



Sugar & Gur Monthly Research Report

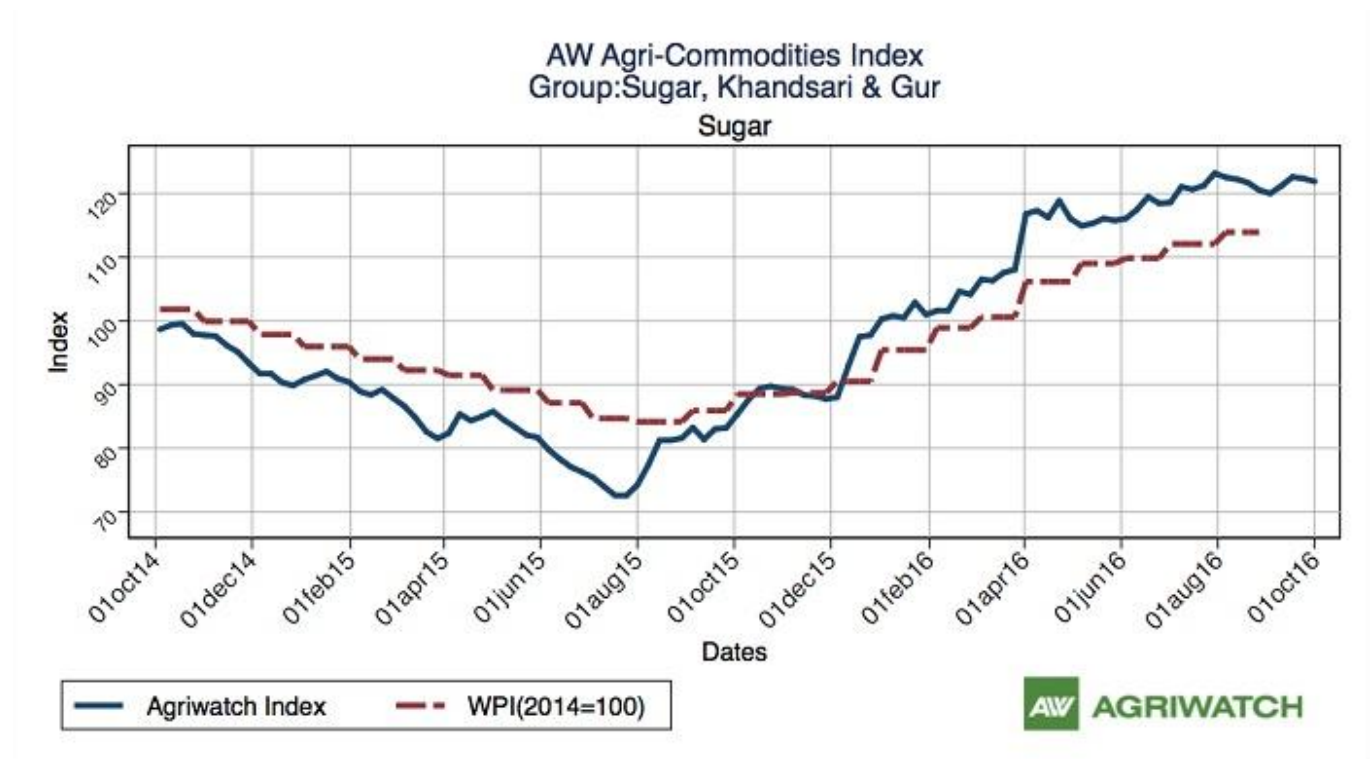
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Domestic Sugar Market Summary

Spot sugar prices in benchmark Kolhapur market declined in the month of September amidst muted domestic demand and adequate stock availability in the spot market. In addition, the govt. decision to impose special cash margin on all future sugar contracts further landed support to the fall in prices. As per the Agriwatch estimate, sugar prices are expected to trade steady to weak in the month ahead with a possibility of marginal rise during the month of November.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Oct 01, 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 fell by 0.48% to 121.96 during the week ending on Oct 01, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for The Next Month

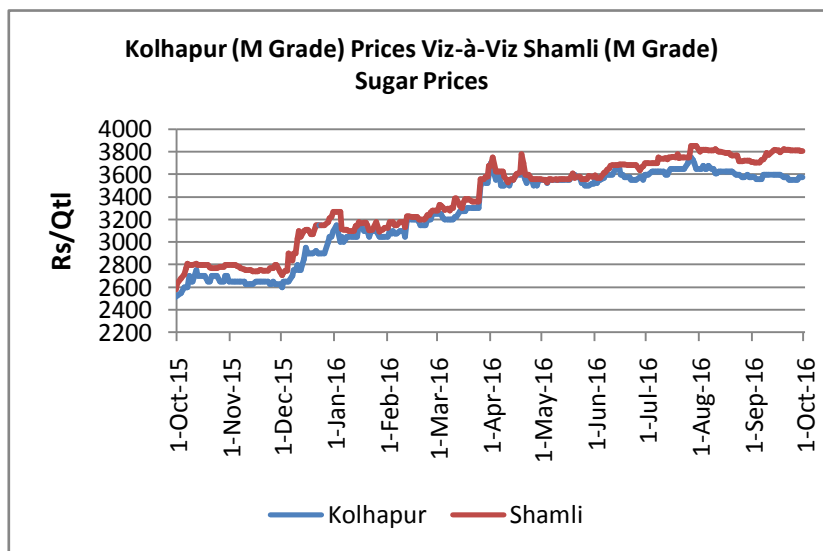
According to Agriwatch, the spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3400 - 3650 per quintal in the month of October.

International Sugar Market Summary

International sugar prices rose slightly in the month of September and is expected to rise further as cane harvesting in top producer Brazil gets slower indicating the closure of crushing season in the country.

Domestic Market Fundamentals

- As per the first advance estimate released by ISMA, India is expected to produce 233.7 lakh tons of sugar in MY 2016-17 (01st October, 2016 – 30th September, 2017). Wherein; Maharashtra, U.P, Karnataka and Tamil Nadu are expected to produce 62.7 lakh tons, 76.7 lakh tons, 31.9 lakh tons and 15.6 lakh tons of sugars respectively during the same period.
- However, as per the Agriwatch estimate, India is expected to produce 238.04 lakh tons of sugar in 2016-17 (01st October, 2016 – 30th September, 2017). Major sugar producing states such as Maharashtra, U.P, Karnataka and Tamil Nadu are expected to produce 67.84 lakh tons, 78.89 lakh tons, 31.44 lakh tons and 14.61 lakh tons of sugar in 2016-17 (01st October, 2016 – 30th September, 2017).
- ISMA also projected India's sugarcane acreage forecast at 49.99 lakh hectares for 2016-17; wherein acreage forecast for Maharashtra, U.P, Karnataka and Tamil Nadu lies at 8.1 lakh hectares, 23.1 lakh hectares, 4.15 lakh hectares and 2.65 lakh hectares respectively.



- Agriwatch projected sugarcane acreage in India at 48.23 lakh hectares for 2016-17; where in acreage forecast for Maharashtra, U.P, Karnataka and Tamil Nadu lies at 8.2 lakh hectares, 23.36 lakh hectares, 3.8 lakh hectares and 2.5 lakh hectares respectively.
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation reached at 45.77 lakh hectares in 2016-17 (till 23rd Sep, 2016) compared to 49.60 lakh hectares in 2015-16 (till 23rd Sep, 2015).
- With a view to keep sugar prices under check, commodity bourse NCDEX imposed special margin of 10% (in cash) on long side for October future contract. In addition, a special margin of 25 % (in cash) on long side of all running contracts and yet to be launched contract had also been imposed. Notably, initial margin is the minimum percentage of money that the traders are required to deposit with the exchange, to trade in the commodity futures. And by raising the margin, exchange is particularly prohibiting the speculators from participating and thus helping curb the price rise.
- As per the industry sources, Indian sugar mills are expected to release 4.8 - 4.9 MT of by 31st October, 2016 sugar in the market due to the government's decision to impose sugar stockholding limit on the domestic millers.

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$761.23 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$540.00 per ton.

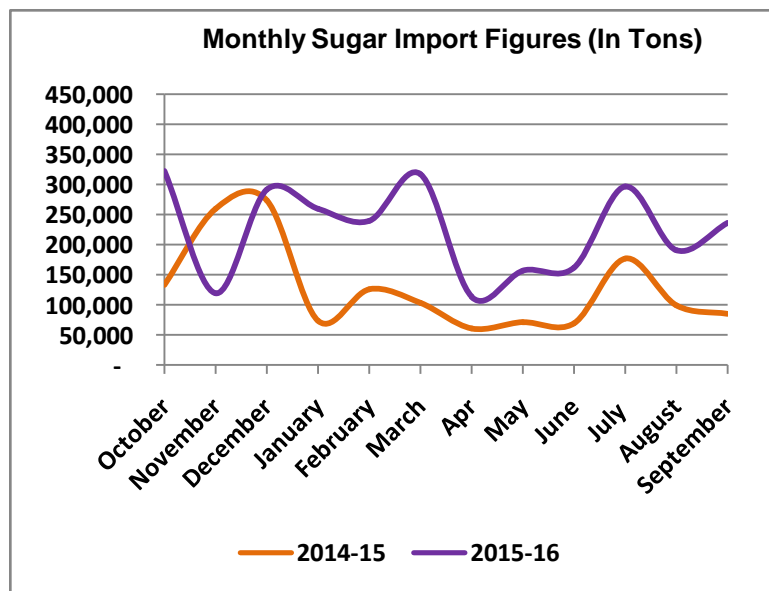
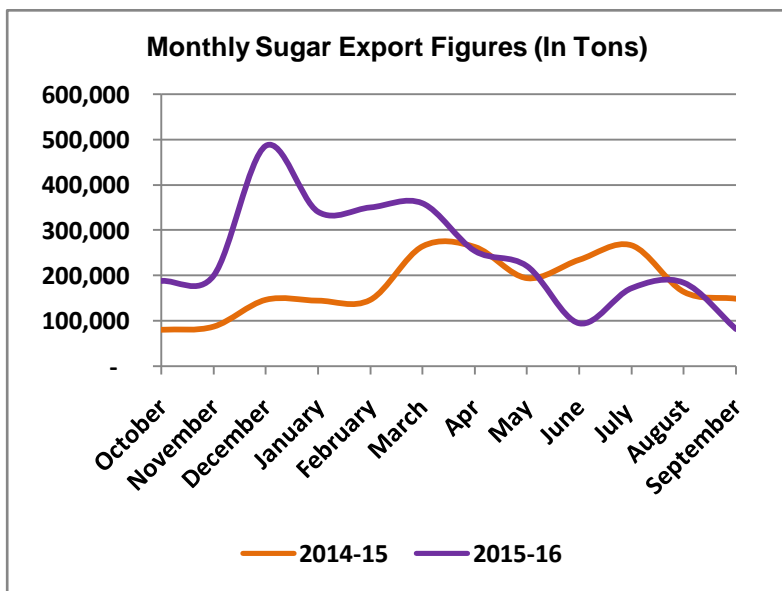
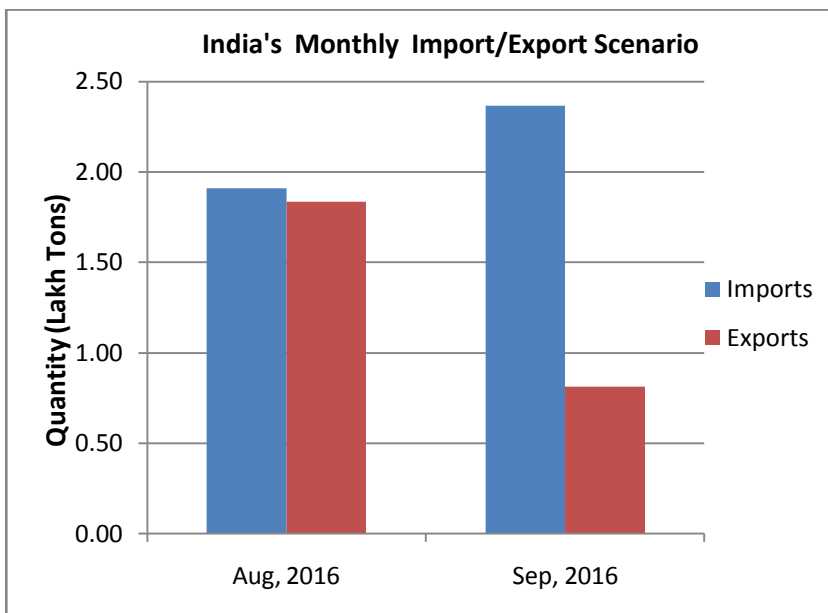
On International front, Brazil sugar FOB prices quoted at \$604.5/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.63) as on 01 Oct, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$604.5	\$582.20/612.0	\$540.0

Sugar Import and Export Scenario

India exported 0.81 lakh tons of sugar while imported 2.37 lakh tons of sugar in September, 2016. However, the country exported and imported 1.84 lakh tons and 1.91 lakh tons of sugar respectively last month in August, 2016.



An y-o-y comparison shows that the country's sugar imports rose by 179% from 0.84 lakh tons last year ; while exports fell by 45% from 1.48 lakh tons in September, 2015. Notably, Myanmar, Sri Lanka and Somalia were amongst the top sugar importing nations from India, who imported 33.4 thousand tons, 9.4 thousand tons and 7.2 thousand tons of sugar respectively in the month of September.

Domestic Sugar Market Technical Analysis (Future Market)


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


- Spot sugar prices at benchmark Kolhapur market closed at Rs 3577/quintal in the month of September.
- Next resistance and support level for the coming month has been seen at Rs 3648 and Rs 3500 per quintal.

Sugar Domestic Balance Sheet

(Lakh Ton)

		2015-16	2016-17*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	64.21	57.04	57.04	53.36	149.00	81.64
B	Estimated sugar production	250.50	238.04	76.17	149.97	9.05	2.86
C	Imports	27.09	28.40	7.10	9.94	4.26	7.10
D	Estimated sugar availability (A + B + C)	341.80	323.48	140.31	213.26	162.31	91.60
E	Exports	29.26	31.45	9.44	12.58	3.15	6.29
G	Availability for domestic consumption (D - E)	312.54	292.03	130.88	200.68	159.16	85.31
H	Estimates sugar consumption	255.50	258.40	77.52	51.68	77.52	51.68
I	Carry out stock (G - H)	57.04	33.63	53.36	149.00	81.64	33.63

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

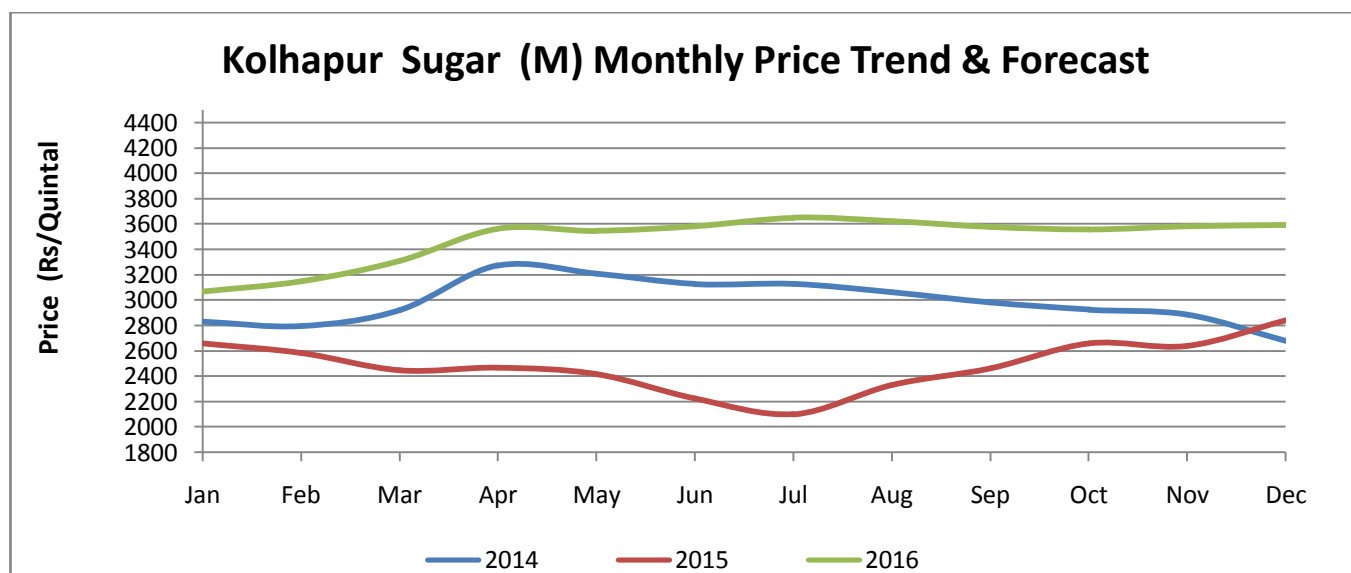
Sugar domestic balance sheet showed a lower carry in stock for marketing year 2016-17 owing to a lower sugar production in 2015-16 (01st October, 2015 – 30th September, 2016).

This year too in 2016-17, India's sugar production is expected to decline to 238.04 lakh tonnes as draught in major sugar producing states Maharashtra and Karnataka had negatively affected cane acreage and productivity in the two states (especially in Karnataka). However, an expected surge in cane area, yield and recovery in the largest cane producing state, Uttar Pradesh could certainly help in raising sugar production within the country.

On the other hand, sugar domestic consumption is expected to rise to 258.40 lakh tonnes in 2016-17 (01st October, 2016 – 30th September, 2017).

Domestic Sugar (M- grade) Price Projection (Kolhapur Market) for next 5 months

		(Rs/Quintal)
Current Average Price	Sep	3577
Projected Price	Oct	3559
	Nov	3580
	Dec	3592
	Jan	3556
	Feb	3467



Indian sugar prices are expected to fell down marginally amidst lower domestic demand for the product on one hand and adequate sugar supply on the other. In addition, government's initiative to control sugar prices will also certainly keep sugar prices under check.

International Market Fundamentals

- Platts Kingsman predicted a global sugar supply deficit of 6.45 MT in 2016-17 (October, 2016 – September, 2017) amidst a lower cane production estimate in top producer, Brazil.
- Brazil's main C.S region crushed 38.31 MT of sugarcane in the second half of August, 2016 thereby producing 2.54 MT of sugar there on.
- The Indonesia Sugar Association projected Indonesia's white sugar production at 2.2 – 2.3 MT for 2016 (compared to 2.5 MT of production in 2015) amidst not so favorable rainy wet weather in 2016 which could affect the cane crop adversely.
- Rabobank projected a global sugar supply deficit of 5.5 MT in 2016-17 (01st October, 2016 – 30th September, 2017). However, the organization projected an Asian deficit of 2 MT for this marketing season, 2015-16.
- The International Sugar Organization (ISO) predicted a global sugar supply deficit of 7.05 MT in 2016-17 (01st October, 2016 – 30th September, 2017).
- China imported 4.2 lakh tons of sugar in the month of July, 2016 which was 13.6% lower than the imports made in July, 2015.
- Brazil's raw sugar export rose by 5.49% as the country exported 2.45 MT of sugar in July, 2016 compared to 2.32 MT of exports in June, 2016.
- Datagro lowers its 2016-17 sugar production forecast (34.7 MT) for Brazil's C.S region amidst a drier than average weather condition (prevailed during March to June) that could have affected cane crop yield in the region. However, as per the Agriwatch estimate, Brazil's C.S is expected to produce 34 MT of sugar in 2016-17 (April- March).
- Thailand's sugar production fell by 5.83% in 2015-16 (November – June) and the country produced only 9.7 MT of sugar this season as drought hit cane production and productivity within the country.
- Sucden predicted a global sugar supply deficit of 3 MT in 2016-17 compared to a deficit of 5 MT in 2015-16.
- Czarnikow predicted global sugar supply deficit of 12.5 MT in 2015-16 while a deficit of 9.8 MT in 2016-17.
- Market player, Agroconsult predicted a higher cane crop of 640 MT in Brazil's C.S region for 2017-18 (against 628 MT for 2016-17) on back of an expanded planting and crop care next year in the region.
- Green Pool predicted a global sugar supply deficit of 8.51 MT in 2015-16 (October – September) and a deficit of 6.5 MT in 2016-17 (October – September) following a drop in sugarcane crop in India and Thailand due to the adverse El Nino effect.

LIFFE Future Market Sugar Scenario (Dec'16 Contract)



Source: Reuters Eikon

As on **04 Oct, 2016**, prices of Refined Sugar London exchange traded at \$588.3 per ton. On monthly chart, \$574.4 per ton is the immediate support level; breach of the mentioned level would take the prices down to \$555.9 per ton.

On the upper side, \$611.5 and \$629.2 per ton are the next resistance levels.

ICE Raw Sugar Future Market Scenario (Mar'17 Contract)



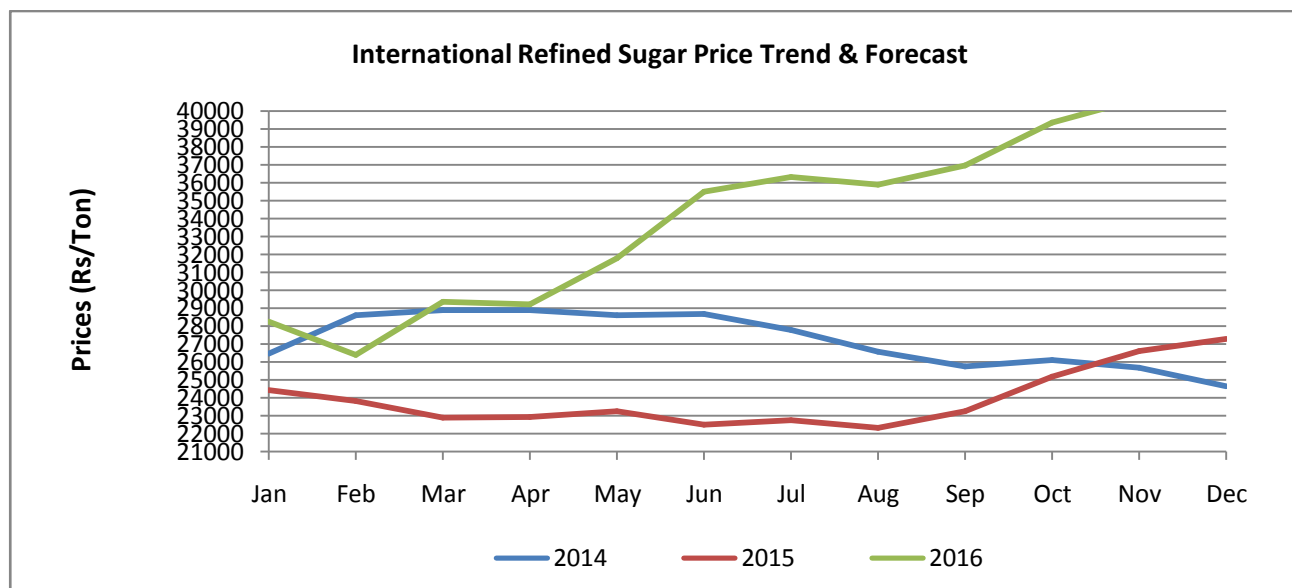
Source: Reuters Eikon

As on **04 Oct, 2016**, ICE Raw sugar prices settled at 22.67 cents per lbs. On monthly chart, 21.77 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 21.05 cent per lbs.

On the upper side, 23.27 and 23.69 cents per lbs are the resistance levels.

International Refined Sugar Price Projection

		(Rs/Ton)
Current Average Price	Aug	35888
Projected Price	Sep	36965
	Oct	39360
	Nov	40698
	Dec	41512
	Jan	42342



International refined sugar prices are expected to rise in the months ahead as the top most producing nation, Brazil, is almost done with the cane crushing for the season and sugar mills in the country are expected to close down soon for the annual maintenance and repair work.

Gur Market Scenario

Spot gur market mostly remained buoyant with price rising in majority of the markets during the month of September. Prices of Mudde (Average) variety of gur from Bangalore rose by Rs 401/quintal from Rs 4321/quintal to Rs 4721/quintal during the month. Similarly, prices of Chaurasa variety of gur from Hapur too rose by Rs 236/quintal to Rs 3408/quintal. On the other hand, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 170/quintal from Rs 3741/quintal to Rs 3570/quintal during the month of September.

Technical Analysis - Gur (Chaku) at Spot (Muzaffarnagar) market



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3425/quintal for the month of September.
- Next resistance and support level for the coming month has been seen at Rs 3608 and Rs 3235 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			Sept,16	Aug,16	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3422	3374	48
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	3450	-
	Hapur	Chaurasa	3408	3172	236
	Hapur	Balti	3365	3175	190
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4721	4321	401
	Belgaum	Mudde (Average)	3500	3306	194
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3896	3632	265
	Mahalingapura	Penti (Average)	3570	3741	-170
	Mandya	Achhu (Medium)	3335	3302	33
	Mandya	Kurikatu (Medium)	3153	3180	-27
	Mandya	Other (Medium)	3165	3036	129
	Mandya	Yellow (Medium)	3326	3316	10
	Shimoga	Achhu (Average)	4280	4143	137

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			Sept,16	Aug,16	
Delhi	Delhi	M-Grade	3816	3774	43
	Delhi	S-Grade	3796	3754	43
Uttar Pradesh	Khatauli	M-Grade	3895	3819	76
	Ramala	M-Grade	3755	NA	-
	Dhampur	M-Grade Ex-Mill	3799	3759	41
	Dhampur	S-Grade Ex-Mill	3779	3739	41
	Dhampur	L-Grade Ex-Mill	3849	3809	41
Maharashtra	Mumbai	M-Grade	3838	3836	2
	Mumbai	S-Grade	3651	3688	-37
	Nagpur	M-Grade	3702	3775	-73
	Nagpur	S-Grade	3602	3675	-73
	Kolhapur	M-Grade	3577	3650	-73
	Kolhapur	S-Grade	3477	3550	-73
Assam	Guhawati	S-Grade	3793	3867	-74
Meghalaya	Shillong	S-Grade	3797	3870	-73
Andhra Pradesh	Vijayawada	M-Grade	3971	3965	7
	Vijayawada	S-Grade	3871	3838	34
West Bengal	Kolkata	M-Grade	3890	3893	-3
Tamil Nadu	Chennai	S-Grade	3450	3470	-20
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2935	3035	-100
	Ambikapur	S-Grade (Without Duty)	2935	3035	-100

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

International Sugar Prices (Monthly)				
	Contract Month	30-Sep-16	30-Aug-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	20.77	19.89	0.88
	Mar-17	21.69	20.45	1.24
	May-17	21.37	19.92	1.45
LIFFE Sugar (US \$/MT)	Oct-16	560.75	541.33	19.42
	Dec-16	572.42	543.91	28.51
	Mar-17	567.02	535.53	31.49

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

State	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
India (FRP)	1298	1391	1450	1700	2100	2200	2300	2300
UP	2300	2050	2400	2800	2800	2800	2800	
Maharashtra	2264	2000	1800-2050	2100-2500	2360	-	-	
Punjab	2080	2120	2200	2400	2800	2850	2800-2950	
Haryana	2450	2150	2210	2710	2950	3050	3000-3100	
Gujarat	2450	1500-1700	-	2500	-	-	-	
Andhra Pradesh	1885	1800-2000	2000	2500	2600	-	2360-2400	
Karnataka	2400	1740	2000	2400	2500	2500	2300 -2625	
Tamil Nadu	1663	1948	2100	2350	2550	2650	2850	



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