



Sugar & Gur Weekly Research Report

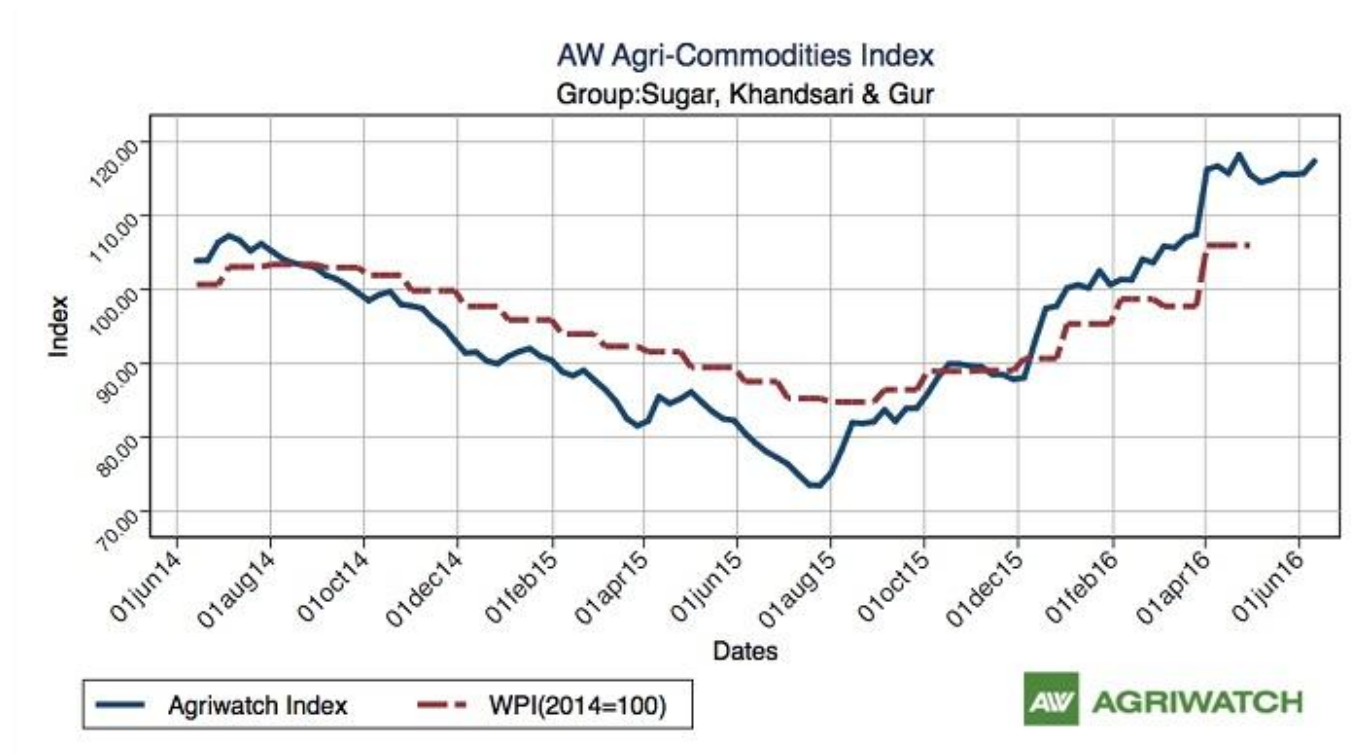
Contents

- ❖ 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 rose this week amid pickup in demand from retailers and bulk consumers such as soft-drink and ice-cream makers. In addition, buoyancy in international sugar market too supported the upsurge in domestic sugar market. Also, as per the Agriwatch analysis, long term aspect of the sugar industry seems to be bullish with price expected to rise further in future.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Jun 11, 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 1.43% to 117.36 during the week ending on Jun 11, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

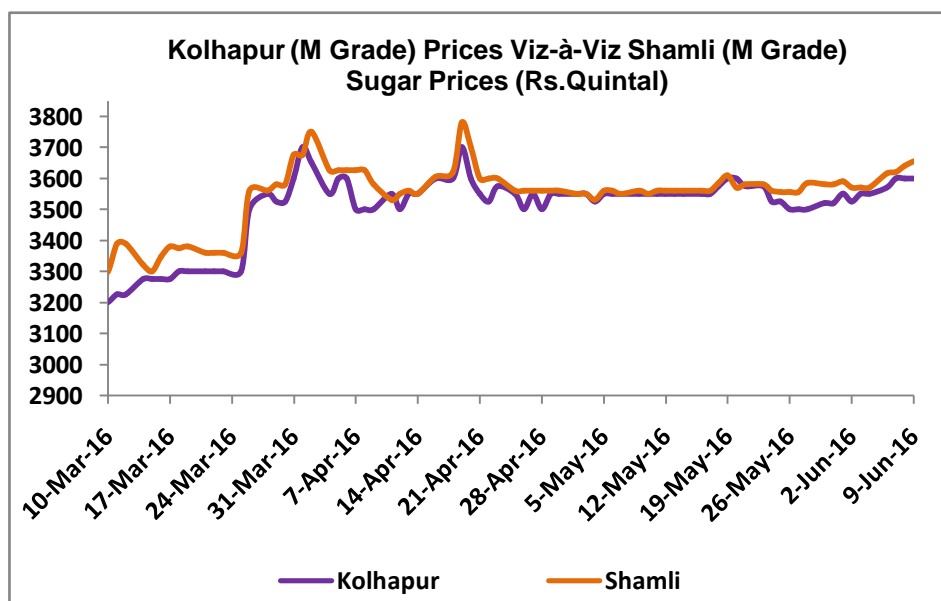
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3700 per quintal next week.

International Sugar Market Summary

International sugar prices jumped this week on back of harvest delaying rain and forecast of crop damaging frost in Brazil's main centre south region. In addition, rain also aggravated port congestion within the country which further led to an upsurge in prices.

Domestic Market Fundamentals

- Indian sugar exports rose by 13% as the country exported 53.8 thousand tons of sugar (mostly raw) this week (ending on 05th Jun, 2016) compared to 47.8 thousand tons of exports made the previous week.
- 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 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 ban 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 Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$664.57 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$541.78 per ton.

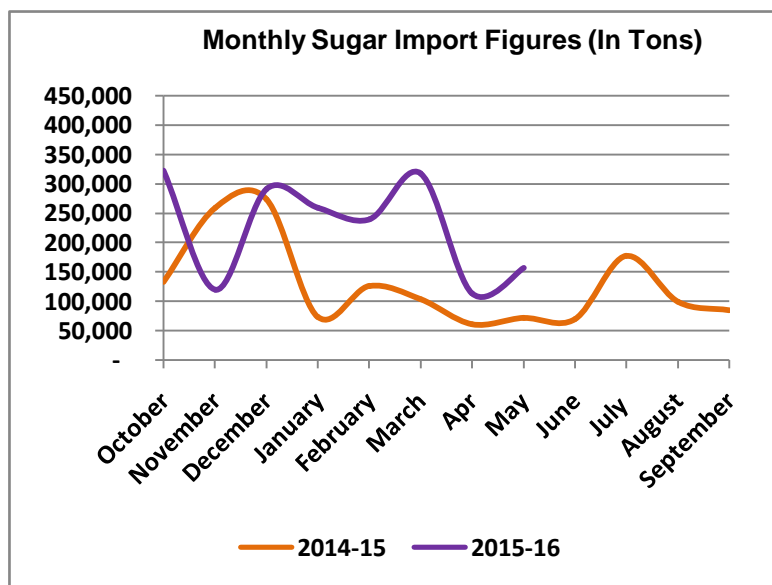
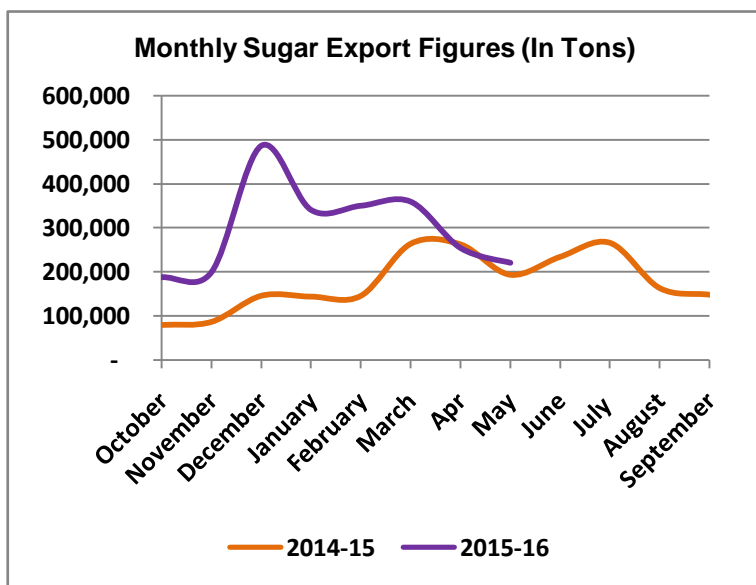
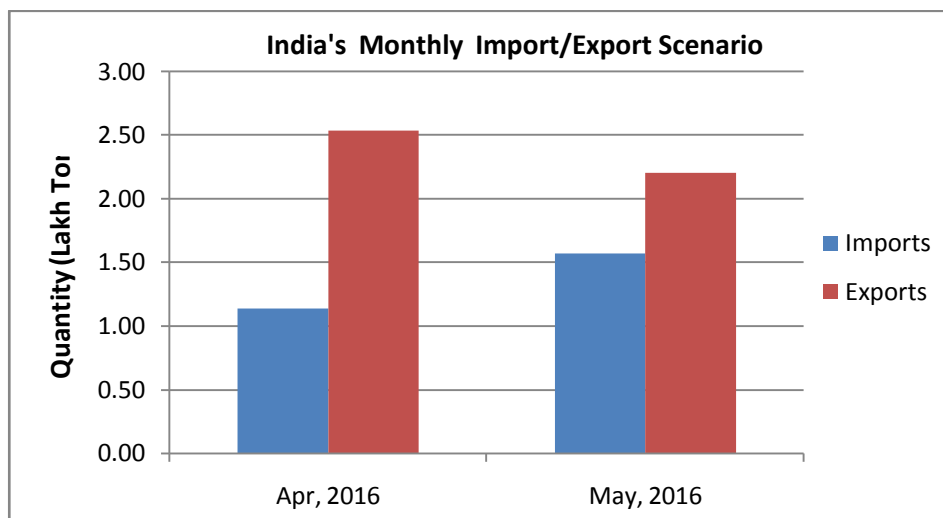
On International front, Brazil sugar FOB prices quoted at \$610.42/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.78) as on 10 Jun, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$610.42	\$528.20/527.70	\$541.78

Sugar Import and Export Scenario

India exported 2.20 lakh tons of sugar while imported 1.57 lakh tons of sugar in May, 2016. However, the country exported 2.53 lakh tons of sugar in April, 2016 relative to 1.57 lakh ton of imports during the same period.



Indian sugar exports fell by 13% this month amidst removal of government direct cane subsidy (of Rs 45/tons) support to the farmers which was initially introduced to promote sugar export from the country. In addition, reports of government plans to scrap the mandatory sugar export promotion scheme are also going around which further discouraged the Indian sugar exporters to trade.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (July Weekly Chart)



Technical Commentary:

- Sugar prices and volume increased while O.I fell down 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	3500	3600	3664	3780	3850
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Buy	Above 3660	3710	3735	3630

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



- Sugar spot prices at benchmark Kolhapur market closes at Rs 3578/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3655 and Rs 3500 per quintal.

International Market Fundamentals

- Rabobank increased its global sugar supply deficit forecast (from 6.8 MT to 8.5 MT) for 2015-16 amid lower than expected production figures received in major Asian countries such as India, Thailand and China.
- The Indonesian govt. had decided to increase its raw sugar import quota by 3.81 lakh tons this year, which was in addition to a previous quota made of 1.92 lakh tons. The decision has been taken particularly to stabilize the domestic sugar market which is facing a sugar supply shortage this year.
- As per the latest UNICA report, Brazil's C.S region had churned around 2.06 MT of sugar in the first half of May, 2016 which was 68% higher than the sugar crushed last year during the same interval. A favorable dry weather condition and interruption free harvesting could be cited responsible for the surge made.
- 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.
- 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 an expected higher 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.
- 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) .
- 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.

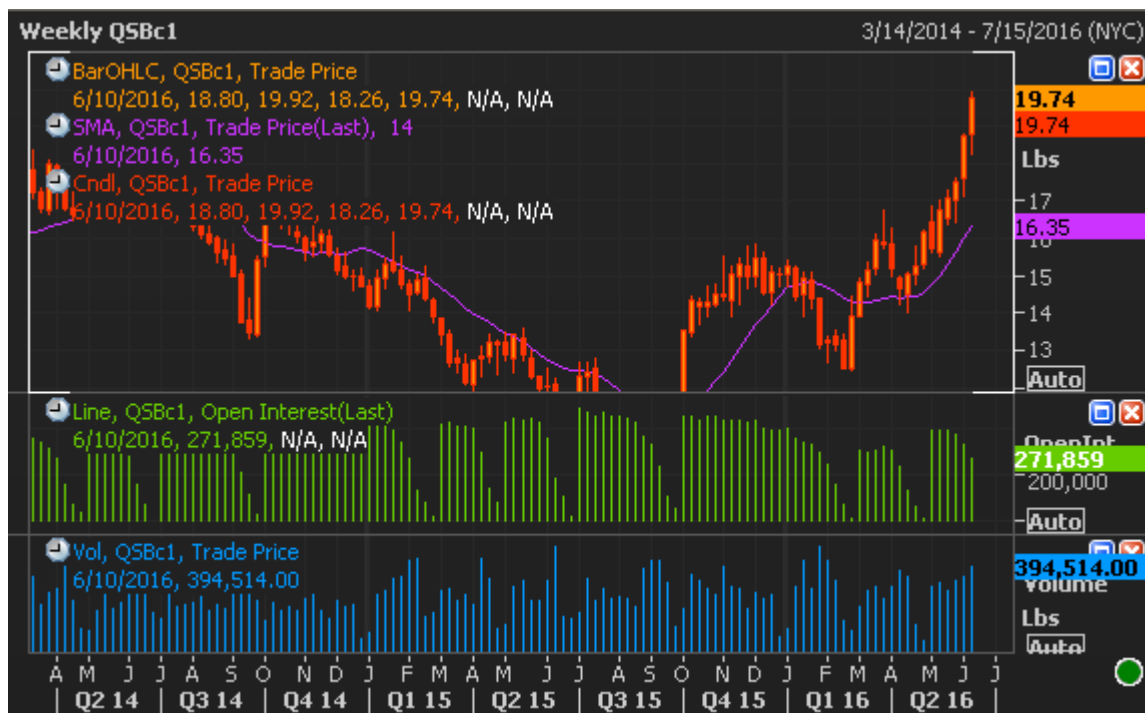
LIFFE Future Market Sugar Scenario (Aug'16 Contract)

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

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 19.80 with a target of 20.14

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	19.80	20.14

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Laddoo (Fresh), Chaku Sukha(Cold) and Rascut (Fresh) variety of gur from key Muzaffarnagar market rose by Rs 221, Rs 131 and Rs 118 per quintal this week to Rs 3188, Rs 3038 and Rs 2781 per quintal respectively. Similarly, prices of Mudde (Average) variety of gur from Bangalore rose by Rs 200/quintal from Rs 4000/quintal last week to Rs 4200/quintal this week. On the other hand, prices of Balti and Chaurasa variety of gur from Hapur district of Uttar Pradesh fell by Rs 479 and Rs 470 per quintal to Rs 2521 and Rs 2425 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3085/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3300 and Rs 3018 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			3rd June 2016 to 9th June 2016	27th May to 2nd June 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3038	2907	131
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	250	-
	Muzaffarnagar	Khurpa (Fresh)	2800	2809	-9
	Muzaffarnagar	Laddoo (Fresh)	3188	2967	221
	Muzaffarnagar	Rascut (Fresh)	2781	2663	118
	Hapur	Chaurasa	2425	2895	-470
	Hapur	Balti	2521	3000	-479
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4200	4000	200
	Belgaum	Mudde (Average)	3075	3050	25
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3635	3651	-16
	Mahalingapura	Penti (Average)	3593	3451	142
	Mandya	Achhu (Medium)	3133	3083	50
	Mandya	Kurikatu (Medium)	2867	2800	67
	Mandya	Other (Medium)	2825	2742	83
	Mandya	Yellow (Medium)	3050	3058	-8
	Shimoga	Achhu (Average)	4350	4350	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			9-Jun-16	2-Jun-16	9-May-16	9-Jun-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3250	NA	2950	2500
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	5000	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	2750	2450
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	2988	NA
	Muzaffarnagar	Rascut (Fresh)	2750	NA	2575	2838
	Hapur	Chaurasa	2925	2900	NA	NA
	Hapur	Balti	3050	3000	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4200	NA	NA	4250
	Belgaum	Mudde (Average)	3100	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3635	NA	NA	2550
	Mahalingapura	Penti (Average)	3680	3493	NA	2488
	Mandya	Achhu (Medium)	3150	3100	NA	2550
	Mandya	Kurikatu (Medium)	2900	2800	NA	2300
	Mandya	Other (Medium)	2850	2750	NA	2400
	Mandya	Yellow (Medium)	3000	3050	NA	2550
	Shimoga	Achhu (Average)	4350	NA	NA	2650

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			3rd June 2016 to 9th June 2016	27th May to 2nd June 2016	
Delhi	Delhi	M-Grade	3628	3587	41
	Delhi	S-Grade	3602	3568	33
Uttar Pradesh	Khatauli	M-Grade	3666	3632	34
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3608	3578	30
	Dhampur	S-Grade Ex-Mill	3588	3558	30
	Dhampur	L-Grade Ex-Mill	3658	3628	30
Maharashtra	Mumbai	M-Grade	3781	3768	13
	Mumbai	S-Grade	3634	3641	-7
	Nagpur	M-Grade	3703	3644	59
	Nagpur	S-Grade	3603	3544	59
	Kolhapur	M-Grade	3578	3519	59
	Kolhapur	S-Grade	3478	3419	59
Assam	Guhawati	S-Grade	3794	3734	60
Meghalaya	Shillong	S-Grade	3798	3739	59
Andhra Pradesh	Vijayawada	M-Grade	3930	3910	20
	Vijayawada	S-Grade	3830	3810	20
West Bengal	Kolkata	M-Grade	3835	NA	-
Tamil Nadu	Chennai	S-Grade	3433	3450	-17
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)

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International Sugar Prices (Weekly)				
	Contract Month	8-Jun-16	1-Jun-16	Change
ICE Sugar #11 (US Cent/lb)	Jul-16	19.61	17.41	2.20
	Oct-16	19.66	17.60	2.06
	Mar-17	19.73	17.96	1.77
LIFFE Sugar (US \$/MT)	Aug-16	527.70	481.60	46.10
	Oct-16	527.30	484.00	43.30
	Dec-16	527.10	485.80	41.30

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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