Sugar & Gur Weekly Research Report

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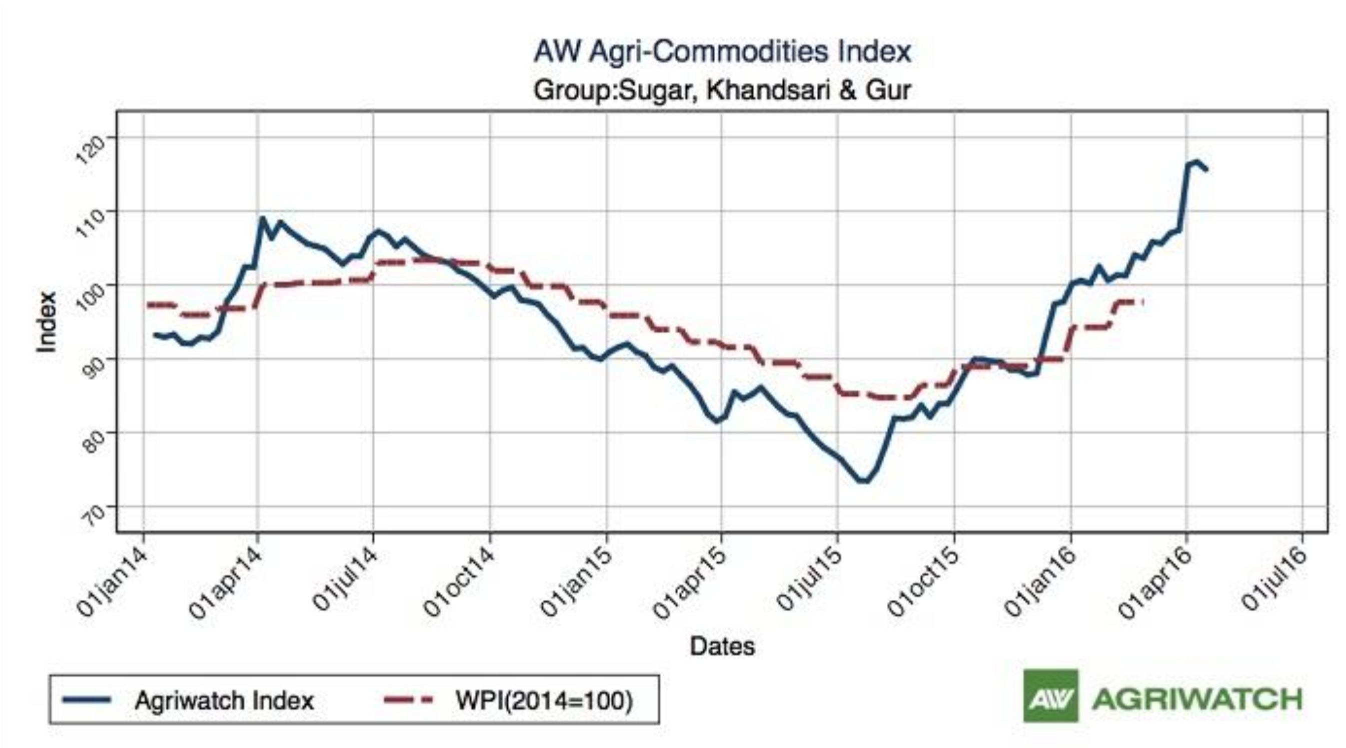
Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amid lower domestic demand and falling prices in the international sugar market. However, market is expected to gear soon amid restricted supply in the domestic market.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Apr 17, 2016



According to Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index, sweeteners price fell by 0.86% during the week ending on Apr 17, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

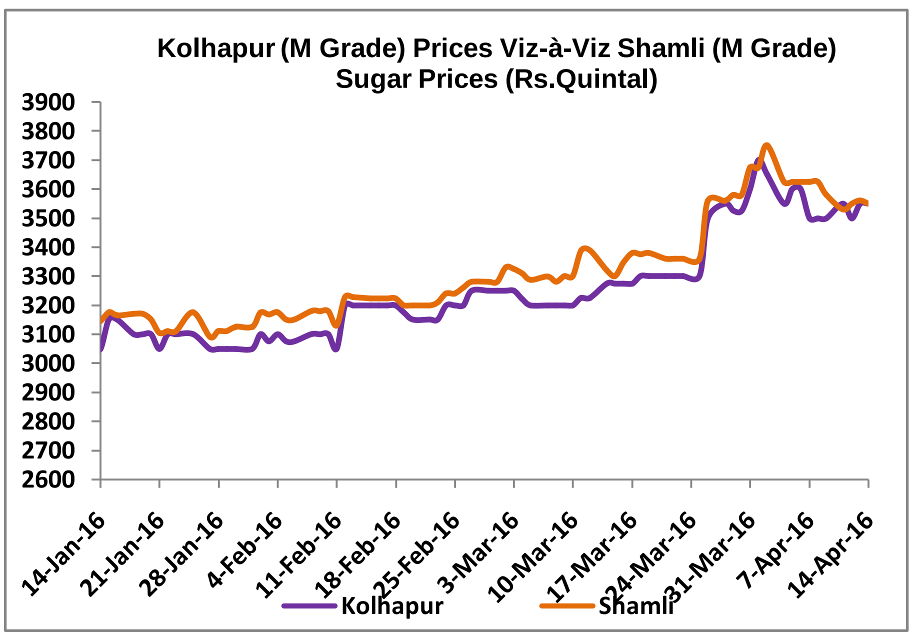
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3700 per quintal next week.

International Sugar Market Summary

International sugar market remained lackluster amid sufficient supply in the world's biggest producer, Brazil.

Domestic Market Fundamentals

- Indian sugar export fell by 22% as the country exported 63.9 thousand tons of sugar this week (ending on 10th Apr, 2016) compared to 82.3thousand tons of sugar the previous week.
- Indian sugar production fell by 4.13% as the country produced 237 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Mar,2016) compared to 247.20 lakh tons of production in 2014-15 (01st Oct, 2014 – 31st Mar,2015).
- 58 sugar mills in Maharashtra had produced 82 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Mar, 2016) compared to 93.6 lakh tons of production made last year during the corresponding period.
- U.P had produced 65.7 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Mar, 2016) which was 3.63% higher than the production made last year during the corresponding period.



- Sugar production fell by 5.4% in Karnataka which produced 40.16 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 31st Mar, 2016) compared to 42.47 lakh tons of production in 2014-15 (01st Oct, 2014 – 31st Mar, 2015).
- 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.

Sugar Import/Export Opportunity

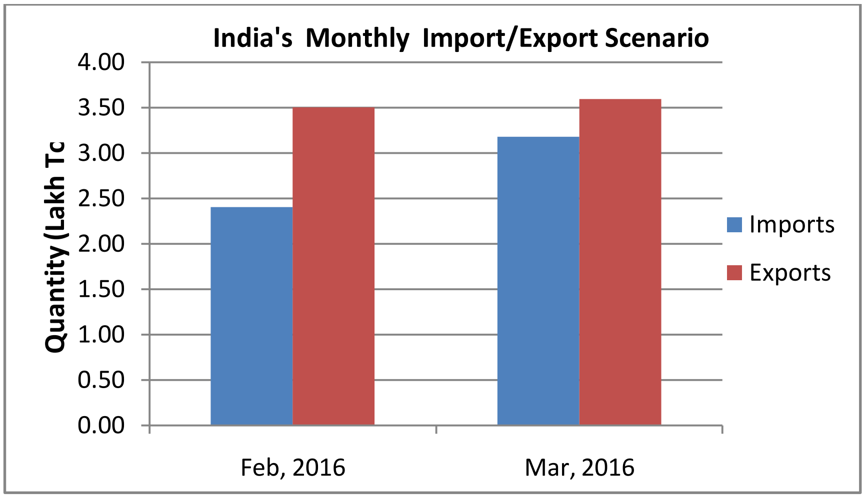
Indian indicative raw sugar CIF prices from Brazil quoted at $519.20 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $533.53 per ton.

On International front, Brazil sugar FOB prices quoted at $421.30/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

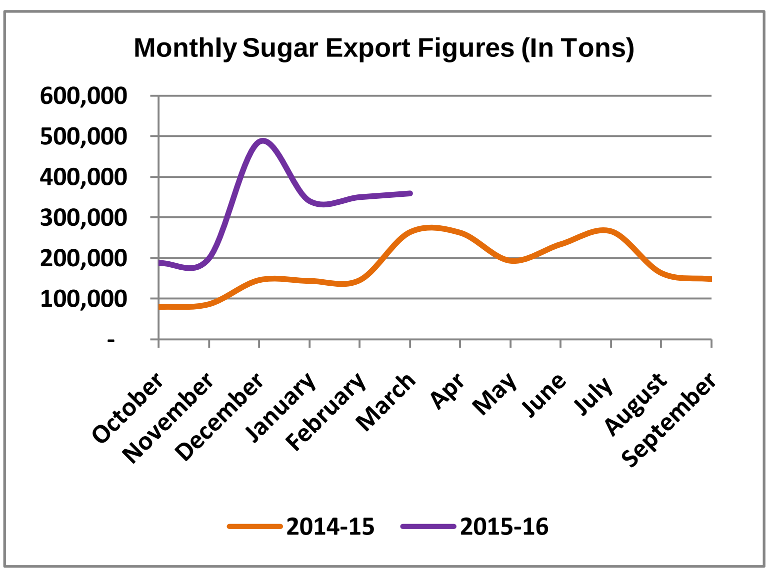
Indicative Sugar FOB Prices (USD/MT) ($=Rs.66.65) as on 18th Apr, 2016			
	Brazil	Thailand (100 Icumsa May Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$421.30	$502.15/421.30	$533.53

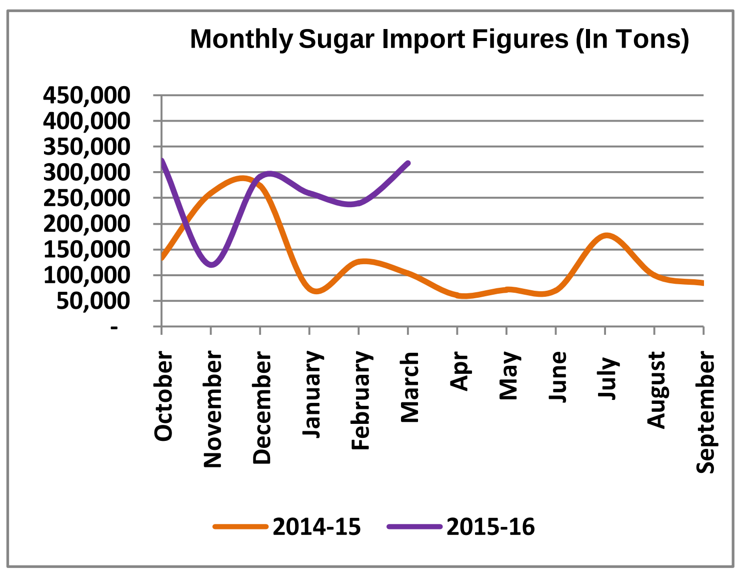
Sugar Import and Export Scenario

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 and O.I increased while volume fell down for the week.
- RSI is hovering in an overbought region.
- MACD signal line and center line denotes bullish crossover.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3430	3460	3517	3600	3630
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	**Buy**	Above 3510	3560	3585	3480

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 (Aug'16 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 440.0 with a target of 449.4

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'16**	440.0	449.4

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 15.10 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**	15.10	15.45

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 423/quintal from Rs 2833/quintal to Rs 3257/quintal this week. Similarly, prices of Mudde (Average) variety from Belgaum too increased by Rs 147/quintal from Rs 2520/quintal to Rs 2667/quintal this week.

However, prices of Yellow (Medium) variety from Mandya fell by Rs 117/quintal from Rs 3117/quintal to Rs 3000/quintal this week. Similarly, prices of Khurpa (Fresh) variety from key Muzaffarnagar market fell by Rs 80/quintal from Rs 2771 to Rs 2692 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)			8th to 14th April 2016	1st to 7th April 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2763	2658	105
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	32000	39000	-7000
	Muzaffarnagar	Khurpa (Fresh)	2692	2771	-80
	Muzaffarnagar	Laddoo (Fresh)	2925	2906	18
	Muzaffarnagar	Rascut (Fresh)	2535	2550	-15
	Hapur	Chaursa	2595	2574	21
	Hapur	Balti	2615	2573	42
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3750	3708	42
	Belgaum	Mudde (Average)	2667	2520	147
	Belthangadi	Yellow (Average)	2745	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3257	2833	423
	Mahalingapura	Penti (Average)	3434	3441	-7
	Mandya	Achhu (Medium)	3200	3142	58
	Mandya	Kurikatu (Medium)	2750	2783	-33
	Mandya	Other (Medium)	2850	2883	-33
	Mandya	Yellow (Medium)	3000	3117	-117
	Shimoga	Achhu (Average)	3200	3200	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**14-Apr-16**	**7-Apr-16**	**14-Mar-16**	**14-Apr-15**
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3013	2875	2613	NR
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	4000	NA
	Muzaffarnagar	Khurpa (Fresh)	2700	2600	2413	2353
	Muzaffarnagar	Laddoo (Fresh)	2938	2850	2563	2568
	Muzaffarnagar	Rascut (Fresh)	2525	2563	2430	NR
	Hapur	Chaursa	2700	2500	Closed	2375
	Hapur	Balti	2700	2550	Closed	2150
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	NA	3750	2950	4000
	Belgaum	Mudde (Average)	NA	2600	NA	NA
	Belthangadi	Yellow (Average)	NA	3041	NA	3050
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	NA	2640	2500
	Mahalingapura	Penti (Average)	NA	NA	3051	NA
	Mandya	Achhu (Medium)	NA	3100	2950	2450
	Mandya	Kurikatu (Medium)	NA	2700	2800	2250
	Mandya	Other (Medium)	NA	2800	2600	2300
	Mandya	Yellow (Medium)	NA	2950	2900	2450
	Shimoga	Achhu (Average)	NA	NA	NA	2700

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			8th to 14th April 2016	1st to 7th April 2016	
Delhi	Delhi	M-Grade	3599	3644	-45
	Delhi	S-Grade	3579	3624	-45
Uttar Pradesh	Khatauli	M-Grade	3614	3677	-63
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3571	NA	-
	Dhampur	S-Grade Ex-Mill	3551	NA	-
	Dhampur	L-Grade Ex-Mill	3621	NA	-
Maharashtra	Mumbai	M-Grade	3754	3747	7
	Mumbai	S-Grade	3658	3649	9
	Nagpur	M-Grade	NA	NA	-
	Nagpur	S-Grade	NA	NA	-
	Kolhapur	M-Grade	3533	3600	-67
	Kolhapur	S-Grade	3417	3500	-83
Assam	Guhawati	S-Grade	3732	3816	-85
Meghalaya	Shillong	S-Grade	3737	3820	-83
Andhra Pradesh	Vijayawada	M-Grade	3997	4000	-3
	Vijayawada	S-Grade	3837	3840	-3
West Bengal	Kolkata	M-Grade	3736	3778	-42
Tamil Nadu	Chennai	S-Grade	3630	3633	-3
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3037	3050	-13
	Ambikapur	S-Grade (Without Duty)	3033	3040	-7
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			**14-Apr-16**	**7-Apr-16**	**14-Mar-16**	**14-Apr-15**
Delhi	Delhi	M-Grade	3580	3560	3400	NA
	Delhi	S-Grade	3560	3540	3380	NA
Uttar Pradesh	Khatauli	M-Grade	3620	3620	3190	NA
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3575	NA	3120	NA
	Dhampur	S-Grade Ex-Mill	3555	NA	3100	NA
	Dhampur	L-Grade Ex-Mill	3625	NA	3170	NA
Maharashtra	Mumbai	M-Grade	3736	3740	3432	2780
	Mumbai	S-Grade	3660	3616	3326	2552
	Nagpur	M-Grade	NR	NR	NR	NA
	Nagpur	S-Grade	NR	NR	NR	2600
	Kolhapur	M-Grade	Closed	3500	3275	2450
	Kolhapur	S-Grade	Closed	3400	3175	2350
Assam	Guhawati	S-Grade	Closed	3715	3487	2649
Meghalaya	Shillong	S-Grade	Closed	3720	3495	2670
Andhra Pradesh	Vijayawada	M-Grade	3980	4000	3540	2960
	Vijayawada	S-Grade	3820	3840	3380	2860
West Bengal	Kolkata	M-Grade	Closed	3710	NA	2780
Tamil Nadu	Chennai	S-Grade	Closed	3650	3100	2525
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3030	3050	3025	3035
	Ambikapur	S-Grade (Without Duty)	3030	3040	3025	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**13-Apr-16**	**6-Apr-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-May**	14.01	14.79	**-0.78**
	16-Jul	14.29	14.99	**-0.70**
	16-Oct	14.56	15.48	**-0.92**
LIFFE Sugar (US $/MT)	**16-Aug**	416.70	424.00	**-7.30**
	16-Oct	415.30	422.20	**-6.90**
	16-Dec	415.00	423.10	**-8.10**

Indian Sugar Production Scenario Up to 31st March, 2016

States	**Sugar Produced (Lakh Tons)**	
	2015-16	**2014-15**
Maharashtra	82.00	93.60
Uttar Pradesh	65.70	63.40
Karnataka	40.16	42.47
Tamil Nadu	8.00	7.53
All India	**237.00**	**247.20**

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