
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Spot sugar prices continued to surge amidst spurt in demand 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

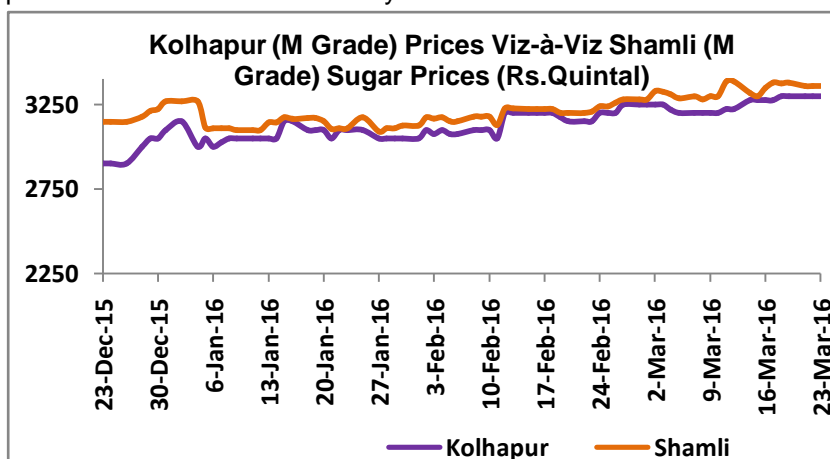
Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3280 - 3400 per quintal next week.

International Sugar Market Summary

International sugar prices surged amidst increasing expectation of global sugar supply deficit in 2015-16. In addition, a currency appreciation of Brazilian Real too supported the upsurge in prices as it discouraged the bulk flow of sugar exports from the country.

Domestic Market Fundamentals

- The Maharashtra govt. exempted purchase tax on sugarcane for millers in the state who would export 12% of their current season (sugar) output. Till now, the mills are supposed 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.
- As per the ISMA estimate, India is expected to export 1.9 – 2 million tons of sugar in 2015 -16 (01st Oct, 2015 – 30th Sep, 2016). Till date, 1.4 MT of export contracts have been already made with a likelihood of further 5 – 6 lakh tons of exports by September end of 2016.
- The Indian Sugar Mills Association (ISMA) revised its annual Indian sugar production forecast from 26 MT to 25.5 MT for this marketing year; 2015-16 (01st Oct, 2015 – 30th Sep, 2016). The revision had been primarily made after considering lower cane availability this year in the major growing areas.
- Indian Oil Marketing companies (OMCs) have been contracted for sale of over 136 crore litres of ethanol this MY i.e. 2015 -16. With this quantity of ethanol it is possible to attain the mandatory requirement of 5% ethanol blending with petrol.



- India had produced 221.30 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016) which was 0.12% lower than the sugar produced last year during the corresponding period.
- Sugar production fell by 8.68% in Maharashtra which produced 76.77 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016) compared to 84.07 lakh tons of sugar in 2014-15 (01st Oct, 2014 – 15th Mar, 2015).
- 85 sugar mills in U.P had produced 60.82 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016) which was 8.12% higher than the production made last year during the corresponding period.
- Sugar production in Karnataka rose by 2.08% as the state produced 38.79 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016) compared to 38 lakh tons of production made in 2014-15 (01st Oct, 2014 – 15th Mar, 2015).
- Andhra Pradesh & Telangana together produced 7.47 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016) while Tamil Nadu produced 6.8 lakh tons of sugar during the same interval.
- Gujarat, Bihar, Punjab and Haryana had produced 10.25 lakh tons, 4.94 lakh tons, 4.9 lakh tons and 4.2 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016).
- Uttarakhand and Madhya Pradesh had produced 2.38 lakh tons and 3.5 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Mar, 2016).
- India has contracted to sell 1.3 MT of sugar in 2015-16 (01st Oct, 2015 – 30th Sep, 2016) and has already exported 1 MT.
- 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).

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$544.87 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$499.10 per ton.

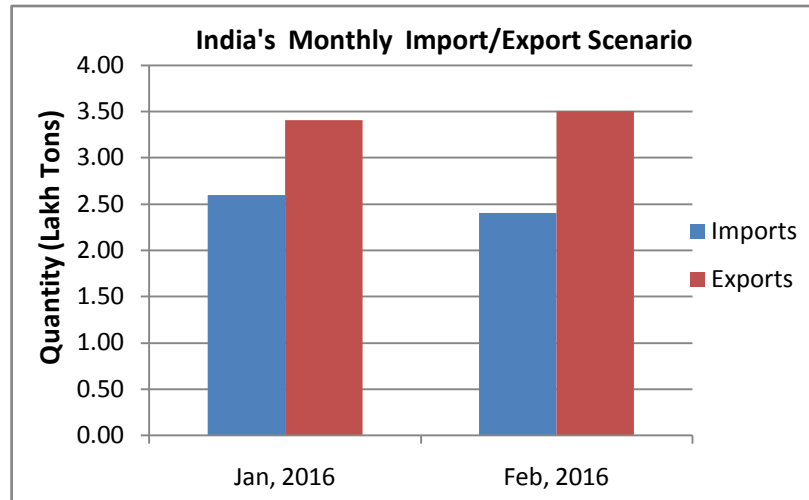
On International front, Brazil sugar FOB prices quoted at \$454.40/ Ton.

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

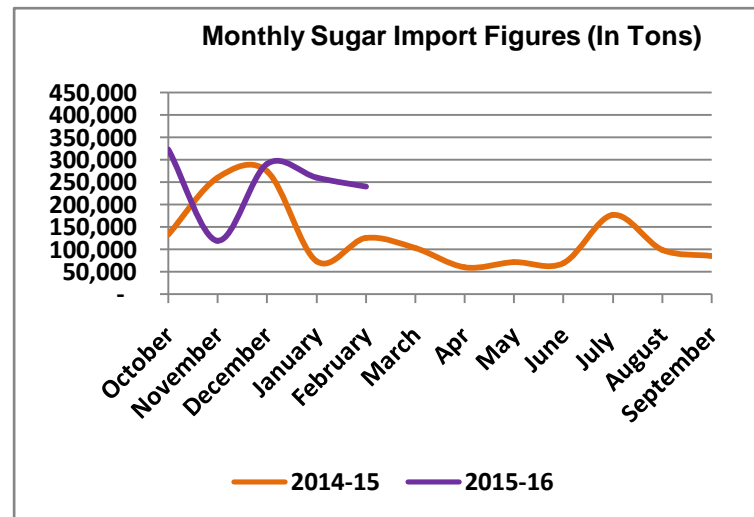
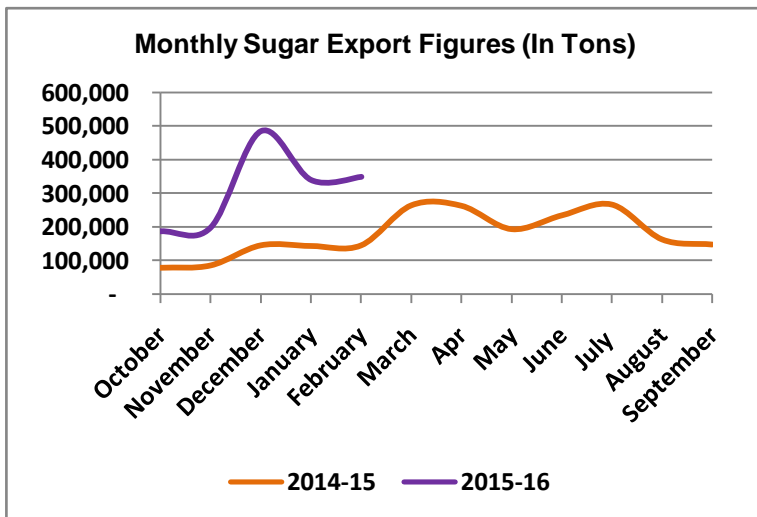
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.92) till 25 th Mar, 2016			
	Brazil	Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$454.40	\$425.10/466.60	\$499.10

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 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 O.I increased while volume fell down for the day.
- 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	3400	3450	3510	3590	3650
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 3500	3550	3575	3470

International Market Fundamentals

- Indonesia is expected to impose import permit of 9.68 lakh tons of raw sugar in the second quarter (April – June) of 2016 which was same as that imposed for the first quarter (January – March) of year.
- China's sugar import declined by 13.5% as the country imported 1.10 lakh tons of sugar in February, 2016 compared to 1.27 lakh tons of imports made in February, 2015. A surge in international sugar prices, restriction on import permits and growing stockpiles within the countries could be cited responsible for the fall in imports.
- Thailand's sugar export is expected to decline to 7.1 MT in 2016 on back of lower production supply (due to drought) and increased consumption demand within the country.
- The white sugar refining premium remained buoyant amid rising Chinese demand for the white sugar and restricted world supply of the commodity. In addition, the pre- Ramadan demand for the commodity too played an active role in raising the premium.
- 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)

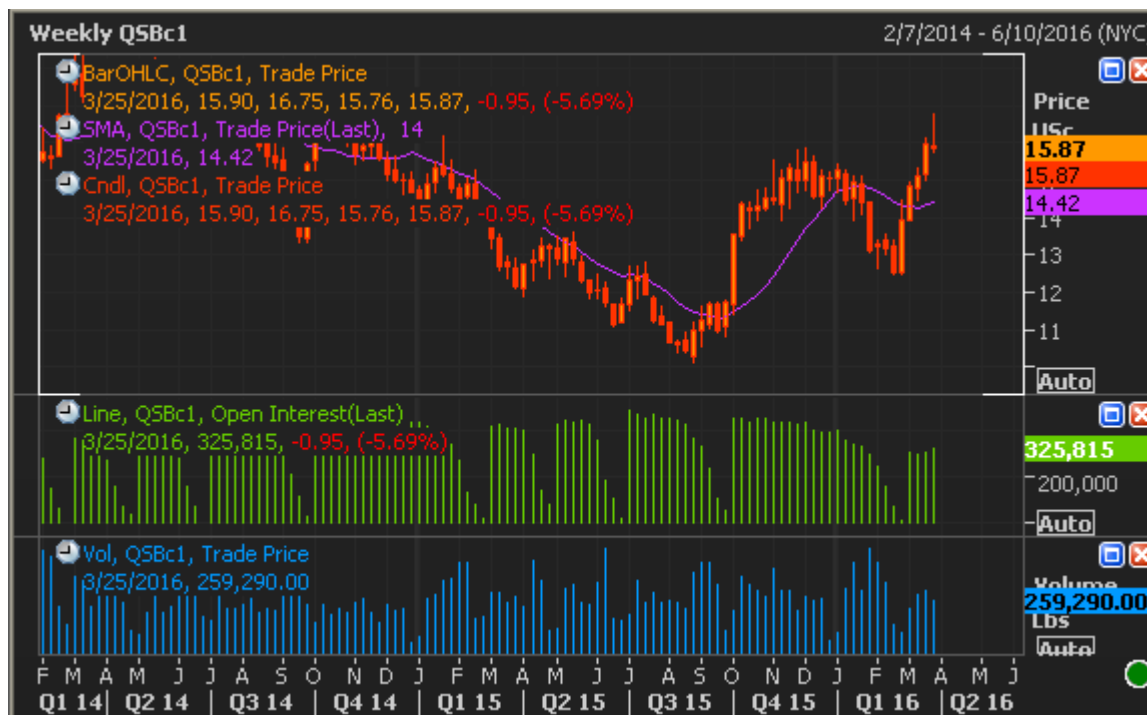


Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
Strategy: Buy at 457.3 with a target of 467.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'16	457.3	467.6

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



Technical Commentary:

- ICE raw sugar futures trend downwards for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 15.80 with target of 15.45

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'16	15.80	15.45

Gur Market Scenario

Spot gur market mainly remained buoyant with price rising in majority of the markets. Prices of Mudde (Average) variety of gur from Bangalore rose by Rs 450/quintal from Rs 2950/quintal to Rs 3400/quintal this week. Similarly, prices of Kurikatu (Medium) variety from Mandya and Mudde (Average) from Belgaum rose by 80 and Rs 67 per quintal respectively to Rs 2800/quintal and Rs 2467/quintal this week.

However, prices of Other (Medium) variety of gur from Mandya fell by Rs 124/quintal from Rs 2686/quintal to Rs 2563/quintal this week. Similarly, prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market too declined by Rs54/quintal to Rs 2499/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)			18th to 23rd March 2016	11th to 17th March 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2499	2552	-54
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	24000	25000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2467	2407	59
	Muzaffarnagar	Laddoo (Fresh)	2577	2513	64
	Muzaffarnagar	Rascut (Fresh)	2436	2432	4
	Hapur	Chaurasa	2447	2390	57
	Hapur	Balti	2428	2405	23
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3400	2950	450
	Belgaum	Mudde (Average)	2467	2400	67
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2579	2595	-16
	Mahalingapura	Penti (Average)	3140	3110	30
	Mandya	Achhu (Medium)	2913	2900	13
	Mandya	Kurikatu (Medium)	2800	2720	80
	Mandya	Other (Medium)	2563	2686	-124
	Mandya	Yellow (Medium)	2863	2850	13
	Shimoga	Achhu (Average)	2800	NA	-

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			23-Mar-16	17-Mar-16	23-Feb-16	23-Mar-15
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2600	2638	2543	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	4000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2430	2438	2365	2000
	Muzaffarnagar	Laddoo (Fresh)	2588	2575	2500	2150
	Muzaffarnagar	Rascut (Fresh)	2425	2450	2375	NA
	Hapur	Chaurasa	2450	2400	2250	NA
	Hapur	Balti	2438	2413	2225	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	2150
Karnataka	Bangalore	Mudde (Average)	3700	NA	3100	4200
	Belgaum	Mudde (Average)	NA	NA	NA	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	NA	2510	2550
	Mahalingapura	Penti (Average)	NA	3159	2830	2557
	Mandya	Achhu (Medium)	NA	2950	2400	2940
	Mandya	Kurikatu (Medium)	NA	2800	2200	2400
	Mandya	Other (Medium)	NA	2650	2300	2800
	Mandya	Yellow (Medium)	NA	2900	2400	2500
	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			18th to 23rd March 2016	11th to 17th March 2016	
Delhi	Delhi	M-Grade	3445	3394	51
	Delhi	S-Grade	3425	3374	51
Uttar Pradesh	Khatauli	M-Grade	3264	3221	43
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3181	3152	29
	Dhampur	S-Grade Ex-Mill	3161	3132	29
	Dhampur	L-Grade Ex-Mill	3231	3202	29
Maharashtra	Mumbai	M-Grade	3466	3439	27
	Mumbai	S-Grade	3360	3334	26
	Nagpur	M-Grade	3300	NA	-
	Nagpur	S-Grade	3200	NA	-
	Kolhapur	M-Grade	3300	3255	45
	Kolhapur	S-Grade	3200	3155	45
Assam	Guhawati	S-Grade	3512	3466	46
Meghalaya	Shillong	S-Grade	3520	3475	45
Andhra Pradesh	Vijayawada	M-Grade	3630	3530	100
	Vijayawada	S-Grade	3470	3370	100
West Bengal	Kolkata	M-Grade	3463	3469	-5
Tamil Nadu	Chennai	S-Grade	3135	3100	35
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)

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International Sugar Prices (Weekly)				
	Contract Month	22-Mar-16	16-Mar-16	Change
ICE Sugar #11 (US Cent/lb)	16-May	16.58	15.47	1.11
	16-Jul	16.43	15.41	1.02
	16-Oct	16.47	15.54	0.93
LIFFE Sugar (US \$/MT)	16-May	463.4	443.2	20.20
	16-Aug	456.4	438.3	18.10
	16-Oct	451.6	432.5	19.10

Indian Sugar Production Scenario Up to 15th March, 2016

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	76.77	84.07
Uttar Pradesh	60.82	56.25
Karnataka	38.79	38.00
Gujarat	10.25	9.50
A.P +Telangana	7.47	8.10
Tamil Nadu	6.80	6.20
Bihar	4.94	5.20
All India	221.30	221.57

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