 2015-16.
- Many Brazilian states are making tax changes in the price of gasoline and ethanol; wherein the tax changes are moving in favor of latter while opposing the former. The changes had been primarily made to increase ethanol competitiveness (over gasoline) in the market so that more cane could be diverted towards ethanol production in the country.
- Australian sugar production is projected to increase by 6.25% in 2016-17 (from 4.8 MT in 2015-16) owing to an expected increase in cane plantings and an improvement in yields.
- Datagro predicted a global sugar supply deficit of 4.37 MT in 2015-16 against a sugar surplus of 3.64 MT in 2014-15.
- Datagro predicted a higher sugar production (33.8 MT) in Brazil's main centre south region during 2016-17 due to an expected improvement in sugar content within the cane due to the revival of normal weather condition during that time.
- International Sugar Organization (ISO) raised its global sugar deficit forecast from 3.5 MT to 5 MT in 2015-16 (01st Oct, 2015 – 30th Sep, 2016).
- 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.

LIFFE Future Market Sugar Scenario (Aug'16 Contract)

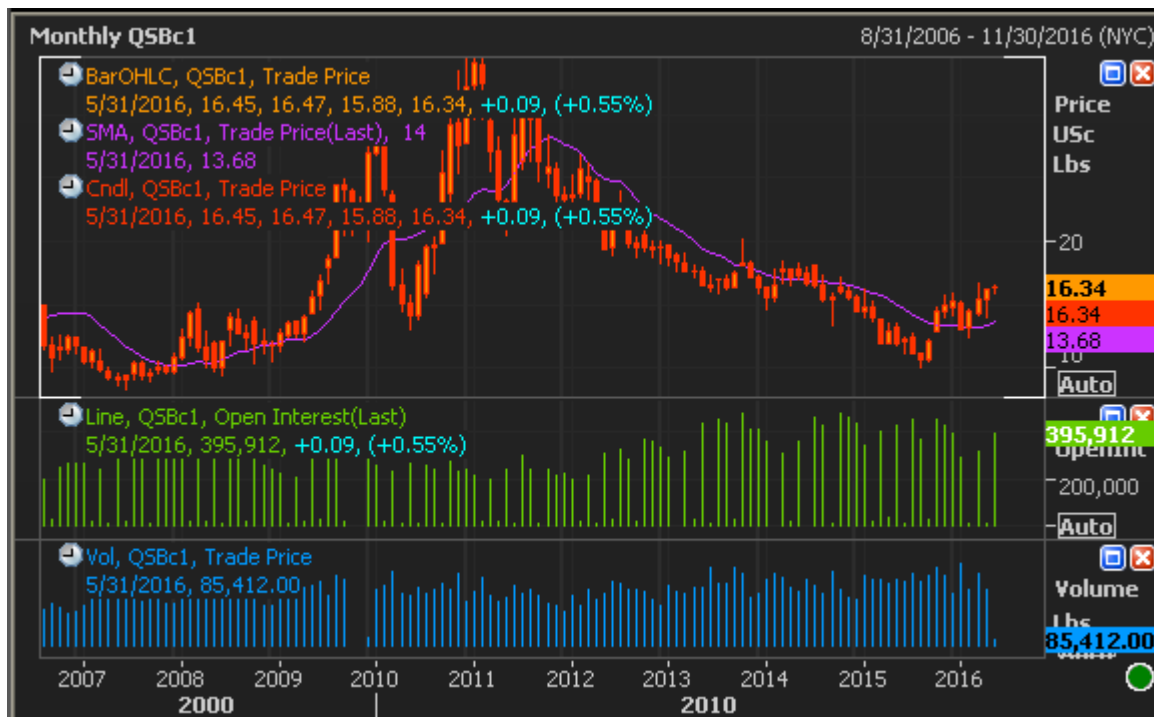


Source: Reuters Eikon

As of **04th May, 2016**, prices of Refined Sugar London exchange traded at \$469.9 per ton. On monthly chart, \$444.83 per ton is the immediate support level; breach of the mentioned level would take the prices down to \$408.42 per ton.

On the upper side, \$481.25 and \$511.04 per ton are the next resistance levels.

ICE Raw Sugar Future Market Scenario (Jul'16 Contract)



Source: Reuters Eikon

As of **04th May 2016**, ICE Raw sugar prices settled at 16.34 cents per lbs. On monthly chart, 15.3 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 14.43 cent per lbs.

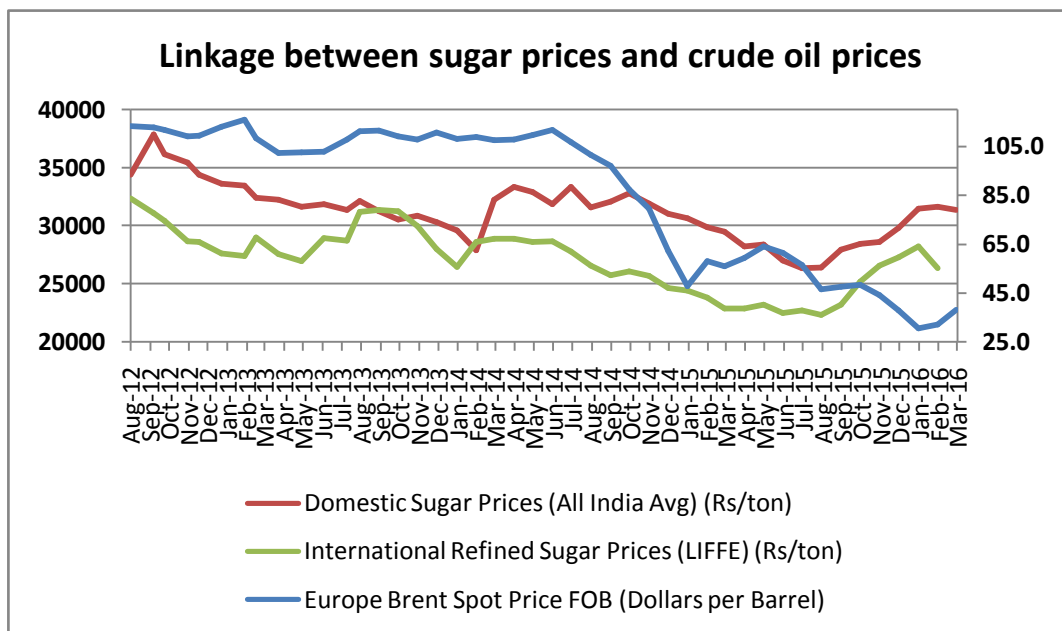
On the upper side, 17.09 and 18.24 cents per lbs are the resistance levels.

Linkage between sugar prices (domestic and international) & crude oil prices

Crude oil (Europe Brent) spot prices increased by 18.74% from \$32.2/bbl in February, 2016 to \$38.2/bbl in March, 2016.

However, domestic sugar market remained dormant amidst lower domestic demand during the month.

International sugar prices too fell in the month of February owing to a greater than expected late season sugar output in top producer, Brazil. In addition, a fall in global crude oil prices too led the Brazilian millers to divert more of their cane towards sugar production thus adding on to the available supplies.



Gur Market Scenario

Spot gur mainly remained buoyant with price rising in majority of the trading region. Prices of ChakuSukha(Cold), Khurpa (Fresh) and Laddoo (Fresh) variety of gur from key Muzzafar Nagar market rose owing to a lower arrival during the month. Similarly, prices of Other (Average) and Yellow (Average) variety of gur from Gulbarga and Belthangadi market rose by Rs 840 and Rs 823 per quintal to Rs 3410 and Rs 3284 per quintal in the month of April, 2016.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			April,16	Mar,16	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2857	2554	303
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	109500	116000	-6500
	Muzaffarnagar	Khurpa (Fresh)	2704	2432	272
	Muzaffarnagar	Laddoo (Fresh)	2939	2586	353
	Muzaffarnagar	Rascut (Fresh)	2546	2458	87
	Hapur	Chaurasa	2672	2416	256
	Hapur	Balti	2670	2395	274
Maharashtra	Latur	Lal Variety	NR	NA	-
Karnataka	Bangalore	Mudde (Average)	3798	3257	541
	Belgaum	Mudde (Average)	2694	2425	269
	Belthangadi	Yellow (Average)	3284	2461	823
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3410	2570	840
	Mahalingapura	Penti (Average)	3448	3106	342
	Mandya	Achhu (Medium)	3264	2777	487
	Mandya	Kurikatu (Medium)	2800	2595	205
	Mandya	Other (Medium)	2844	2526	318
	Mandya	Yellow (Medium)	3175	2734	441
	Shimoga	Achhu (Average)	3741	2975	766

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			April,16	Mar,16	
Delhi	Delhi	M-Grade	3613	3444	169
	Delhi	S-Grade	3593	3423	170
Uttar Pradesh	Khatauli	M-Grade	3637	3339	297
	Ramala	M-Grade	NA	3240	-
	Dhampur	M-Grade Ex-Mill	3555	3243	312
	Dhampur	S-Grade Ex-Mill	3535	3224	311
	Dhampur	L-Grade Ex-Mill	3605	3293	312
Maharashtra	Mumbai	M-Grade	3754	3471	283
	Mumbai	S-Grade	3659	3373	285
	Nagpur	M-Grade	NR	3300	-
	Nagpur	S-Grade	NR	3200	-
	Kolhapur	M-Grade	3573	3319	254
	Kolhapur	S-Grade	3468	3219	249
Assam	Guhawati	S-Grade	3784	3525	259
Meghalaya	Shillong	S-Grade	3788	3533	255
Andhra Pradesh	Vijayawada	M-Grade	3992	3603	390
	Vijayawada	S-Grade	3834	3443	391
West Bengal	Kolkata	M-Grade	3767	3559	207
Tamil Nadu	Chennai	S-Grade	3570	3157	414
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3039	3029	10
	Ambikapur	S-Grade (Without Duty)	3036	3027	8

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

International Sugar Prices (Monthly)				
	Contract Month	30-Apr-16	30-Mar-16	Change
ICE Sugar #11 (US Cent/lb)	16-May	16.160	15.87	0.29
	16-Jul	16.320	15.96	0.36
	16-Oct	16.590	16.08	0.51
LIFFE Sugar (US \$/MT)	16-Aug	467.40	454.40	13.00
	16-Oct	463.40	448.50	14.90
	16-Dec	462.30	444.00	18.30

Indian Sugar Production Scenario Up to 30th April, 2016

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	83.75	103.47
Uttar Pradesh	68.00	70.42
Karnataka	40.37	48.06
Gujarat	11.60	11.35
A.P +Telangana	8.10	8.80
Tamil Nadu	10.50	9.48
Bihar	5.01	5.23
All India	246.03	276.04

Total India & State wise Sugarcane Price (Rs/Ton)

State	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
India (FRP)	1391	1450	1700	2100	2200	2300
UP	2050	2400	2800	2800	2800	2800
Maharashtra	2000	1800-2050	2100-2500	-	-	-
Punjab	2120	2200	2400	2800	2850	2800-2950
Haryana	2150	2210	2710	2950	3050	3000-3100
Gujarat	1500-1700	-	2500	-	-	-
Andhra Pradesh	1800-2000	2000	2500	2600	-	2360-2400
Karnataka	1740	2000	2400	2500	2500	2300-2625
Tamil Nadu	1948	2100	2350	2650	2650	2850

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