



Sugar & Gur Weekly Research Report

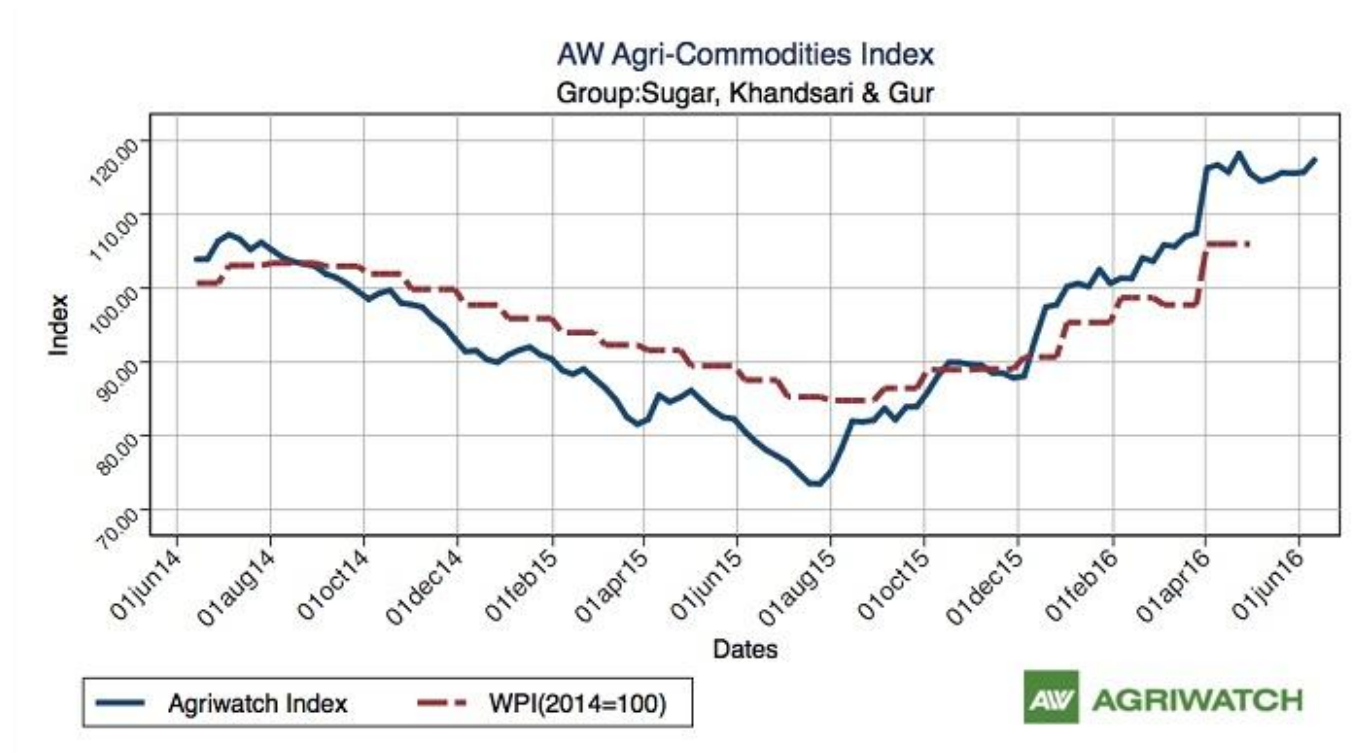
Contents

- ❖ 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 strong seasonal demand from retailers and bulk consumers and a thin market supply. 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 18, 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 rose by 1.83% to 119.51 during the week ending on Jun 18, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

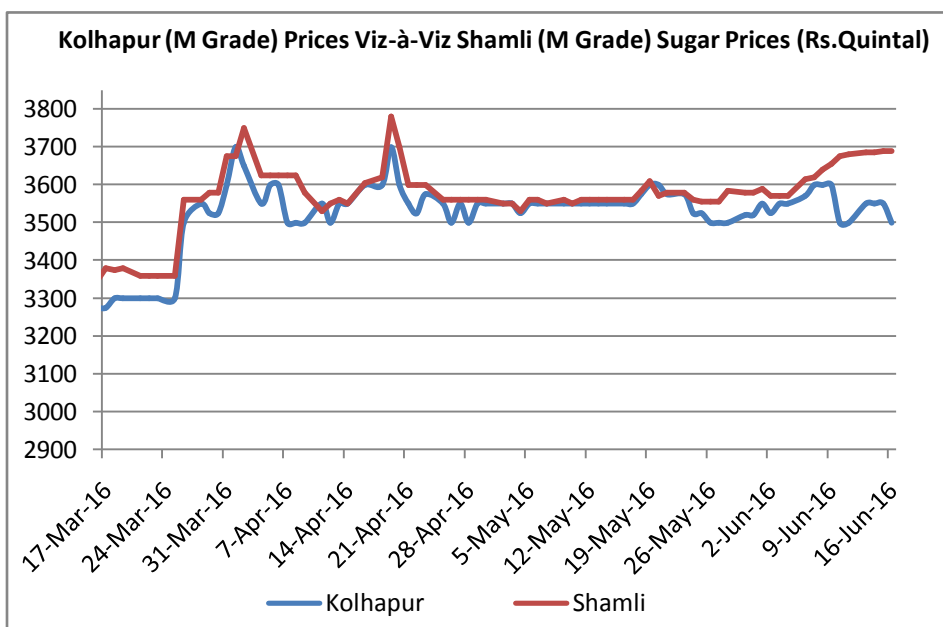
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3400 - 3650 per quintal next week.

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

- With a view to control soaring sugar prices and to contain the shipments from India, the Indian govt. had imposed an export duty of 20% on exports of sugar (raw, white or refined).
- The Karnataka govt. exempted purchase tax and cess (for the next two years i.e. till 31st March, 2018) to those sugar millers in the state which comply with the payment of pending cane arrears to the farmers for the past three years i.e. 2013-14, 2014-15 and 2015-16. Notably, the Karnataka govt. generally levies a purchase tax of Rs 45/ton and Rs 35/ton on sugarcane with a recovery rate of 10.5% and less than 10.5% respectively..
- Sugarcane price arrears in India came down to Rs 6,225 crore for this marketing year, 2015 -16 which was seen at Rs 19,437 crore last year during the corresponding period. Further, a state wise break up of pending cane arrears depicts U.P to accrue Rs 2,428 crore while Karnataka accruing Rs 1,325 crore respectively.



- 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.

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$662.72 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$545.63 per ton.

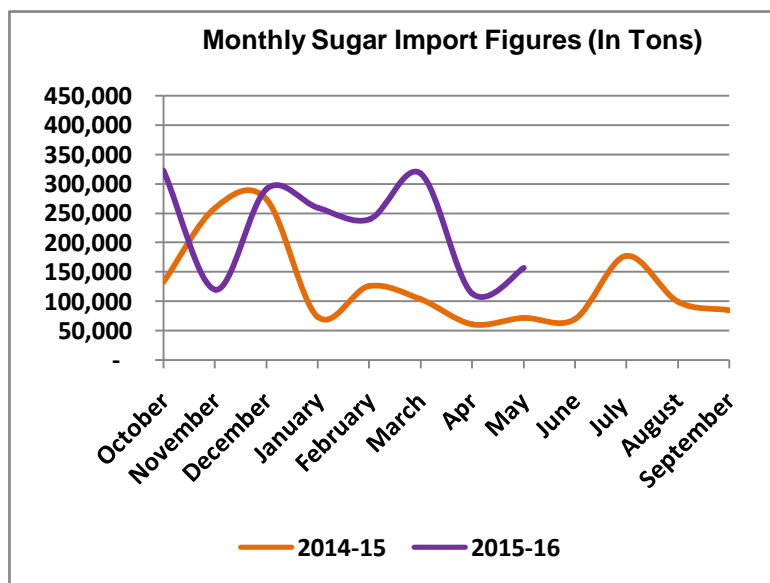
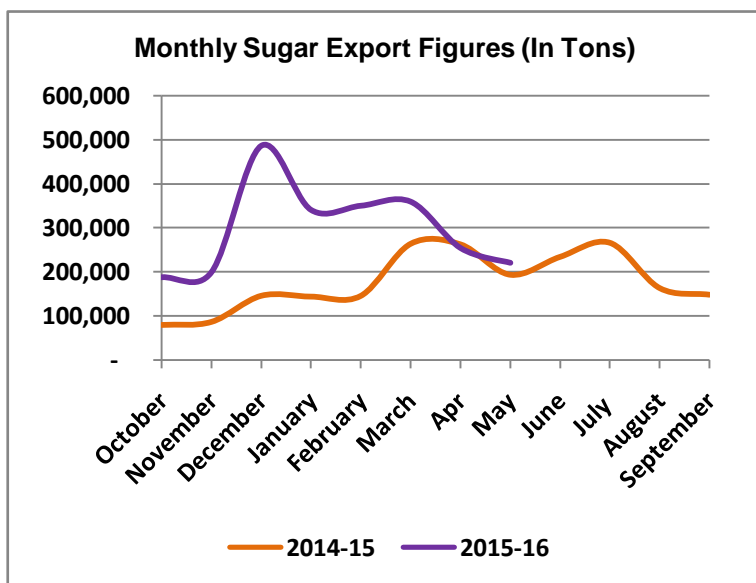
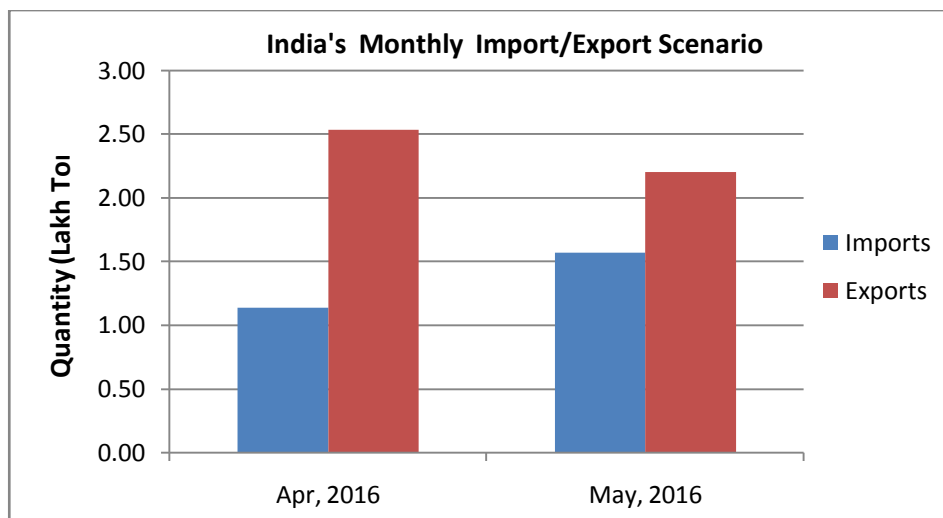
On International front, Brazil sugar FOB prices quoted at \$600.29/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.17) as on 17 Jun, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$600.29	\$528.20/532.20	\$545.63

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)



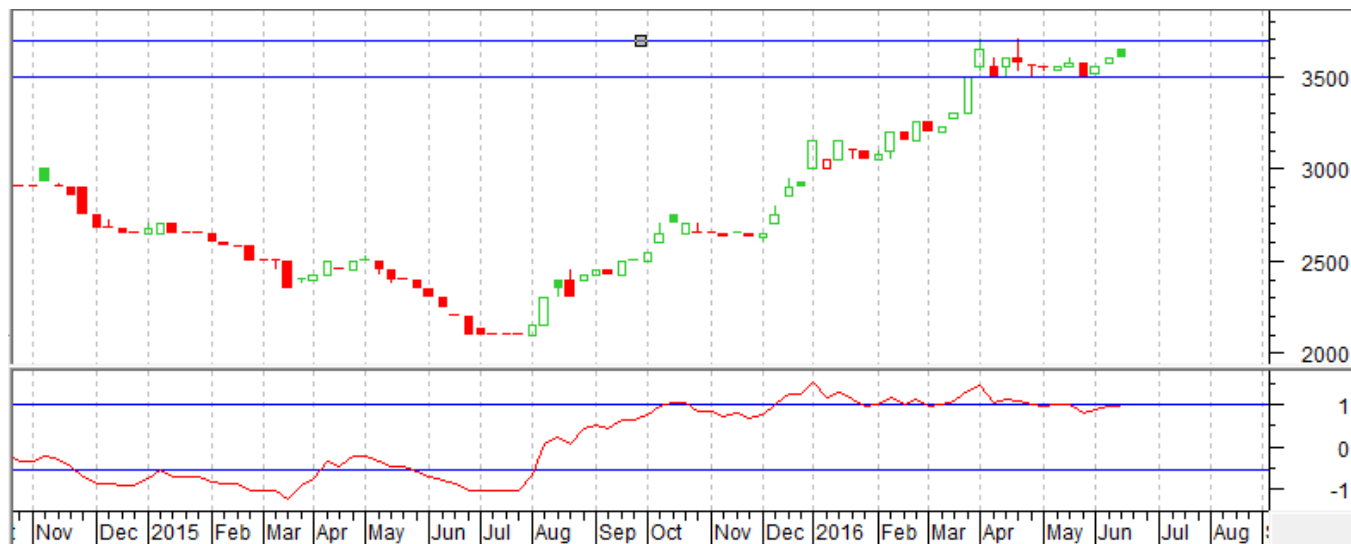
Technical Commentary:

- Sugar prices, volume and O.I decreased 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	3500	3630	3780	3850
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Sell	Below 3650	3600	3575	3680

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



- Sugar spot prices at benchmark Kolhapur market closes at Rs 3625/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3695 and Rs 3500 per quintal.

International Market Fundamentals

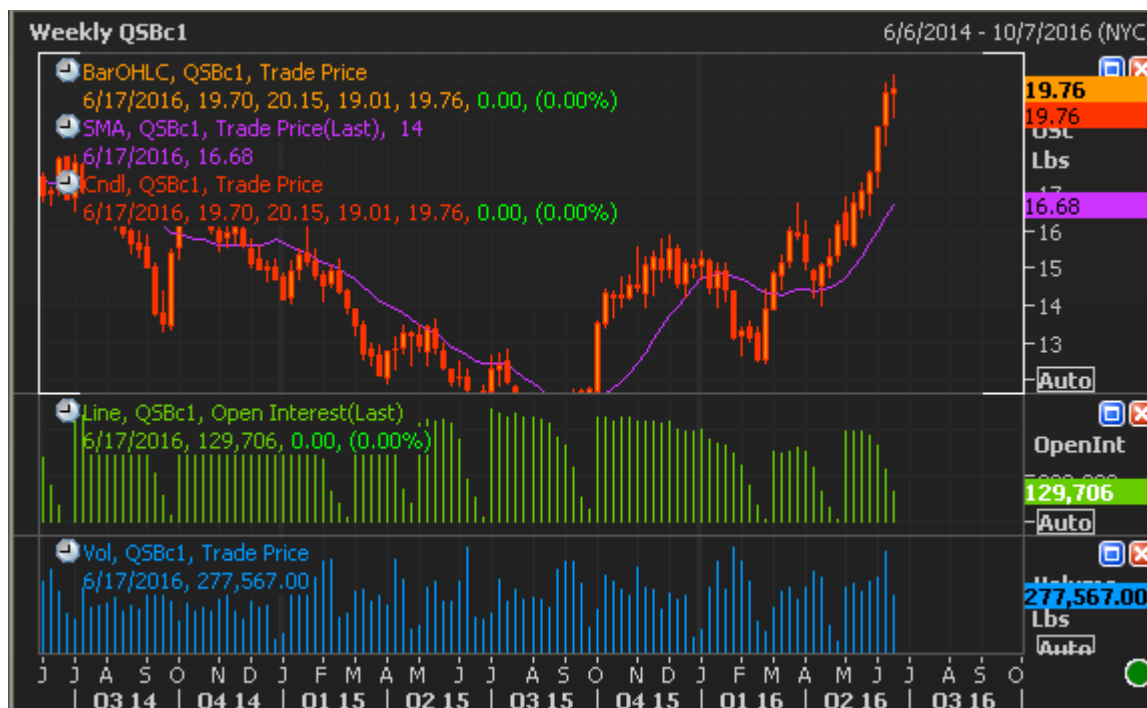
- International sugar prices jumped up this week on back of harvest delaying rain and forecast of crop damaging frost in Brazil's main centre south region.
- Rabobank increased its global sugar supply deficit forecast (from 6.8 MT to 8.5 MT) for 2015-16 amid lower than expected production figures received 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- 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) .
- 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: Sell at 538.1 with a target of 525.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	538.1	525.2

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: Sell at 19.78 with a target of 18.81

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	19.78	18.81

Gur Market Scenario

Spot gur market mainly remained buoyant this week with price rising in majority of the trading markets. Prices of Chaurasa and Balti variety of gur from Hapur rose by Rs 565 and Rs 529 per quintal from Rs 2425 and Rs 2521 per quintal respectively. Similarly, prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market rose by Rs 163/quintal from Rs 3038/quintal to Rs 3200/quintal this week. However, prices of Mudde (Average) and Achhu (Average) variety of gur from Bangalore and Shimoga fell by Rs 20/quintal each to Rs 4180 and Rs 4330 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3345/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3512 and Rs 3184 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			10th June 2016 to 16th June 2016	3rd June 2016 to 9th June 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3200	3038	163
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	2800	-
	Muzaffarnagar	Laddoo (Fresh)	NA	3188	-
	Muzaffarnagar	Rascut (Fresh)	NA	2781	-
	Hapur	Chaurasa	2990	2425	565
	Hapur	Balti	3050	2521	529
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4180	4200	-20
	Belgaum	Mudde (Average)	3220	3075	145
	Belthangadi	Yellow (Average)	3989	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3647	3635	12
	Mahalingapura	Penti (Average)	3654	3593	61
	Mandya	Achhu (Medium)	3133	3133	Unch
	Mandya	Kurikatu (Medium)	2900	2867	33
	Mandya	Other (Medium)	2908	2825	83
	Mandya	Yellow (Medium)	3075	3050	25
	Shimoga	Achhu (Average)	4330	4350	-20

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			16-Jun-16	9-Jun-16	16-May-16	16-Jun-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3300	3250	2955	2700
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	1500	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	2730	NA
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	3013	NA
	Muzaffarnagar	Rascut (Fresh)	NA	2750	2538	2675
	Hapur	Chaurasa	3050	2925	NA	NA
	Hapur	Balti	3050	3050	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4150	4200	4000	4250
	Belgaum	Mudde (Average)	3300	3100	2800	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3640	3635	NA	NA
	Mahalingapura	Penti (Average)	3696	3680	3224	NA
	Mandya	Achhu (Medium)	3100	3150	3200	2450
	Mandya	Kurikatu (Medium)	2900	2900	2900	2300
	Mandya	Other (Medium)	3000	2850	2850	2350
	Mandya	Yellow (Medium)	3100	3000	3150	2550
	Shimoga	Achhu (Average)	4300	4350	NA	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			10th June 2016 to 16th June 2016	3rd June 2016 to 9th June 2016	
Delhi	Delhi	M-Grade	3703	3628	76
	Delhi	S-Grade	3683	3602	82
Uttar Pradesh	Khatauli	M-Grade	3717	3666	51
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3675	3608	68
	Dhampur	S-Grade Ex-Mill	3655	3588	68
	Dhampur	L-Grade Ex-Mill	3725	3658	68
Maharashtra	Mumbai	M-Grade	3801	3781	20
	Mumbai	S-Grade	3653	3634	18
	Nagpur	M-Grade	3750	3703	47
	Nagpur	S-Grade	3650	3603	47
	Kolhapur	M-Grade	3625	3578	47
	Kolhapur	S-Grade	3525	3478	47
Assam	Guhawati	S-Grade	3842	3794	47
Meghalaya	Shillong	S-Grade	3845	3798	47
Andhra Pradesh	Vijayawada	M-Grade	3920	3930	-10
	Vijayawada	S-Grade	3820	3830	-10
West Bengal	Kolkata	M-Grade	3860	3835	25
Tamil Nadu	Chennai	S-Grade	3425	3433	-8
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			16-Jun-16	9-Jun-16	16-May-16	16-Jun-15
Delhi	Delhi	M-Grade	3750	3660	3580	2525
	Delhi	S-Grade	3730	3640	3560	2500
Uttar Pradesh	Khatauli	M-Grade	3730	3690	3600	2550
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3680	3650	3545	2465
	Dhampur	S-Grade Ex-Mill	3660	3630	3525	2445
	Dhampur	L-Grade Ex-Mill	3730	3700	3595	2515
Maharashtra	Mumbai	M-Grade	3802	3800	3756	2652
	Mumbai	S-Grade	3656	3656	3646	2342
	Nagpur	M-Grade	3725	3725	3675	2550
	Nagpur	S-Grade	3625	3625	3575	2450
	Kolhapur	M-Grade	3600	3600	3550	2200
	Kolhapur	S-Grade	3500	3500	3450	2100
Assam	Guhawati	S-Grade	3816	3816	3766	2395
Meghalaya	Shillong	S-Grade	3820	3820	3770	2420
Andhra Pradesh	Vijayawada	M-Grade	3900	3930	3900	2740
	Vijayawada	S-Grade	3800	3830	3760	2680
West Bengal	Kolkata	M-Grade	3850	3820	NR	NR
Tamil Nadu	Chennai	S-Grade	3425	3425	Closed	2310
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	15-Jun-16	8-Jun-16	Change
ICE Sugar #11 (US Cent/lb)	Jul-16	19.76	19.61	0.15
	Oct-16	19.85	19.66	0.19
	Mar-17	19.93	19.73	0.20
LIFFE Sugar (US \$/MT)	Aug-16	535.00	527.70	7.30
	Oct-16	534.20	527.30	6.90
	Dec-16	532.50	527.10	5.40

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



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.