



Sugar & Gur Weekly Research Report

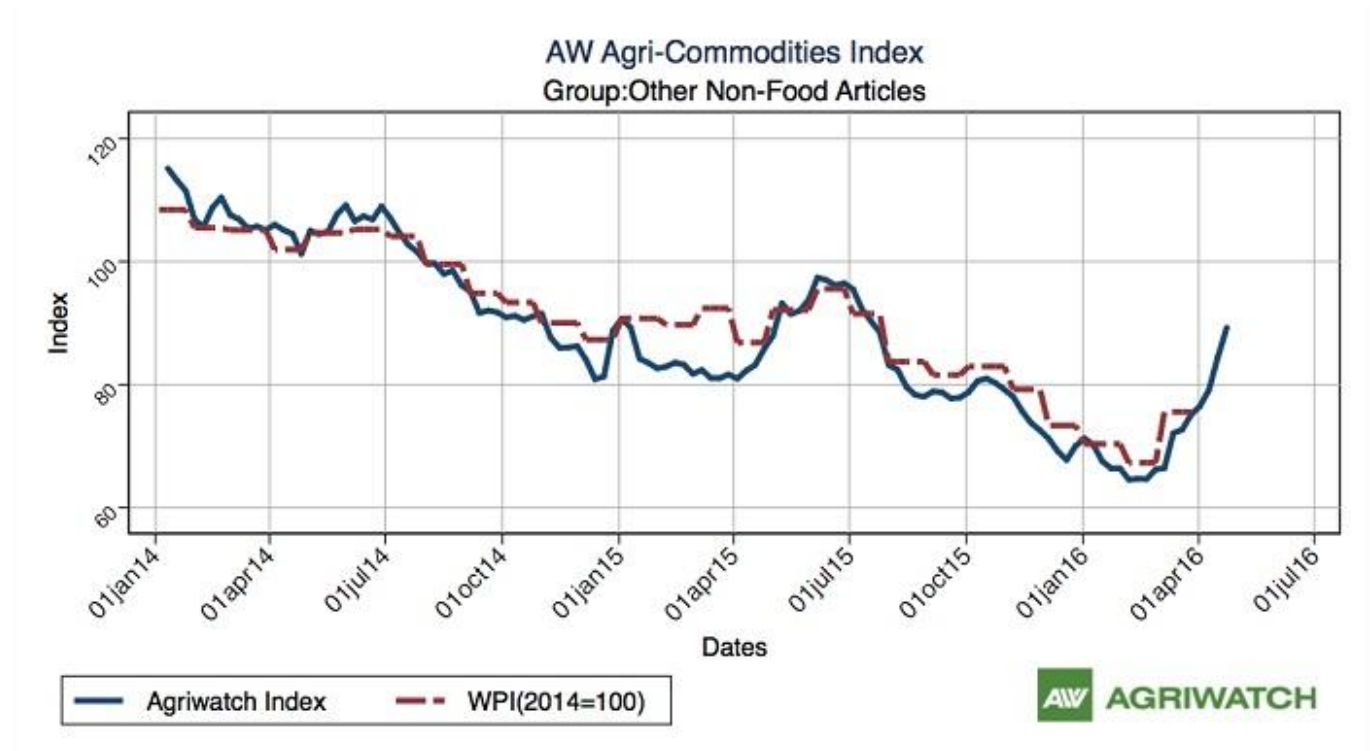
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Agriwatch Sweeteners Index
- ❖ Price Projection
- ❖ International Sugar Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Indian Sugar Production Scenario
- ❖ Sugar Export/Import Opportunity
- ❖ Sugar Export/Import Scenario
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ International Market Fundamentals
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario
- ❖ Annexure

Domestic Sugar Market Summary

Spot sugar prices fell down this 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 30, 2016



According to Agriwatch, Sweeteners (Sugar, Gur & Khandsari) Index, sweeteners price fell by 2.28% to 115.54 during the week ending on Apr 30, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

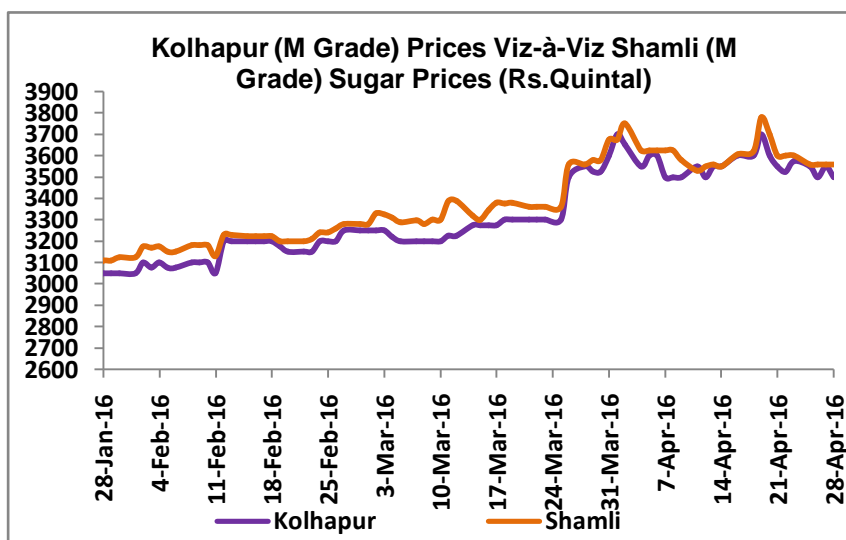
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3550 - 3350 per quintal next week.

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 (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 \$558.79 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$541.07 per ton.

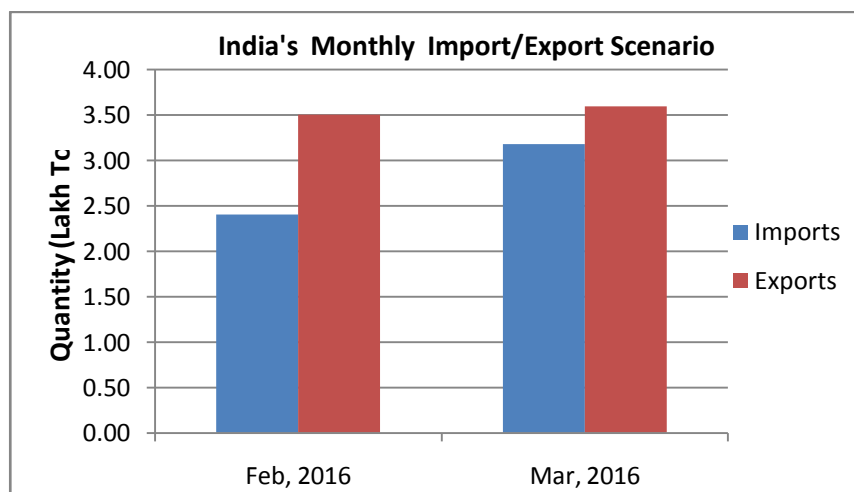
On International front, Brazil sugar FOB prices quoted at \$530.40/ Ton.

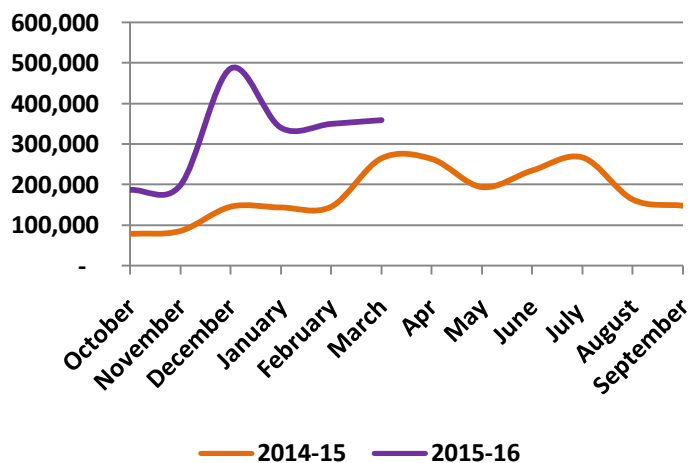
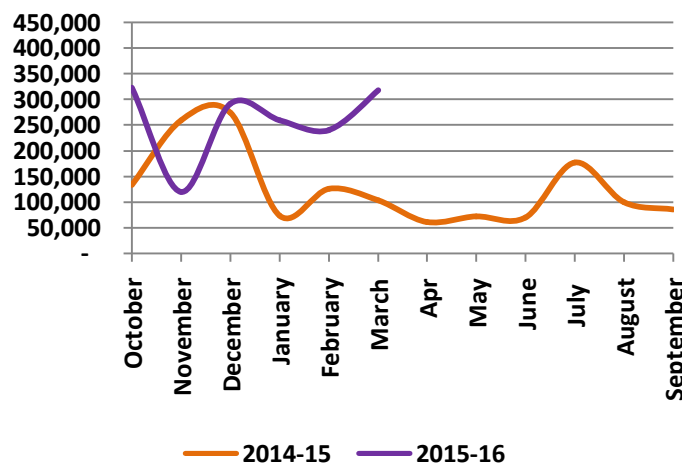
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.35) as on 02 nd May, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$530.40	\$499.70/457.70	\$541.07

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.



Monthly Sugar Export Figures (In Tons)

Monthly Sugar Import Figures (In Tons)


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, volume and O.I decreased indicating consolidation in the market.
- 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	3200	3250	3339	3400	3450
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Sell	Below 3350	3300	3275	3380

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



- Sugar spot prices at benchmark Kolhapur market closes at Rs 3500/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3600 and Rs 3445 per quintal.

International Market Fundamentals

- Brazil crushes record amount of sugarcane in the current season. It is expected to crush 605 to 630 MMT of cane in 2016/17. Sugar production is expected to be 33.5 MMT to 35 MMT, up from 31.2 MMT last year: UNICA.
- 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.
- 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.

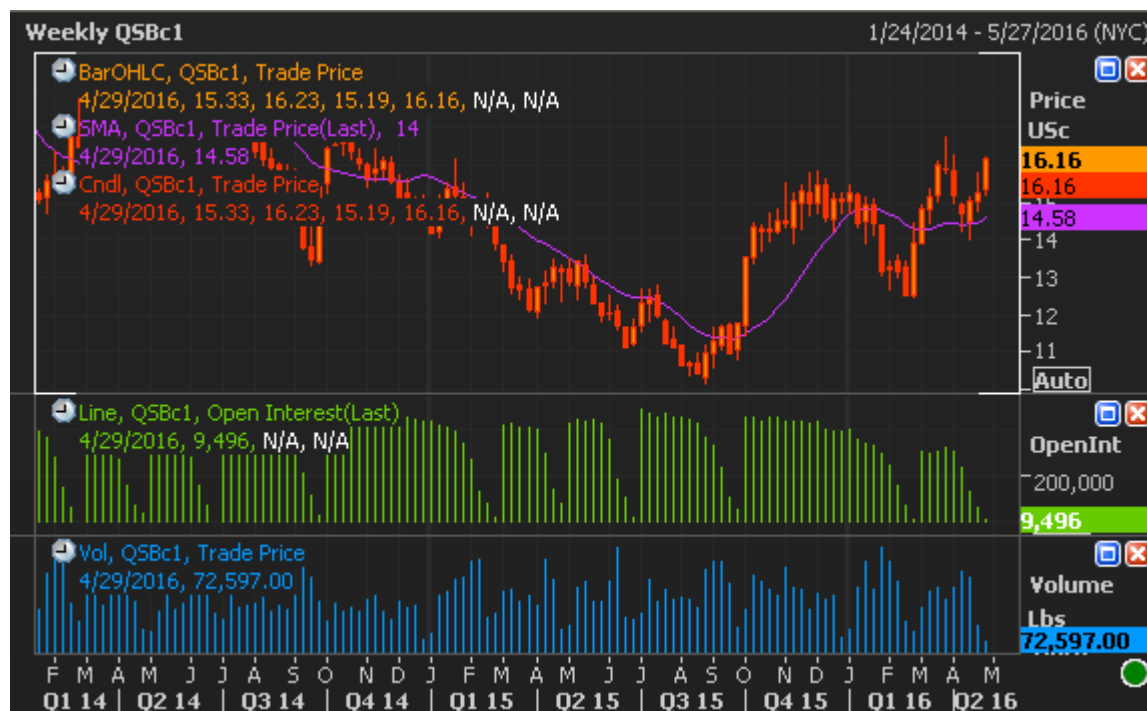
LIFFE Future Market Sugar Scenario (Aug'16 Contract)



Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
Strategy: Buy at 467.5 with a target of 477.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'16	467.5	477.2

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

Technical Commentary:

- ICE raw sugar futures trend upwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 16.18 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	16.18	16.45

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 567/quintal from Rs 3483/quintal to Rs 4050/quintal this week. Similarly, prices of Yellow (Medium) and Mudde (Average) variety of gur from Mandya and Bangalore rose by Rs 100/quintal each to Rs 3300/quintal and Rs 3850/quintal respectively.

On the other hand, prices of Yellow (Average) variety of gur from Belthangadi fell by Rs 400/quintal from Rs 3800/quintal to Rs 3400/quintal this week. Similarly, prices of Other (Average) from Gulbarga fell by Rs 224/quintal to Rs 3523/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closes at Rs 3000/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3080 and Rs 2935 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			22th to 28th April 2016	15th to 21th April 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2787	2903	-116
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	14000	19000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2697	2648	49
	Muzaffarnagar	Laddoo (Fresh)	2947	2981	-34
	Muzaffarnagar	Rascut (Fresh)	2551	2526	25
	Hapur	Chaursa	2750	2756	-6
	Hapur	Balti	2750	2731	19
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3850	3750	100
	Belgaum	Mudde (Average)	2767	2750	17
	Belthangadi	Yellow (Average)	3400	3800	-400
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3523	3747	-224
	Mahalingapura	Penti (Average)	3444	3464	-20
	Mandya	Achhu (Medium)	3350	3363	-13
	Mandya	Kurikatu (Medium)	2813	2775	38
	Mandya	Other (Medium)	2825	2863	-38
	Mandya	Yellow (Medium)	3300	3200	100
	Shimoga	Achhu (Average)	4050	3483	567

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			28-Apr-16	21-Apr-16	28-Mar-16	28-Apr-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3000	3038	2700	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	3000	3000	NA
	Muzaffarnagar	Khurpa (Fresh)	2675	2713	2588	2350
	Muzaffarnagar	Laddoo (Fresh)	2938	3000	2850	2650
	Muzaffarnagar	Rascut (Fresh)	2575	2525	2500	NA
	Hapur	Chaurasa	2750	2775	Closed	NA
	Hapur	Balti	2750	2750	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4000	3750	3700	3500
	Belgaum	Mudde (Average)	2800	2800	2500	NA
	Belthangadi	Yellow (Average)	3750	NA	2461	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3540	3640	NA	NA
	Mahalingapura	Penti (Average)	3405	3481	3250	2646
	Mandya	Achhu (Medium)	3300	3400	2900	2400
	Mandya	Kurikatu (Medium)	2900	2800	2800	2250
	Mandya	Other (Medium)	2800	2850	2650	2300
	Mandya	Yellow (Medium)	3300	3300	2850	2400
	Shimoga	Achhu (Average)	4050	NA	NA	2700

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			22th to 28th April 2016	15th to 21th April 2016	
Delhi	Delhi	M-Grade	3584	3673	-89
	Delhi	S-Grade	3564	3653	-89
Uttar Pradesh	Khatauli	M-Grade	3600	3677	-77
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3560	3540	20
	Dhampur	S-Grade Ex-Mill	3540	3520	20
	Dhampur	L-Grade Ex-Mill	3610	3590	20
Maharashtra	Mumbai	M-Grade	3760	3771	-11
	Mumbai	S-Grade	3664	3684	-20
	Nagpur	M-Grade	NA	NA	-
	Nagpur	S-Grade	NA	NA	-
	Kolhapur	M-Grade	3540	3620	-80
	Kolhapur	S-Grade	3440	3520	-80
Assam	Guhawati	S-Grade	3756	3837	-81
Meghalaya	Shillong	S-Grade	3760	3840	-80
Andhra Pradesh	Vijayawada	M-Grade	4000	3988	12
	Vijayawada	S-Grade	3840	3828	12
West Bengal	Kolkata	M-Grade	3764	3830	-66
Tamil Nadu	Chennai	S-Grade	3550	3560	-10
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3034	1
	Ambikapur	S-Grade (Without Duty)	3035	3034	1

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

International Sugar Prices (Weekly)				
	Contract Month	27-Apr-16	20-Apr-16	Change
ICE Sugar #11 (US Cent/lb)	16-May	15.55	15.57	-0.02
	16-Jul	15.84	15.81	0.03
	16-Oct	16.17	16.06	0.11
LIFFE Sugar (US \$/MT)	16-Aug	460.80	456.50	4.30
	16-Oct	456.30	452.90	3.40
	16-Dec	455.70	452.00	3.70

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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2016 Indian Agribusiness Systems Pvt Ltd.