Sugar & Gur Weekly Research Report

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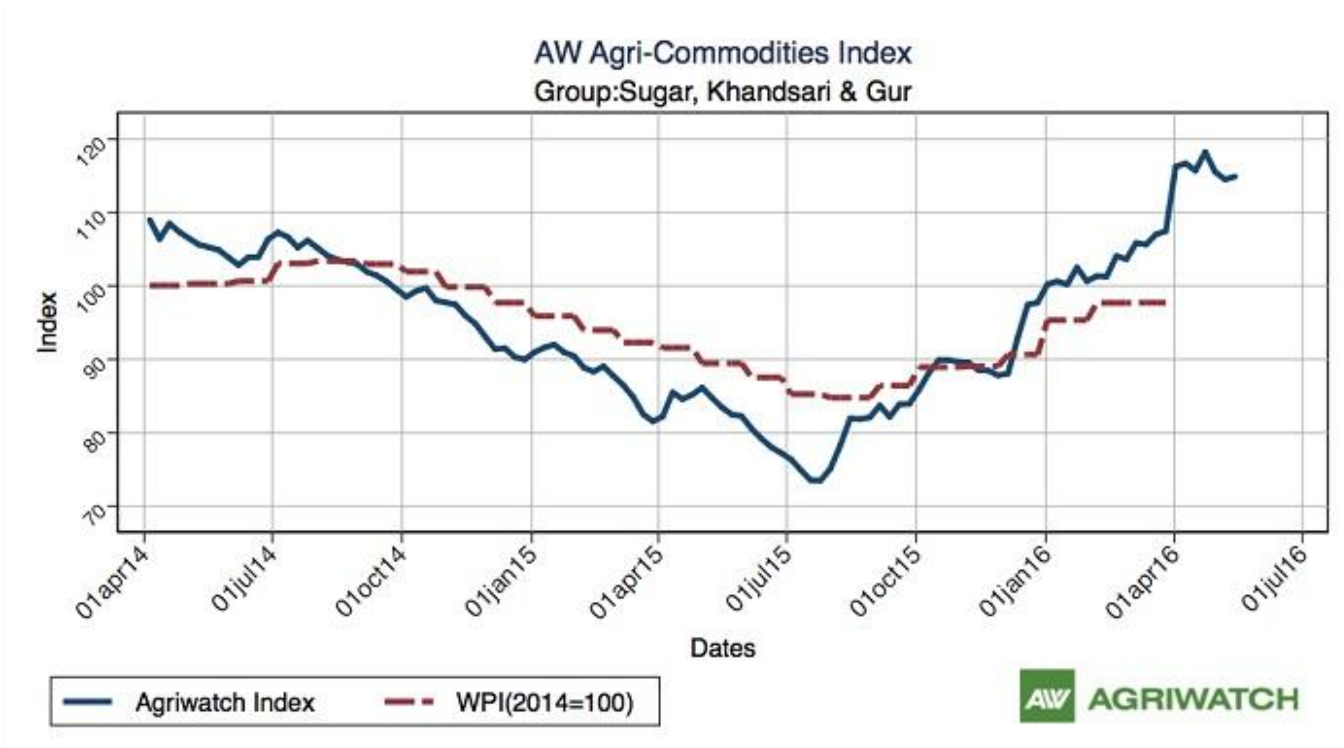
Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amid lower domestic demand from stockiest and retailers. 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– 14th 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 rose by 0.34% to 114.89 during the week ending on 14th May, 2016. Notably, the base for the Index is 2014 (= 100).

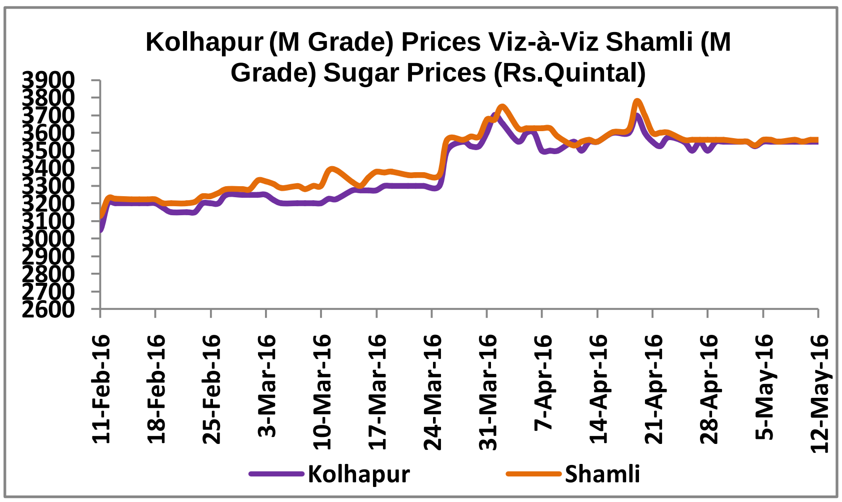
Price Projection For The Next Week

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 prices climbed this week amid rain forecast in main centre south Brazil this month which could temporarily slow down the pace of cane harvesting in the region.

Domestic Market Fundamentals



- Indian sugar export fell by 43% this week (ending on 08th May, 2016) as the country exported 38.6 thousand tons of sugar during the week compared to 67.6 thousand tons of exports made the previous week.
- Sugar mills in Maharashtra owed around Rs 2900 crore as the outstanding amount to the Maharashtra State Cooperative Bank (MSCB) by the end of the season.
- 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 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 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 Agriwatch estimates, India is expected to produce 250 lakh tons of sugar during MY 2015-16.

- India's largest 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 during the corresponding period of last year.
- 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

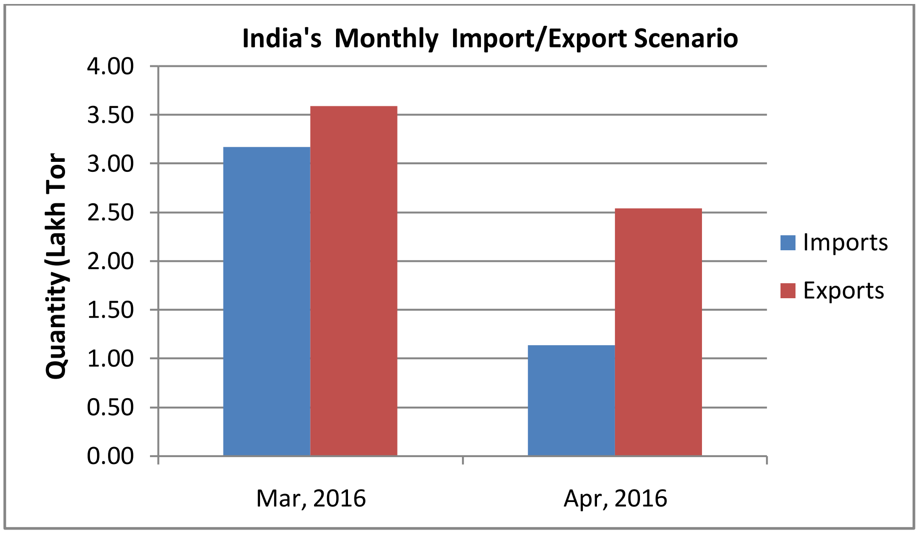
Indian indicative raw sugar CIF prices from Brazil quoted at $579.21 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $537.02 per ton.

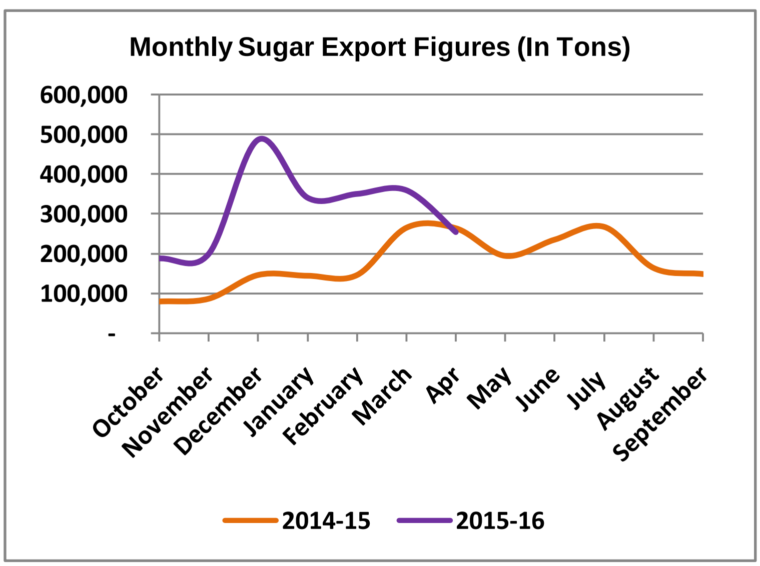
On International front, Brazil sugar FOB prices quoted at $532.20/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

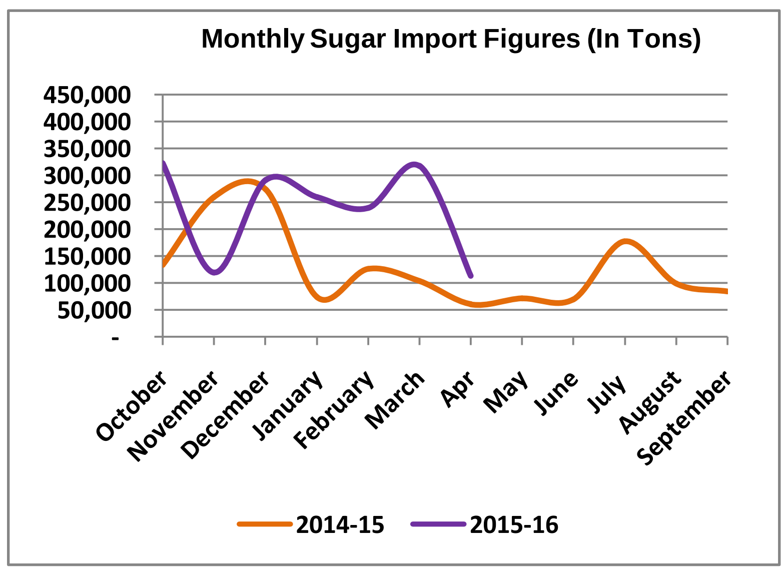
Indicative Sugar FOB Prices (USD/MT) ($=Rs.66.85) as on 13 May, 2016			
	Brazil	**Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$532.20	$528.20/479.80	$537.02

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 and volume decreased while O.I surged up 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	3537	3600	3680
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	July	**Sell**	Below 3540	3490	3465	3570

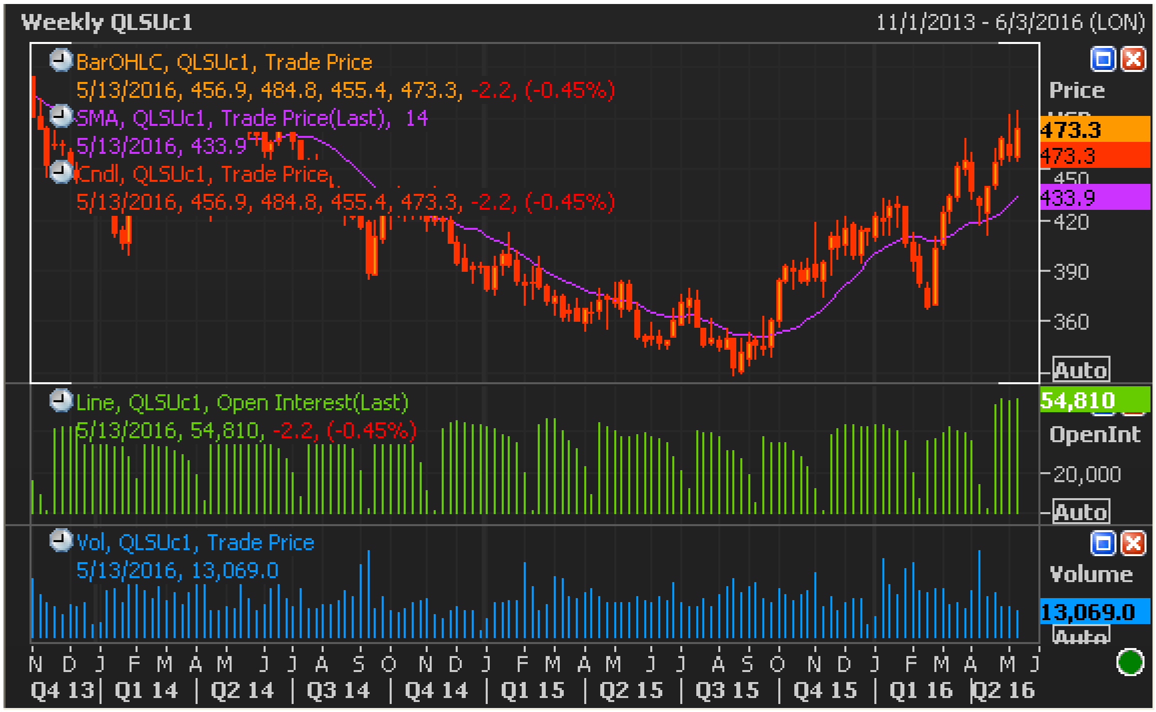
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closes at Rs 3545/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

- The Thailand govt. had sold 72,000 tons of raw sugar to Bunge BG.N at a premium of 137 points over global futures via a tender.
- 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.
- 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.
- 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.
- 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 (01^{st} Oct, 2015 – 30^{th} 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)

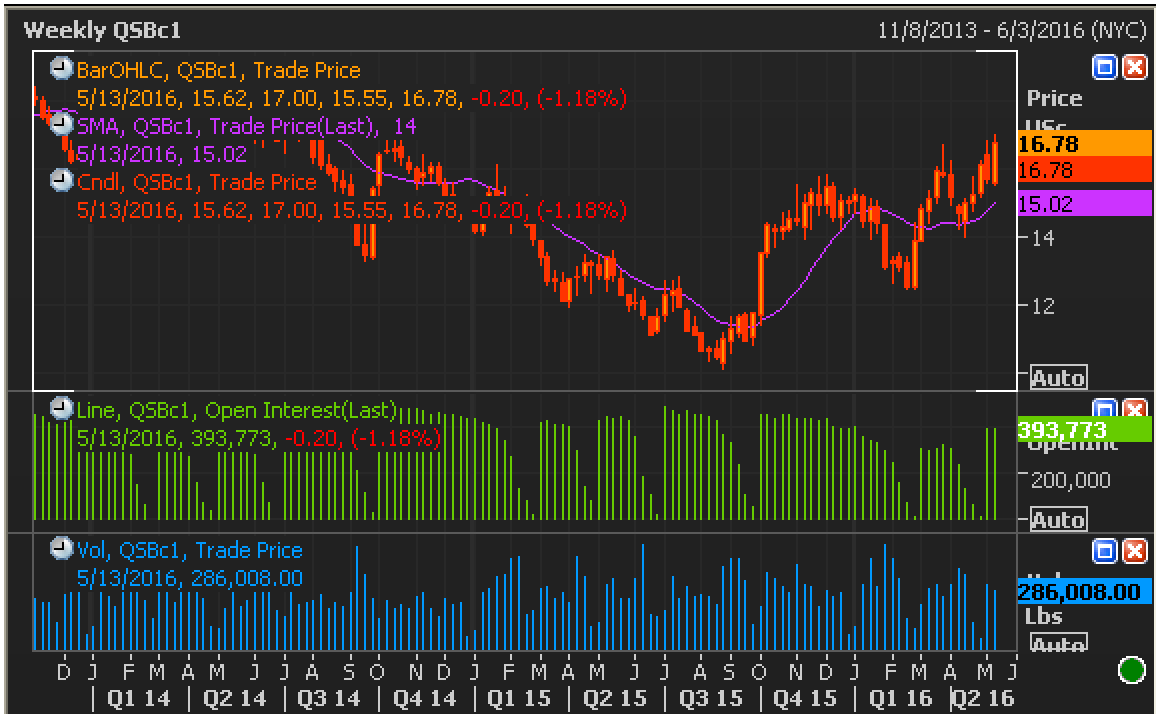


Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 473.8 with a target of 488.8

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Aug'16**	473.8	488.8

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 16.80 with target of 17.18

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**Jul'16**	16.80	17.18

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Other (Average) variety from Gulbarga rose by Rs 88/quintal from Rs 3478/quintal to Rs 3565/quintal this week. Similarly, prices of Khurpa (Fresh) and Laddoo (Fresh) variety of gur from key Muzzafar Nagar market rose by Rs 76 and Rs 40 per quintal respectively this week.

On the other hand, prices of Yellow (Average) variety of gur from Belthangadi fell by Rs 267/quintal from Rs 3067/quintal to Rs 2800/quintal this week. Similarly, prices of Achhu (Average) variety from Shimoga fell by Rs 83/quintal to Rs 3900/quintal this week.

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

- ➢ Prices of chaku variety of gur in key Muzaffarnagar market closes at Rs 2930/quintal this week.
- ➢ Next resistance and support level for the coming week has been seen at Rs 3005 and Rs 2874 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			06th May to 12th May 2016	29th April to 05th May 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2934	2959	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	13500	15500	-2000
	Muzaffarnagar	Khurpa (Fresh)	2783	2707	76
	Muzaffarnagar	Laddoo (Fresh)	2965	2925	40
	Muzaffarnagar	Rascut (Fresh)	2560	2565	-5
	Hapur	Chaursa	2875	2813	63
	Hapur	Balti	2822	2775	47
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4000	4000	Unch
	Belgaum	Mudde (Average)	2633	2700	-67
	Belthangadi	Yellow (Average)	2800	3067	-267
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3565	3478	88
	Mahalingapura	Penti (Average)	3351	3365	-15
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2800	2780	20
	Mandya	Yellow (Medium)	3000	3060	-60
	Shimoga	Achhu (Average)	3900	3983	-83

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			12-May-16	5-May-16	12-Apr-16	12-May-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2930	2875	3013	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	2000	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	2763	2738	2813	2250
	Muzaffarnagar	Laddoo (Fresh)	2988	2925	3013	2525
	Muzaffarnagar	Rascut (Fresh)	2550	2563	2550	NA
	Hapur	Chaursa	2875	2875	2625	NA
	Hapur	Balti	2825	2825	2600	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4000	4000	3750	4000
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3480	3550	3250	2485
	Mahalingapura	Penti (Average)	3401	3279	3425	2495
	Mandya	Achhu (Medium)	3100	3100	3200	2450
	Mandya	Kurikatu (Medium)	2900	2900	2750	2300
	Mandya	Other (Medium)	2800	2800	2850	2400
	Mandya	Yellow (Medium)	3000	3000	3000	2500
	Shimoga	Achhu (Average)	4050	4050	3200	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			06th May to 12th May 2016	29th April to 05th May 2016	
Delhi	Delhi	M-Grade	3537	3521	16
	Delhi	S-Grade	3517	3501	16
Uttar Pradesh	Khatauli	M-Grade	3603	3586	17
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3544	3529	15
	Dhampur	S-Grade Ex-Mill	3524	3509	15
	Dhampur	L-Grade Ex-Mill	3594	3579	15
Maharashtra	Mumbai	M-Grade	3752	3737	15
	Mumbai	S-Grade	3634	3639	-6
	Nagpur	M-Grade	3675	3650	25
	Nagpur	S-Grade	3575	3540	35
	Kolhapur	M-Grade	3550	3545	5
	Kolhapur	S-Grade	3450	3435	15
Assam	Guhawati	S-Grade	3766	3750	15
Meghalaya	Shillong	S-Grade	3770	3755	15
Andhra Pradesh	Vijayawada	M-Grade	3916	3940	-24
	Vijayawada	S-Grade	3776	3800	-24
West Bengal	Kolkata	M-Grade	3750	3760	-10
Tamil Nadu	Chennai	S-Grade	3500	3520	-20
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			**12-May-16**	**5-May-16**	**12-Apr-16**	**12-May-15**
Delhi	Delhi	M-Grade	3540	3515	3580	2660
	Delhi	S-Grade	3520	3495	3560	2560
Uttar Pradesh	Khatauli	M-Grade	3610	3605	3600	2700
	Ramala	M-Grade	NA	NA	NA	2680
	Dhampur	M-Grade Ex-Mill	3565	3540	3560	2600
	Dhampur	S-Grade Ex-Mill	3545	3520	3540	2580
	Dhampur	L-Grade Ex-Mill	3615	3590	3610	2650
Maharashtra	Mumbai	M-Grade	3756	3746	3770	2762
	Mumbai	S-Grade	3630	3626	3660	2592
	Nagpur	M-Grade	3675	3675	NA	NA
	Nagpur	S-Grade	3575	3575	NA	2600
	Kolhapur	M-Grade	3550	3550	3500	2440
	Kolhapur	S-Grade	3450	3450	3400	2340
Assam	Guhawati	S-Grade	3766	3766	3715	2639
Meghalaya	Shillong	S-Grade	3770	3770	3720	2660
Andhra Pradesh	Vijayawada	M-Grade	3900	3940	4000	2940
	Vijayawada	S-Grade	3760	3800	3840	2840
West Bengal	Kolkata	M-Grade	3690	3730	3740	2750
Tamil Nadu	Chennai	S-Grade	3450	3500	3600	2475
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	3030	2835
	Ambikapur	S-Grade (Without Duty)	3035	3035	3030	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**11-May-16**	**4-May-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**16-Jul**	16.77	16.65	**0.12**
	16-Oct	17.08	16.90	**0.18**
	17-Mar	17.53	17.33	**0.20**
LIFFE Sugar (US $/MT)	**16-Aug**	479.80	476.80	**3.00**
	16-Oct	475.60	472.30	**3.30**
	16-Dec	475.50	471.10	**4.40**

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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