



Sugar & Gur Weekly Research Report

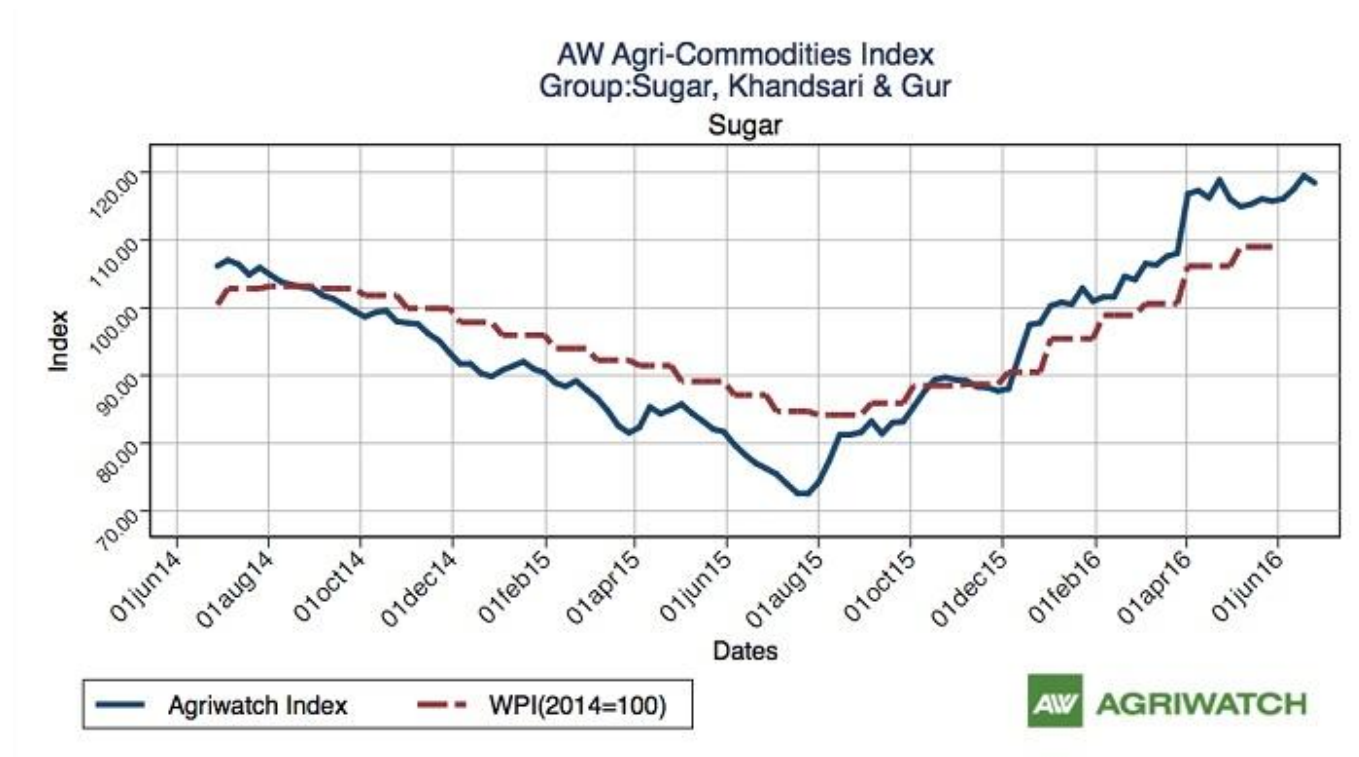
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Domestic Sugar Market Summary

Spot sugar prices in benchmark Kolhapur market fell this week amid adequate sugar supply on one hand and a lower domestic demand from stockiest and bulk consumers on the other. However, as per the Agriwatch analysis, 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 25, 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 fell by 0.87% to 118.47 during the week ending on Jun 25, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

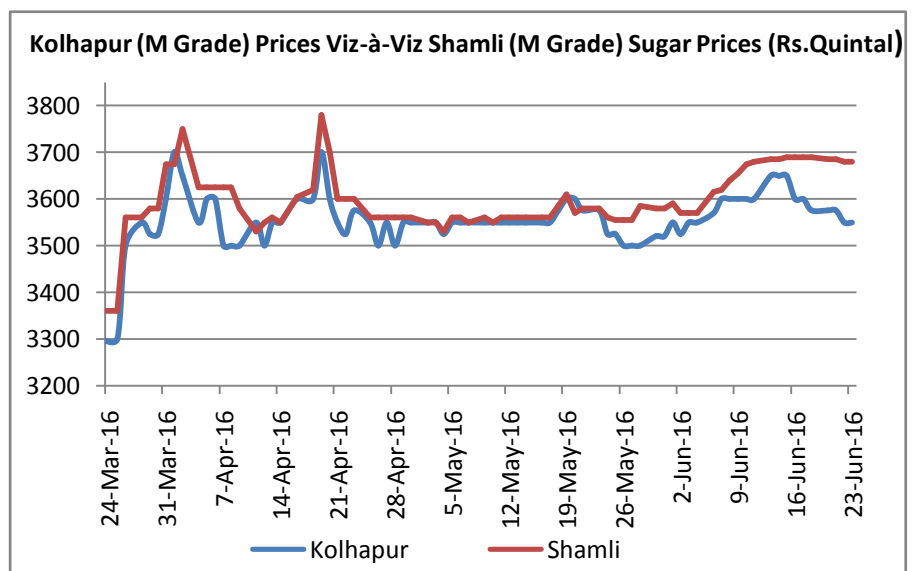
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3400 - 3600 per quintal next week.

International Sugar Market Summary

International sugar market remained buoyant with rain continuing to hamper sugarcane harvest in Brazil's main centre south region.

Domestic Market Fundamentals

- India exported 32.5 thousand tons of sugar for the week ending on 19th June, 2016 which was 5% higher than the sugar exported last week by the country.
- 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) sugar millers in the state who 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 with 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 export 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 \$647.56 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$530.88 per ton.

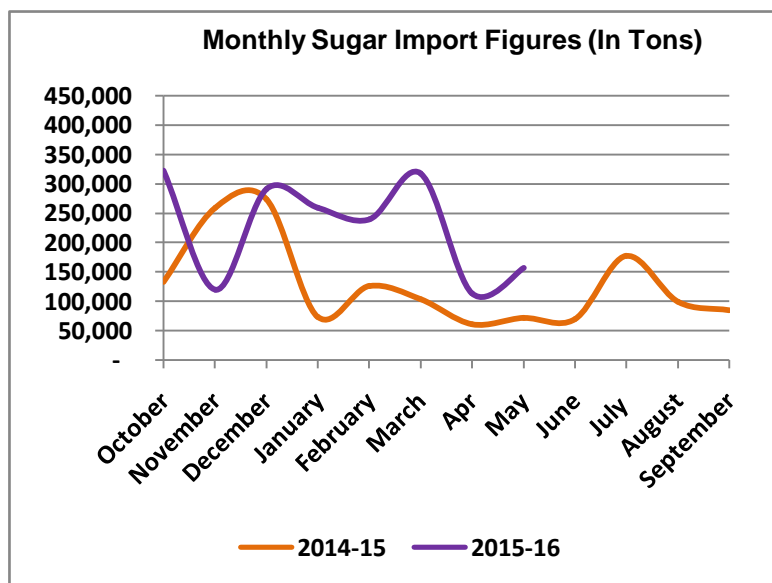
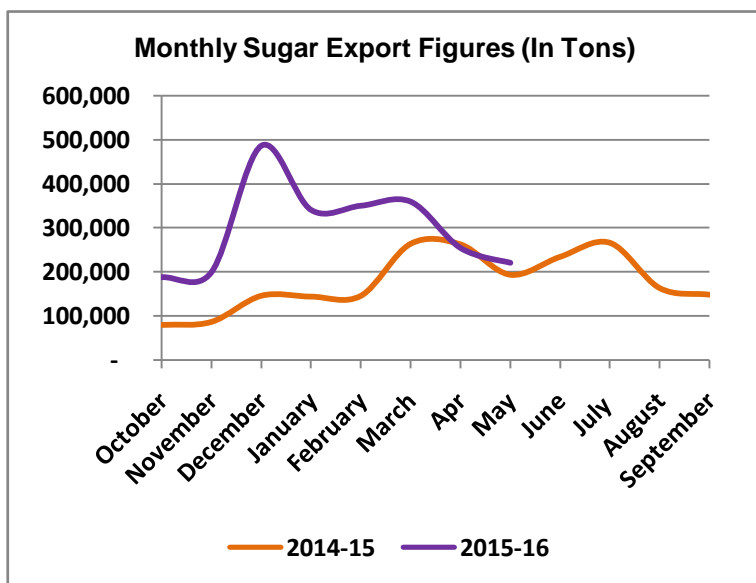
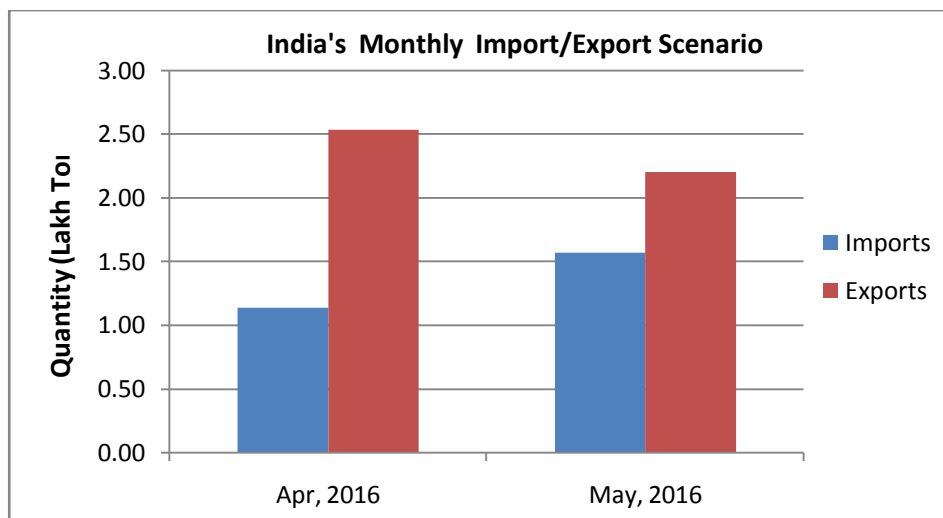
On International front, Brazil sugar FOB prices quoted at \$588.12/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.68.00) as on 24 Jun, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$588.12	\$528.20/530.70	\$530.88

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 discourage 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	3470	3618	3780	3850
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	July	Sell	Below 3620	3570	3545	3650

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


- Sugar spot prices at benchmark Kolhapur market closes at Rs 3570/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

- As per the latest UNICA report, Brazil's centre south region had crushed around 32.43 MT of sugarcane in the second half of May, 2016 to produce 1.68 MT of sugar there on. However, the number seems to be a little disappointing when compared to the sugar produced during the first half of May, 2016, as rain in the later part of the month disrupted cane harvesting in the region.
- The Indonesian govt. issued import permit for shipment of one lakh ton of white sugar in between June – October, 2016.
- 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.
- 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 downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 532.4 with a target of 526.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	532.4	526.4

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



Technical Commentary:

- ICE raw sugar futures trend downwards for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 19.00 with a target of 18.44

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'16	19.00	18.44

Gur Market Scenario

Mixed sentiments were recorded in gur spot market with price rising in some market while declining in others. Prices of Mudde (Average) variety of gur from Belgaum district of Karnataka registered the largest gain as the price rose by Rs 180/quintal from Rs 3220/quintal to Rs 3400/quintal this week. Similarly, prices of Chaurasa variety of gur from Hapur increased by Rs 123/quintal to Rs 3113/quintal this week.

However, prices of Achhu (Medium) variety of gur from Mandya fell by Rs 125/quintal from Rs 3133/quintal to Rs 3008/quintal this week. Similarly, prices of Achhu (Average) variety of gur from Shimoga too fell from Rs 4330/quintal to Rs 4300/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3290/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3376 and Rs 3185 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			17th June 2016 to 23rd June 2016	10th June 2016 to 16th June 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3290	3200	90
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3113	2990	123
	Hapur	Balti	3108	3050	58
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4275	4180	95
	Belgaum	Mudde (Average)	3400	3220	180
	Belthangadi	Yellow (Average)	NA	3989	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3642	3647	-5
	Mahalingapura	Penti (Average)	3664	3654	10
	Mandya	Achhu (Medium)	3008	3133	-125
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2883	2908	-25
	Mandya	Yellow (Medium)	3050	3075	-25
	Shimoga	Achhu (Average)	4300	4330	-30

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			23-Jun-16	16-Jun-16	23-May-16	23-Jun-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3313	3300	NA	2530
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	500	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	2925	NA
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	3025	NA
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2650
	Hapur	Chaurasa	3125	3050	NA	NA
	Hapur	Balti	3125	3050	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4300	4150	4000	4250
	Belgaum	Mudde (Average)	NA	3300	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3675	3640	3645	2640
	Mahalingapura	Penti (Average)	NA	3696	3325	2327
	Mandya	Achhu (Medium)	2950	3100	3100	2400
	Mandya	Kurikatu (Medium)	2900	2900	2850	2300
	Mandya	Other (Medium)	2800	3000	2800	2300
	Mandya	Yellow (Medium)	3000	3100	3100	2400
	Shimoga	Achhu (Average)	NA	4300	4400	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			17th June 2016 to 23rd June 2016	10th June 2016 to 16th June 2016	
Delhi	Delhi	M-Grade	3690	3703	-13
	Delhi	S-Grade	3670	3683	-13
Uttar Pradesh	Khatauli	M-Grade	3715	3717	-2
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3673	3675	-2
	Dhampur	S-Grade Ex-Mill	3653	3655	-2
	Dhampur	L-Grade Ex-Mill	3723	3725	-2
Maharashtra	Mumbai	M-Grade	3800	3801	-1
	Mumbai	S-Grade	3639	3653	-14
	Nagpur	M-Grade	3695	3750	-55
	Nagpur	S-Grade	3595	3650	-55
	Kolhapur	M-Grade	3570	3625	-55
	Kolhapur	S-Grade	3570	3525	45
Assam	Guhawati	S-Grade	3730	3842	-112
Meghalaya	Shillong	S-Grade	3787	3845	-58
Andhra Pradesh	Vijayawada	M-Grade	3790	3920	-130
	Vijayawada	S-Grade	3900	3820	80
West Bengal	Kolkata	M-Grade	3800	3860	-60
Tamil Nadu	Chennai	S-Grade	3425	3425	Unch
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	Toda y	Week Ago	Month Ago	Year Ago
Sugar			23- Jun- 16	16-Jun-16	23-May-16	23-Jun- 15
Delhi	Delhi	M-Grade	3670	3750	3575	2500
	Delhi	S-Grade	3650	3730	3555	2400
Uttar Pradesh	Khatauli	M-Grade	3710	3730	3610	2485
	Ramala	M-Grade	NA	NA	NA	2480
	Dhampur	M-Grade Ex-Mill	3670	3680	NA	2445
	Dhampur	S-Grade Ex-Mill	3650	3660	NA	2425
	Dhampur	L-Grade Ex-Mill	3720	3730	NA	2495
Maharashtra	Mumbai	M-Grade	3796	3802	3762	2592
	Mumbai	S-Grade	3626	3656	3656	2300
	Nagpur	M-Grade	3675	3725	3700	2550
	Nagpur	S-Grade	3575	3625	3600	2400
	Kolhapur	M-Grade	3550	3600	3575	2150
	Kolhapur	S-Grade	3450	3500	3475	2050
Assam	Guhawati	S-Grade	3766	3816	3791	2345
Meghalaya	Shillong	S-Grade	3770	3820	3795	2370
Andhra Pradesh	Vijayawad a	M-Grade	3900	3900	3900	2720
	Vijayawad a	S-Grade	3800	3800	3760	2660
West Bengal	Kolkata	M-Grade	NA	3850	3750	NA
Tamil Nadu	Chennai	S-Grade	3425	3425	3470	2275
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	22-Jun-16	15-Jun-16	Change
ICE Sugar #11 (US Cent/lb)	Jul-16	19.04	19.76	-0.72
	Oct-16	19.17	19.85	-0.68
	Mar-17	19.43	19.93	-0.50
LIFFE Sugar (US \$/MT)	Aug-16	530.70	535.00	-4.30
	Oct-16	526.20	534.20	-8.00
	Dec-16	523.70	532.50	-8.80

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