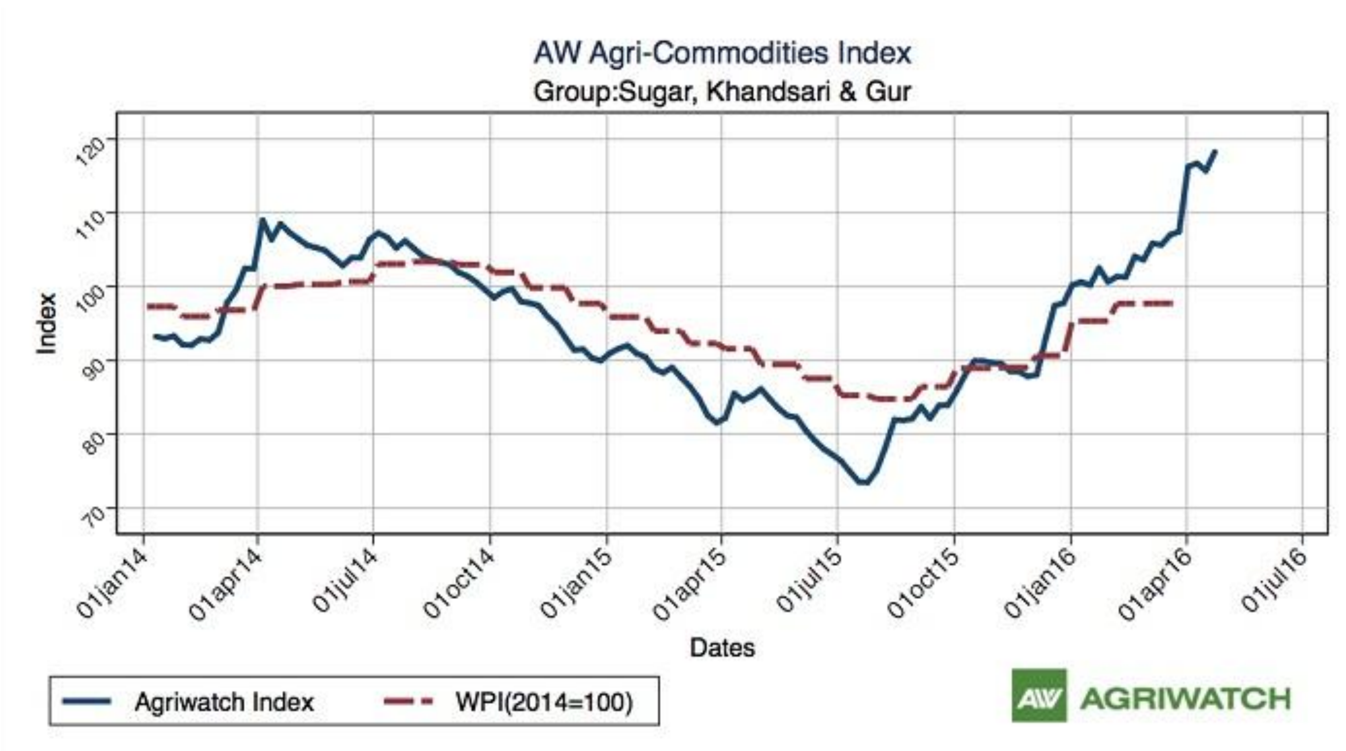
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices fell down in the latter half of the week amid recent report of government planning to impose stock limit on sugar and the trend is expected to follow further in the weeks to come. However, long term aspect of the sugar industry seems to be bullish with price expected to rise in future.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Apr 24, 2016



According to Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index, sweeteners price rose by 2.19% during the week ending on Apr 23, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

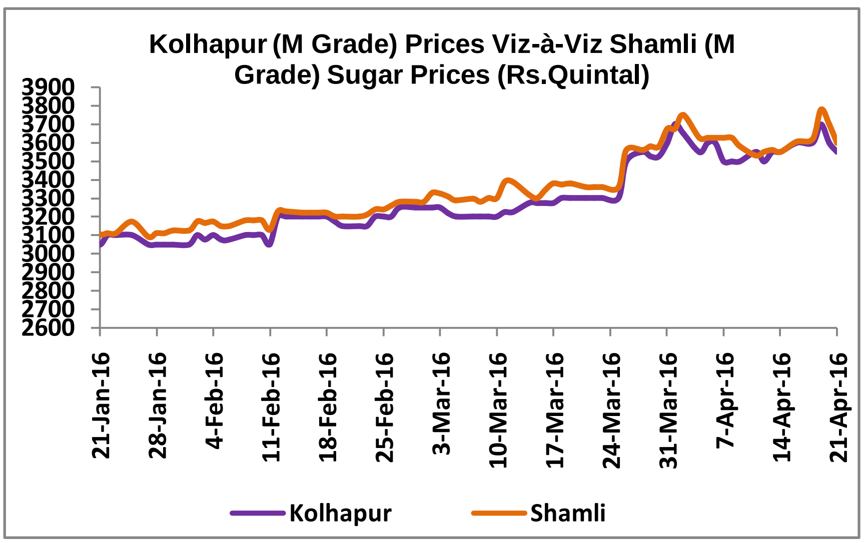
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3550 - 3300 per quintal next week.

International Sugar Market Summary

International sugar market remained lackluster amid prevailing dry weather condition in top producer Brazil that supported a strong cane harvesting this season in the country.

Domestic Market Fundamentals

- With a view to control soaring sugar prices, Agriculture ministry asked state government to put stock limit on sugar. Though final notification is still pending.
- Indian sugar exports fell by 15% as the country exported 54.6 thousand tons of sugar last week (ending on 17th Apr, 2016) compared to 63.9 thousand tons of export in the previous week.
- Indonesia's sugar production is expected to decline to 2.5 MT amid El Nino related weather factors prevailing during the year 2016.
- Indian sugar production fell by 8.02% as the country produced 243.44 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Apr, 2016) compared to 264.68 lakh tons of production in 2014-15 16 (01st Oct, 2014 – 15th Apr, 2015).



- Sugar production in Maharashtra fell by 16.07% as the state produced 83.60 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Apr, 2016) compared to 99.61 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Apr, 2015).
- 19 sugar mills in U.P had crushed 639 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Apr, 2016) to produce 67.75 lakh tons of sugar during the same period.
- Karnataka produced 40 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Apr, 2016) compared to 45.86 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Apr, 2015).
- 5 sugar mills in Andhra Pradesh had produced 8.10 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Apr, 2016) which was 7.43% less than the sugar produced last year in 2014-15 (01st Oct, 2014 – 15th Apr, 2015).
- Sugar production rose by 12.12% in Tamil Nadu which produced 9.25 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 15th Apr, 2016) compared to 8.25 lakh tons of production in 2014-15 (01st Oct, 2014 – 15th Apr, 2015).

Sugar Import/Export Opportunity

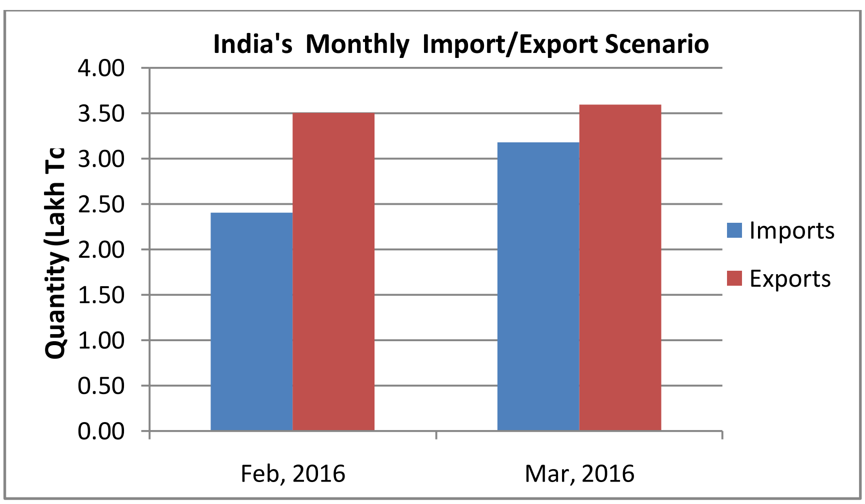
Indian indicative raw sugar CIF prices from Brazil quoted at $542.40 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $550.05 per ton.

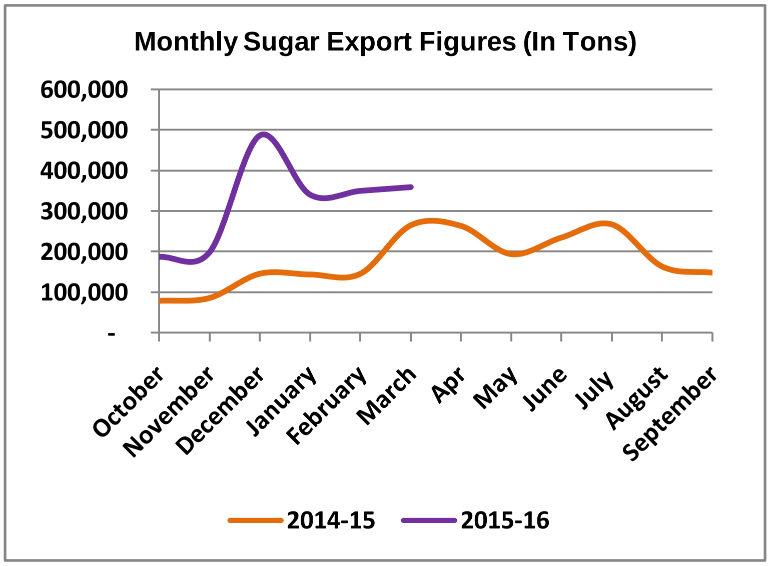
On International front, Brazil sugar FOB prices quoted at $521.30/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

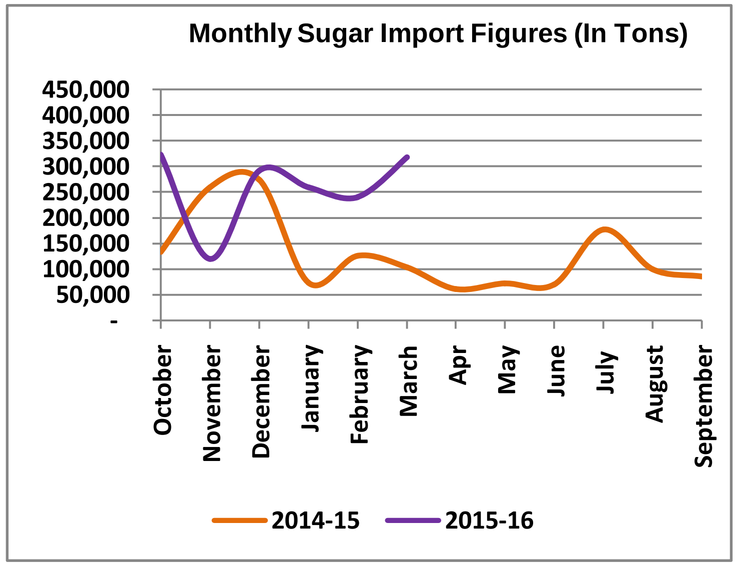
Indicative Sugar FOB Prices (USD/MT) ($=Rs.66.54) as on 22nd Apr, 2016			
	Brazil	Thailand (100 Icumsa May Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$521.30	$502.15/456.50	$550.05

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 decreased while volume surged up for the week.
- RSI is hovering in an overbought region.
- MACD signal line and center line denotes bullish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3270	3350	3361	3500	3600
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	Sell	Below 3370	3270	3220	3430

Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closes at Rs 3550/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3757 and Rs 3490 per quintal.

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.

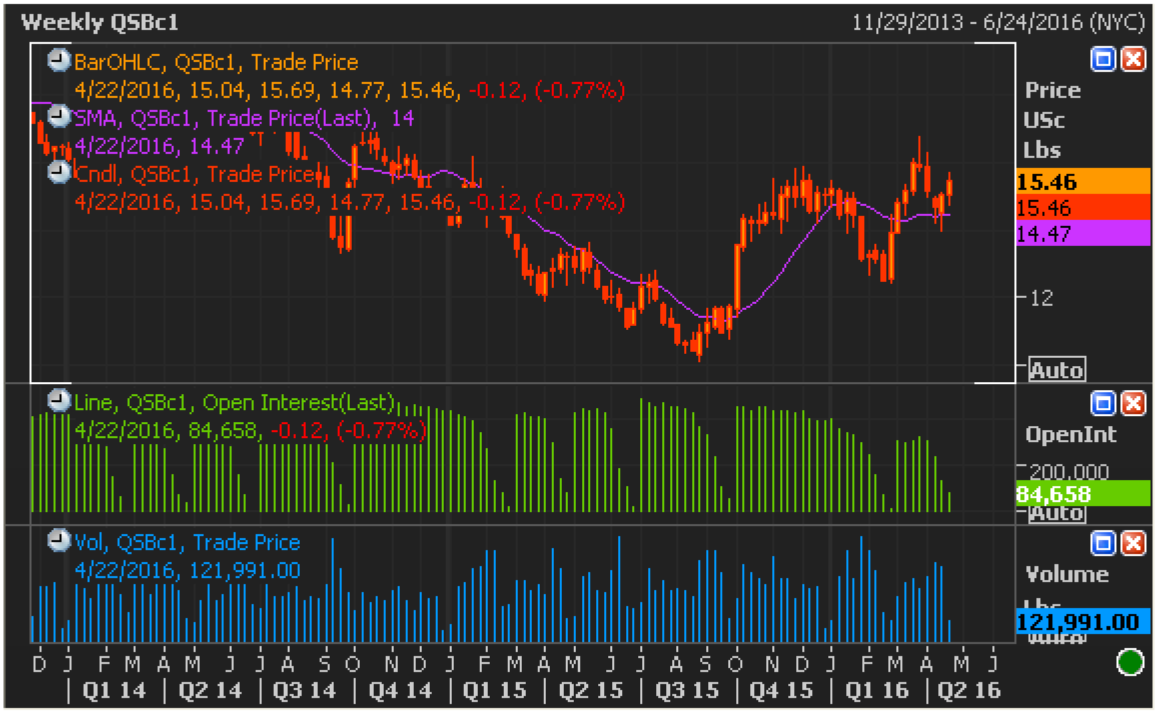
LIFFE Future Market Sugar Scenario (Aug'16 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 455.32 with a target of 467.79

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'16**	455.32	467.79

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 15.48 with target of 15.98

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'16	15.48	15.98

Gur Market Scenario

Spot gur market remained buoyant with price rising in most of the Indian markets. Prices of Chaku Sukha(Cold), variety of gur from key Muzaffarnagar market rose by Rs 139/quintal from Rs 2763 to Rs 2903 per quintal this week. Similarly, prices of Other (Average) variety of gur from Gulbarga rose by Rs 490/quintal from Rs 3257/quintal to Rs 3747/quintal this week.
However, prices of Khurpa (Fresh) and Rascut (Fresh) variety from Muzaffarnagar slid down by Rs 44 and Rs 10 pr quintal to Rs 2648 and Rs 2526 per quintal this week.

Technical Analysis - Gur (Chaku) at Spot (Muzaffarnagar) market

- Prices of chaku variety of gur in key Muzaffarnagar market closes at Rs 3038/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3079 and Rs 2977 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			16th to 21st April 2016	8th to 14th April 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2903	2763	139
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	19000	32000	-13000
	Muzaffarnagar	Khurpa (Fresh)	2648	2692	-44
	Muzaffarnagar	Laddoo (Fresh)	2981	2925	56
	Muzaffarnagar	Rascut (Fresh)	2526	2535	-10
	Hapur	Chaursa	2756	2595	161
	Hapur	Balti	2731	2615	116
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3750	3750	Unch
	Belgaum	Mudde (Average)	2750	2667	83
	Belthangadi	Yellow (Average)	3800	2745	1055
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3747	3257	490
	Mahalingapura	Penti (Average)	3464	3434	30
	Mandya	Achhu (Medium)	3363	3200	163
	Mandya	Kurikatu (Medium)	2775	2750	25
	Mandya	Other (Medium)	2863	2850	13
	Mandya	Yellow (Medium)	3200	3000	200
	Shimoga	Achhu (Average)	3483	3200	283

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			21-Apr-16	14-Apr-16	21-Mar-16	21-Apr-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3038	3013	2600	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	4000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2713	2700	2475	NA
	Muzaffarnagar	Laddoo (Fresh)	3000	2938	2550	NA
	Muzaffarnagar	Rascut (Fresh)	2525	2525	2425	NA
	Hapur	Chaursa	2775	2700	Closed	NA
	Hapur	Balti	2750	2700	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	3750	3750	3200	NA
	Belgaum	Mudde (Average)	2800	2600	2500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	NA	2585	NA
	Mahalingapura	Penti (Average)	3481	3458	3035	NA
	Mandya	Achhu (Medium)	3400	3200	2900	NA
	Mandya	Kurikatu (Medium)	2800	2750	2800	NA
	Mandya	Other (Medium)	2850	2850	2550	NA
	Mandya	Yellow (Medium)	3300	3050	2850	NA
	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			16th to 21st April 2016	8th to 14th April 2016	
Delhi	Delhi	M-Grade	3673	3599	74
	Delhi	S-Grade	3653	3579	74
Uttar Pradesh	Khatauli	M-Grade	3677	3614	63
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3540	3571	-31
	Dhampur	S-Grade Ex-Mill	3520	3551	-31
	Dhampur	L-Grade Ex-Mill	3590	3621	-31
Maharashtra	Mumbai	M-Grade	3771	3754	16
	Mumbai	S-Grade	3684	3658	26
	Nagpur	M-Grade	NA	NA	-
	Nagpur	S-Grade	NA	NA	-
	Kolhapur	M-Grade	3620	3533	87
	Kolhapur	S-Grade	3520	3417	103
Assam	Guhawati	S-Grade	3837	3732	105
Meghalaya	Shillong	S-Grade	3840	3737	103
Andhra Pradesh	Vijayawada	M-Grade	3988	3997	-9
	Vijayawada	S-Grade	3828	3837	-9
West Bengal	Kolkata	M-Grade	3830	3736	94
Tamil Nadu	Chennai	S-Grade	3560	3630	-70
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3034	3037	-3
	Ambikapur	S-Grade (Without Duty)	3034	3033	1
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			**21-Apr-16**	**14-Apr-16**	**21-Mar-16**	**21-Apr-15**
Delhi	Delhi	M-Grade	3675	3580	3445	2700
	Delhi	S-Grade	3655	3560	3425	2650
Uttar Pradesh	Khatauli	M-Grade	NA	3620	3220	NA
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	NA	3575	3170	NA
	Dhampur	S-Grade Ex-Mill	NA	3555	3150	NA
	Dhampur	L-Grade Ex-Mill	NA	3625	3220	NA
Maharashtra	Mumbai	M-Grade	3766	3736	3470	2780
	Mumbai	S-Grade	3680	3660	3360	2546
	Nagpur	M-Grade	NR	NA	NR	NA
	Nagpur	S-Grade	NR	NA	NR	2600
	Kolhapur	M-Grade	3550	Closed	3300	2450
	Kolhapur	S-Grade	3450	Closed	3200	2350
Assam	Guhawati	S-Grade	3766	Closed	3512	2649
Meghalaya	Shillong	S-Grade	3770	Closed	3520	2670
Andhra Pradesh	Vijayawada	M-Grade	4000	3980	3630	2960
	Vijayawada	S-Grade	3840	3820	3470	2860
West Bengal	Kolkata	M-Grade	Closed	Closed	3540	2760
Tamil Nadu	Chennai	S-Grade	3550	Closed	3150	2525
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3030	3025	3035
	Ambikapur	S-Grade (Without Duty)	3035	3030	3025	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**20-Apr-16**	**13-Apr-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-May**	15.57	14.01	**1.560**
	16-Jul	15.81	14.29	**1.520**
	16-Oct	16.06	14.56	**1.500**
LIFFE Sugar (US $/MT)	**16-Aug**	456.50	416.70	**39.80**
	16-Oct	452.90	415.30	**37.60**
	16-Dec	452.00	415.00	**37.00**

Indian Sugar Production Scenario Up to 15th April, 2016

States	**Sugar Produced (Lakh Tons)**	
	2015-16	**2014-15**
Maharashtra	83.60	99.61
Uttar Pradesh	67.75	67.85
Karnataka	40.20	45.86
Tamil Nadu	9.25	8.25
All India	**243.44**	**264.68**

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