Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amidst ample stock position in the physical market due to higher supplies from mills. However, scattered buying by stockiest and bulk consumers due to the ongoing wedding season restricted the losses.

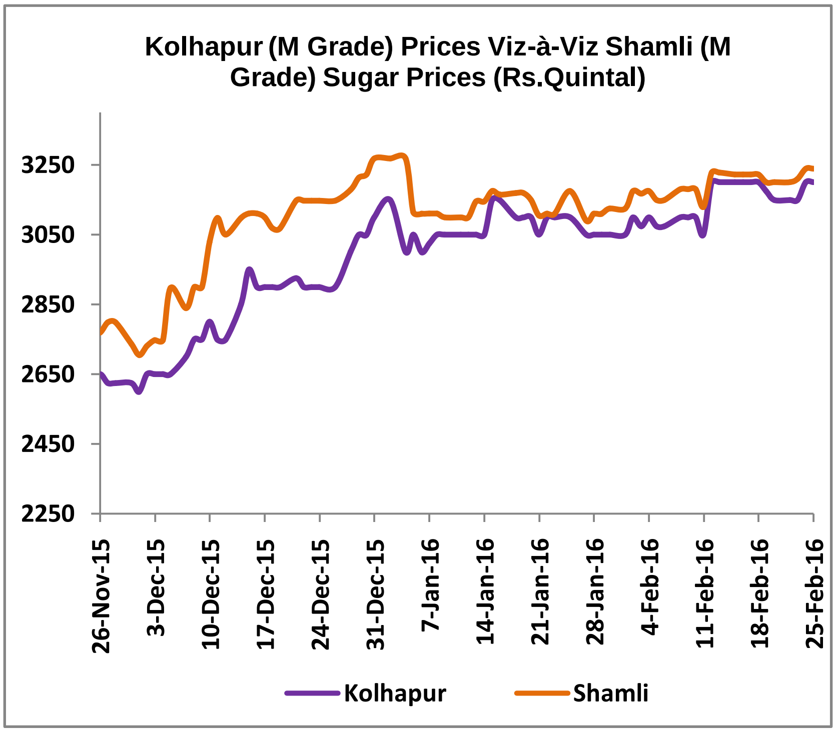
Price Projection For The Next Week

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3150 - 3300 per quintal next week.

International Sugar Market Summary

Global sugar prices traded steady to firm as crushing operation almost winded up in the top producer, Brazil.

Domestic Market Fundamentals



- Indian sugar exports fell down by 23% this week (ending on 21st February, 2016) as the country exported 0.74 lakh tons of sugar during the week compared to 0.96 lakh tons of exports in the previous week.
- 472 mills in India had produced 173.37 lakh tons of sugar in 2015-16 (01^{st} Oct, 2015 – 15^{th} Feb, 2016) compared to 167.24 lakh tons of production (made by 516 mills) in 2014-15 (01^{st} Oct, 2014 – 15^{th} Feb, 2015).
- Sugar production fell by 3.54% in Maharashtra which produced 62.70 lakh tons of sugar in 2015-16 (01^{st} Oct, 2015 – 15^{th} Feb, 2016) compared to 65 lakh tons of production in 2014-15 (01^{st} Oct, 2014 – 15^{th} Feb, 2015).
- 115 sugar mills in U.P had produced 45.55 lakh tons of sugar in 2015-16 (01^{st} Oct, 2015 – 15^{th} Feb, 2016) which was 7.81% higher than the sugar produced during the corresponding period last year.
- Karnataka produced 32.21 lakh tons of sugar in 2015-16 (01^{st} Oct, 2015 – 15^{th} Feb, 2016) which was 12.82% higher than the production made last year during the same interval.

- The combined sugar production of Andhra Pradesh and Telangana fell by 12% as the States produced 5.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 6.25 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).
- Tamil Nadu had produced 4 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) which is 0.75 lakh tons higher than the sugar produced last year during the same interval.
- 20 sugar mills in Gujarat had produced 8.08 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 7.25 lakh tons of sugar produced in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).
- Bihar had produced 3.90 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016), 6.02% less than the sugar produced in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).
- Sugar production in Punjab rose by 12.7% as the State produced 3.55 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 3.15 lakh tons of production last year during the same interval.
- The States of M.P and Chhattisgarh produced 2.80 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Feb, 2016) compared to 2.16 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Feb, 2015).

Indian Sugar Production Scenario Up to 15th February, 2016

States	Sugar Produced (Lakh Tons)	
	2015-16	**2014-15**
Maharashtra	62.70	65.00
Uttar Pradesh	45.55	42.25
Karnataka	32.21	28.55
Gujarat	8.08	7.25
A.P +Telangana	5.50	6.25
Tamil Nadu	4.00	3.25
All India	**173.37**	**167.24**

Sugar Import/Export Opportunity

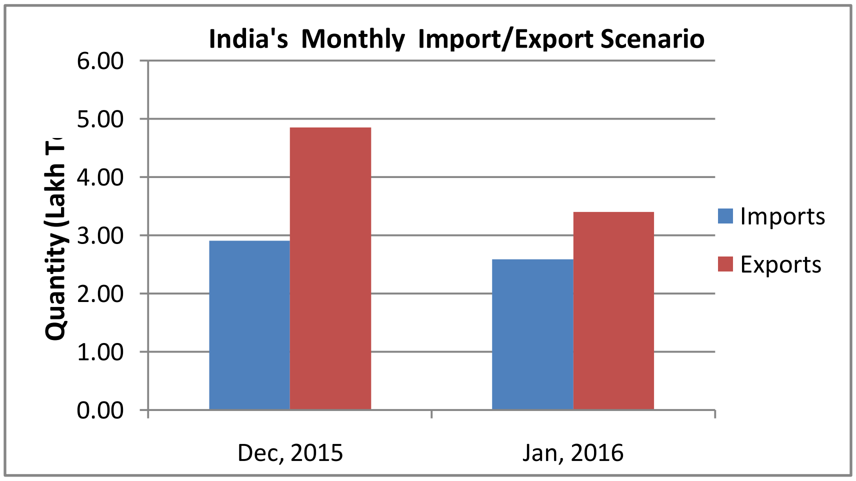
Indian indicative raw sugar CIF prices from Brazil quoted at $493.22 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $466.43 per ton.

On International front, Brazil sugar FOB prices quoted at $405.3/ 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.68.82) till 26th Feb, 2016			
	Brazil	**Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$405.3	$425.10/398.90	$466.43

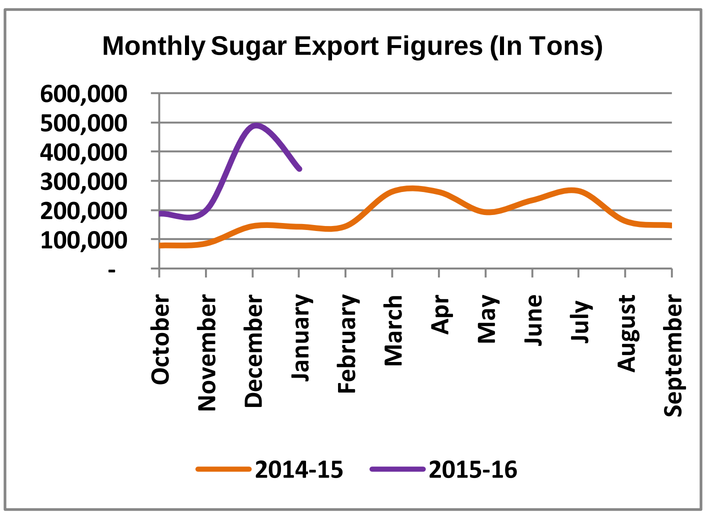
Sugar Import and Export Scenario

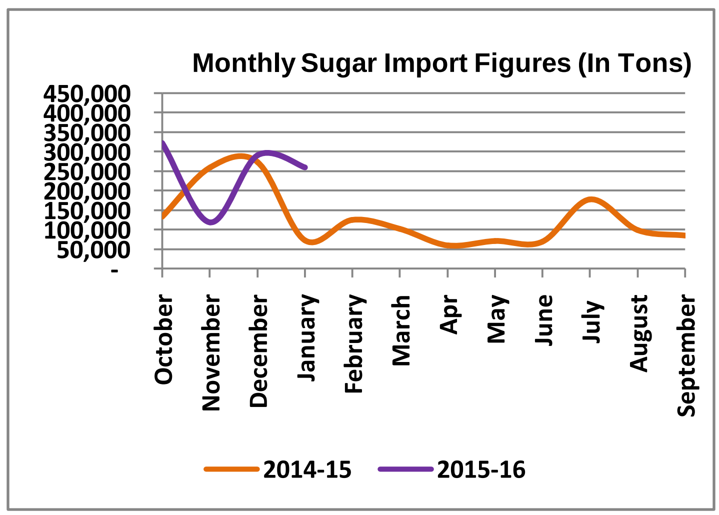
India exported 3.40 lakh tons of sugar while imported 2.60 lakh tons of sugar in January, 2016. However, the country exported 4.86 lakh tons of sugar in December, 2014 compared to 2.91 lakh ton of imports during the same period.



Indian sugar imports went up drastically this year amidst low cost raw sugar availability from top producer Brazil on one hand and rising demand for its refined sugar from major importers on the other. Notably, India primarily imports raw sugar from Brazil and then re-exports the refined sugar to the nearby countries.

An early commencement of crushing operation In India and an overall improvement in sugarcane recovery rate (at least in majority of cane producing areas) led the country to produce more sugar this marketing year i.e. 2015-16 compared to the production made in 2014-15, leading the country to export 3.40 lakh tons of sugar in January, 2016 compared to 1.44 lakh tons of exports last year in January, 2015.





Moreover, the direct cane production subsidy (of Rs 45/ ton of cane produced) announced by the govt. and fixation of minimum amount of sugar export policy too helped the country to increase its sugar exports this year.

However, a m-o-m comparison shows a decline (29.9%) in the country's sugar export amidst rising speculation of surge in domestic sugar prices due to government's decision to increase the cess rate.

Notably, Myanmar had emerged as the leading sugar importing country from India and had imported 2.07 lakh tons of sugar during the month followed by Berbera and Sri Lanka which imported 0.236 lakh tons and 0.231 lakh tons of sugar respectively during the month.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (March Weekly Chart)

Technical Commentary:

- Sugar prices and volume increased while O.I fell down for the week.
- RSI is hovering into a neutral zone.
- MACD signal line and center line denotes bullish crossover.

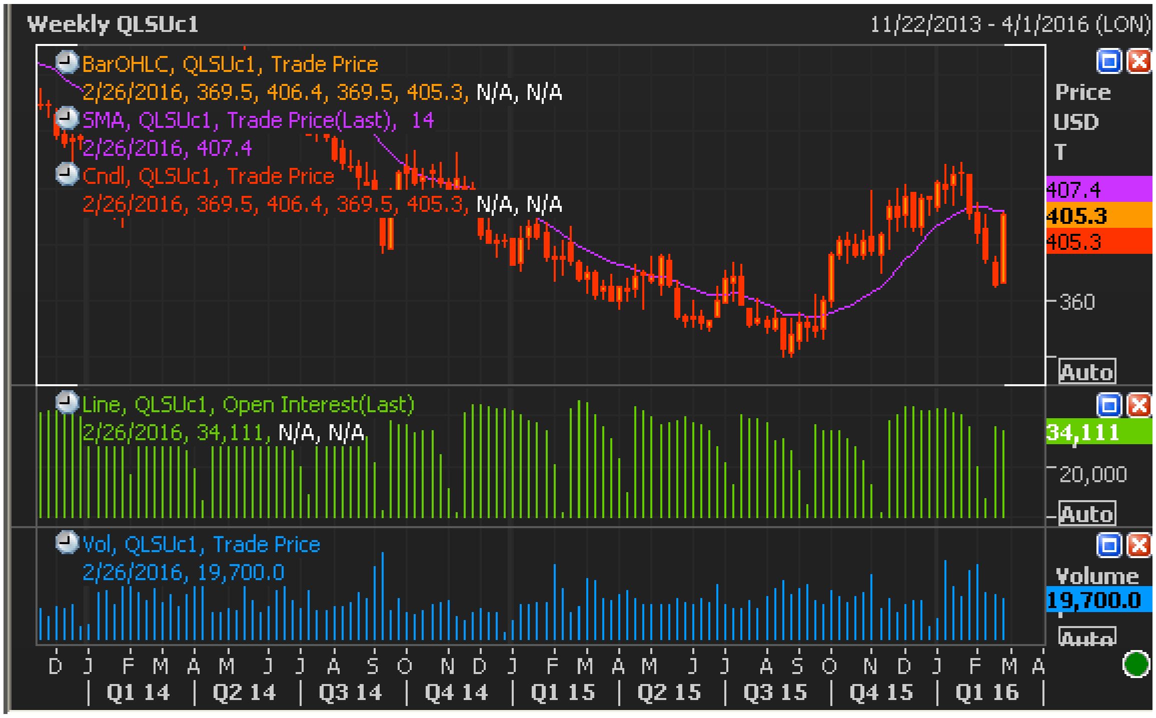
Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	3070	3120	3194	3270	3350
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Buy**	Above 3190	3240	3265	3160

International Market Fundamentals

- As per the latest UNICA report, Brazil's main C.S region had churned around 2.69 MT of sugarcane in the first half of February, 2016 to produce 0.05 MT of sugar thereon.
- International Sugar Organization (ISO) upraised 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.
- Brazil is expected to have contracted at least three lakh tons of "CXL quota" sugar which is meant for shipment in March/April 2016. Notably, "CXL quota" is the raw cane sugar which has preferential access to the EU market.
- Thailand announced tender for the sale of 50,000 tons of raw sugar which is due for shipment in between 01st Jul, 2016 to 15th Sep, 2016.
- Brazil's agricultural waterway, Tiete-Parana; which has been closed since 2014 due to drought and better utilization of water for electricity, has been reopened for transportation.
- Brazil exported 1.28 MT of raw sugar in January 2016, which is 41.5% less than the sugar exported in December, 2015.
- Indonesia had issued import permit of 968,143 tons of raw sugar in the first quarter of 2016 (January – March).
- Imposition of import restriction by Chinese govt. caused the country to import 2.59 lakh tons of sugar in November, 2015 which is 14.5% less than the sugar imported last year in November, 2014.
- Conab reduced its sugar production estimate in Brazil's main centre south region (31.3 MT) for 2015-16 as excessive rainfall not only hampered cane processing in the region but also reduced sugar concentration in the cane available.

LIFFE Future Market Sugar Scenario (May'16 Contract)



Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 406.00 with a target of 415.3

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'16**	406.00	415.3

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

Technical Commentary:

- ICE raw sugar futures trend upwards for the week.
- Last candlestick depicts bullishness in the market.
  Strategy: Buy at 14.25 with target of 14.60.

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**Mar'16**	14.25	14.60

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Price of Penti (Average) variety of gur from Mahalingapura registered the largest gain (Rs 120/quintal) with its price rising to Rs 2814/quintal this week. Similarly, price of Achhu (Medium) and Yellow (Medium) variety of gur from Mandya district rose by Rs 65/quintal each to Rs 2375/quintal this week.

On the other hand, prices of Khurpa (Fresh), Laddoo (Fresh) and Rascut (Fresh) variety of gur from key Muzzafar Nagar market fell by Rs 22, Rs 48 and Rs 35 per quintal to Rs 2363, Rs 2506 and Rs 2384 per quintal respectively.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			18th to 25th Feb 2016	12th to 18th Feb 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2554	2564	-9
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	41000	44000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2363	2385	-22
	Muzaffarnagar	Laddoo (Fresh)	2506	2554	-48
	Muzaffarnagar	Rascut (Fresh)	2384	2420	-35
	Hapur	Chaursa	2270	2320	-50
	Hapur	Balti	2235	2263	-28
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3050	3100	-50
	Belgaum	Mudde (Average)	2367	2380	-13
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur	Achhu	NR	NR	-
	Gulbarga	Other (Average)	2533	2548	-15
	Mahalingapura	Penti (Average)	2814	2694	120
	Mandya	Achhu (Medium)	2375	2310	65
	Mandya	Kurikatu (Medium)	2200	2200	Unch
	Mandya	Other (Medium)	2275	2250	25
	Mandya	Yellow (Medium)	2375	2310	65
	Shimoga	Achhu (Average)	2850	2800	50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			25-Feb-16	18-Feb-16	25-Jan-16	25-Feb-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2565	2563	2563	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	8000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2363	2363	2400	2213
	Muzaffarnagar	Laddoo (Fresh)	2513	2513	2540	2275
	Muzaffarnagar	Rascut (Fresh)	2393	2405	2430	NA
	Hapur	Chaursa	2263	2313	NA	2100
	Hapur	Balti	2225	2250	NA	2038
Maharashtra	Latur	Lal Variety	NR	NR	NR	2350
Karnataka	Bangalore	Mudde (Average)	2950	3100	3650	3900
	Belgaum	Mudde (Average)	NA	2300	2500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	3150
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2550	2575	2600	2500
	Mahalingapura	Penti (Average)	2877	2723	2540	2450
	Mandya	Achhu (Medium)	2400	2350	2300	2450
	Mandya	Kurikatu (Medium)	2200	2200	2300	2200
	Mandya	Other (Medium)	2300	2250	2250	2300
	Mandya	Yellow (Medium)	2400	2350	2300	2450
	Shimoga	Achhu (Average)	NA	NA	2800	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			18th to 25th Feb 2016	12th to 18th Feb 2016	
Delhi	Delhi	M-Grade	3252	3249	3
	Delhi	S-Grade	3218	3218	Unch
Uttar Pradesh	Khatauli	M-Grade	3284	3188	96
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3211	3118	93
	Dhampur	S-Grade Ex-Mill	3191	3098	93
	Dhampur	L-Grade Ex-Mill	3261	3168	93
Maharashtra	Mumbai	M-Grade	3348	3363	-15
	Mumbai	S-Grade	3217	3229	-12
	Nagpur	M-Grade	NR	NR	-
	Nagpur	S-Grade	NR	NR	-
	Kolhapur	M-Grade	3171	3200	-29
	Kolhapur	S-Grade	3071	3100	-29
Assam	Guhawati	S-Grade	3381	3410	-30
Meghalaya	Shillong	S-Grade	3391	3420	-29
Andhra Pradesh	Vijayawada	M-Grade	3442	3430	12
	Vijayawada	S-Grade	3282	3270	12
West Bengal	Kolkata	M-Grade	3349	3365	-16
Tamil Nadu	Chennai	S-Grade	3050	3050	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2835	2835	Unch
	Ambikapur	S-Grade (Without Duty)	2835	2835	Unch
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			25-Feb-16	18-Feb-16	25-Jan-16	25-Feb-15
Delhi	Delhi	M-Grade	3250	3280	3170	2800
	Delhi	S-Grade	3230	3220	3135	2760
Uttar Pradesh	Khatauli	M-Grade	3300	Closed	3100	2900
	Ramala	M-Grade	NA	Closed	NA	2770
	Dhampur	M-Grade Ex-Mill	3225	Closed	3080	2740
	Dhampur	S-Grade Ex-Mill	3205	Closed	3060	2720
	Dhampur	L-Grade Ex-Mill	3275	Closed	3130	2790
Maharashtra	Mumbai	M-Grade	3360	3360	3280	2886
	Mumbai	`	3250	3210	3152	2686
	Nagpur	M-Grade	NR	NR	NR	3000
	Nagpur	S-Grade	NR	NR	NR	2700
	Kolhapur	M-Grade	3200	3200	3100	2575
	Kolhapur	S-Grade	3100	3100	3000	2475
Assam	Guhawati	S-Grade	3410	3410	3309	2776
Meghalaya	Shillong	S-Grade	3420	3420	3320	2795
Andhra Pradesh	Vijayawada	M-Grade	3450	3440	3400	3070
	Vijayawada	S-Grade	3290	3280	3240	2970
West Bengal	Kolkata	M-Grade	3340	3390	3240	2840
Tamil Nadu	Chennai	S-Grade	3050	3050	3100	2580
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2835	2835	2835	3035
	Ambikapur	S-Grade (Without Duty)	2835	2835	2835	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**24-Feb-16**	**17-Feb-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-Mar**	13.97	13.16	**0.81**
	16-May	13.88	13.15	**0.73**
	16-Jul	13.79	13.12	**0.67**
LIFFE Sugar (US $/MT)	**16-May**	398.90	373.40	**25.50**
	16-Aug	395.00	373.70	**21.30**
	16-Oct	392.40	375.40	**17.00**

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