



Sugar & Gur Weekly Research Report

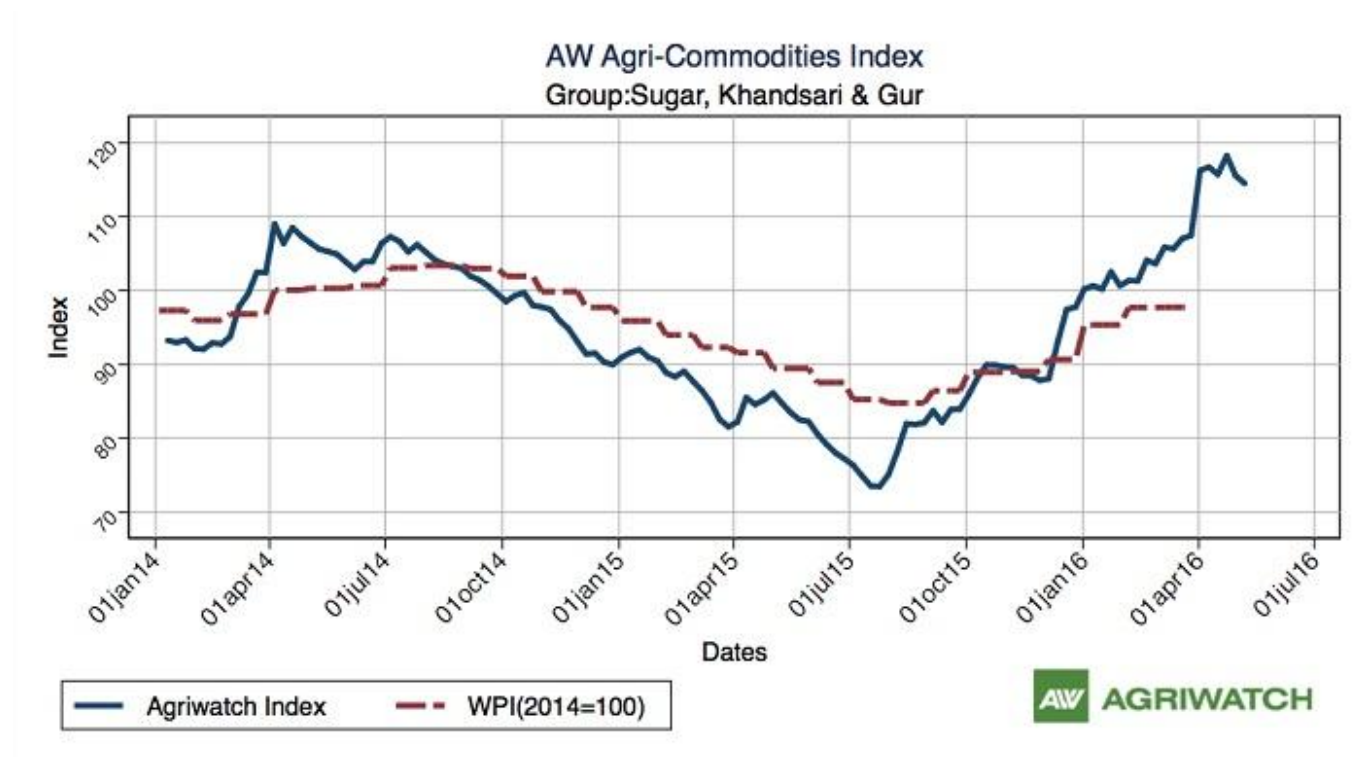
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Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amid announcement from the government to impose stock limit on sugar. 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– 08th May, 2016



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

According to Agriwatch, Sweeteners (Sugar, Gur & Khandsari) Index, sweeteners price fell by 0.90% to 114.50 during the week ending on 08th May, 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 3450 - 3600 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.

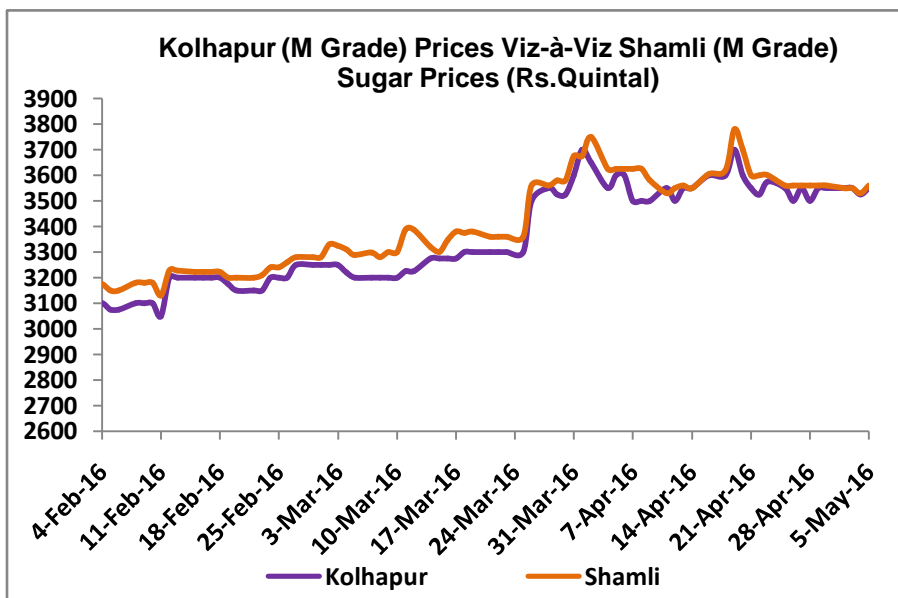
Domestic Market Fundamentals

- India is soon expected to scrap its mandatory sugar export promotion scheme which made it mandatory for mills to export 3.2 MT of sugar during the year 2015-16. Lower sugar production estimate this year as well as next year could be cited responsible for the decision made. If implemented, the move is expected to bring down domestic sugar prices by increasing the domestic stock availability.

- With a view to control soaring sugar prices, the govt. of India had allowed states to levy stock limit on sugar. Owing to this limit imposed, sugar stock at NCDEX

warehouses have reduced to 61 thousand tons by 02nd May, 2016.

- As per the Agriwatch estimate, India is expected to produce 250 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Sep, 2016) and India's sugar import is expected to rise to 24.79 lakh tons during the same period
- India produced 246 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) which was 10.87% lower than the sugar produced last year during the corresponding period. However, as per the Agriwatch estimates India is expected to produce 250 lakh tons of sugar during MY 2015-16.
- India produced 246 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) which was 10.87% lower than the sugar produced during the corresponding period last year. However, as per the Agriwatch estimates India is expected to produce 250 lakh tons of sugar during MY 2015-16.



- India's biggest sugar producing state, Maharashtra produced 83.75 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) compared to 103.47 lakh tons of sugar produced last year during the corresponding period.
- A lower cane crushing in U.P this year led the state to produce only 68 lakh tons of sugar (though achieved a higher recovery rate of 10.60%) in 2015-16(01st Oct, 2015 – 30th Apr, 2016 compared to 70.42 lakh tons of production made last year during the same interval.
- Sugar production in Karnataka fell by 16% as the state produced 40.37 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) compared to 48.06 lakh tons of production made last year during the corresponding period.
- 35 sugar mills in Tamil Nadu had produced 10.50 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016) which was 10.76% higher than the sugar produced during the corresponding interval last year.
- Gujarat, Uttarakhand, Bihar, Punjab, Haryana, M.P and Andhra Pradesh produced 11.60 lakh tons, 2.68 lakh tons, 5.01 lakh tons, 6.35 lakh tons, 5.40 lakh tons, 3.67 lakh tons and 8.10 lakh tons of sugar in 2015-16 (01st Oct, 2015 – 30th Apr, 2016).

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$540.85 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$538.38 per ton.

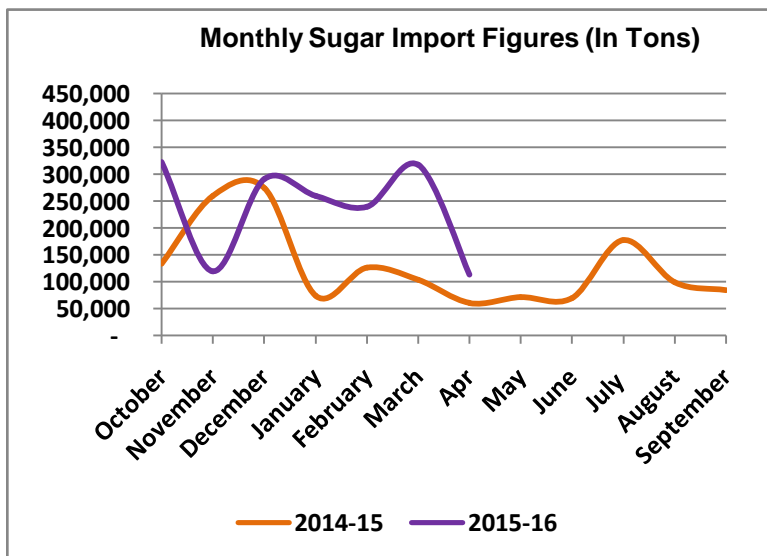
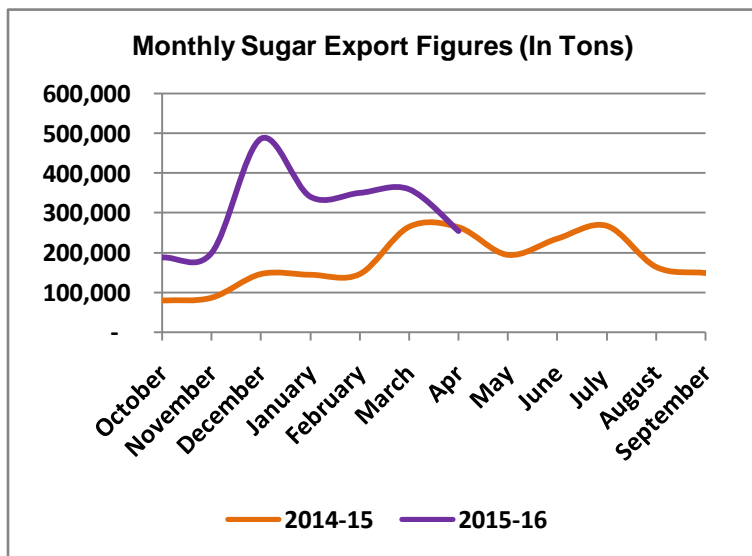
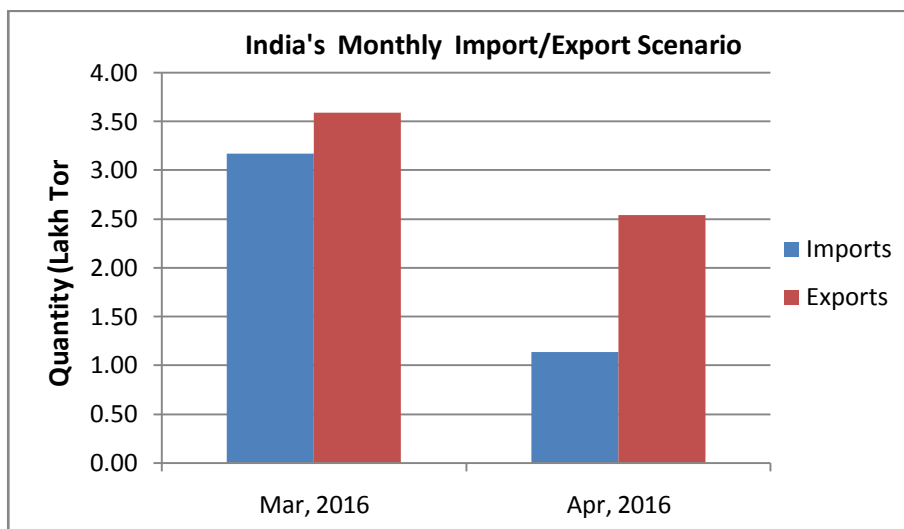
On International front, Brazil sugar FOB prices quoted at \$526.20/ Ton.

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 09th May, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$526.20	\$517.90/461.20	\$538.38

Sugar Import and Export Scenario

India exported 2.54 lakh tons of sugar while imported 1.14 lakh tons of sugar in April, 2016. However, the country exported 3.59 lakh tons of sugar in March, 2016 relative to 3.17 lakh ton of imports during the same period.



Indian sugar imports rose by 88% (when compared with the sugar imported last year in April, 2016) amidst reports of domestic production deficit forecast for the year 2015-16. While, the mandatory sugar export promotion scheme compelled the Indian traders to export more of their sugar to the international market.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (July Weekly Chart)



Technical Commentary:

- Sugar prices rose while volume fell down for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	3400	3460	3551	3650	3700
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Sell	Below 3560	3510	3485	3590

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 3605 and Rs 3500 per quintal.

International Market Fundamentals

- Favorable dry weather condition and a good harvest this year led Brazil to export 1.23 MT of raw sugar in April, 2016 compared to 0.62 MT of exports made last year in April, 2015.
- 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.
- The Thailand govt. is expected to sell 72 thousand tons of high polarization (raw) sugar (due for shipment in March and May 2017) at a tender on 10th May, 2016.
- Indonesia's sugar production is expected to decline to 2.5 MT amid El Nino related weather factors prevailing during the year 2016
- 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.
- Thailand's sugar export is expected to decline to 7.1 MT in 2016 led by 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.
- 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 (Aug'16 Contract)



Technical Commentary

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 456.2 with a target of 448.8

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	456.2	448.8

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



Technical Commentary:

- ICE raw sugar futures trend downwards for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 15.60 with target of 15.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	15.60	15.35

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of ChakuSukha(Cold) variety of gur from key Muzzafar Nagar market rose by Rs 172/quintal despite receiving a higher arrival during the week. Similarly, prices of Mudde (Average) variety of gur from Bangalore rose by Rs 150/quintal from Rs 3850/quintal to Rs 4000/quintal this week.

On the other hand, prices of Yellow (Average) variety of gur from Belthangadi fell by Rs 333/quintal from Rs 3400/quintal to Rs 3067/quintal this week. Similarly, prices of Achhu (Medium) variety of gur from Mandya fell down from Rs 3350/quintal to Rs 3150/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closes at Rs 2875/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3001 and Rs 2838 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			29th April to 05th May 2016	22th to 28th April 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2959	2787	172
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	15500	14000	1500
	Muzaffarnagar	Khurpa (Fresh)	2707	2697	10
	Muzaffarnagar	Laddoo (Fresh)	2925	2947	-22
	Muzaffarnagar	Rascut (Fresh)	2565	2551	14
	Hapur	Chaurasa	2813	2750	63
	Hapur	Balti	2775	2750	25
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4000	3850	150
	Belgaum	Mudde (Average)	2700	2767	-67
	Belthangadi	Yellow (Average)	3067	3400	-333
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3478	3523	-45
	Mahalingapura	Penti (Average)	3365	3444	-79
	Mandya	Achhu (Medium)	3150	3350	-200
	Mandya	Kurikatu (Medium)	2900	2813	88
	Mandya	Other (Medium)	2780	2825	-45
	Mandya	Yellow (Medium)	3060	3300	-240
	Shimoga	Achhu (Average)	3983	4050	-67

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			5-May-16	28-Apr-16	5-Apr-16	5-May-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2875	3000	2885	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	1500	8000	NA
	Muzaffarnagar	Khurpa (Fresh)	2738	2675	2838	2470
	Muzaffarnagar	Laddoo (Fresh)	2925	2938	2888	2740
	Muzaffarnagar	Rascut (Fresh)	2563	2575	2500	NA
	Hapur	Chaurasa	2875	2750	2500	NA
	Hapur	Balti	2825	2750	2438	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4000	4000	3700	3900
	Belgaum	Mudde (Average)	NA	2800	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3540	2900	2500
	Mahalingapura	Penti (Average)	3279	3405	NA	2525
	Mandya	Achhu (Medium)	3100	3300	3150	2500
	Mandya	Kurikatu (Medium)	2900	2900	2800	2300
	Mandya	Other (Medium)	2800	2800	2900	2400
	Mandya	Yellow (Medium)	3000	3300	3150	2500
	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			29th April to 05th May 2016	22nd to 28th April 2016	
Delhi	Delhi	M-Grade	3521	3584	-63
	Delhi	S-Grade	3501	3564	-63
Uttar Pradesh	Khatauli	M-Grade	3586	3600	-14
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3529	3560	-31
	Dhampur	S-Grade Ex-Mill	3509	3540	-31
	Dhampur	L-Grade Ex-Mill	3579	3610	-31
Maharashtra	Mumbai	M-Grade	3737	3760	-22
	Mumbai	S-Grade	3639	3664	-25
	Nagpur	M-Grade	3650	NA	-
	Nagpur	S-Grade	3540	NA	-
	Kolhapur	M-Grade	3545	3540	5
	Kolhapur	S-Grade	3435	3440	-5
Assam	Guhawati	S-Grade	3750	3756	-5
Meghalaya	Shillong	S-Grade	3755	3760	-5
Andhra Pradesh	Vijayawada	M-Grade	3940	4000	-60
	Vijayawada	S-Grade	3800	3840	-40
West Bengal	Kolkata	M-Grade	3760	3764	-4
Tamil Nadu	Chennai	S-Grade	3520	3550	-30
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	Unch
	Ambikapur	S-Grade (Without Duty)	3035	3035	Unch

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			5-May-16	28-Apr-16	5-Apr-16	5-May-15
Delhi	Delhi	M-Grade	3515	3550	3630	2700
	Delhi	S-Grade	3495	3530	3610	2630
Uttar Pradesh	Khatauli	M-Grade	3605	3600	3650	NA
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3540	3560	NA	NA
	Dhampur	S-Grade Ex-Mill	3520	3540	NA	NA
	Dhampur	L-Grade Ex-Mill	3590	3610	NA	NA
Maharashtra	Mumbai	M-Grade	3746	3712	3750	2772
	Mumbai	S-Grade	3626	3612	3660	2602
	Nagpur	M-Grade	3675	NR	NR	NR
	Nagpur	S-Grade	3575	NR	NR	2650
	Kolhapur	M-Grade	3550	3500	3600	2475
	Kolhapur	S-Grade	3450	3400	3500	2375
Assam	Guhawati	S-Grade	3766	3715	3816	2675
Meghalaya	Shillong	S-Grade	3770	3720	3820	2695
Andhra Pradesh	Vijayawada	M-Grade	3940	4000	4000	2960
	Vijayawada	S-Grade	3800	3840	3840	2860
West Bengal	Kolkata	M-Grade	3730	3750	3750	2770
Tamil Nadu	Chennai	S-Grade	3500	3550	3650	2500
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	3050	2835
	Ambikapur	S-Grade (Without Duty)	3035	3035	3040	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						



International Sugar Prices (Weekly)				
	Contract Month	4-May-16	27-Apr-16	Change
ICE Sugar #11 (US Cent/lb)	16-Jul	16.65	15.55	1.10
	16-Oct	16.90	15.84	1.06
	17-Mar	17.33	16.17	1.16
LIFFE Sugar (US \$/MT)	16-Aug	476.80	460.80	16.00
	16-Oct	472.30	456.30	16.00
	16-Dec	471.10	455.70	15.40

Indian Sugar Production Scenario Up to 30th April, 2016

States	Sugar Produced (Lakh Tons)	
	2015-16	2014-15
Maharashtra	83.75	103.47
Uttar Pradesh	68.00	70.42
Karnataka	40.37	48.06
Gujarat	11.60	11.35
A.P +Telangana	8.10	8.80
Tamil Nadu	10.50	9.48
Bihar	5.01	5.23
All India	246.03	276.04



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