



Sugar & Gur Monthly Research Report

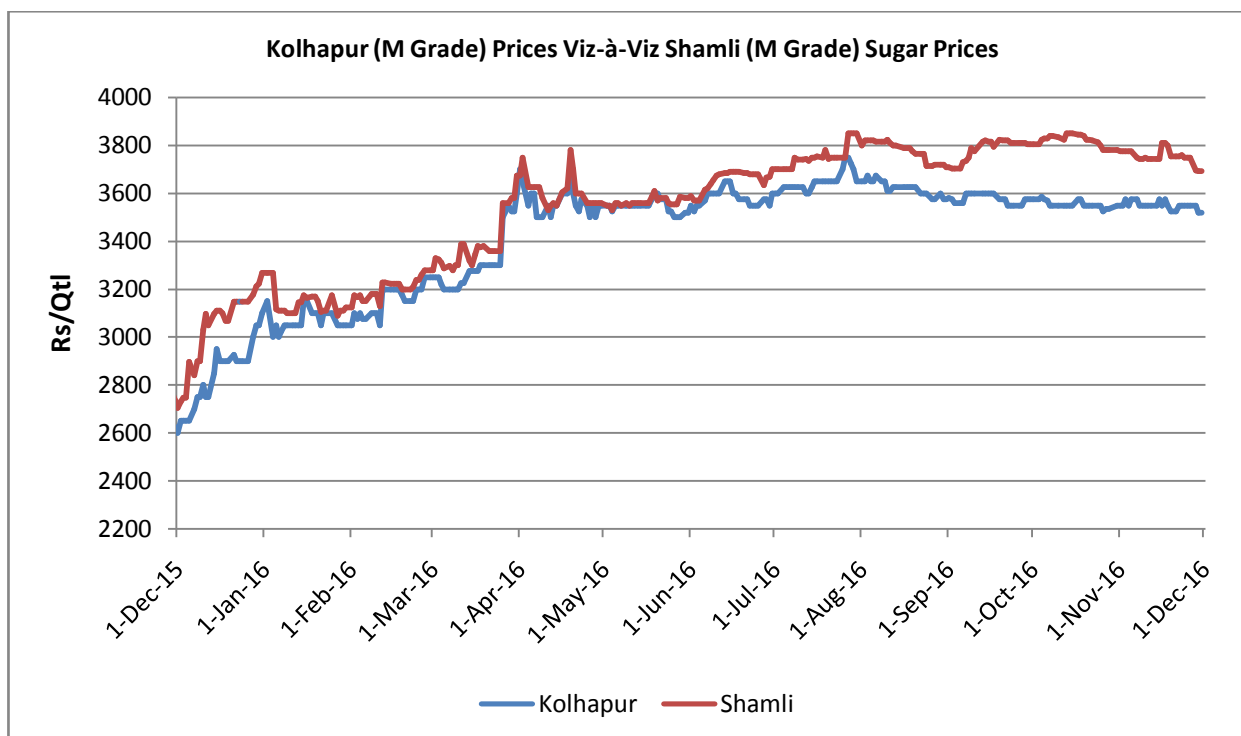
Contents

- ❖ 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 November amidst persistent supply from the domestic millers and a fall in demand.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3551 per quintal in the month of November compared to Rs 3555 per quintal in the month of October. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 1.75% from Rs 3822 per quintal in the month of October to Rs 3755 per quintal in the month of November.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak in the months ahead (due to peak crushing period) with the possibility of a price rise after January.

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 December.

Domestic Market Highlights

- The Punjab govt. had fixed cane SAP (State Advisory Price) of Rs 2900/ton (mid season) for the marketing year 2016-17 (01st October, 2016 – 30th September, 2017). While SAP for the other varieties has been fixed at Rs 3000/ton and Rs 2850/ton for the early variety and late season variety respectively.
- The U.P govt. announced a cane SAP (State Advisory Price) of Rs 3050/ton for the general variety of cane having an average recovery rate of 9.5 per cent. On the other hand, SAP for the early variety of cane has also been increased from Rs 2900/ton to Rs 3150/ton for 2016-17.
- The Karnataka govt. had fixed a cane SAP ranging from Rs 2,300 to Rs 3050 per ton for MY 2016-17 (01st October, 2016 – 30th September, 2017). Notably, the SAP has been fixed as Rs 2300/ton for 9.5% recovery, Rs 2550/ton for 10.5% recovery, Rs 2800/ton for 11.5% recovery and Rs 3050/ton for 12.5% recovery rate of cane.
- As per recent update by ISMA, Indian sugar output increased by 2% to 7.87 lakh metric tonnes compared to previous year, following early crushing in states like Uttar Pradesh and Karnataka. Sugar mills have produced 15,000 tonnes more till November 15 this year at 7.87 lakh tonnes compared to 7.72 lakh tonnes in the same period previous year according to Indian Sugar Mills Association (ISMA).
- Maharashtra sugar production fell by 74.01% as the state produced 1.12 lakh tonnes of sugar in 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 4.31 lakh tonnes of production during the corresponding period last year. Notably, lesser number of mills started their crushing operation till date resulting into the fall in production.
- 55 sugar mills in U.P produced 1.93 lakh tonnes of sugar in 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 0.15 lakh tonnes of production (made by 6 mills) last year during the same interval.
- An early commencement of crushing operation this season resulted into a sugar production of 3.76 lakh tonnes in Karnataka (till 15th November, 2016) compared to 1.6 lakh tonnes of production in 2015-16 (till 15th November, 2015). Notably, 38 sugar mills participated in the crushing operation so far compared to 30 sugar mills last year during the corresponding period.
- 4 sugar mills in Tamil Nadu produced 0.30 lakh tonnes of sugar 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 0.40 lakh tonnes of sugar production in 2015 – 16 (01st October, 2015 – 15th November, 2015).
- While, the combined sugar production in Andhra Pradesh & Telangana remained unchanged at 0.05 lakh tonnes in 2016 – 17 (01st October, 2016 – 15th November, 2016) which was the same in 2015 – 16 (01st October, 2015 – 15th November, 2015).
- Sugar production in Gujarat fell by 48.76% as the state produced 0.62 lakh tonnes of sugar in 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 1.21 lakh tonnes of production last year in 2015 – 16 (01st October, 2015 – 15th November, 2015).
- Indian sugar exports rose by 66% as the country exported 0.99 lakh tonnes of sugar in November, 2016 compared to 0.60 lakh tonnes of exports made in October, 2016. On the other hand, the country imported 2.90 lakh tonnes of sugar (mainly raw) in November compared to 3.76 lakh tonnes of imports in October, 2016.
- The Indian govt. predicted a total sugar production of 22.52 million tonnes in 2016-17 (01st October, 2016 – 30th September, 2017); down from 25.1 million tonnes in 2015-16 (01st October, 2015 – 30th September, 2016). However, Agriwatch estimates 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 Sweeteners (Sugar, Gur & Khandsari) Index– Nov 26, 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 0.11% to 119.67 during the week ending on November 26, 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 \$637.82 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$523.31 per ton.

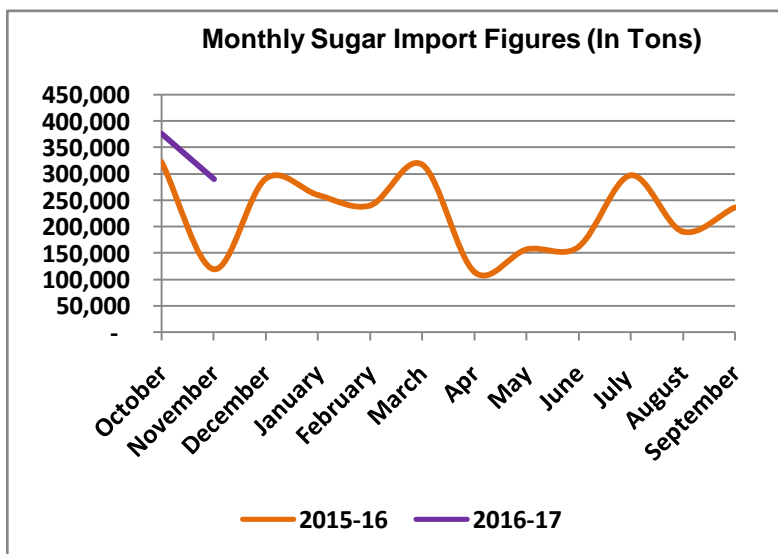
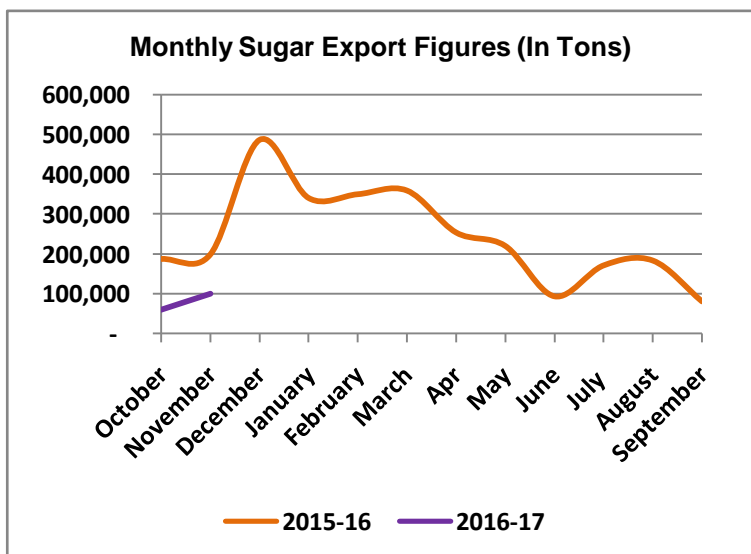
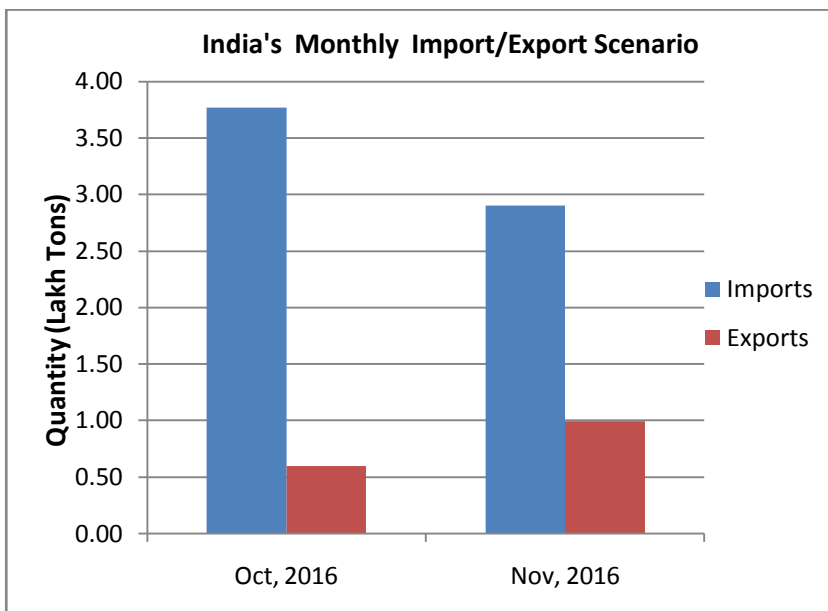
On International front, Brazil sugar FOB prices quoted at \$515.3/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.68.33) as on 02 Dec, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$515.3	\$615.55/526.40	\$523.31

Sugar Import and Export Scenario

India exported 0.99 lakh tons of sugar while imported 2.90 lakh tons of sugar in November, 2016. However, the country exported and imported 0.60 lakh tons and 3.76 lakh tons of sugar respectively last month in October, 2016.



An y-o-y comparison shows that the country's sugar imports rose by 143% from 1.19 lakh tons last year; while exports fell by 50% from 1.98 lakh tons in November, 2015. Notably, Myanmar, Somalia and Sudan were amongst the top sugar importing nations from India, who imported 38.8 thousand tons, 10 thousand tons and 7.8 thousand tons of sugar respectively in the month of November, 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 3551/quintal in the month of November.
- Next resistance and support level for the coming month has been seen at Rs 3655 and Rs 3490 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.

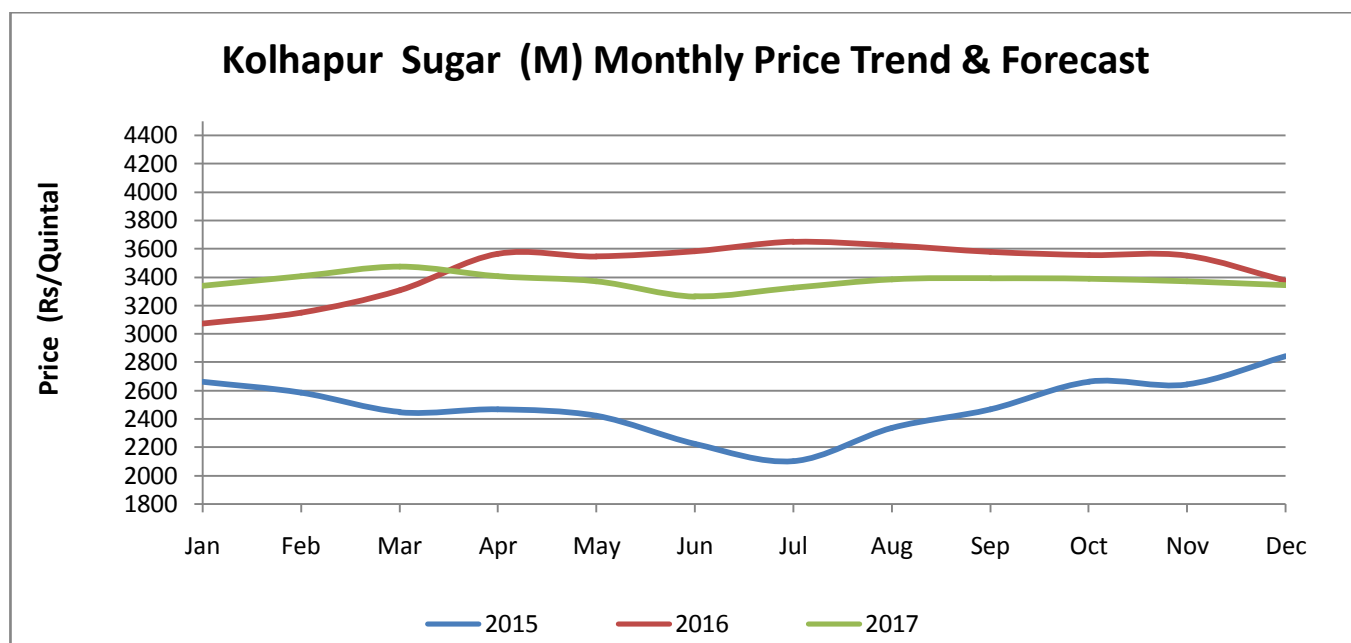
Sugar domestic balance sheet showed a lower carry in stock for marketing year 2016-17 owing to a lower sugar production in 2015-16 (01st October, 2015 – 30th September, 2016).

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	Nov	3551
Projected Price	Dec	3373
	Jan	3339
	Feb	3406
	Mar	3474
	Apr	3405



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

International Sugar Market Summary

International sugar prices rose slightly during the month as cane harvesting in Brazil's main C.S (centre-south) region slowed down and finally winded up early in the month of November.

International Market Highlights

- Brazil's raw sugar exports rose by 11.47% as the country exported 2.07 million tonnes of sugar (raw) in November, 2016 compared to 1.86 million tonnes of exports made in the month of October, 2016. An y-o-y comparison also show that the country's sugar exports rose by 3.53% from 2 million tonnes in November, 2015.
- As per the latest UNICA report, Brazil's main C.S region crushed 1.37 million tonnes of sugar in the first half of November, 2016 compared to 1.20 million tonnes of sugar crushed last year during the corresponding period.
- Markey player, Licht predicted a global sugar supply deficit of 6.2 million tonnes in 2016-17 (October – September) compared to a deficit of 9.9 million tonnes in 2015-16 (October – September).
- Sucden projected a global sugar supply surplus of 2 million tonnes in 2017-18 (October – September) following an expected production surge during the MY 2017-18. At the same time, the organization also projected a global sugar deficit of 5 million tonnes in 2016-17.
- Job Economia raised its Brazil's C.S sugar production forecast from 35 million tonnes to 35.6 million tonnes for 2016-17. However, the cane production forecast is revisited downwards (from 632 million tonnes to 618 million tonnes) indicating a greater diversion of sugarcane towards sugar production during 2016-17.
- The International Sugar Organization (ISO) revised its global sugar deficit forecast from 7.05 million tonnes to 6.19 million tonnes for 2016-17 (01st October, 2016 – 30th September, 2017).
- 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 polarization 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.

LIFFE Future Market Sugar Scenario (Mar'17 Contract)



Source: Reuters Eikon

As on **02 Dec, 2016**, prices of Refined Sugar London exchange traded at \$515.3 per ton. On monthly chart, \$508.0 per ton is the immediate support level; breach of the mentioned level would take the prices down to \$489.7 per ton.

On the upper side, \$542.1 and \$557.1 per ton are the next resistance levels.

Monthly SBc1 11/30/2011 - 3/31/2017 (NYC)

BarOHLC, SBc1, 12/31/2016, 19.88, 19.99, 19.33, 19.36, N/A, N/A, CndI, SBc1, 12/31/2016, 19.88, 19.99, 19.33, 19.36, N/A, N/A

Price
US
Lbs

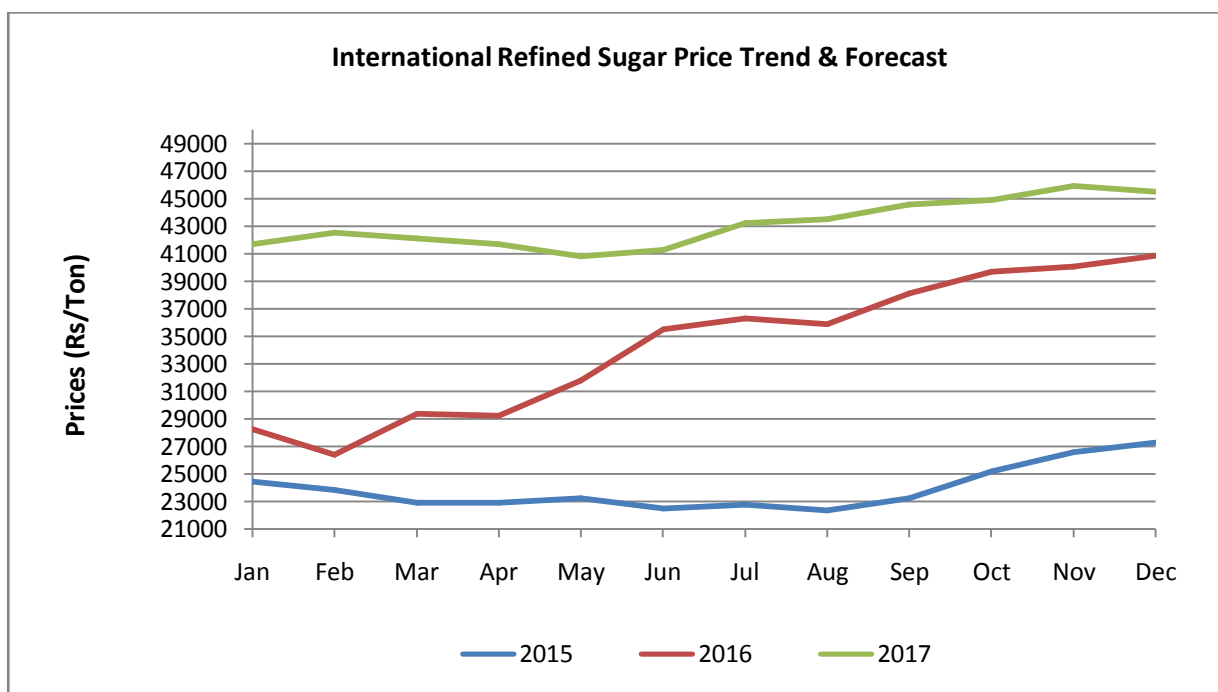
Auto

As on **02 Dec, 2016**, ICE Raw sugar prices settled at 19.36 cents per lbs. On monthly chart, 19.03 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 18.70 cent per lbs.

On the upper side, 20.18 and 20.43 cents per lbs are the resistance levels.

International Refined Sugar Price Projection

		(Rs/Ton)
Current Average Price	Oct	39672
Projected Price	Nov	40069
	Dec	40870
	Jan	41687
	Feb	42521
	Mar	42096



International refined sugar prices rose slightly and are expected to rise further as the biggest sugar producing nation, Brazil, is done with the cane crushing for the season and the mills there are now closed for the annual repair and maintenance work.

Gur Market Scenario

Spot gur market remained dormant during the month of November and prices in almost all the major markets fell amidst abundant supply. Prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs 592/quintal from Rs 3478/quintal to Rs 2950/quintal due to an increase in arrival. Similarly, prices of Balti and Chaurasa variety of gur from Hapur fell by Rs 288 and Rs 244 per quintal to Rs 2567 and Rs 2562 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 2952/quintal for the month of November.
- Next resistance and support level for the coming month has been seen at Rs 3125 and Rs 2743 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			Nov,16	Oct,16	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2950	3478	-529
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	168000	122500	45500
	Muzaffarnagar	Khurpa (Fresh)	2752	2956	-204
	Muzaffarnagar	Laddoo (Fresh)	2983	3197	-215
	Muzaffarnagar	Rascut (Fresh)	2519	2601	-82
	Hapur	Chaurasa	2562	2806	-244
	Hapur	Balti	2567	2855	-288
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4614	4650	-36
	Belgaum	Mudde (Average)	3418	3485	-66
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur	Achhu	NR	NR	-
	Gulbarga	Other (Average)	3643	3822	-179
	Mahalingapura	Penti (Average)	3520	3638	-117
	Mandya	Achhu (Medium)	3357	3588	-231
	Mandya	Kurikatu (Medium)	3230	3356	-126
	Mandya	Other (Medium)	3176	3294	-118
	Mandya	Yellow (Medium)	3276	3566	-290
	Shimoga	Achhu (Average)	3879	4094	-215

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			Nov,16	Oct,16	
Delhi	Delhi	M-Grade	3774	3849	-75
	Delhi	S-Grade	3754	3829	-75
Uttar Pradesh	Khatauli	M-Grade	3857	3977	-120
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3726	3834	-108
	Dhampur	S-Grade Ex-Mill	3706	3814	-108
	Dhampur	L-Grade Ex-Mill	3776	3884	-108
Maharashtra	Mumbai	M-Grade	3927	3900	27
	Mumbai	S-Grade	3628	3659	-32
	Nagpur	M-Grade	3676	3681	-5
	Nagpur	S-Grade	3576	3581	-5
	Kolhapur	M-Grade	3551	3556	-5
	Kolhapur	S-Grade	3451	3456	-5
Assam	Guhawati	S-Grade	3766	3772	-6
Meghalaya	Shillong	S-Grade	3771	3776	-5
Andhra Pradesh	Vijayawada	M-Grade	3934	3969	-35
	Vijayawada	S-Grade	3829	3855	-27
West Bengal	Kolkata	M-Grade	3872	3908	-36
Tamil Nadu	Chennai	S-Grade	3478	3476	2
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	2935	-
	Ambikapur	S-Grade (Without Duty)	NR	2935	-
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

International Sugar Prices (Monthly)				
	Contract Month	29-Nov-16	30-Oct-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	19.66	22.59	-2.93
	May-17	19.12	22.03	-2.91
	Jul-17	18.50	21.39	-2.89
LIFFE Sugar (US \$/MT)	Mar-17	525.20	596.80	-71.60
	May-17	518.80	591.10	-72.30
	Aug-17	506.60	584.10	-77.50

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	3050
Maharashtra	2264	2000	1800-2050	2100-2500	2360	-	-	2375
Punjab	2080	2120	2200	2400	2800	2850	2800-2950	2900
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	2300-3050
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.