



Sugar & Gur Monthly Research Report

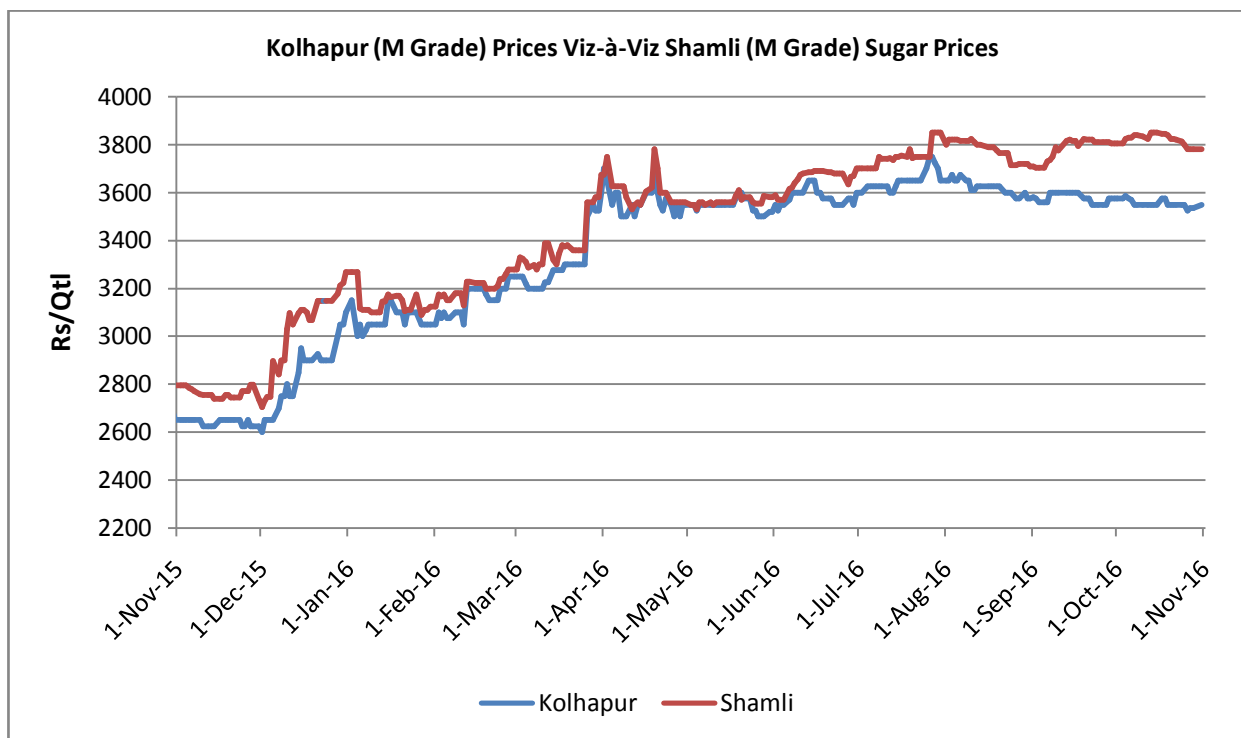
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Agriwatch Sweeteners Index
- ❖ Sugar Export/Import Opportunity
- ❖ Sugar Export/Import Scenario
- ❖ Domestic Sugar Market Technical Analysis - Future Market & Spot Market
- ❖ Sugar Domestic Balance Sheet
- ❖ Domestic Price Projection for next 5 months
- ❖ International Sugar Market Summary & Highlights
- ❖ International Market Technical Analysis (Future Market)
- ❖ International sugar price projection
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady to weak during the month of October amidst rising selling pressure from the government to maintain certain level of sugar stock within the country. However, festive sugar demand in the country prevented a steep decline in prices.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3555 per quintal in the month of October compared to Rs 3577 per quintal in the month of September. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.98% from Rs 3784 per quintal in the month of September to Rs 3822 per quintal in the month of October.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak in the months ahead due to the onset of crushing season within the country.

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.

Domestic Market Highlights

- The govt. of India has decided to extend the present sugar stock holding limit of the Indian states by another six months, which is likely to terminate on 28th April, 2017. Notably, in a meeting held in April, 2016, the centre had decided to impose a sugar stock holding limit (1,000 tonnes for West Bengal and 500 tonnes for others) on all the Indian states for a period of six months starting from April to October, 2016. The decision has been taken in a light to control sugar hoarding within the country and to keep sugar prices under check.
- The sugarcane grower association in Karnataka had asked the central govt. to increase the cess rate on sugar imported into the state, which could probably reduce excess dumping of the sweetener from the nearby states. Notably, at present, the cess rate on imported sugar has been charged at 40% which the association is asking to increase to 60%.
- Maharashtra will be commencing its crushing operation from 05th November, 2016 which was earlier slotted to begin from 01st December, 2016. Notably, the state usually commences its crushing operation from mid of October every year, but due to the lower cane output and prolonged rainfall this year, the govt. had decided to delay the crushing operation this season.
- Around 159 sugar factories have submitted proposals to the Maharashtra sugar commissionerate seeking crushing licence for the 2016-17 sugar season. These include 89 cooperative factories and 77 private mills in the state. Last year, around 177 factories had participated in crushing operations, which included 99 cooperatives and 78 private mills.
- The Cabinet Committee on Economic Affairs (CACP) approved the proposal for lowering down ethanol prices meant for purchase by Oil Marketing Companies (OMCs) under the Ethanol Blended Petrol (EBP) Programme. Notably, till now, OMCs purchases ethanol at a price of Rs 48.50 - 49.50 per litre for the EBP Programme which will now be available at a price of Rs 39 per litre for 2016 -17 (01st December, 2016 – 30th November, 2017).
- The Maharashtra sugar commissionerate announced that the state is expected to produce 50.28 lakh tonnes of sugar in 2016-17 (along with a carry in stock of 32.7 lakh tonnes from 2015-16) and could end up with an ending stock of 11 lakh tonnes during the period.
- Agriwatch estimated India to produce 236.72 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 66.93 lakh tons, 77.41 lakh tons, 31.44 lakh tons and 14.61 lakh tons of sugar in 2016-17 (01st October, 2016 – 30th September, 2017).
- 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 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.
- 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 Sweeteners (Sugar, Gur & Khandsari) Index– Oct 22, 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 0.01% to 122.45 during the week ending on October 22, 2016. Notably, the base for the Index is 2014 (= 100).

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$740.20 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$536.14 per ton.

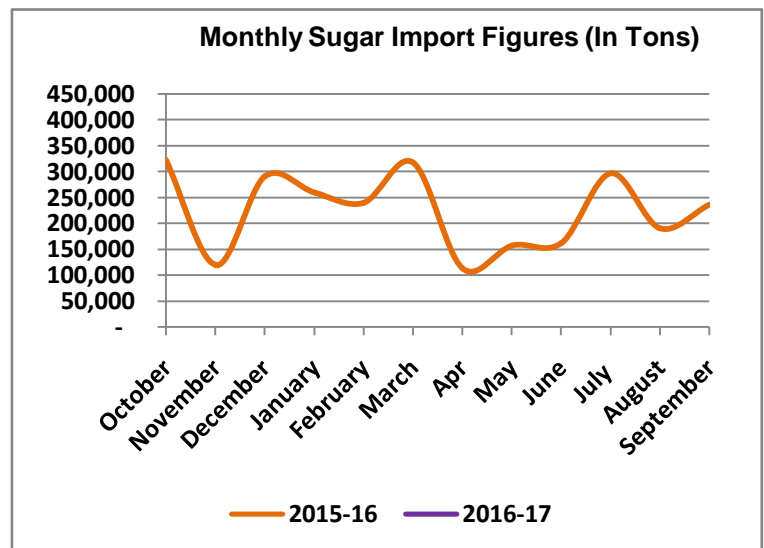
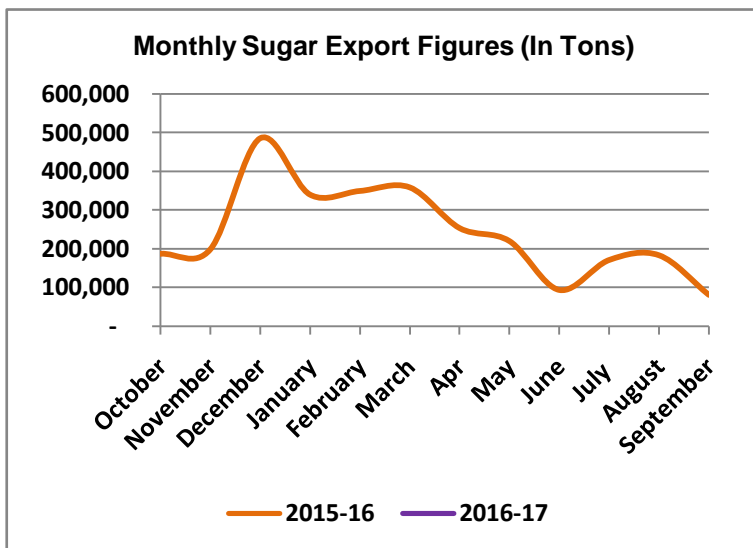
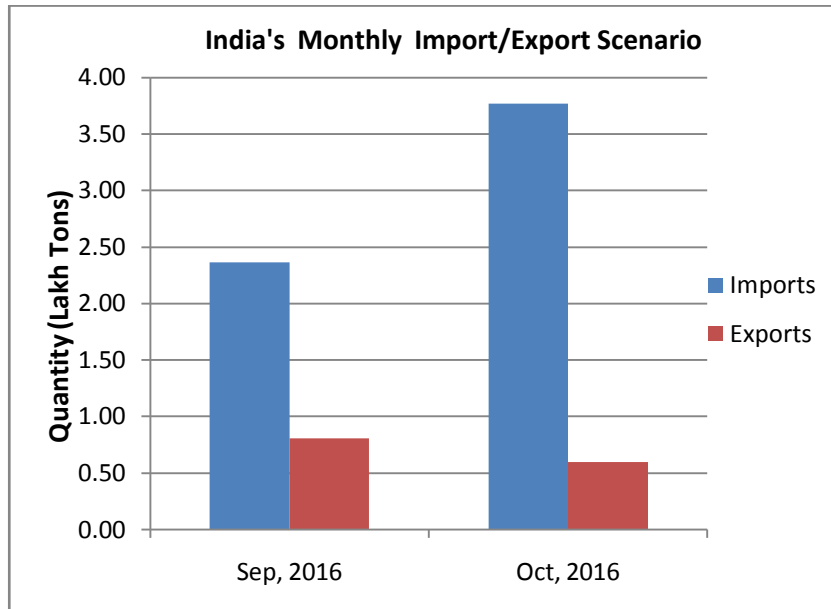
On International front, Brazil sugar FOB prices quoted at \$589.2/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.74) as on 01 Nov, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$589.2	\$582.20/568.20	\$536.14

Sugar Import and Export Scenario

India exported 0.60 lakh tons of sugar while imported 3.77 lakh tons of sugar in October, 2016. However, the country exported and imported 0.81 lakh tons and 2.37 lakh tons of sugar respectively last month in September, 2016.



An y-o-y comparison shows that the country's sugar imports rose by 17% from 3.22 lakh tons last year ; while exports fell by 68% from 1.87 lakh tons in October, 2015. Notably, Myanmar, Saudi Arabia and Kenya were amongst the top sugar importing nations from India, who imported 13.5 thousand tons, 6.3 thousand tons and 6.2 thousand tons of sugar respectively in the month of October, 2016.

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 3555/quintal in the month of October.
- Next resistance and support level for the coming month has been seen at Rs 3655 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	Estimated 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.

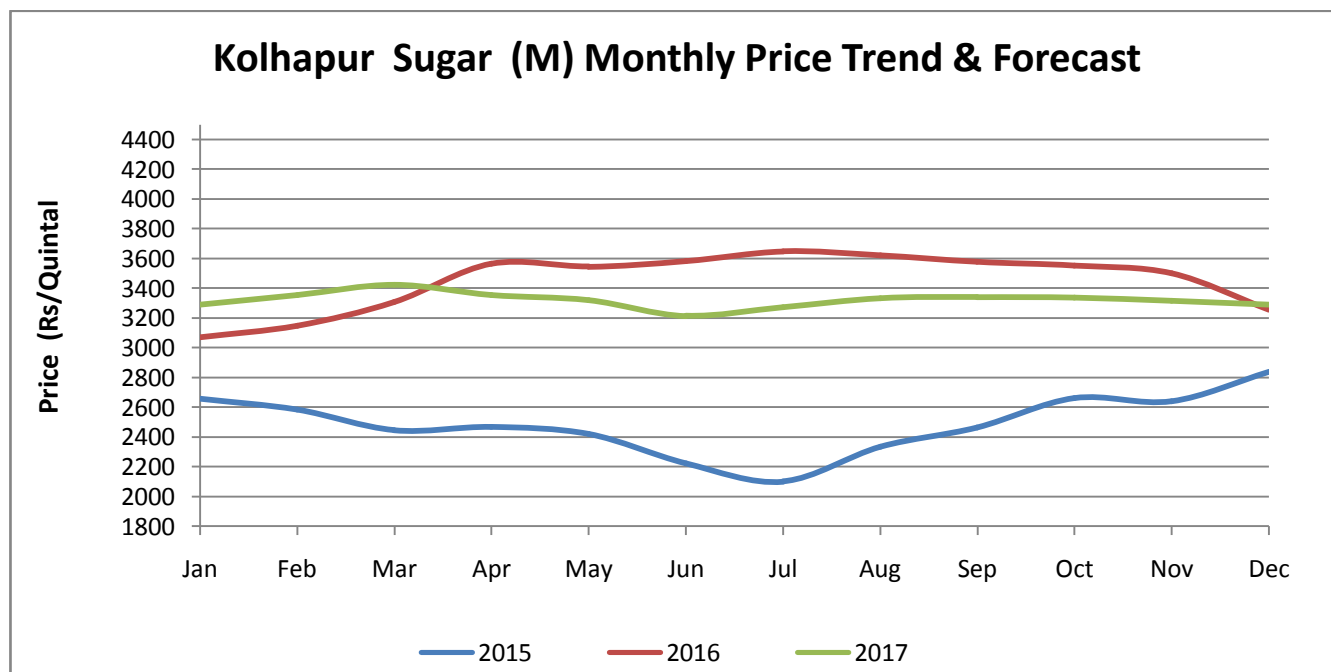
Sugar domestic balance sheet showed a lower carry in stock for marketing year 2016-17 owing to a lower sugar production in 2015-16 (01st October, 2015 – 30th September, 2016).

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	Oct	3555
Projected Price	Nov	3502
	Dec	3257
	Jan	3290
	Feb	3356
	Mar	3423



With the onset of crushing season in the country, domestic sugar prices are expected to fell down during the initial few months of November and December, 2016. However, prices are expected to climb up after that as the country could face supply shortage in the domestic market.

International sugar prices rose slightly in the month of October and are expected to rise further as cane harvesting in top producer Brazil is expected to end soon somewhere in mid of November.

International Market Highlights

- Brazil's raw sugar export fell by 31.06% as the country exported 1.86 million tonnes of raw sugar in October, 2016 compared to 2.70 million tonnes of exports last month. An y-o-y comparison also shows a decline of 10.2% where the country exported 2.07 million tonnes of raw sugar in October, 2015.
- As per the latest UNICA report, Brazil's C.S region crushed 2.24 million tonnes of sugar in the first half of October 2016 compared to 2.10 million tonnes of sugar crushed last year during the same interval.
- Datagro predicted Brazil's C.S region to crush 597 million tonnes of cane this year in 2016 – 17 (01st October, 2016 – 30th September, 2017) to produce 34.1 million tonnes of sugar there on. However, the region's 2017 – 18 cane crop is expected to decline (580 -610 million tonnes) even under good weather condition due to the lower investment and upkeep done in field during the recent years. Meanwhile, sugar production in the region could rise to 36.1 - 36.4 million tonnes in 2017 – 18 owing to a greater diversion of cane towards sugar production during the period.
- Following the tender for shipment of high polarisation sugar, the Thai Cane and Sugar Corp (TCSC) had sold approximately 1.08 lakh tonnes of sugar meant for delivery in 2017 and 2018.
- As per the USDA report, Australia, the third largest sugar exporter in the world, is projected to churn around 35 million tonnes of sugarcane in 2016-17 to produce 5.1 million tonnes of sugar thereon.
- As per the government officials of Thailand, sugarcane output in the country is expected to fall to 91 million tonnes in 2016 -17 compared to 94.05 million tonnes in 2015-16. At the same time, sugar production is also projected to fall during the year (from 9.7 million tonnes to 9.3 million tonnes) as the severe drought not only lowered the cane production in the country but also adversely affected the sugar recovery rate.
- 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.
- 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.
- 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.

LIFFE Future Market Sugar Scenario (Dec'16 Contract)



Source: Reuters Eikon

As on **05 Nov, 2016**, prices of Refined Sugar London exchange traded at \$574.40 per ton. On monthly chart, \$563.87 per ton is the immediate support level; breach of the mentioned level would take the prices down to \$543.45 per ton.

On the upper side, \$597.91 and \$616.97 per ton are the next resistance levels.

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



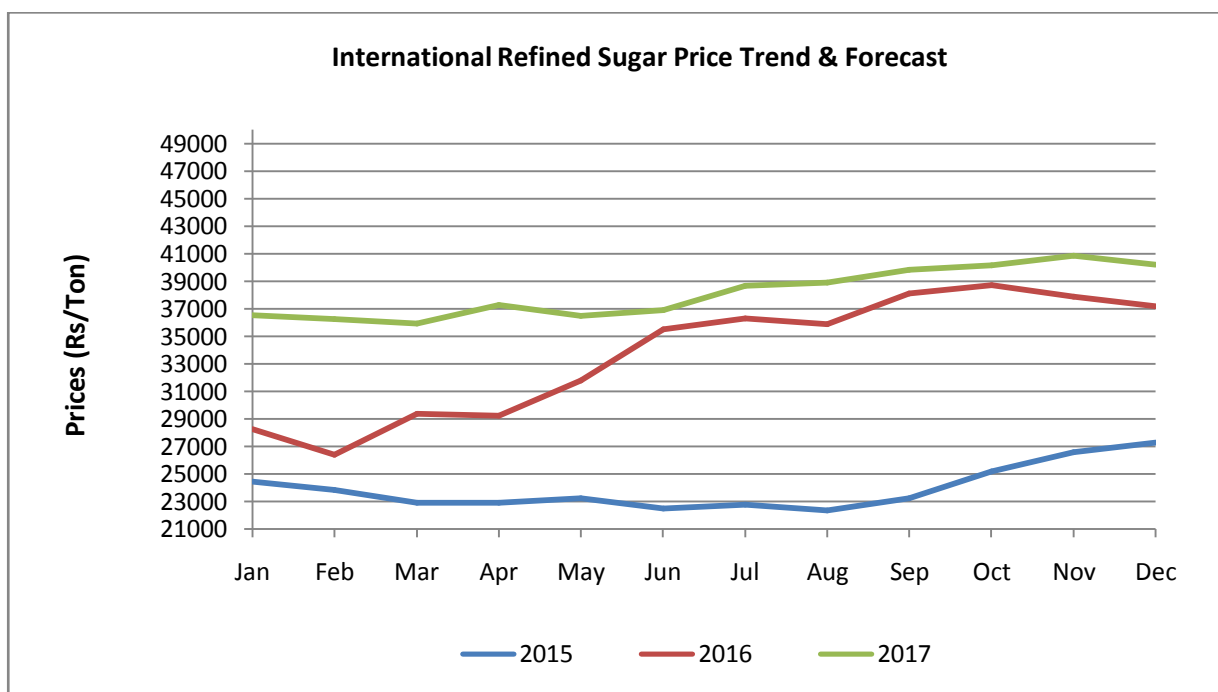
Source: Reuters Eikon

As on **05 Nov, 2016**, ICE Raw sugar prices settled at 21.73 cents per lbs. On monthly chart, 21.06 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 20.07 cent per lbs.

On the upper side, 22.67 and 23.70 cents per lbs are the resistance levels.

International Refined Sugar Price Projection

		(Rs/Ton)
Current Average Price	Sep	38105
Projected Price	Oct	38711
	Nov	37853
	Dec	37186
	Jan	36531
	Feb	36270



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

Mixed sentiments were seen in spot gur market with prices rising in some market while declining in others. Prices of Chaurasa and Balti variety of gur from Hapur fell by Rs 602/quintal and Rs 510/quintal to Rs 2806 and Rs 2855 per quintal respectively. Similarly, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 186/quintal to Rs 4094/quintal in the month of October, 2016. However, prices of Achhu (Medium), Yellow (Medium) and Kurikatu (Medium) variety of gur from Mandya rose by Rs 253, Rs 240 and Rs 203 per quintal to Rs 3588, Rs 3566 and Rs 3356 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3455/quintal for the month of October.
- Next resistance and support level for the coming month has been seen at Rs 3560 and Rs 2770 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			Oct,16	Sept,16	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3478	3422	56
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	122500	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2956	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3197	NA	-
	Muzaffarnagar	Rascut (Fresh)	2601	NA	-
	Hapur	Chaursa	2806	3408	-602
	Hapur	Balti	2855	3365	-510
Maharashtra	Latur	Lal Variety	NR	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4721	-71
	Belgaum	Mudde (Average)	3485	3500	-15
	Belthangadi	Yellow (Average)	NR	NA	-
	Bijapur	Achhu	NR	NA	-
	Gulbarga	Other (Average)	3822	3896	-74
	Mahalingapura	Penti (Average)	3638	3570	68
	Mandya	Achhu (Medium)	3588	3335	253
	Mandya	Kurikatu (Medium)	3356	3153	203
	Mandya	Other (Medium)	3294	3165	129
	Mandya	Yellow (Medium)	3566	3326	240
	Shimoga	Achhu (Average)	4094	4280	-186

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			Oct,16	Sept,16	
Delhi	Delhi	M-Grade	3849	3816	33
	Delhi	S-Grade	3829	3796	33
Uttar Pradesh	Khatauli	M-Grade	3977	3895	82
	Ramala	M-Grade	NA	3755	-
	Dhampur	M-Grade Ex-Mill	3834	3799	35
	Dhampur	S-Grade Ex-Mill	3814	3779	35
	Dhampur	L-Grade Ex-Mill	3884	3849	35
Maharashtra	Mumbai	M-Grade	3900	3838	62
	Mumbai	S-Grade	3659	3651	8
	Nagpur	M-Grade	3681	3702	-21
	Nagpur	S-Grade	3581	3602	-21
	Kolhapur	M-Grade	3556	3577	-21
	Kolhapur	S-Grade	3456	3477	-21
Assam	Guhawati	S-Grade	3772	3793	-21
Meghalaya	Shillong	S-Grade	3776	3797	-21
Andhra Pradesh	Vijayawada	M-Grade	3969	3971	-2
	Vijayawada	S-Grade	3855	3871	-16
West Bengal	Kolkata	M-Grade	3908	3890	18
Tamil Nadu	Chennai	S-Grade	3476	3450	26
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2935	2935	Unch
	Ambikapur	S-Grade (Without Duty)	2935	2935	Unch

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

International Sugar Prices (Monthly)				
	Contract Month	30-Oct-16	30-Sep-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	22.59	20.77	1.82
	May-17	22.03	21.69	0.34
	Jul-17	21.39	21.37	0.02
LIFFE Sugar (US \$/MT)	Dec-16	596.8	560.75	36.05
	Mar-17	591.1	572.42	18.68
	May-17	584.1	567.02	17.08

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	-	-	2375
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	



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2016 Indian Agribusiness Systems Pvt Ltd.