



Sugar & Gur Weekly Research Report

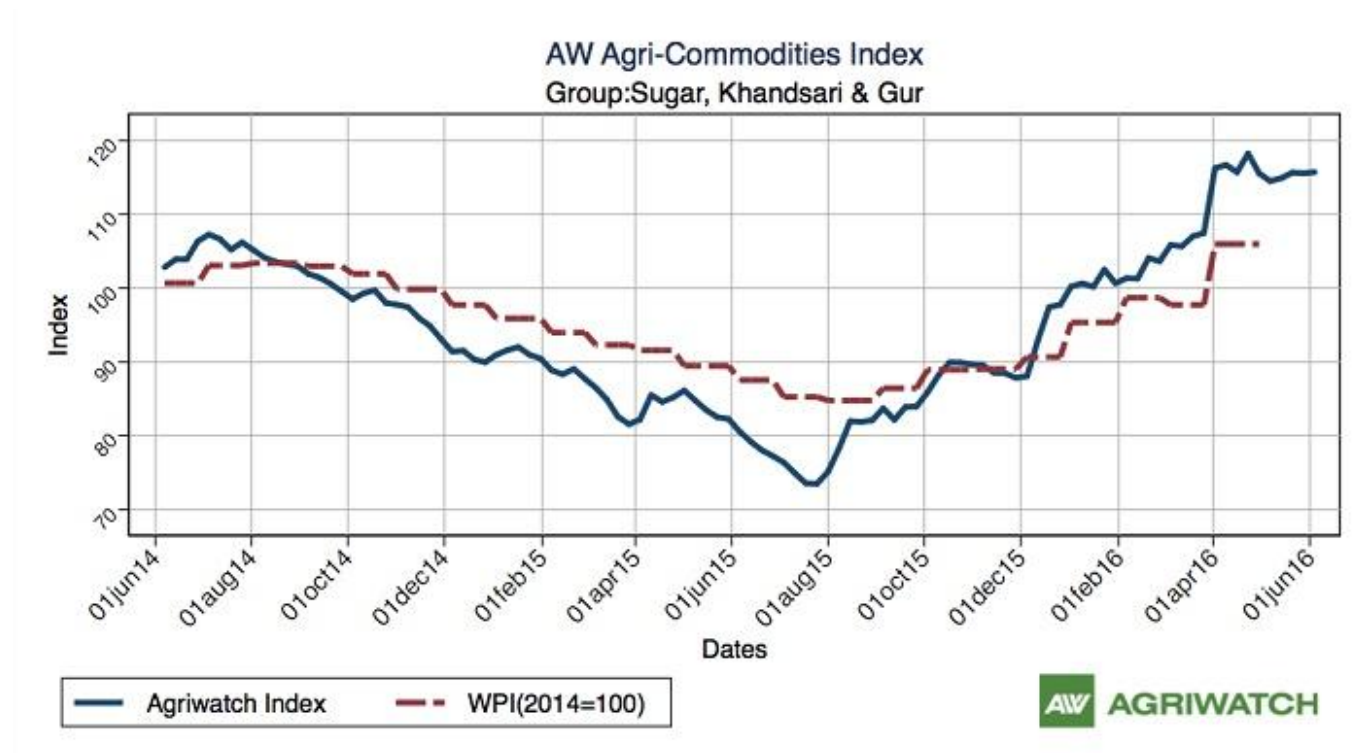
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Domestic Sugar Market Summary

Spot sugar prices declined this week amid lower domestic demand both from stockiest and bulk consumers against adequate supplies in the market. 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– Jun 04, 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 0.13% to 115.71 during the week ending on Jun 04, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

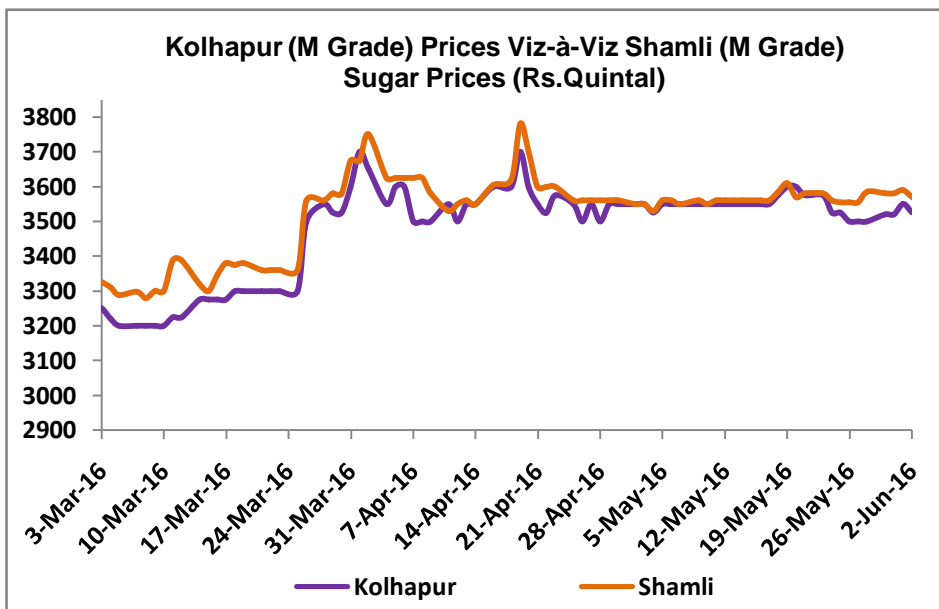
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3430 - 3580 per quintal next week.

International Sugar Market Summary

International sugar prices climbed this week as the recent rain showers in top producer Brazil slowed down the pace of cane harvesting and aggravated port congestion within the country.

Domestic Market Fundamentals

- Sugar mills in India had accumulated total cane arrears of Rs 9,361 crore for this MY, 2015-16 compared to Rs 22,000 crore arrears in 2014-15. Various government initiated schemes along with Direct Benefit Transfer (DBT) facility to the farmers could be cited responsible for the change made
- On the recommendation of CACP (Commission for Agricultural Costs and Prices), the centre had fixed all India sugarcane FRP (Fair Remunerative Prices) at Rs 2300/ton for marketing year 2016-17 (October – September).
- With a view to control soaring sugar prices, the govt. of India had allowed States to levy stock limit on sugar. And taking the initiative further, the Maharashtra govt. notified sugar stock limit of 500 MT and 50 MT respectively to the wholesalers and retailers in the State that needs to be implemented with an immediate effect from 29th April, 2016 to 25th October, 2016. As per the notification, any person or agency holding sugar stock up to the limit mentioned above has to clear the position within one month of receiving the stock.
- 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 by lowering down the burden of cane payment to



those Indian sugar millers who exports a certain amount of sugar abroad. But, with the withdrawal of the facility, the Indian sugar exports are expected to decline in the months ahead.

- With a view to combat a surge in sugar prices (due to reports of deficit in domestic and international sugar market) the Indian government is planning to lower the sugar import duty or even banning the sugar exports from the country (if need arises so) to maintain a supply balance within the country.
- 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.
- 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'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.

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$613.23 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$529.30 per ton.

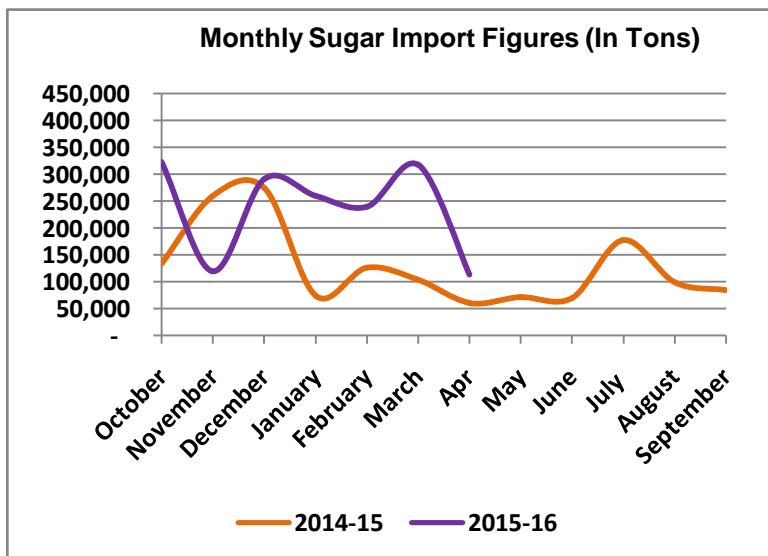
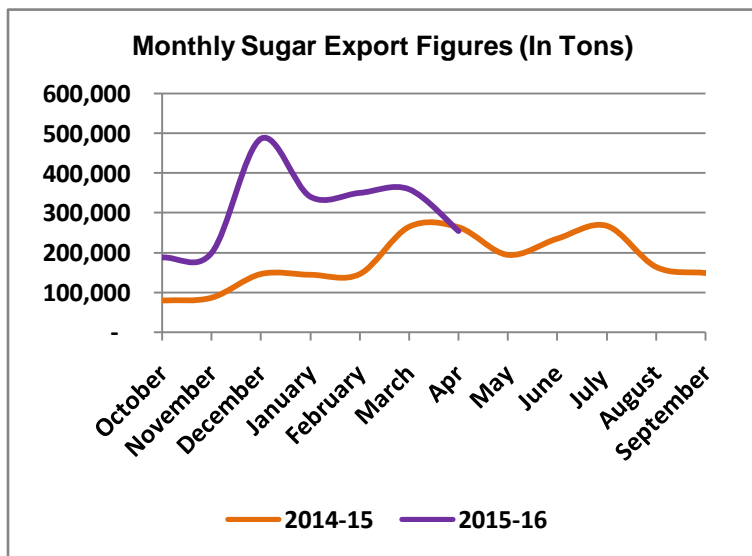
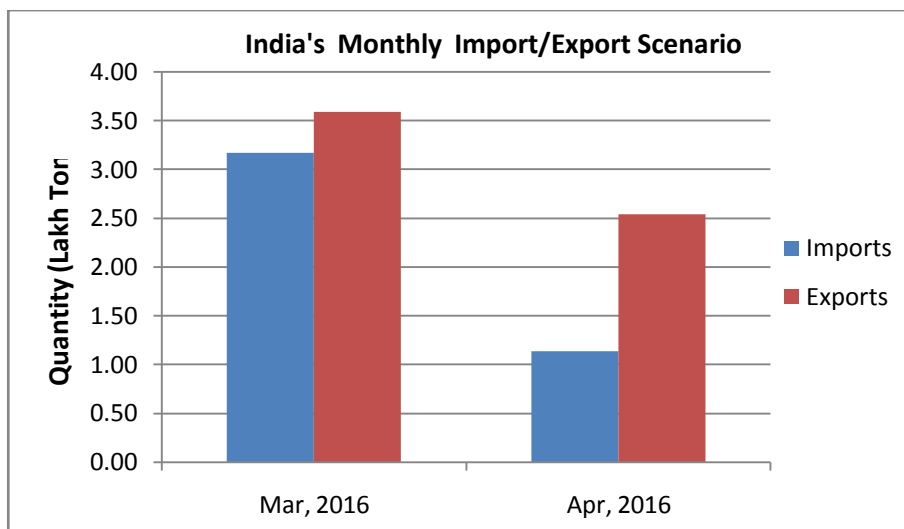
On International front, Brazil sugar FOB prices quoted at \$560.32/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.24) as on 03 Jun, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$560.32	\$528.20/481.60	\$529.30

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)



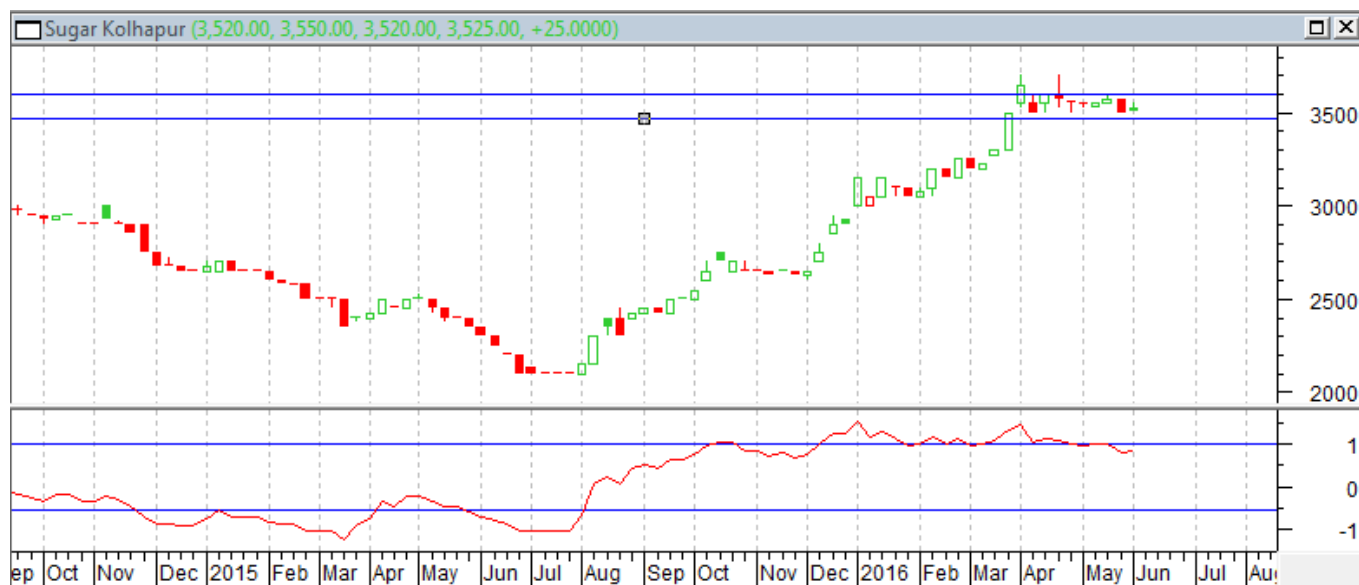
Technical Commentary:

- Sugar prices increased while volume and O.I fell 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	3553	3680	3720
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 3540	3590	3615	3510

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



- Sugar spot prices at benchmark Kolhapur market closes at Rs 3519/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3603 and Rs 3471 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 not in favor of 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 495.1 with a target of 504.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	495.1	504.2

Weekly QSBc1 1/17/2014 - 8/12/2016 (NYC)

Top Panel: BarOHLC, QSBc1, Trade Price
 6/3/2016, 17.59, 18.18, 17.15, 18.08, N/A, N/A
 SMA, QSBc1, Trade Price(Last), 14
 6/3/2016, 15.95

Middle Panel: Line, QSBc1, Open Interest(Last)
 6/3/2016, 352,033, N/A, N/A

Bottom Panel: Vol, QSBc1, Trade Price
 6/3/2016, 261,226.00

Right Panel Data:

Price
18.08
18.08
15.95

Bottom Panel Data:

Volume
261,226.00

X-axis Labels: F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A
 Q1 14 Q2 14 Q3 14 Q4 14 Q1 15 Q2 15 Q3 15 Q4 15 Q1 16 Q2 16

- ICE raw sugar futures trend upwards for the week.
- Last candlestick depicts bullishness in the market.

Strategy: Buy at 18.10 with target of 18.34

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	18.10	18.34

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Balti variety of gur from Hapur rose by Rs 142/quintal from Rs 2858/quintal to Rs 3000/quintal. Similarly, prices of Rascut (Fresh) variety from Muzaffarnagar market rose by Rs 43/quintal to Rs 2663/quintal this week.

On the other hand, prices of Chaku Sukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs236/quintal despite registering a lower arrival this week. Prices of Khurpa (Fresh) and Laddoo (Fresh) variety too declined by Rs 108 and Rs 44 per quintal to Rs 2809 and Rs 2967 per quintal.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 2906/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3073 and Rs 2750 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			27th May to 2nd June 2016	20th May to 26th May 2016	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2907	3142	-236
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	250	2650	-2400
	Muzaffarnagar	Khurpa (Fresh)	2809	2917	-108
	Muzaffarnagar	Laddoo (Fresh)	2967	3011	-44
	Muzaffarnagar	Rascut (Fresh)	2663	2620	43
	Hapur	Chaurasa	2895	2875	20
	Hapur	Balti	3000	2858	142
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4000	4000	Unch
	Belgaum	Mudde (Average)	3050	3000	50
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3651	3640	11
	Mahalingapura	Penti (Average)	3451	NA	-
	Mandya	Achhu (Medium)	3083	3100	-17
	Mandya	Kurikatu (Medium)	2800	2842	-42
	Mandya	Other (Medium)	2742	2775	-33
	Mandya	Yellow (Medium)	3058	3067	-8
	Shimoga	Achhu (Average)	4350	4400	-50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			2-Jun-16	26-May-16	2-May-16	2-Jun-15
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	NA	2975	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	150	6000	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	2900	2675	2400
	Muzaffarnagar	Laddoo (Fresh)	NA	2850	2913	2803
	Muzaffarnagar	Rascut (Fresh)	NA	2663	2563	2538
	Hapur	Chaurasa	2900	2875	NA	NA
	Hapur	Balti	3000	3000	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	NA	4000	4000	NA
	Belgaum	Mudde (Average)	NA	3100	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	3400	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3635	3500	NA
	Mahalingapura	Penti (Average)	3493	NA	3360	2460
	Mandya	Achhu (Medium)	3100	3100	3100	NA
	Mandya	Kurikatu (Medium)	2800	2800	2900	NA
	Mandya	Other (Medium)	2750	2750	2750	NA
	Mandya	Yellow (Medium)	3050	3100	2850	NA
	Shimoga	Achhu (Average)	NA	4400	3850	2650

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			27th May to 2nd June 2016	20th May to 26th May 2016	
Delhi	Delhi	M-Grade	3587	3570	17
	Delhi	S-Grade	3568	3557	12
Uttar Pradesh	Khatauli	M-Grade	3632	3618	13
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3578	3566	12
	Dhampur	S-Grade Ex-Mill	3558	3546	12
	Dhampur	L-Grade Ex-Mill	3628	3616	12
Maharashtra	Mumbai	M-Grade	3768	3759	9
	Mumbai	S-Grade	3641	3647	-6
	Nagpur	M-Grade	3644	3675	-31
	Nagpur	S-Grade	3544	3575	-31
	Kolhapur	M-Grade	3519	3550	-31
	Kolhapur	S-Grade	3419	3450	-31
Assam	Guhawati	S-Grade	3734	3766	-31
Meghalaya	Shillong	S-Grade	3739	3770	-31
Andhra Pradesh	Vijayawada	M-Grade	3910	3900	10
	Vijayawada	S-Grade	3810	3773	37
West Bengal	Kolkata	M-Grade	NA	3750	-
Tamil Nadu	Chennai	S-Grade	3450	3474	-24
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3035	3035	Unch
	Ambikapur	S-Grade (Without Duty)	3035	3035	Unch

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			2-Jun-16	26-May-16	2-May-16	2-Jun-15
Delhi	Delhi	M-Grade	3580	3560	3540	2550
	Delhi	S-Grade	3570	3540	3520	2520
Uttar Pradesh	Khatauli	M-Grade	3625	3615	3597	2650
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3570	3565	3545	2520
	Dhampur	S-Grade Ex-Mill	3550	3545	3525	2500
	Dhampur	L-Grade Ex-Mill	3620	3615	3595	2570
Maharashtra	Mumbai	M-Grade	3772	3757	3710	2700
	Mumbai	S-Grade	3630	3624	3646	2492
	Nagpur	M-Grade	3650	3625	NR	NA
	Nagpur	S-Grade	3550	3525	NR	2500
	Kolhapur	M-Grade	3525	3500	3550	2325
	Kolhapur	S-Grade	3425	3400	3450	2225
Assam	Guhawati	S-Grade	3740	3715	3766	2522
Meghalaya	Shillong	S-Grade	3745	3720	3770	2545
Andhra Pradesh	Vijayawada	M-Grade	3930	3900	3940	2780
	Vijayawada	S-Grade	3830	3800	3800	2720
West Bengal	Kolkata	M-Grade	NA	NA	3780	NA
Tamil Nadu	Chennai	S-Grade	3450	3450	3550	2450
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	1-Jun-16	25-May-16	Change
ICE Sugar #11 (US Cent/lb)	Jul-16	17.41	17.16	0.25
	Oct-16	17.60	17.43	0.17
	Mar-17	17.96	17.85	0.11
LIFFE Sugar (US \$/MT)	Aug-16	481.60	479.70	1.90
	Oct-16	484.00	481.50	2.50
	Dec-16	485.80	482.00	3.80

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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