



Sugar & Gur Weekly Research Report

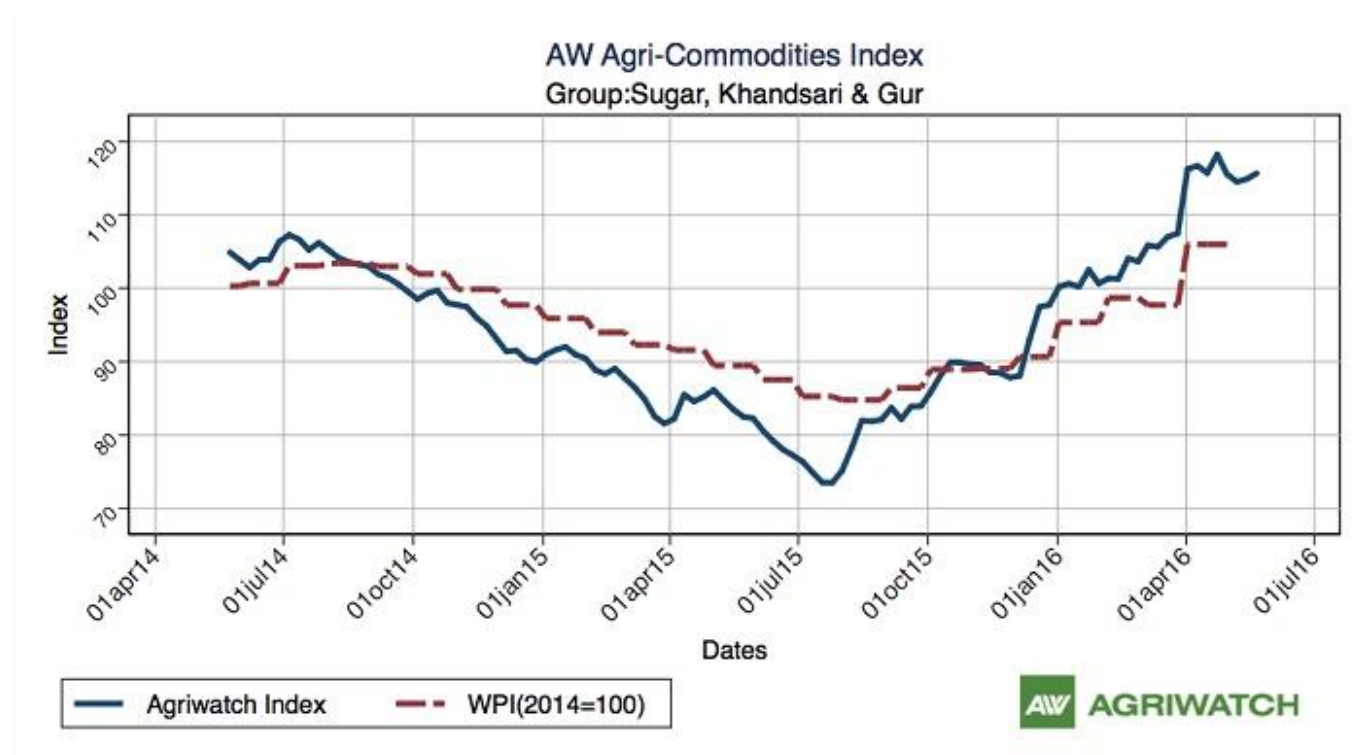
Contents

- ❖ 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 traded steady to firm amid summer seasonal demand for the product; however, the recent imposition of stock limit on sugar kept bulk buyers away from huge buying thus maintaining price at a steady level. However, according to Agriwatch, long term aspect of the sugar industry seems to be bullish with price expected to rise in future.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– May 21, 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 0.67% to 115.66 during the week ending on May 21, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

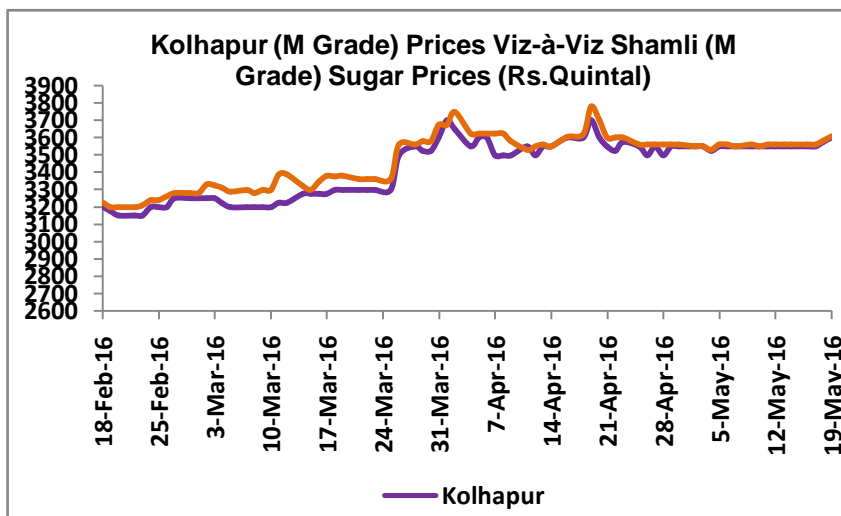
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3650 per quintal next week.

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 rose by 80% this week (ending on 15th May, 2016) as the country exported 69.4 thousand tons of sugar during the week compared to 38.6 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 during the corresponding period of last year.
- 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 \$570.54 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$534.34 per ton.

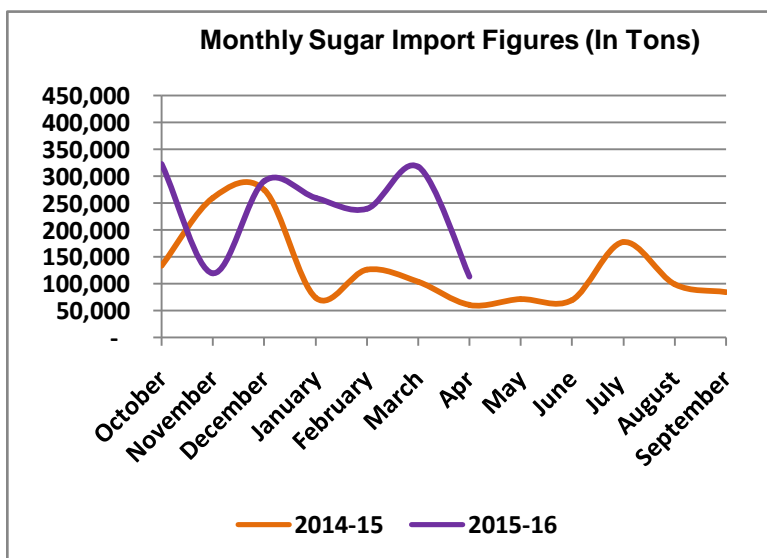
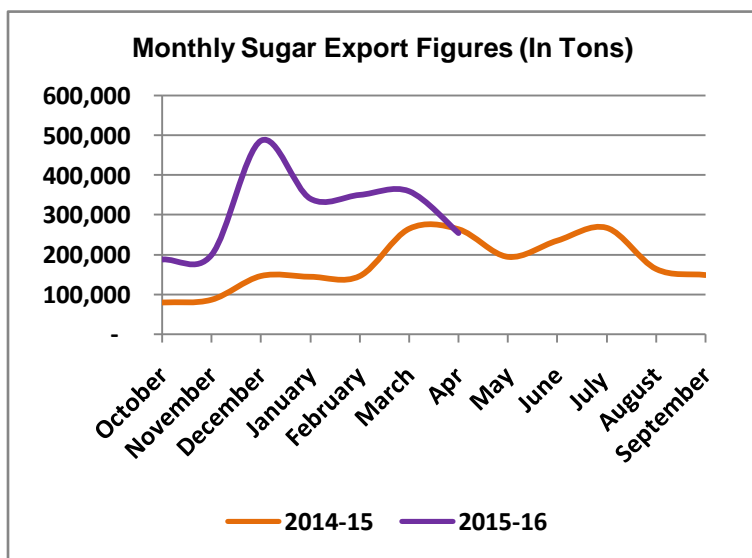
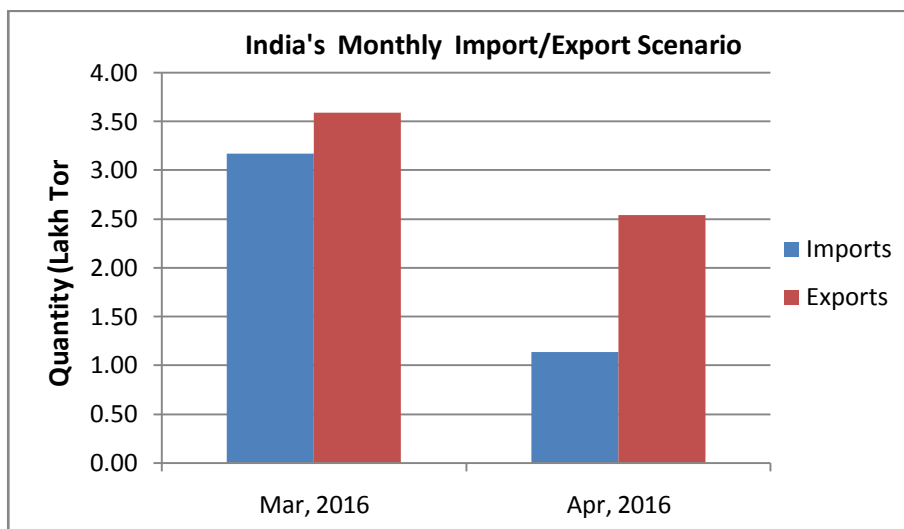
On International front, Brazil sugar FOB prices quoted at \$525.42/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.42) as on 20 May, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$525.42	\$528.20/476.80	\$534.34

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 increased while volume and O.I surged up for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	July	3400	3460	3575	3680	3720
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 3570	3620	3645	3540

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


- Sugar spot prices at benchmark Kolhapur market closes at Rs 3600/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3645 and Rs 3500 per quintal.

International Market Fundamentals

- According to the latest data released by UNICA, Brazil's C.S region had crushed 1.81 MT of sugar in the second half of April, 2016 which was 71% higher than the sugar produced last year during the same interval. Relatively drier weather condition and larger participation of mills this year could be cited responsible for the surge made.
- FCStone raised its global sugar supply deficit forecast from 7 MT to 9.3 MT in 2015-16 (October, 2015 – September, 2016). However, the organization reduced the deficit forecast for 2016-17 (7.8 MT) on back of higher sugar production estimate next year in top producer Brazil.
- Kingsman predicted Brazil's C.S region to produce 36.4 MT of sugar next MY i.e. 2016 -17 (October- March) on back of a higher expected cane production during the year.
- Datagro predicted a global sugar supply deficit of 6.49 MT and 6.09 MT respectively in successive marketing year 2015-16 and 2016-17.
- 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.
- Indonesia's sugar production is expected to decline to 2.5 MT owing to 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; in which 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.

LIFFE Future Market Sugar Scenario (Aug'16 Contract)

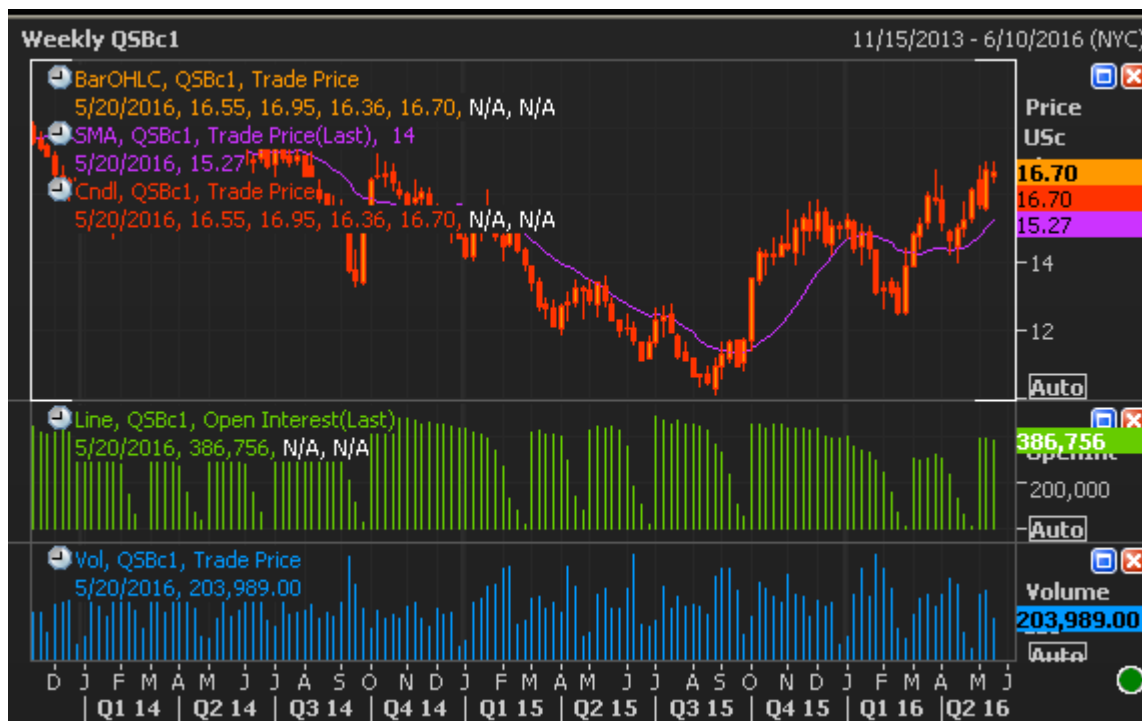


Technical Commentary

- LIFE future market trends downward for the week.
- The last candlestick depicts bearishness in the market.
Strategy: Sell at 470.2 with a target of 457.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	470.2	457.2

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



Technical Commentary:

- ICE raw sugar futures trend downwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 16.75 with target of 17.20

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	16.75	17.20

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Yellow (Medium) variety of gur from Mandya rose by Rs 170/quintal from Rs 3000/quintal to Rs 3170/quintal. Similarly, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 167/quintal from Rs 2633/quintal to Rs 2800/quintal this week.

However, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 59/quintal from Rs 3351/quintal to Rs 3292/quintal this week. Similarly, prices of Rascut (Fresh) variety from Muzaffarnagar fell by Rs 44/quintal from Rs 2560/quintal to Rs 2516/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3130/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3190 and Rs 2930 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			13th May to 19th May 2016	06th May to 12th May 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2981	2934	47
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6900	13500	-6600
	Muzaffarnagar	Khurpa (Fresh)	2769	2783	-14
	Muzaffarnagar	Laddoo (Fresh)	3001	2965	36
	Muzaffarnagar	Rascut (Fresh)	2516	2560	-44
	Hapur	Chaurasa	2875	2875	Unch
	Hapur	Balti	2819	2822	-3
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4000	4000	Unch
	Belgaum	Mudde (Average)	2800	2633	167
	Belthangadi	Yellow (Average)	NA	2800	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3583	3565	18
	Mahalingapura	Penti (Average)	3292	3351	-59
	Mandya	Achhu (Medium)	3200	3100	100
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2830	2800	30
	Mandya	Yellow (Medium)	3170	3000	170
	Shimoga	Achhu (Average)	4050	3900	150

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			19-May-16	12-May-16	19-Apr-16	19-May-15
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3130	2930	3063	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1200	2500	4000	NA
	Muzaffarnagar	Khurpa (Fresh)	2930	2763	2575	2338
	Muzaffarnagar	Laddoo (Fresh)	3075	2988	3038	2525
	Muzaffarnagar	Rascut (Fresh)	2538	2550	2525	NA
	Hapur	Chaurasa	2875	2875	2750	NA
	Hapur	Balti	2813	2825	2725	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4000	4000	NA	4075
	Belgaum	Mudde (Average)	2900	2700	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3700	3480	NA	2450
	Mahalingapur	Penti (Average)	3277	3401	NA	2423
	Mandya	Achhu (Medium)	3100	3100	NA	2500
	Mandya	Kurikatu (Medium)	2850	2900	NA	2300
	Mandya	Other (Medium)	2750	2800	NA	2400
	Mandya	Yellow (Medium)	2900	3000	NA	2500
	Shimoga	Achhu (Average)	NA	4050	NA	2650

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			13th May to 19th May 2016	06th May to 12th May 2016	
Delhi	Delhi	M-Grade	3576	3537	39
	Delhi	S-Grade	3556	3517	39
Uttar Pradesh	Khatauli	M-Grade	3608	3603	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3553	3544	9
	Dhampur	S-Grade Ex-Mill	3533	3524	9
	Dhampur	L-Grade Ex-Mill	3603	3594	9
Maharashtra	Mumbai	M-Grade	3757	3752	4
	Mumbai	S-Grade	3649	3634	15
	Nagpur	M-Grade	3680	3675	5
	Nagpur	S-Grade	3580	3575	5
	Kolhapur	M-Grade	3555	3550	5
	Kolhapur	S-Grade	3455	3450	5
Assam	Guhawati	S-Grade	3771	3766	5
Meghalaya	Shillong	S-Grade	3775	3770	5
Andhra Pradesh	Vijayawada	M-Grade	3900	3916	-16
	Vijayawada	S-Grade	3760	3776	-16
West Bengal	Kolkata	M-Grade	3748	3750	-3
Tamil Nadu	Chennai	S-Grade	3475	3500	-25
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			19-May-16	12-May-16	19-Apr-16	19-May-15
Delhi	Delhi	M-Grade	3595	3540	3700	2650
	Delhi	S-Grade	3575	3520	3680	2600
Uttar Pradesh	Khatauli	M-Grade	3635	3610	3720	2690
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	NA	3565	3580	2590
	Dhampur	S-Grade Ex-Mill	NA	3545	3560	2570
	Dhampur	L-Grade Ex-Mill	NA	3615	3630	2640
Maharashtra	Mumbai	M-Grade	3760	3756	3800	2760
	Mumbai	S-Grade	3660	3630	3720	2580
	Nagpur	M-Grade	3725	3675	NR	NA
	Nagpur	S-Grade	3625	3575	NR	2600
	Kolhapur	M-Grade	3600	3550	3700	2400
	Kolhapur	S-Grade	3500	3450	3600	2300
Assam	Guhawati	S-Grade	3816	3766	3918	2598
Meghalaya	Shillong	S-Grade	3820	3770	3920	2620
Andhra Pradesh	Vijayawada	M-Grade	3900	3900	3980	2900
	Vijayawada	S-Grade	3760	3760	3820	2800
West Bengal	Kolkata	M-Grade	3765	3690	3920	2740
Tamil Nadu	Chennai	S-Grade	3500	3450	3600	2475
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	3035	2835
	Ambikapur	S-Grade (Without Duty)	3035	3035	3035	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	18-May-16	11-May-16	Change
ICE Sugar #11 (US Cent/lb)	16-Jul	16.81	16.77	0.04
	16-Oct	17.08	17.08	Unch
	17-Mar	17.52	17.53	-0.01
LIFFE Sugar (US \$/MT)	16-Aug	476.80	479.80	-3.00
	16-Oct	475.60	475.60	Unch
	16-Dec	475.30	475.50	-0.20

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



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.