Sugar & Gur Weekly Research Report

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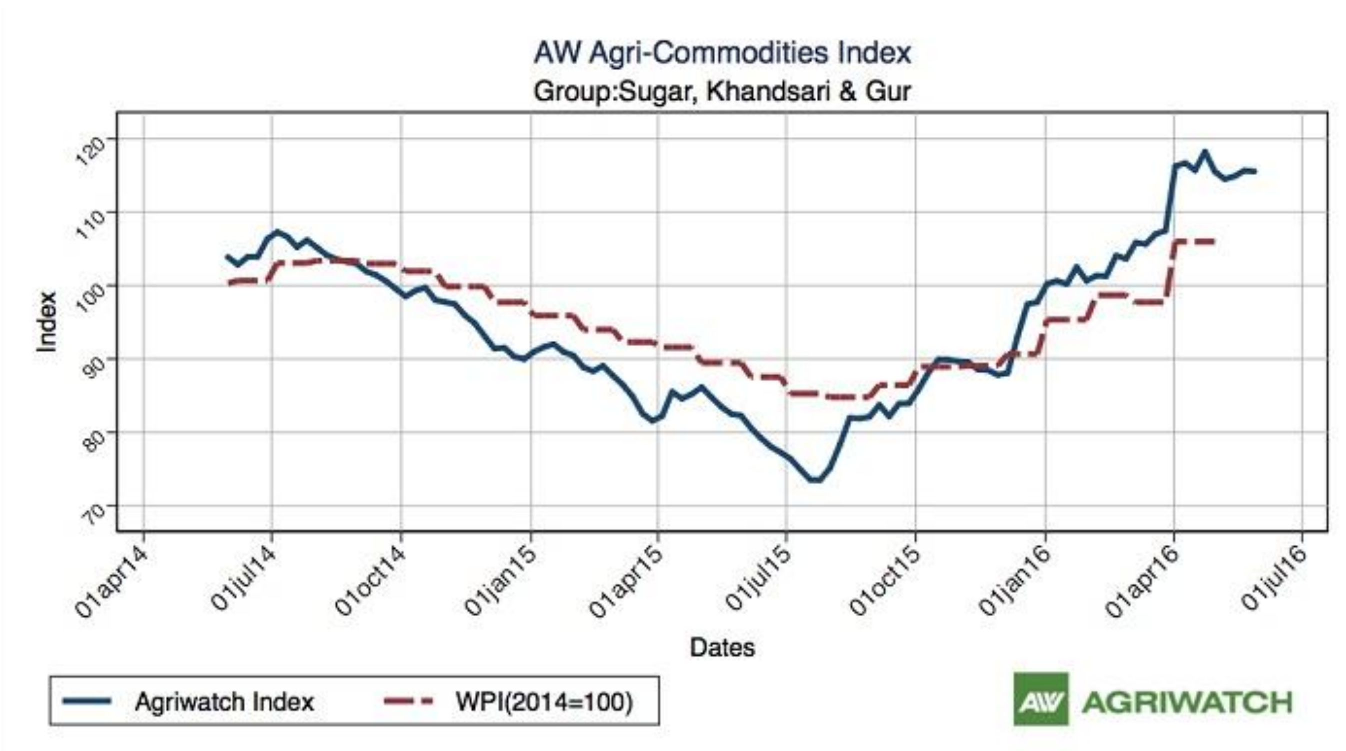
Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amid sufficient supply from mills on one hand and lower demand from stockists and retailers on the other. 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 29, 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 0.09% to 115.56 during the week ending on May 29, 2016. Notably, the base for the Index is 2014 (= 100).

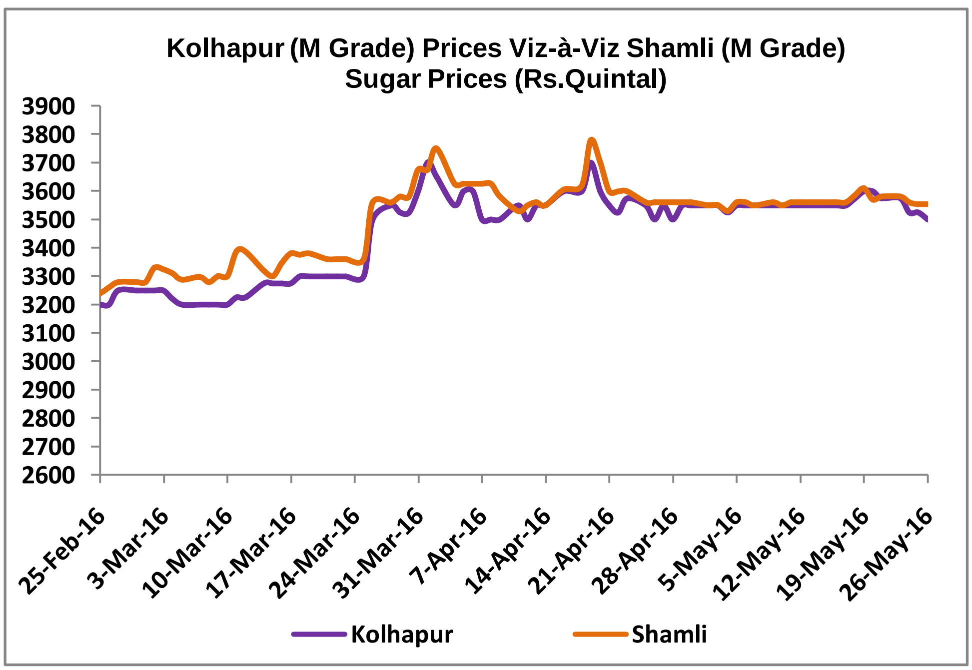
Price Projection For The Next Week

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



- The Indian government had withdrawn its direct cane subsidy (of Rs 45/tons) support to the farmers which was initially introduced to promote sugar export from the country.
- Viewing the current surge in sugar prices, the Indian government is planning to lower down the sugar import duty or even banning the sugar exports if need arises so.
- Indian sugar export fell by 43% this week as the country exported 39.4 thousand tons of sugar during the week (ending on 22nd May, 2016) compared to 69.4 thousand tons of exports made in 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

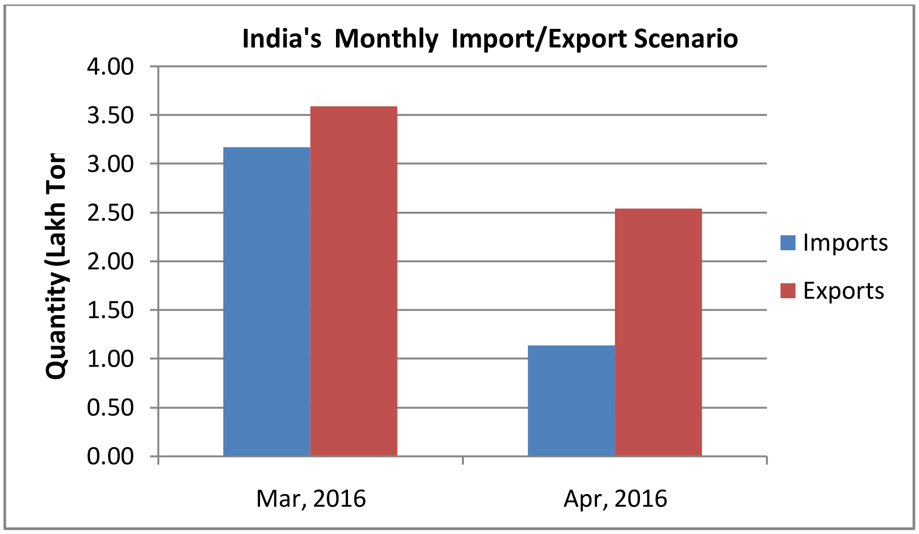
Indian indicative raw sugar CIF prices from Brazil quoted at $592.81 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at $535.10 per ton.

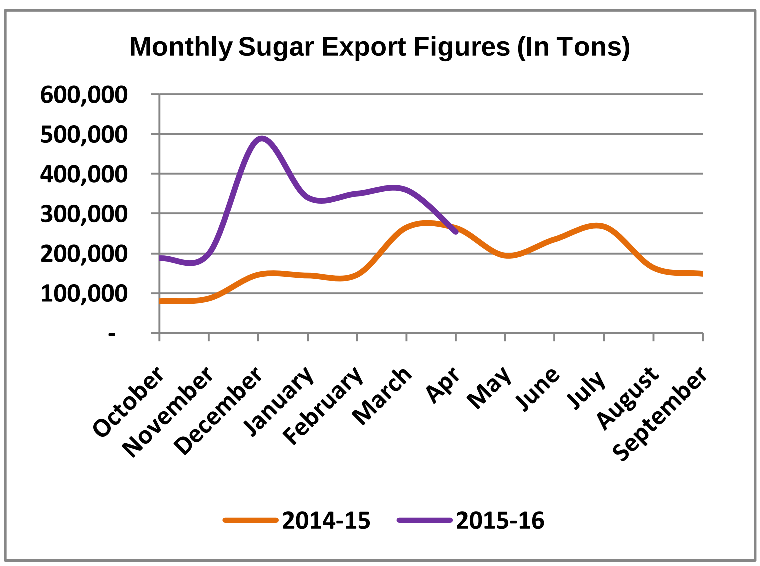
On International front, Brazil sugar FOB prices quoted at $549.52/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

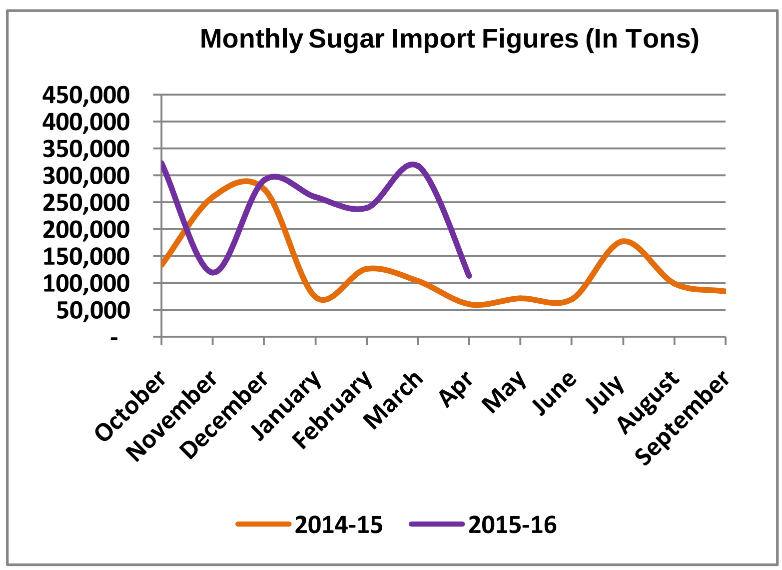
Indicative Sugar FOB Prices (USD/MT) ($=Rs.67.09) as on 27 May, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$549.52	$528.20/479.70	$535.10

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, volume and O.I fell down indicating consolidation in the market.
- 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	3514	3680	3720
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	July	**Sell**	Below 3525	3475	3450	3555

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 3610 and Rs 3470 per quintal.

International Market Fundamentals

- Green Pool predicted a global sugar supply deficit of 8.51 MT in 2015-16 (October – September) and a deficit of 6.5 MT in 2016-17 (October – September) following a drop in sugarcane crop in India and Thailand due to the adverse El Nino effect.
- 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.

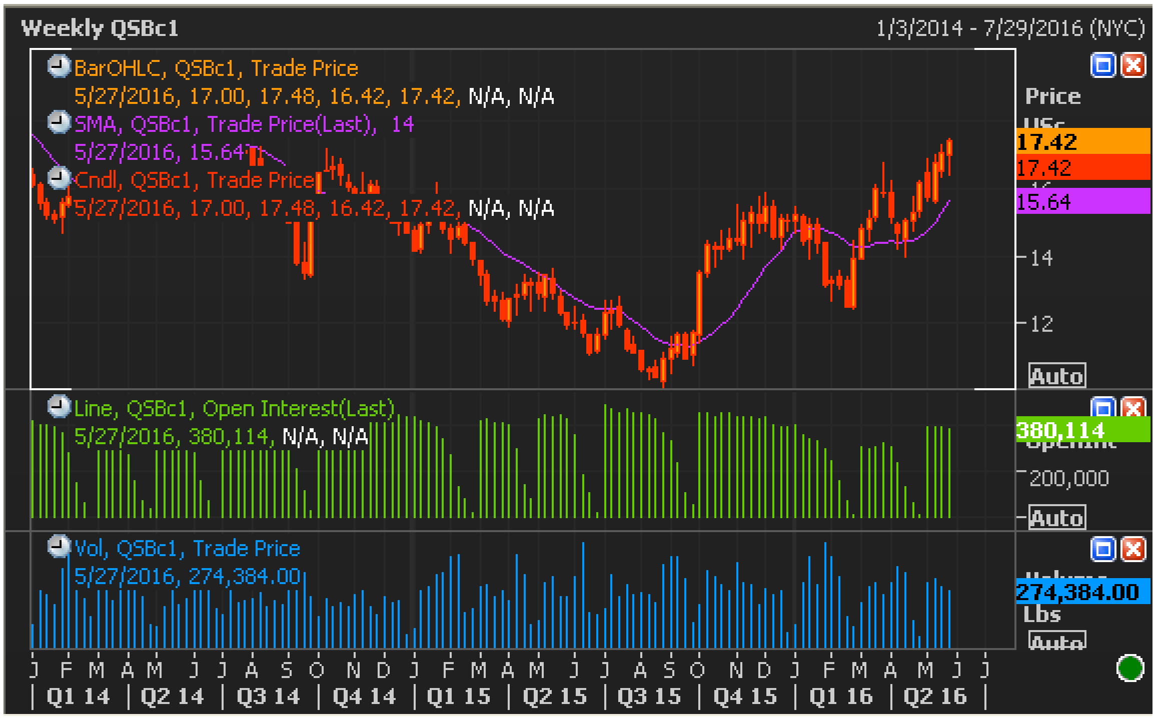
LIFFE Future Market Sugar Scenario (Aug'16 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 485.2 with a target of 491.1

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Aug'16**	485.2	491.1

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 17.45 with target of 17.64

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**Jul'16**	17.45	17.64

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 350/quintal from Rs 4050/quintal to Rs 4400/quintal this week. Similarly, prices of Chaku Sukha(Cold), Khurpa (Fresh) and Rascut (Fresh) variety of gur from key Muzaffarnagar market rose by Rs 162, Rs 148 and Rs 104 per quintal to Rs 3142, Rs 2917 and Rs 2620 per quintal this week.

On the other hand, prices of Yellow (Medium) and Achhu (Medium) variety of gur from Mandya fell by Rs 103 and Rs 100 per quintal respectively to Rs 3067/quintal and Rs 3100/quintal.

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

- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3100/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3254 and Rs 3070 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			20th May to 26th May 2016	13th May to 19th May 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3142	2981	162
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2650	6900	-4250
	Muzaffarnagar	Khurpa (Fresh)	2917	2769	148
	Muzaffarnagar	Laddoo (Fresh)	3011	3001	10
	Muzaffarnagar	Rascut (Fresh)	2620	2516	104
	Hapur	Chaursa	2875	2875	Unch
	Hapur	Balti	2858	2819	39
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4000	4000	Unch
	Belgaum	Mudde (Average)	3000	2800	200
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3640	3583	58
	Mahalingapura	Penti (Average)	NA	3292	-
	Mandya	Achhu (Medium)	3100	3200	-100
	Mandya	Kurikatu (Medium)	2842	2900	-58
	Mandya	Other (Medium)	2775	2830	-55
	Mandya	Yellow (Medium)	3067	3170	-103
	Shimoga	Achhu (Average)	4400	4050	350

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**26-May-16**	**19-May-16**	**26-Apr-16**	**26-May-15**
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	3063	2950	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	150	1200	4000	NA
	Muzaffarnagar	Khurpa (Fresh)	2900	2863	2650	2375
	Muzaffarnagar	Laddoo (Fresh)	2850	3025	3000	2688
	Muzaffarnagar	Rascut (Fresh)	2663	2513	2538	NA
	Hapur	Chaursa	2875	2875	Closed	NA
	Hapur	Balti	3000	2813	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4000	4000	3750	4000
	Belgaum	Mudde (Average)	3100	2900	2700	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3635	3490	3600	2450
	Mahalingapura	Penti (Average)	NA	3246	3490	2466
	Mandya	Achhu (Medium)	3100	3200	NA	2500
	Mandya	Kurikatu (Medium)	2800	2900	NA	2300
	Mandya	Other (Medium)	2750	2800	NA	2400
	Mandya	Yellow (Medium)	3100	3200	NA	2500
	Shimoga	Achhu (Average)	4400	NA	4050	2650

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			20th May to 26th May 2016	13th May to 19th May 2016	
Delhi	Delhi	M-Grade	3570	3576	-6
	Delhi	S-Grade	3557	3556	1
Uttar Pradesh	Khatauli	M-Grade	3618	3608	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3566	3553	13
	Dhampur	S-Grade Ex-Mill	3546	3533	13
	Dhampur	L-Grade Ex-Mill	3616	3603	13
Maharashtra	Mumbai	M-Grade	3759	3757	2
	Mumbai	S-Grade	3647	3649	-2
	Nagpur	M-Grade	3675	3680	-5
	Nagpur	S-Grade	3575	3580	-5
	Kolhapur	M-Grade	3550	3555	-5
	Kolhapur	S-Grade	3450	3455	-5
Assam	Guhawati	S-Grade	3766	3771	-5
Meghalaya	Shillong	S-Grade	3770	3775	-5
Andhra Pradesh	Vijayawada	M-Grade	3900	3900	Unch
	Vijayawada	S-Grade	3773	3760	13
West Bengal	Kolkata	M-Grade	3750	3748	3
Tamil Nadu	Chennai	S-Grade	3474	3475	-1
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			26-May-16	19-May-16	26-Apr-16	26-May-15
Delhi	Delhi	M-Grade	3560	3600	3570	2650
	Delhi	S-Grade	3540	3580	3550	2550
Uttar Pradesh	Khatauli	M-Grade	3615	3640	3600	2680
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3565	3585	3560	2580
	Dhampur	S-Grade Ex-Mill	3545	3565	3540	2560
	Dhampur	L-Grade Ex-Mill	3615	3635	3610	2630
Maharashtra	Mumbai	M-Grade	3757	3760	3766	2742
	Mumbai	S-Grade	3624	3660	3680	2556
	Nagpur	M-Grade	3625	3700	NR	NA
	Nagpur	S-Grade	3525	3600	NR	2550
	Kolhapur	M-Grade	3500	3575	3550	2400
	Kolhapur	S-Grade	3400	3475	3450	2300
Assam	Guhawati	S-Grade	3715	3791	3766	2598
Meghalaya	Shillong	S-Grade	3720	3795	3770	2620
Andhra Pradesh	Vijayawada	M-Grade	3900	3900	4000	2870
	Vijayawada	S-Grade	3800	3760	3840	2770
West Bengal	Kolkata	M-Grade	NA	3765	3810	2750
Tamil Nadu	Chennai	S-Grade	3450	3500	3550	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	**25-May-16**	**18-May-16**	**Change**
ICE Sugar #11 (US Cent/lb)	**Jul-16**	17.16	16.81	**0.35**
	Oct-16	17.43	17.08	**0.35**
	Mar-17	17.85	17.52	**0.33**
LIFFE Sugar (US $/MT)	**Aug-16**	479.70	476.80	**2.90**
	Oct-16	481.50	475.60	**5.90**
	Dec-16	482.00	475.30	**6.70**

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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