



Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Spot sugar prices rose amidst increased buying from stockiest and bulk consumers on one hand and restricted supplies from millers on the other. In addition, reports of global sugar deficit this marketing year too supported the upsurge in prices.

Price Projection For The Next Week

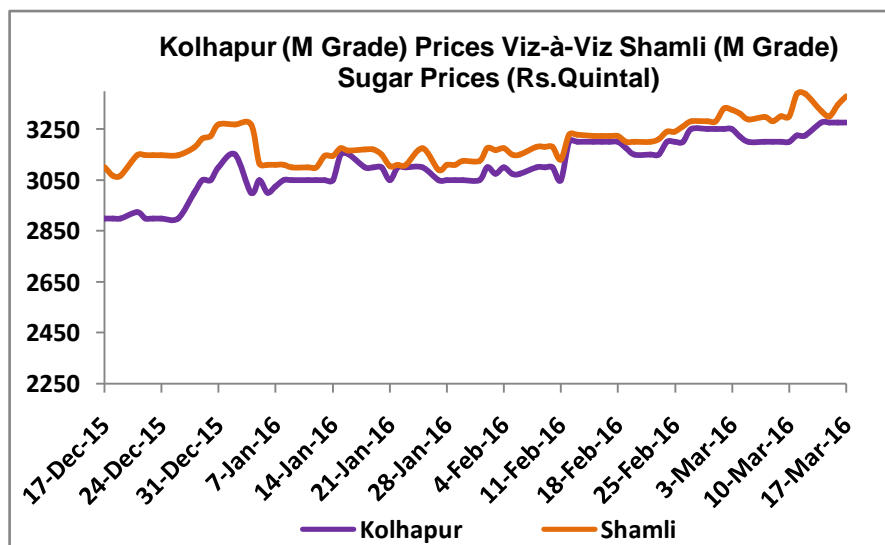
Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3225 - 3325 per quintal next week.

International Sugar Market Summary

International sugar prices surged up this week amid widening global deficit forecast for 2015-16.

Domestic Market Fundamentals

- The Commission for Agricultural Cost and Prices (CACP) has recommended a cane FRP (Fair Remunerative Price) of Rs 230/quintal for next MY 2016-17 (01st Oct, 2016 – 30th Sep, 2017) which is exactly the same as that fixed for 2015-16 (01st Oct, 2015 – 30th Sep, 2016).
- Indian sugar export rose by 90% as the country exported 73.9 thousand tons of sugar this week (ending on 13th March, 2016) compared to 38.9 thousand tons of exports made in the previous week.
- NCDEX had imposed additional marginal money of 5% on all sugar contracts effective from 11th March, 2016. With this, the total marginal money now will be 9% on sugar contract.
- 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. At present, the mills are required to pay purchase tax of 3% on the fair and remunerative price (FRP) which turns out equivalent to approx Rs 9 per quintal of sugarcane.
- 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 during the corresponding period of last year.

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$548.58 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$494.45 per ton.

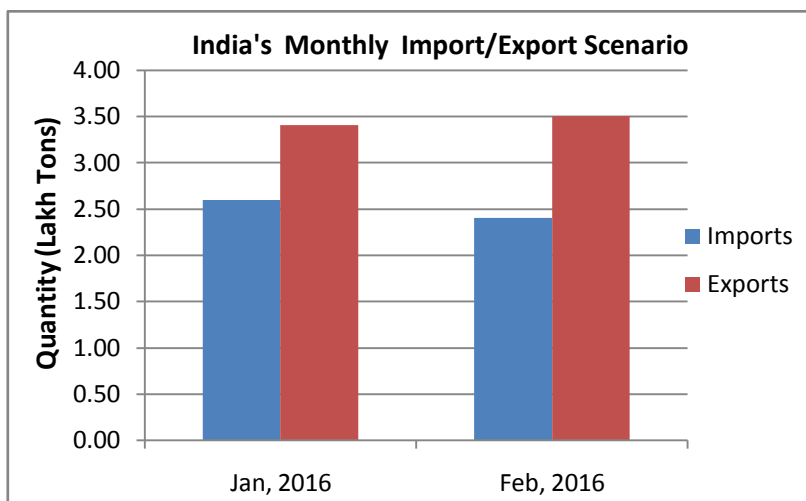
On International front, Brazil sugar FOB prices quoted at \$452.70/ Ton.

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

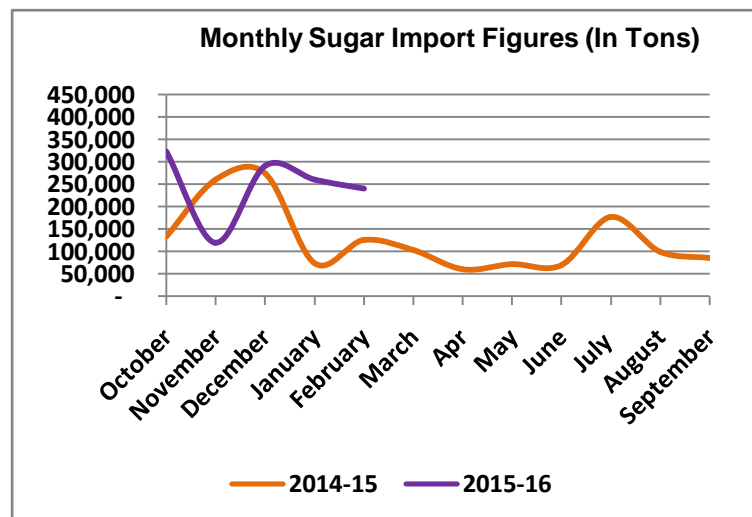
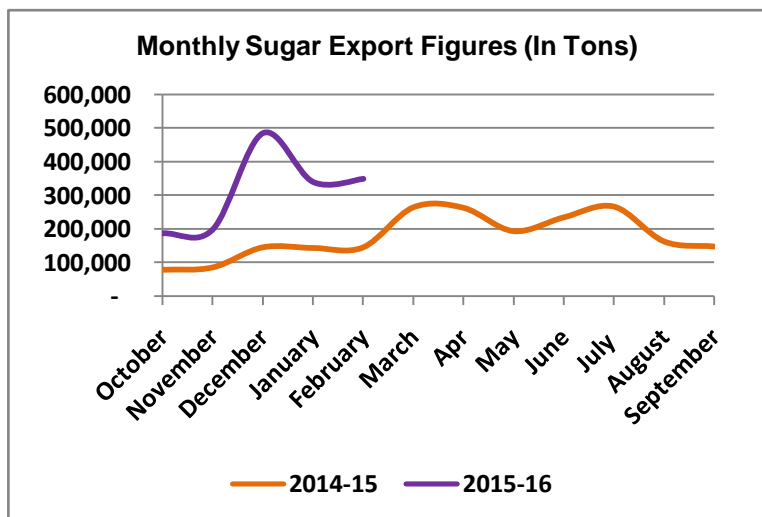
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.64) till 18th Mar, 2016			
	Brazil	Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$452.70	\$425.10/447.00	\$494.45

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, volume and O.I increased indicating long build up in the market.
- RSI is hovering into an over bought region.
- MACD signal line and center line denotes bullish crossover.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3350	3370	3434	3520	3550
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 3430	3480	3505	3400

International Market Fundamentals

- F.O Licht raised its global sugar supply deficit forecast (from 6.5 MT to 7.2 MT) for 2015-16 on back of damage to the Chinese cane crop (due to frost) .
- An expected fall in sugar production in India and Thailand caused Rabobank to raise its global sugar supply deficit forecast to 6.8 MT in 2015-16.
- 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. The changes had been primarily made to increase ethanol competitiveness (over gasoline) in the market so that more cane could be diverted towards ethanol production in the country.
- 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.
- 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.

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 452.9 with a target of 466.1

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'16	452.9	466.1

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 16.00 with target of 16.45

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'16	16.00	16.45

Gur Market Scenario

Spot gur market remained buoyant this week with prices rising in all the major markets of the country. Prices of Kurikatu (Medium) variety of gur from Mandya rose by Rs520/quintal from Rs 2200/quintal to Rs 2720/quintal this week. Similarly, prices of Penti (Average) & Balti varieties of gur from Mahalingapura & Hapur went up by Rs 192/quintal & Rs 145/quintal to Rs 3110/quintal & Rs 2405/quintal respectively.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			11th to 17th March 2016	4th to 10th March 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2552	2485	67
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	25000	27000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2407	2320	87
	Muzaffarnagar	Laddoo (Fresh)	2513	2455	58
	Muzaffarnagar	Rascut (Fresh)	2432	2388	44
	Hapur	Chaurasa	2390	2308	82
	Hapur	Balti	2405	2260	145
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)	2595	2555	40
	Mahalingapura	Penti (Average)	3110	2918	192
	Mandya	Achhu (Medium)	2900	2470	430
	Mandya	Kurikatu (Medium)	2720	2200	520
	Mandya	Other (Medium)	2686	2280	406
	Mandya	Yellow (Medium)	2850	2430	420
	Shimoga	Achhu (Average)	NA	3050	-

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			17-Mar-16	10-Mar-16	17-Feb-16	17-Mar-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2638	2563	2563	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	10000	NA
	Muzaffarnagar	Khurpa (Fresh)	2438	2338	2378	2063
	Muzaffarnagar	Laddoo (Fresh)	2575	2388	2565	2175
	Muzaffarnagar	Rascut (Fresh)	2450	2425	2425	NA
	Hapur	Chaurasa	2400	2338	2325	2088
	Hapur	Balti	2413	2350	2275	2038
Maharashtra	Latur	Lal Variety	NR	NR	NA	2300
Karnataka	Bangalore	Mudde (Average)	NA	2950	3100	4000
	Belgaum	Mudde (Average)	NA	2400	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	2550	2540	2615
	Mahalingapura	Penti (Average)	3159	2927	2758	2617
	Mandya	Achhu (Medium)	2950	2550	2300	2750
	Mandya	Kurikatu (Medium)	2800	2200	2200	2300
	Mandya	Other (Medium)	2650	2350	2250	2500
	Mandya	Yellow (Medium)	2900	2500	2300	2650
	Shimoga	Achhu (Average)	NA	NA	NA	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			11th to 17th March 2016	4th to 10th March 2016	
Delhi	Delhi	M-Grade	3394	3356	38
	Delhi	S-Grade	3374	3338	36
Uttar Pradesh	Khatauli	M-Grade	3221	3328	-107
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3152	3240	-88
	Dhampur	S-Grade Ex-Mill	3132	3220	-88
	Dhampur	L-Grade Ex-Mill	3202	3290	-88
Maharashtra	Mumbai	M-Grade	3439	3386	53
	Mumbai	S-Grade	3334	3294	40
	Nagpur	M-Grade	NA	NA	-
	Nagpur	S-Grade	NA	NA	-
	Kolhapur	M-Grade	3255	3204	51
	Kolhapur	S-Grade	3155	3104	51
Assam	Guhawati	S-Grade	3466	3414	52
Meghalaya	Shillong	S-Grade	3475	3423	52
Andhra Pradesh	Vijayawada	M-Grade	3530	3450	80
	Vijayawada	S-Grade	3370	3290	80
West Bengal	Kolkata	M-Grade	3469	3473	-4
Tamil Nadu	Chennai	S-Grade	3100	3100	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3025	3025	Unch
	Ambikapur	S-Grade (Without Duty)	3025	3025	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			17-Mar-16	10-Mar-16	17-Feb-16	17-Mar-15
Delhi	Delhi	M-Grade	3425	3345	3260	2650
	Delhi	S-Grade	3405	3335	3230	2620
Uttar Pradesh	Khatauli	M-Grade	3210	3260	3188	NR
	Ramala	M-Grade	NA	NA	NR	NR
	Dhampur	M-Grade Ex-Mill	3175	3185	3118	2580
	Dhampur	S-Grade Ex-Mill	3155	3165	3098	2560
	Dhampur	L-Grade Ex-Mill	3225	3235	3168	2630
Maharashtra	Mumbai	M-Grade	3470	3400	3366	2790
	Mumbai	S-Grade	3360	3300	3230	2566
	Nagpur	M-Grade	NR	NR	NR	2750
	Nagpur	S-Grade	NR	NR	NR	2600
	Kolhapur	M-Grade	3275	3200	3200	2500
	Kolhapur	S-Grade	3175	3100	3100	2400
Assam	Guhawati	S-Grade	3487	3410	3410	2700
Meghalaya	Shillong	S-Grade	3495	3420	3420	2720
Andhra Pradesh	Vijayawada	M-Grade	3600	3450	3440	3000
	Vijayawada	S-Grade	3440	3290	3280	2900
West Bengal	Kolkata	M-Grade	3441	3470	3350	2690
Tamil Nadu	Chennai	S-Grade	3100	3100	3050	2500
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	16-Mar-16	9-Mar-16	Change
ICE Sugar #11 (US Cent/lb)	16-May	15.47	14.58	0.89
	16-Jul	15.41	14.76	0.65
	16-Oct	15.54	15.26	0.28
LIFFE Sugar (US \$/MT)	16-May	443.2	418.20	25.00
	16-Aug	438.3	414.20	24.10
	16-Oct	432.5	415.20	17.30

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



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