Sugar & Gur Weekly Research Report

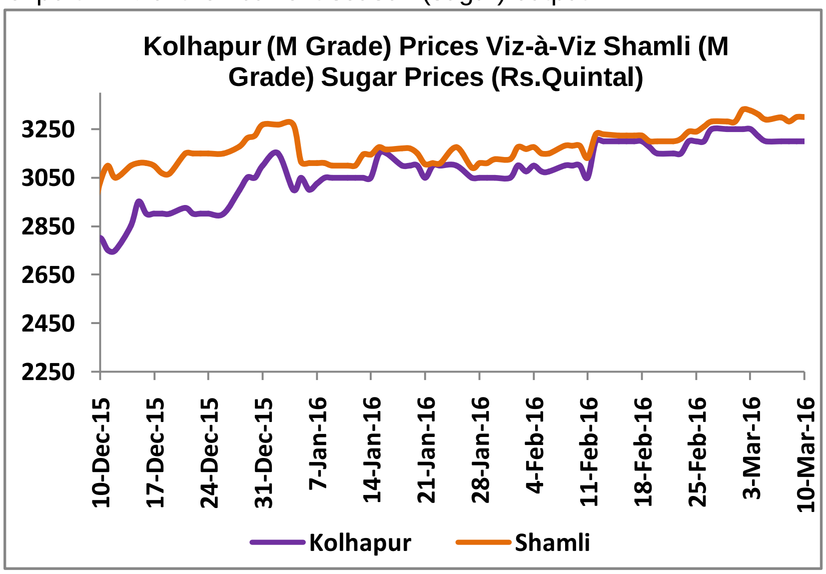
Contents

Domestic Sugar Market Summary
Spot sugar market traded steady to firm on back of increased buying both from retailer and bulk consumers during the week.

Price Projection For The Next Week
Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3200 - 3325 per quintal next week.

International Sugar Market Summary
Global sugar prices surged up this week amid a tighter supply outlook (rain forecast ahead of the commencement of seasonal crushing operation in Brazil) from the world's largest producer, Brazil. Moreover, a strengthening of Brazilian currency Real (against the U.S dollar) too supported this upsurge in prices as it discouraged the Brazilian sugar exporters to sell more of their produce in the world market.

Domestic Market Fundamentals
- The Maharashtra govt. had decided (though final notification is still pending) to exempt purchase tax on sugarcane for millers in the state who would export 12% of their current season (sugar) output.
- Sugar mills in Maharashtra had signed deal for export of one lakh quintal of sugar from the state.
- 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.

Sugar Import/Export Opportunity

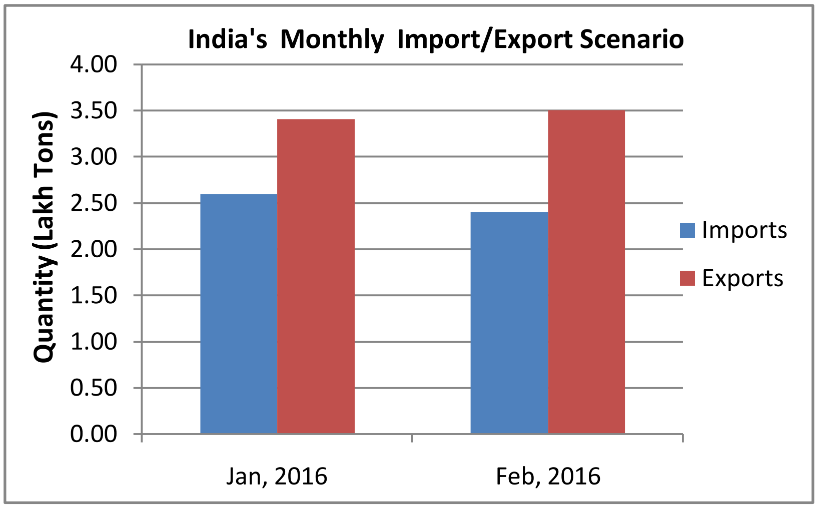
Indian indicative raw sugar CIF prices from Brazil quoted at $512.39 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $483.31 per ton.

On International front, Brazil sugar FOB prices quoted at $426.80/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

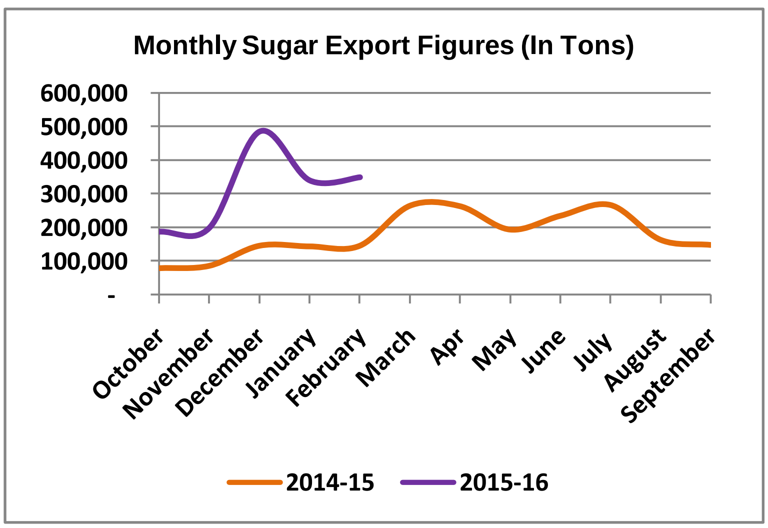
Indicative Sugar FOB Prices (USD/MT) ($=Rs.67.12) till 11th Mar, 2016			
	Brazil	**Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$426.80	$425.10/422.70	$483.31

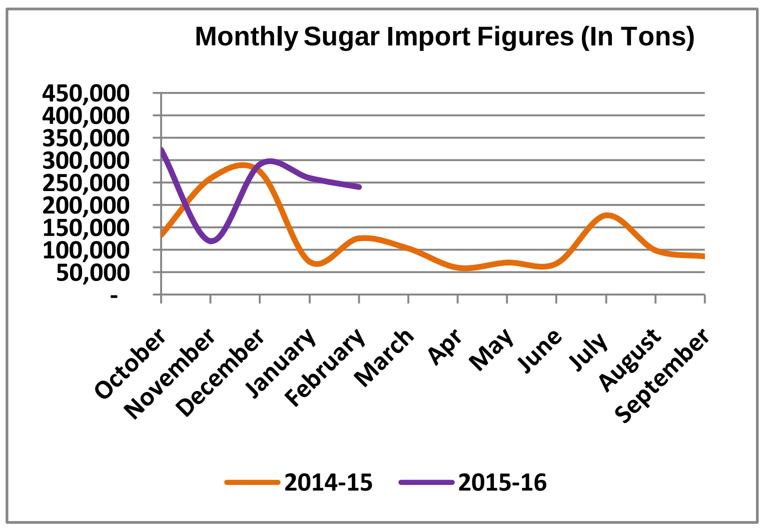
Sugar Import and Export Scenario

India exported 3.49 lakh tons of sugar while imported 2.40 lakh tons of sugar in February, 2016. However, the country exported 3.40 lakh tons of sugar in January, 2016 relative to 2.59 lakh ton of imports during the same period.



Indian sugar imports rose by 90.4% (when compared with the sugar imported last year in February, 2015) 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 initiation of various export promotion schemes had boosted the country's sugar export during the month of February.

Notably, Myanmar had emerged as the leading sugar importing country from India and had imported 1.75 lakh tons of sugar during the month followed by Sudan and Berbera which imported 0.36 lakh tons and 0.30 lakh tons of sugar during the month.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (May Weekly Chart)

Technical Commentary:

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

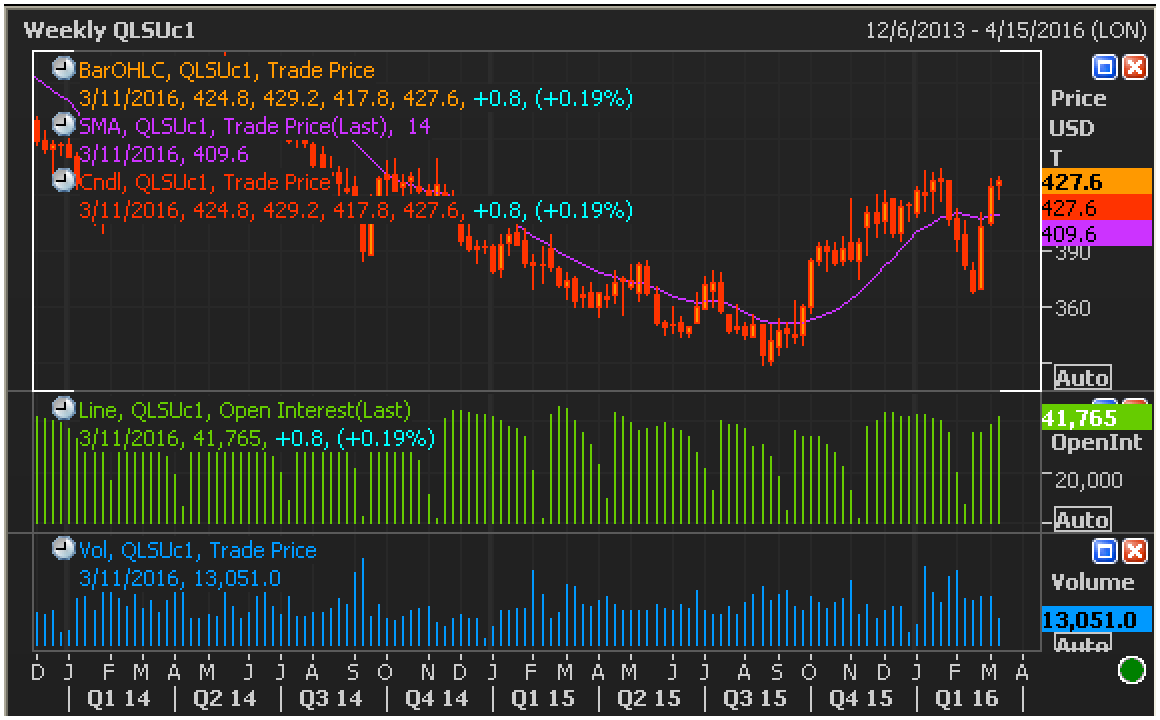
Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3150	3210	3297	3390	3450
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	**Sell**	Below 3300	3250	3225	3330

International Market Fundamentals

- Brazil's CS region had crushed around 1.06 MT of sugarcane in the second half of February, 2016 which was 60.76% lower than the cane crushed in the first half of February, 2016.
- A depreciation of Brazilian currency real caused the country to export 2.27 MT of raw sugar in the month of February which was 77.4% higher than the exports made in the month of January.
- Many Brazilian states are making tax changes in the price of gasoline and ethanol; wherein the tax changes are moving in favor of latter while opposing the former.
- Australian sugar production is projected to increase by 6.25% in 2016-17 (from 4.8 MT in 2015-16) owing to 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.
- International Sugar Organization (ISO) raised 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.

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 428.4 with a target of 432.7

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US $/MT)	**May'16**	428.4	432.7

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 14.90 with target of 15.19.

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**May'16**	14.90	15.19

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Price of Chaursa and Balti variety of gur from Hapur rose by Rs 50 and Rs 45 per quintal to Rs 2308 and Rs 2260 per quintal respectively. Similarly, prices of Achhu (Medium) variety from Mandya rose by Rs 45/quintal from Rs 2425/quintal to Rs 2470/quintal this week. On the other hand, prices of Other (Average) variety from Gulbarga fell by Rs 26/quintal from Rs 2581/quintal to Rs 2555/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)			4th to 10th March 2016	26th Feb to 03rd March 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2485	2494	-9
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	27000	50000	-23000
	Muzaffarnagar	Khurpa (Fresh)	2320	2324	-4
	Muzaffarnagar	Laddoo (Fresh)	2455	2451	4
	Muzaffarnagar	Rascut (Fresh)	2388	2389	-1
	Hapur	Chaursa	2308	2258	50
	Hapur	Balti	2260	2215	45
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	2950	2950	Unch
	Belgaum	Mudde (Average)	2400	2400	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2555	2581	-26
	Mahalingapura	Penti (Average)	2918	2907	11
	Mandya	Achhu (Medium)	2470	2425	45
	Mandya	Kurikatu (Medium)	2200	2200	Unch
	Mandya	Other (Medium)	2280	2250	30
	Mandya	Yellow (Medium)	2430	2425	5
	Shimoga	Achhu (Average)	3050	NA	-

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**10-Mar-16**	**3-Mar-16**	**10-Feb-16**	**10-Mar-15**
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2500	2515	2625	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2338	2300	2488	2175
	Muzaffarnagar	Laddoo (Fresh)	2388	2438	2613	2363
	Muzaffarnagar	Rascut (Fresh)	2425	2375	2440	NA
	Hapur	Chaursa	2338	2263	2350	2125
	Hapur	Balti	2350	2213	2288	2050
Maharashtra	Latur	Lal Variety	NR	NR	NA	2250
Karnataka	Bangalore	Mudde (Average)	2950	2950	3100	3800
	Belgaum	Mudde (Average)	2400	2400	2500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	3150
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	2550	2550	2555	NA
	Mahalingapura	Penti (Average)	2927	2959	2597	2537
	Mandya	Achhu (Medium)	2550	2450	2300	2840
	Mandya	Kurikatu (Medium)	2200	2200	2200	2200
	Mandya	Other (Medium)	2350	2250	2250	2500
	Mandya	Yellow (Medium)	2500	2450	2300	2800
	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			4th to 10th March 2016	26th Feb to 03rd March 2016	
Delhi	Delhi	M-Grade	3356	3348	8
	Delhi	S-Grade	3338	3322	16
Uttar Pradesh	Khatauli	M-Grade	3328	3327	1
	Ramala	M-Grade	NA	3240	-
	Dhampur	M-Grade Ex-Mill	3240	3272	-32
	Dhampur	S-Grade Ex-Mill	3220	3252	-32
	Dhampur	L-Grade Ex-Mill	3290	3322	-32
Maharashtra	Mumbai	M-Grade	3386	3372	14
	Mumbai	S-Grade	3294	3276	18
	Nagpur	M-Grade	NA	NA	-
	Nagpur	S-Grade	NA	NA	-
	Kolhapur	M-Grade	3204	3242	-38
	Kolhapur	S-Grade	3104	3142	-38
Assam	Guhawati	S-Grade	3414	3453	-39
Meghalaya	Shillong	S-Grade	3423	3462	-38
Andhra Pradesh	Vijayawada	M-Grade	3450	3450	Unch
	Vijayawada	S-Grade	3290	3290	Unch
West Bengal	Kolkata	M-Grade	3473	3458	15
Tamil Nadu	Chennai	S-Grade	3100	3083	17
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3025	2930	95
	Ambikapur	S-Grade (Without Duty)	3025	2930	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			**10-Mar-16**	**3-Mar-16**	**10-Feb-16**	**10-Mar-15**
Delhi	Delhi	M-Grade	3345	3370	3225	2700
	Delhi	S-Grade	3335	3340	3200	2680
Uttar Pradesh	Khatauli	M-Grade	3260	3369	NA	NA
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3185	3283	3200	2640
	Dhampur	S-Grade Ex-Mill	3165	3263	3180	2620
	Dhampur	L-Grade Ex-Mill	3235	3333	3250	2690
Maharashtra	Mumbai	M-Grade	3400	3376	3346	2820
	Mumbai	S-Grade	3300	3286	3190	2630
	Nagpur	M-Grade	NR	NR	NR	2900
	Nagpur	S-Grade	NR	NR	NR	2600
	Kolhapur	M-Grade	3200	3250	3100	2475
	Kolhapur	S-Grade	3100	3150	3000	2375
Assam	Guhawati	S-Grade	3410	3461	3309	2675
Meghalaya	Shillong	S-Grade	3420	3470	3320	2695
Andhra Pradesh	Vijayawada	M-Grade	3450	3450	3420	3000
	Vijayawada	S-Grade	3290	3290	3260	2900
West Bengal	Kolkata	M-Grade	3470	3490	NA	NA
Tamil Nadu	Chennai	S-Grade	3100	3100	3000	2560
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3025	3025	2835	3035
	Ambikapur	S-Grade (Without Duty)	3025	3025	2835	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**9-Mar-16**	**2-Mar-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-May**	14.58	14.67	**-0.09**
	16-Jul	14.76	14.18	**0.58**
	16-Oct	15.26	14.59	**0.67**
LIFFE Sugar (US $/MT)	**16-May**	418.20	414.70	**3.50**
	16-Aug	414.20	410.80	**3.40**
	16-Oct	415.20	410.80	**4.40**

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**

*****