Sugar & Gur Weekly Research Report

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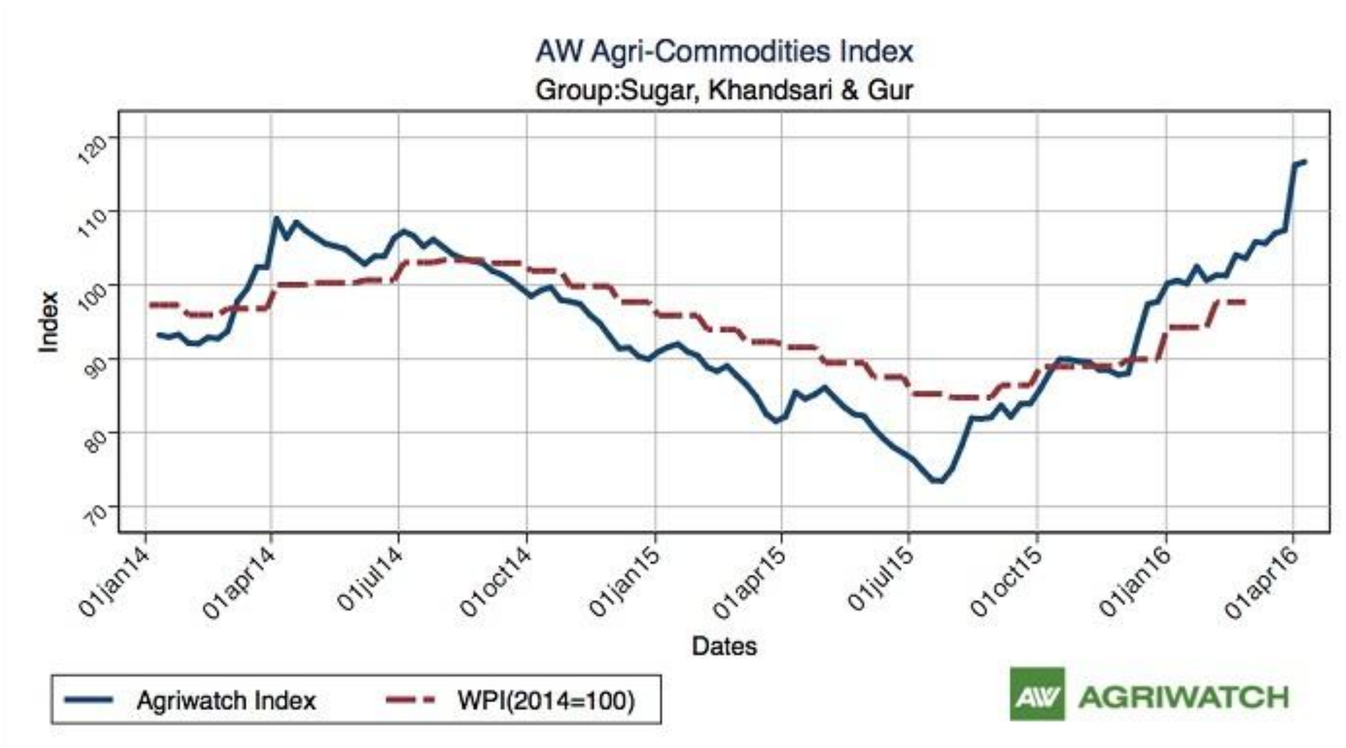
Domestic Sugar Market Summary

Spot sugar prices surged up amid increased buying on the back of greater than expected global sugar deficit forecast this year. In addition, global sugar demand is also expected to surge up with the onset of summer season.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Apr 10, 2016



According to Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index, sweeteners price rose by 0.4% during the week ending on Apr 10, 2016. Notably, the base for the Index is 2014 (= 100).

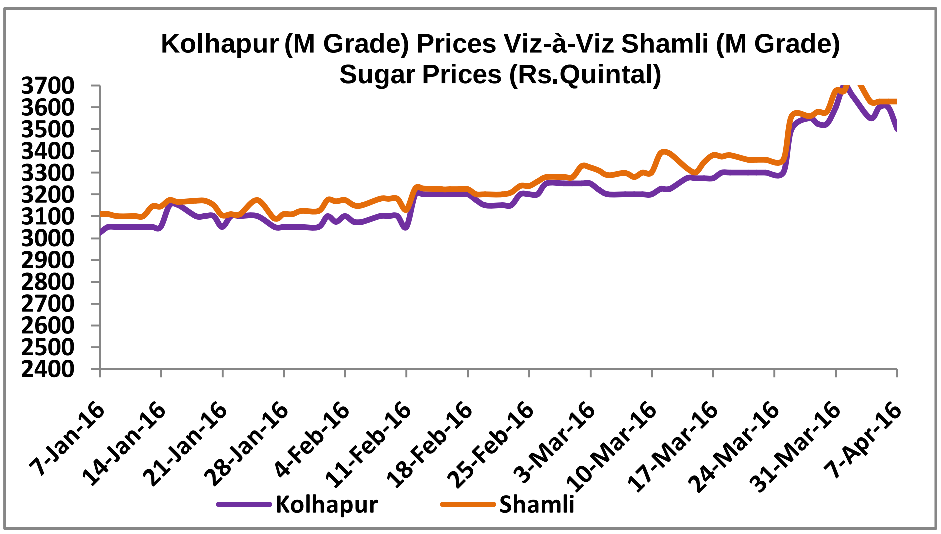
Price Projection For The Next Week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3700 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



- India exported 3.59 lakh tons of sugar in March, 2016 compared to 3.18 lakh tons of imports made during the same period.
- The Indian govt. had revised the country's sugar production forecast from 26 MT to 25.64 MT for 2015 -16 (01st Oct, 2015 – 30th Sep, 2016).
- 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 paid 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) 0.12% lower than the sugar produced during the corresponding period of last year.
- 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) 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

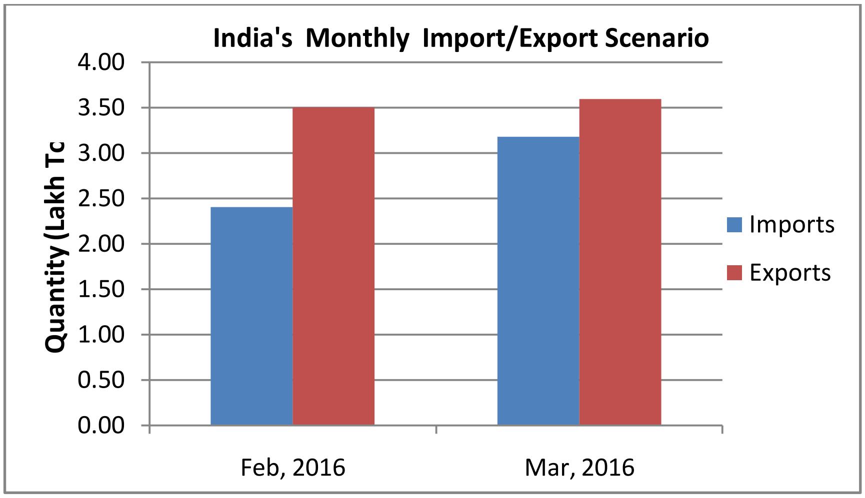
Indian indicative raw sugar CIF prices from Brazil quoted at $508.37 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $547.86 per ton.

On International front, Brazil sugar FOB prices quoted at $428.70/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

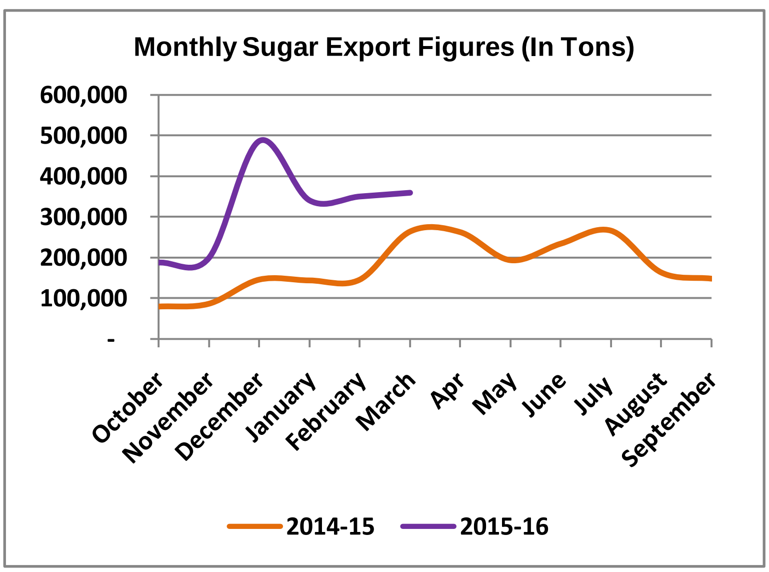
Indicative Sugar FOB Prices (USD/MT) ($=Rs.66.44) as on 11th Apr, 2016			
	Brazil	**Thailand (100 Icumsa Mar Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$428.70	$502.15/454.40	$547.86

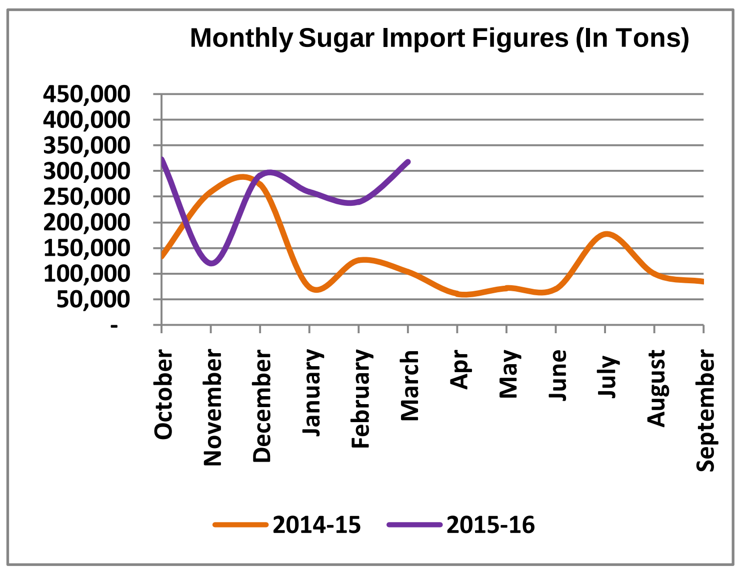
Sugar Import and Export Scenario

India exported 3.59 lakh tons of sugar while imported 3.18 lakh tons of sugar in March, 2016. However, the country exported 3.50 lakh tons of sugar in February, 2016 relative to 2.40 lakh ton of imports during the same period.



Indian sugar imports rose by 207.6% (when compared with the sugar imported last year in March, 2016) 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.





Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (May Weekly Chart)

Technical Commentary:

- Sugar prices fell down while volume surged for the day.
- 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	3370	3400	3482	3570	3620
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	**Sell**	Below 3485	3435	3410	3515

International Market Fundamentals

- Brazilian raw sugar export fell by 27.35% as the country exported 1.65 MT of sugar (raw) in March, 2016 compared to 2.27 MT of exports made in February, 2016.
- With an early commencement of crushing operation for 2016-17 (01st Apr, 2016 – 31st Mar, 2017); Brazil's main centre south region had crushed 1.39 lakh tons of sugar in the first half of March, 2016.
- Platts Kingsman raised its global sugar supply deficit to 7.62 MT in 2015-16 amidst lower production figure received from India, Thailand and Northeast Brazil.
- Green Pool predicted a global sugar supply deficit of 6.65 MT in 2015 -16 and a deficit of 4.95 MT in 2016-17.
- 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- Ramdan 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.
- A depreciation of Brazilian currency real caused the country to export 2.27 MT of raw sugar in the month of February which is 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 to help divert more cane 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 downward for the week.
- The last candlestick depicts bearishness in the market.
  Strategy: Sell at 444.0 with a target of 439.3

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'16**	444.0	439.3

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 15.30 with target of 14.95

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**May'16**	15.30	14.95

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some market while declining in others. Prices of Other (Average) variety of gur from Gulbarga rose by Rs 267/quintal from Rs 2567/quintal to Rs 2833/quintal this week. Similarly, prices of Penti (Average) variety too increased by Rs 200/quintal from Rs 3241/quintal to Rs 3441/quintal this week.

However, prices of Rascut (Fresh) and Chaku Sukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs 48 and Rs 24 per quintal to Rs 2550 and Rs 2658 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)			1st to 7th April 2016	24th to 31st March 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2658	2682	-24
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	39000	27000	12000
	Muzaffarnagar	Khurpa (Fresh)	2771	2584	187
	Muzaffarnagar	Laddoo (Fresh)	2906	2852	55
	Muzaffarnagar	Rascut (Fresh)	2550	2599	-48
	Hapur	Chaursa	2574	2593	-19
	Hapur	Balti	2573	2573	Unch
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3708	3700	8
	Belgaum	Mudde (Average)	2520	2433	87
	Belthangadi	Yellow (Average)	NA	2461	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	2833	2567	267
	Mahalingapura	Penti (Average)	3441	3241	200
	Mandya	Achhu (Medium)	3142	2950	192
	Mandya	Kurikatu (Medium)	2783	2817	-33
	Mandya	Other (Medium)	2883	2667	217
	Mandya	Yellow (Medium)	3117	2900	217
	Shimoga	Achhu (Average)	3200	3100	100

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**7-Apr-16**	**30-Mar-16**	**7-Mar-16**	**7-Apr-15**
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2875	2900	2528	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2600	2688	2313	2103
	Muzaffarnagar	Laddoo (Fresh)	2850	2963	2463	2250
	Muzaffarnagar	Rascut (Fresh)	2563	2828	2388	NA
	Hapur	Chaursa	2500	2663	Closed	2138
	Hapur	Balti	2550	2638	Closed	2050
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	3750	3700	NA	4000
	Belgaum	Mudde (Average)	2600	2400	NA	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	2600	NA	2550
	Mahalingapura	Penti (Average)	NA	NA	NA	2465
	Mandya	Achhu (Medium)	3100	2950	NA	2550
	Mandya	Kurikatu (Medium)	2700	2800	NA	2250
	Mandya	Other (Medium)	2800	2700	NA	2300
	Mandya	Yellow (Medium)	2950	2850	NA	2550
	Shimoga	Achhu (Average)	NA	NA	NA	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			1st to 7th April 2016	24th to 31th March 2016	
Delhi	Delhi	M-Grade	3644	3640	4
	Delhi	S-Grade	3624	3618	6
Uttar Pradesh	Khatauli	M-Grade	3677	3512	165
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	NA	3422	-
	Dhampur	S-Grade Ex-Mill	NA	3402	-
	Dhampur	L-Grade Ex-Mill	NA	3472	-
Maharashtra	Mumbai	M-Grade	3747	3610	137
	Mumbai	S-Grade	3649	3518	132
	Nagpur	M-Grade	NA	NA	-
	Nagpur	S-Grade	NA	NA	-
	Kolhapur	M-Grade	3600	3540	60
	Kolhapur	S-Grade	3500	3440	60
Assam	Guhawati	S-Grade	3816	3756	60
Meghalaya	Shillong	S-Grade	3820	3766	54
Andhra Pradesh	Vijayawada	M-Grade	4000	3830	170
	Vijayawada	S-Grade	3840	3670	170
West Bengal	Kolkata	M-Grade	3778	3722	57
Tamil Nadu	Chennai	S-Grade	3633	3317	317
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3050	3042	8
	Ambikapur	S-Grade (Without Duty)	3040	3035	5
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			7-Apr-16	30-Mar-16	7-Mar-16	7-Apr-15
Delhi	Delhi	M-Grade	3560	3675	3360	2750
	Delhi	S-Grade	3540	3655	3340	2700
Uttar Pradesh	Khatauli	M-Grade	3620	NA	3360	2800
	Ramala	M-Grade	NA	NA	NA	2670
	Dhampur	M-Grade Ex-Mill	NA	NA	3280	2700
	Dhampur	S-Grade Ex-Mill	NA	NA	3260	2655
	Dhampur	L-Grade Ex-Mill	NA	NA	3330	2765
Maharashtra	Mumbai	M-Grade	3740	3650	Closed	2766
	Mumbai	S-Grade	3616	3560	Closed	2550
	Nagpur	M-Grade	NR	NR	NR	NA
	Nagpur	S-Grade	NR	NR	NR	2626
	Kolhapur	M-Grade	3500	3525	Closed	2425
	Kolhapur	S-Grade	3400	3425	Closed	2325
Assam	Guhawati	S-Grade	3715	3740	3410	2624
Meghalaya	Shillong	S-Grade	3720	3745	3420	2645
Andhra Pradesh	Vijayawada	M-Grade	4000	3920	Closed	2960
	Vijayawada	S-Grade	3840	3760	Closed	2860
West Bengal	Kolkata	M-Grade	3710	3800	3450	2840
Tamil Nadu	Chennai	S-Grade	3650	3400	3100	2525
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3050	3050	3025	3035
	Ambikapur	S-Grade (Without Duty)	3040	3040	3025	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**6-Apr-16**	**30-Mar-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-May**	14.79	15.87	**-1.08**
	16-Jul	14.99	15.96	**-0.97**
	16-Oct	15.48	16.08	**-0.60**
LIFFE Sugar (US $/MT)	**16-May**	424.00	454.40	**-30.40**
	16-Aug	422.20	448.50	**-26.30**
	16-Oct	423.10	444.00	**-20.90**

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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