Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar market remained buoyant this week amid surge in domestic demand (both from retailers and bulk consumers) and restricted supplies from mills.

Price Projection For The Next Week

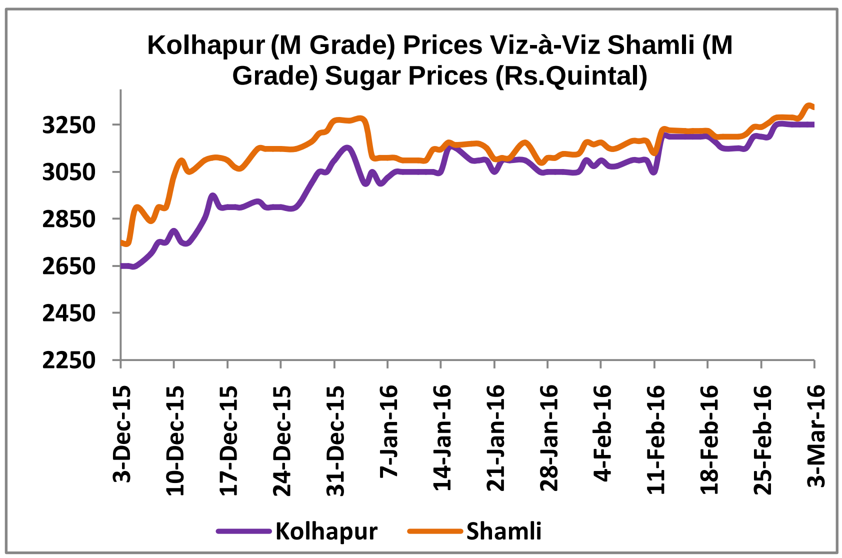
Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3200 - 3350 per quintal next week.

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 production rose by 1.99% as the country produced 199.47 lakh ton of sugar in 2015-16 (01st Oct, 2015 – 29th Feb, 2016) compared to 195.58 lakh tons of sugar in 2014-15 (01st Oct, 2014 – 28th Feb, 2015).
- Early closure of some mills (due to non availability of cane to crush) in drought hit Maharashtra led the State to produce 70.40 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 29th Feb, 2016) which was 5.86% lower than the sugar crushed during corresponding period of last year.
- Sugar production rose by 8.19% in U.P which produced 53.65 lakh tons of sugar in 2015-16(01st Oct, 2015 – 29th Feb, 2016) compared to 49.59 lakh tons of production made during the corresponding period of last year.
- 64 sugar mills in Karnataka had produced 36.07 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 29th Feb, 2016) which was 8.94% higher than the sugar produced (by 63 mills) during the corresponding period of last year.
- The combined sugar production of Andhra Pradesh & Telangana fell by 8.09% as the States produced 6.70 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 29th Feb, 2016) compared to 7.29 lakh tons of production in 2014-15 (01st Oct, 2014 – 28th Feb, 2015).
- 38 sugar mills in Tamil Nadu had produced 5.30 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 29th Feb, 2016) which is 0.52 lakh tons higher than the production made last year during the correspondence period.
- Sugar production rose by 8.62% in Gujarat which produced 9.20 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 29th Feb, 2016) compared to 8.47 lakh tons of production in 2014-15 (01st Oct, 2014 – 28th Feb, 2015).
- Bihar produced 4.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 -29th Feb, 2016) 4.46% lower than the sugar produced last year during the corresponding period.



- Uttarakhand, Punjab, Haryana and M.P had produced 2.05 lakh tons, 4.25 lakh tons, 3.60 lakh tons and 3.35 lakh tons of sugar respectively in 2015-16 (01st Oct, 2015 – 29th Feb, 2016).
- Indian sugar mills had made contract for export of 12.5 lakh tons of sugar this season i.e. 2015-16 (01st Oct, 2015 – 30th Sep, 2016).

Sugar Import/Export Opportunity

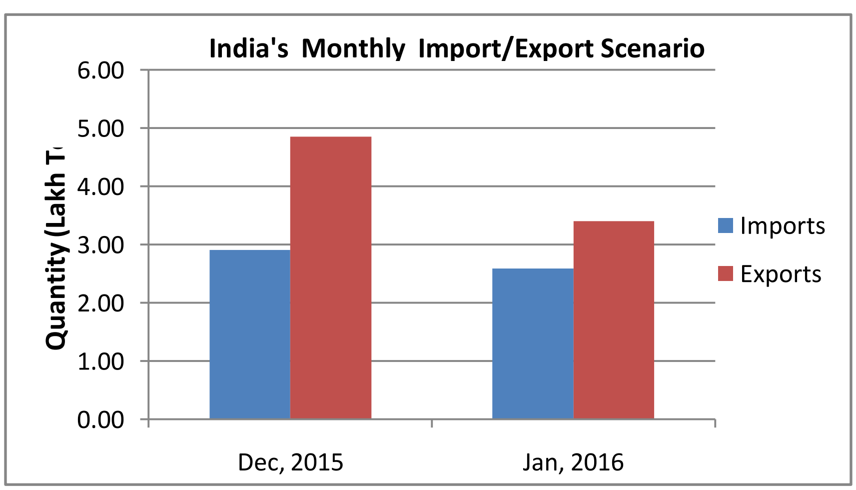
Indian indicative raw sugar CIF prices from Brazil quoted at $513.01 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $487.59 per ton.

On International front, Brazil sugar FOB prices quoted at $420.90/ 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.67.29) till 04th Mar, 2016			
	Brazil	Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$420.90	$425.10/414.70	$487.59

Sugar Import and Export Scenario

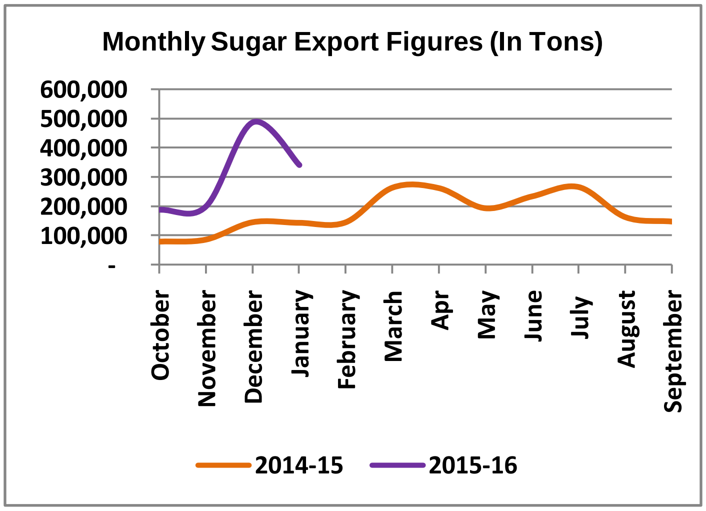
India exported 3.40 lakh tons of sugar while imported 2.60 lakh tons of sugar in January, 2016. However, the country exported 4.86 lakh tons of sugar in December, 2014 compared to 2.91 lakh ton of imports during the same period.

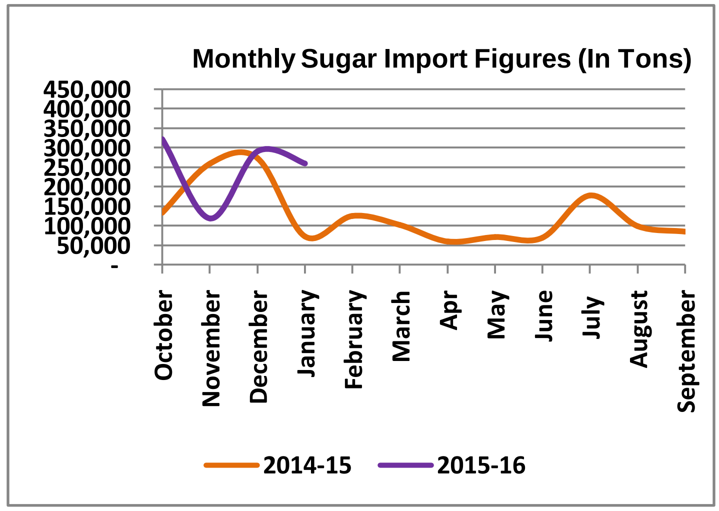


Indian sugar imports went up drastically this year amidst low cost raw sugar availability from top producer Brazil on one hand and rising demand for its refined sugar from major importers on the other.

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 (May Weekly Chart)

Technical Commentary:

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

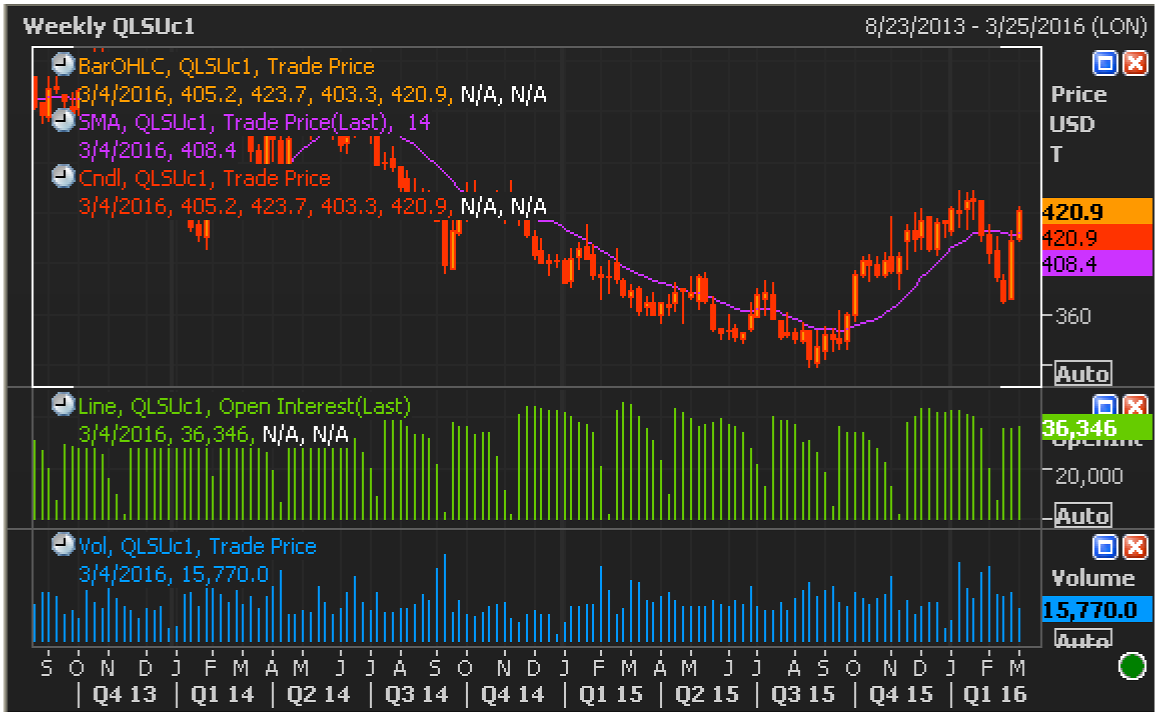
Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3220	3280	3327	3390	3450
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	Buy	Above 3325	3350	3375	3295

International Market Fundamentals

- Australian sugar production is projected to increase by 6.25% in 2016-17 (from 4.8 MT in 2015-16) on back of 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.
- F.O Litch raised its global sugar supply deficit forecast to 6.50 MT in 2015-16 based on lower production yield in India and Thailand (due to adverse El nino effect in these countries) .
- 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.
- 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 of 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)

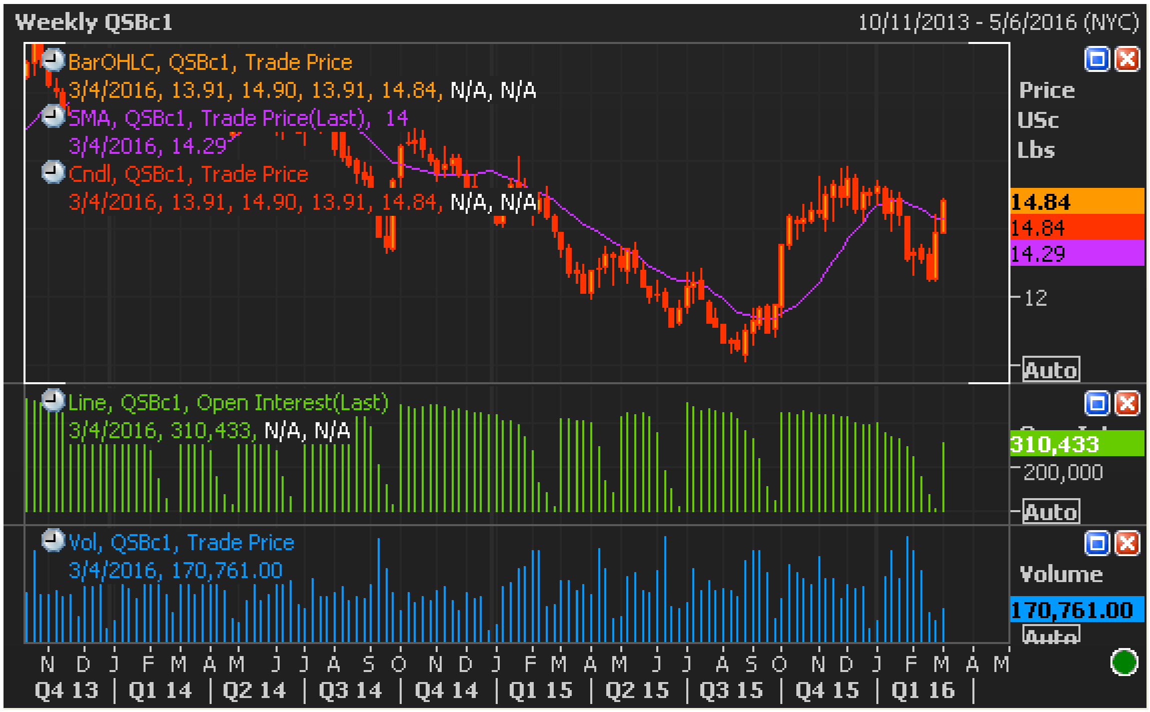


Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 423.8 with a target of 433.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US $/MT)	**May'16**	423.8	433.9

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



Technical Commentary:

- ICE raw sugar futures trend upwards for the week.
- Last candlestick depicts bullishness in the market.
  Strategy: Buy at 14.85 with target of 15.21.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'16	14.85	15.21

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 rose by Rs 93/quintal from Rs 2814/quintal to Rs 2907/quintal. Similarly, prices of Achhu (Medium) and Yellow (Medium) variety of gur from Mandya district surged by Rs 50/quintal each to Rs 2425/quintal this week.

On the other hand, prices of Mudde (Average) variety of gur from Bangalore fell by Rs 100/quintal from Rs 3050/quintal to Rs 2950/quintal this week. Similarly, prices of Chaku Sukha (Cold), Laddoo (Fresh) and Khurpa (Fresh) variety of gur from key Muzzafar Nagar market fell by Rs 60, Rs 55 and Rs 39 per quintal to Rs 2494, Rs 2451 and Rs 2324 per quintal this week.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			26th to 03rd Mar 2016	18th to 25th Feb 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2494	2554	-60
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	50000	41000	9000
	Muzaffarnagar	Khurpa (Fresh)	2324	2363	-39
	Muzaffarnagar	Laddoo (Fresh)	2451	2506	-55
	Muzaffarnagar	Rascut (Fresh)	2389	2384	5
	Hapur	Chaursa	2258	2270	-12
	Hapur	Balti	2215	2235	-20
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	2950	3050	-100
	Belgaum	Mudde (Average)	2400	2367	33
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur	Achhu	NR	NR	-
	Gulbarga	Other (Average)	2581	2533	48
	Mahalingapura	Penti (Average)	2907	2814	93
	Mandya	Achhu (Medium)	2425	2375	50
	Mandya	Kurikatu (Medium)	2200	2200	Unch
	Mandya	Other (Medium)	2250	2275	-25
	Mandya	Yellow (Medium)	2425	2375	50
	Shimoga	Achhu (Average)	NA	2850	-

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			3-Mar-16	25-Feb-16	3-Feb-16	3-Mar-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2515	2565	2625	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	6000	7000	NA
	Muzaffarnagar	Khurpa (Fresh)	2300	2363	2513	2100
	Muzaffarnagar	Laddoo (Fresh)	2438	2513	2613	2288
	Muzaffarnagar	Rascut (Fresh)	2375	2393	2463	NA
	Hapur	Chaursa	2263	2263	2413	2250
	Hapur	Balti	2213	2225	NA	2050
Maharashtra	Latur	Lal Variety	NR	NR	NA	2250
Karnataka	Bangalore	Mudde (Average)	2950	2950	3550	4000
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	3100
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2550	2550	2535	2640
	Mahalingapura	Penti (Average)	2959	2877	2571	2606
	Mandya	Achhu (Medium)	2450	2400	2300	2600
	Mandya	Kurikatu (Medium)	2200	2200	2200	2200
	Mandya	Other (Medium)	2250	2300	2250	2300
	Mandya	Yellow (Medium)	2450	2400	2300	2600
	Shimoga	Achhu (Average)	NA	NA	2550	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			26th to 03rd Mar 2016	18th to 25th Feb 2016	
Delhi	Delhi	M-Grade	3348	3252	**96**
	Delhi	S-Grade	3322	3218	**104**
Uttar Pradesh	Khatauli	M-Grade	3327	3284	**43**
	Ramala	M-Grade	3240	NA	**-**
	Dhampur	M-Grade Ex-Mill	3272	3211	**61**
	Dhampur	S-Grade Ex-Mill	3256	3191	**64**
	Dhampur	L-Grade Ex-Mill	3322	3261	**61**
Maharashtra	Mumbai	M-Grade	3372	3348	**24**
	Mumbai	S-Grade	3276	3217	**59**
	Nagpur	M-Grade	NR	NR	**-**
	Nagpur	S-Grade	NR	NR	**-**
	Kolhapur	M-Grade	3242	3171	**71**
	Kolhapur	S-Grade	3142	3071	**71**
Assam	Guhawati	S-Grade	3453	3381	**72**
Meghalaya	Shillong	S-Grade	3462	3391	**71**
Andhra Pradesh	Vijayawada	M-Grade	3450	3442	**8**
	Vijayawada	S-Grade	3290	3282	**8**
West Bengal	Kolkata	M-Grade	3458	3349	**109**
Tamil Nadu	Chennai	S-Grade	3083	3050	**33**
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2930	2835	**95**
	Ambikapur	S-Grade (Without Duty)	2930	2835	**95**
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			3-Mar-16	25-Feb-16	3-Feb-16	3-Mar-15
Delhi	Delhi	M-Grade	3370	3250	3200	2750
	Delhi	S-Grade	3340	3230	3170	2710
Uttar Pradesh	Khatauli	M-Grade	3369	3300	NA	2900
	Ramala	M-Grade	NA	NA	NA	2770
	Dhampur	M-Grade Ex-Mill	3283	3225	NA	2700
	Dhampur	S-Grade Ex-Mill	3283	3205	NA	2680
	Dhampur	L-Grade Ex-Mill	3333	3275	NA	2750
Maharashtra	Mumbai	M-Grade	3376	3360	3360	2852
	Mumbai	`	3286	3250	3200	2660
	Nagpur	M-Grade	NR	NR	NA	3000
	Nagpur	S-Grade	NR	NR	NA	2650
	Kolhapur	M-Grade	3250	3200	3075	2500
	Kolhapur	S-Grade	3150	3100	2925	2400
Assam	Guhawati	S-Grade	3461	3410	3233	2700
Meghalaya	Shillong	S-Grade	3470	3420	3245	2720
Andhra Pradesh	Vijayawada	M-Grade	3450	3450	3500	3050
	Vijayawada	S-Grade	3290	3290	3340	2950
West Bengal	Kolkata	M-Grade	3490	3340	3280	2800
Tamil Nadu	Chennai	S-Grade	3100	3050	3050	2570
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3025	2835	2835	3035
	Ambikapur	S-Grade (Without Duty)	3025	2835	2835	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**2-Mar-16**	**24-Feb-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-May**	14.67	13.88	**0.79**
	16-Jul	14.18	13.79	**0.39**
	16-Oct	14.59	13.94	**0.65**
LIFFE Sugar (US $/MT)	**16-May**	414.70	398.90	**15.80**
	16-Aug	410.80	395.00	**15.80**
	16-Oct	410.80	392.40	**18.40**

Indian Sugar Production Scenario Up to 29th February, 2016

States	**Sugar Produced (Lakh Tons)**	
	2015-16	**2014-15**
Maharashtra	70.40	74.78
Uttar Pradesh	53.65	49.59
Karnataka	36.07	33.11
Gujarat	9.20	8.47
A.P +Telangana	6.70	7.29
Tamil Nadu	5.30	4.78
Bihar	4.50	4.71
All India	**199.47**	**195.58**

*****