
Sugar & Gur Weekly Research Report

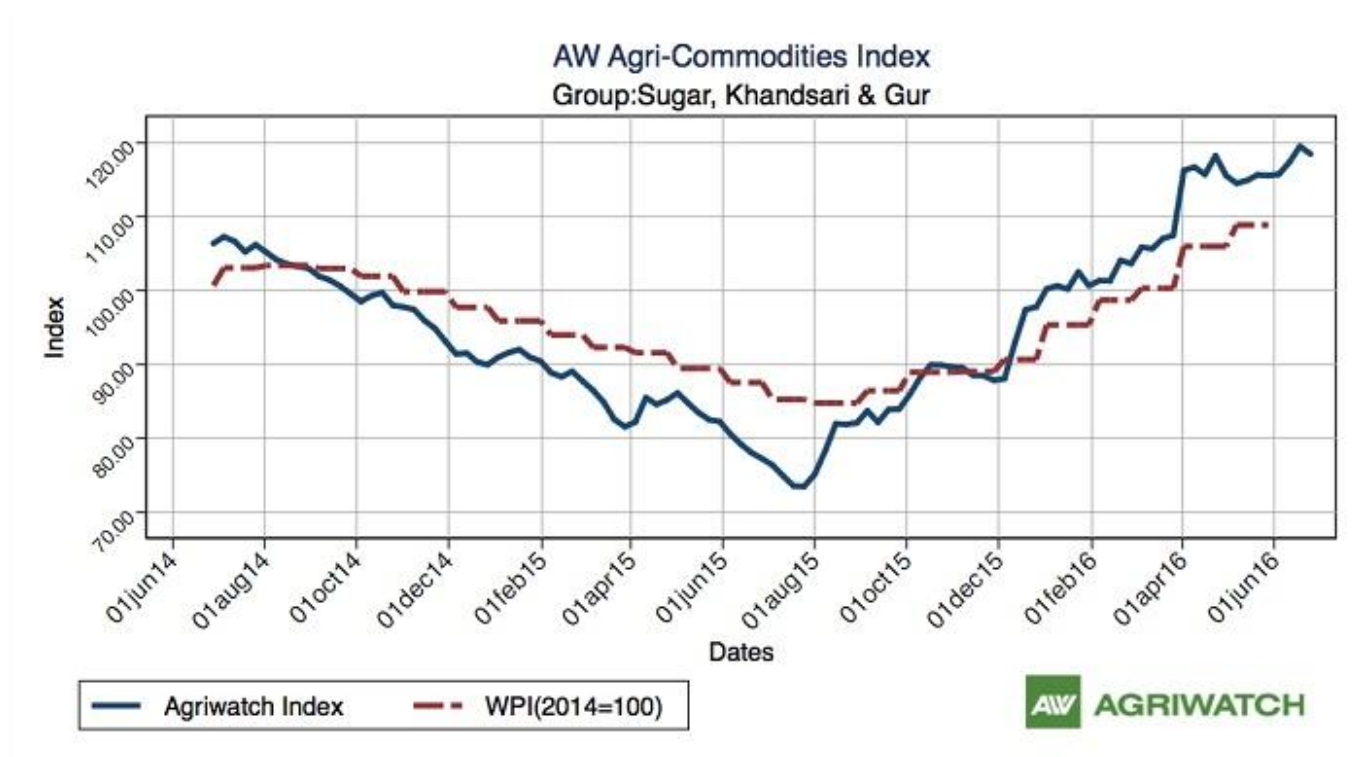
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Domestic Sugar Market Summary

Spot sugar prices rose this week amid increased buying from retailers and consumers within the country. Meanwhile, 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– Jul 2, 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 0.06% to 118.54 during the week ending on Jul 2, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

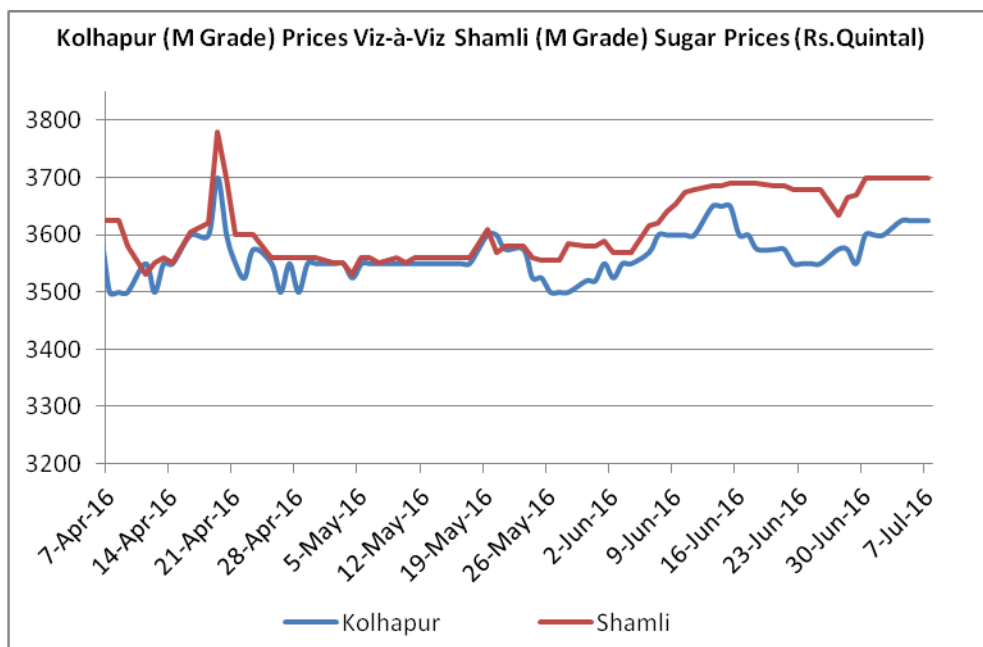
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3700 per quintal next week.

International Sugar Market Summary

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

Domestic Market Fundamentals

- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 44.38 lakh hectares in 2016-17 (till 01st July, 2016) compared to 43.68 lakh hectares during the corresponding period in 2015-16.
- Sugar mills in India had paid approximately 92% of their cane due for MY 2015-16 (01st October, 2015 – 30th September, 2016) and are now liable to pay only Rs 42.3 billion for this season compared to a pending arrear of Rs 218 billion last year.
- According to ISMA, Maharashtra's sugar production for the year 2016-17 is expected to decline to 4.5 MT in 2016-17 on the back of a severe drought situation in the State.
- 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) for 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..
- 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 over 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.
- 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

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$649.27 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$542.61 per ton.

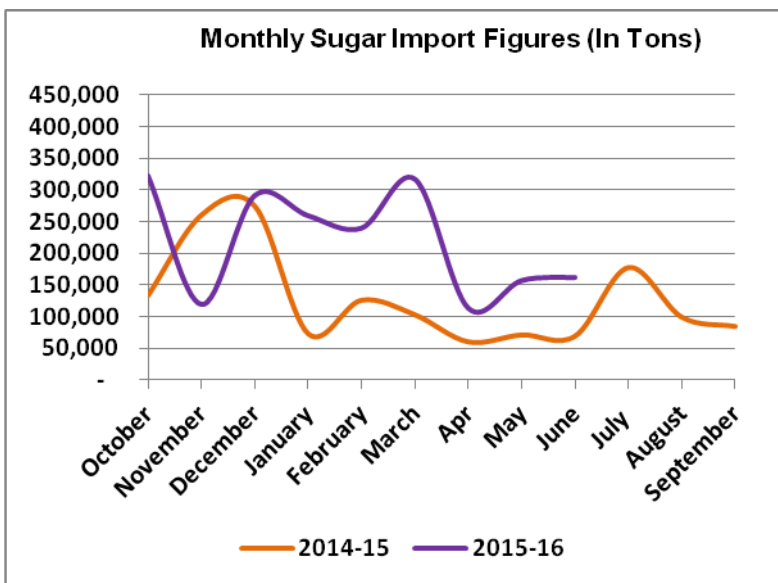
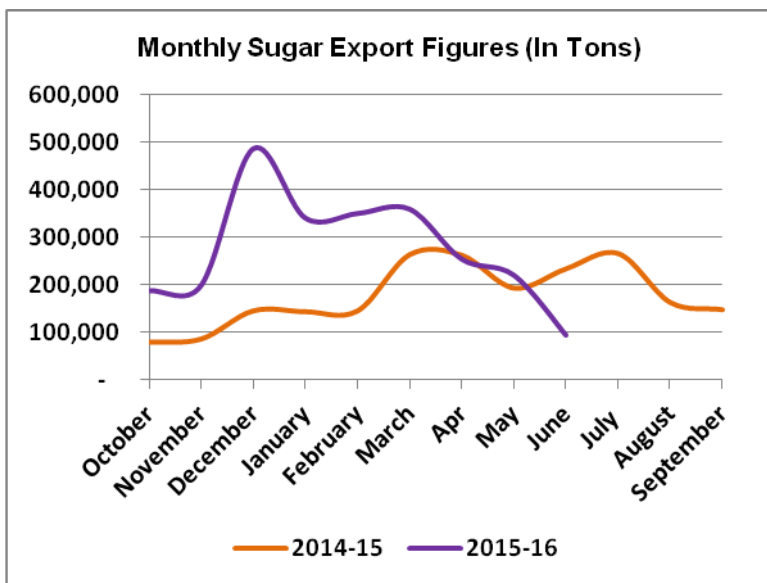
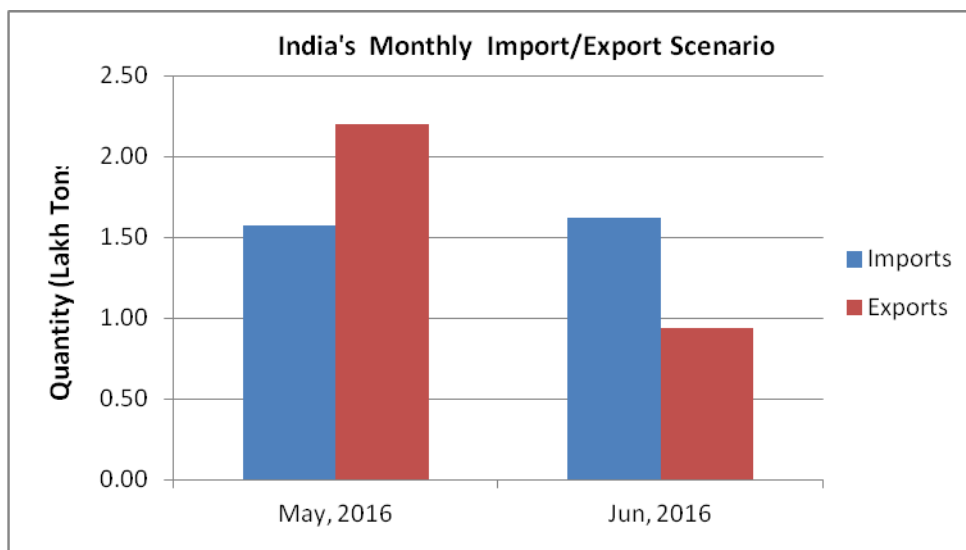
On International front, Brazil sugar FOB prices quoted at \$543.6/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.36) as on 08 Jul, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$543.6	\$591.30/563.50	\$542.61

Sugar Import and Export Scenario

India exported 0.94 lakh tons of sugar while imported 1.62 lakh tons of sugar in June, 2016. However, the country exported 2.20 lakh tons of sugar in May, 2016 and imported 1.57 lakh ton of sugar during the same period last year.



Indian sugar exports fell by 57% in the month of June as the government imposed export duty of 20% on exports of sugar (raw, white or refined) which contain the shipments from India. Notably, the step was taken in wake of two consecutive droughts in the country which eventually hit sugarcane output in the country. On the other hand, reports of widening global sugar deficit this year and summer seasonal demand for the sweetener contributed to a surge in sugar imports during the month.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (Oct Weekly Chart)



Technical Commentary:

- Sugar prices, volume and O.I increased indicating long build up in the market.
- 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	Oct	3600	3700	3807	3920	4000
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3800	3850	3875	3770

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

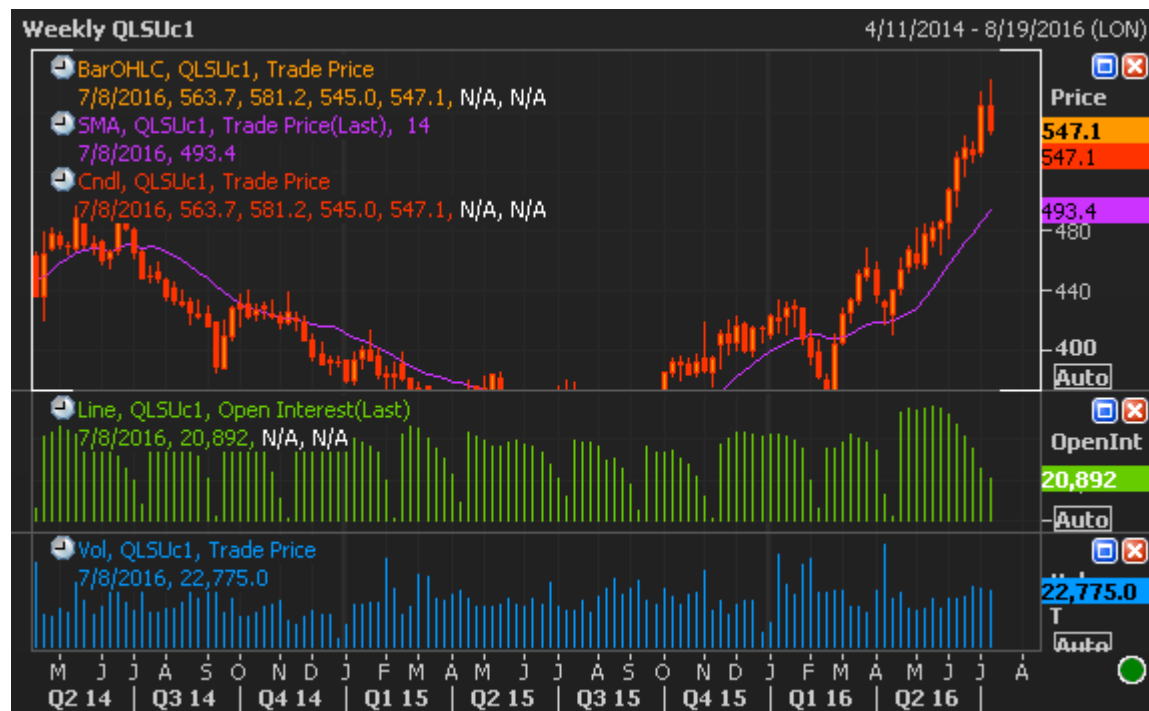


- Sugar spot prices at benchmark Kolhapur market closes at Rs 3617/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3695 and Rs 3500 per quintal.

International Market Fundamentals

- As per the latest UNICA report, Brazil's C.S region crushed out 1.20 MT of sugar in the first half of June, 2016 which was 39% less than the sugar crushed last year during the same interval.
- Market player, Agroconsult predicted a higher cane crop of 640 MT in Brazil's C.S region for 2017-18 (against 628 MT for 2016-17) on back of an expanded planting and crop care next year 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.
- 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 downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 547 with a target of 536.3

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	547	536.3

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



Technical Commentary:

- ICE raw sugar futures trend downwards for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 19.60 with a target of 19.02

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	19.60	19.02

Gur Market Scenario

Mixed sentiments were recorded in gur spot market with price rising in some market while declining in others. Prices of Achhu (Medium) variety of gur from Mandya rose by Rs 75/quintal from Rs 2925/quintal to Rs 3000/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum district of Karnataka rose by Rs 33/quintal to Rs 3267/quintal. On the other hand, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 46/quintal from Rs 3623/quintal to Rs 3578/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3293/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3402 and Rs 3252 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			01st to 07th July 2016	24th to 30th June 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3250	3190	60
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3130	3125	5
	Hapur	Balti	3140	3125	15
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3267	3233	33
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3603	3640	-37
	Mahalingapura	Penti (Average)	3578	3623	-46
	Mandya	Achhu (Medium)	3000	2925	75
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2700	2767	-67
	Mandya	Yellow (Medium)	3000	3000	Unch
	Shimoga	Achhu (Average)	4300	4300	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			7-Jul-16	30-Jun-16	7-Jun-16	7-Jul-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	Closed	3240	3100	2480
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	Closed	NA	NA	NA
	Muzaffarnagar	Laddoo (Fresh)	Closed	NA	3250	2675
	Muzaffarnagar	Rascut (Fresh)	Closed	NA	2938	2600
	Hapur	Chaurasa	3150	3125	2900	NA
	Hapur	Balti	3150	3125	3025	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	NA	4300	4200	3850
	Belgaum	Mudde (Average)	NA	3200	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	2175
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3645	3675	2650
	Mahalingapura	Penti (Average)	NA	3556	3582	2126
	Mandya	Achhu (Medium)	NA	3000	3150	2100
	Mandya	Kurikatu (Medium)	NA	2900	2900	1950
	Mandya	Other (Medium)	NA	2750	2850	2000
	Mandya	Yellow (Medium)	NA	3000	3100	2100
	Shimoga	Achhu (Average)	NA	4300	NA	2700

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			01st to 07th July 2016	24th to 30th June 2016	
Delhi	Delhi	M-Grade	3742	3703	39
	Delhi	S-Grade	3722	3683	39
Uttar Pradesh	Khatauli	M-Grade	3776	3712	64
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3699	3665	34
	Dhampur	S-Grade Ex-Mill	3679	3645	34
	Dhampur	L-Grade Ex-Mill	3749	3715	34
Maharashtra	Mumbai	M-Grade	3814	3800	14
	Mumbai	S-Grade	3665	3637	28
	Nagpur	M-Grade	3740	3692	48
	Nagpur	S-Grade	3640	3592	48
	Kolhapur	M-Grade	3615	3567	48
	Kolhapur	S-Grade	3515	3467	48
Assam	Guhawati	S-Grade	3832	3783	49
Meghalaya	Shillong	S-Grade	3835	3787	48
Andhra Pradesh	Vijayawada	M-Grade	3900	3900	Unch
	Vijayawada	S-Grade	3800	3800	Unch
West Bengal	Kolkata	M-Grade	3860	3820	40
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	Today	Week Ago	Month Ago	Year Ago
Sugar			7-Jul-16	30-Jun-16	7-Jun-16	7-Jul-15
Delhi	Delhi	M-Grade	3750	3725	3630	2415
	Delhi	S-Grade	3730	3705	3610	2380
Uttar Pradesh	Khatauli	M-Grade	Closed	3750	3675	2415
	Ramala	M-Grade	Closed	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	Closed	3700	3620	2350
	Dhampur	S-Grade Ex-Mill	Closed	3680	3600	2330
	Dhampur	L-Grade Ex-Mill	Closed	3750	3670	2400
Maharashtra	Mumbai	M-Grade	3822	3790	3786	2476
	Mumbai	S-Grade	3676	3642	3640	2216
	Nagpur	M-Grade	3750	3725	3725	2400
	Nagpur	S-Grade	3650	3625	3625	2300
	Kolhapur	M-Grade	3625	3600	3600	2100
	Kolhapur	S-Grade	3525	3500	3500	2000
Assam	Guhawati	S-Grade	3842	3816	3816	2294
Meghalaya	Shillong	S-Grade	3845	3820	3820	2320
Andhra Pradesh	Vijayawada	M-Grade	3900	3900	3930	2600
	Vijayawada	S-Grade	3800	3800	3830	2560
West Bengal	Kolkata	M-Grade	Closed	NA	NA	NA
Tamil Nadu	Chennai	S-Grade	3425	3425	3425	2250
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	06-July-16	29-Jun-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	20.57	20.82	-0.25
	Mar-16	20.76	21.01	-0.25
	May-16	19.76	21.02	-1.26
LIFFE Sugar (US \$/MT)	Aug-16	563.50	568.20	-4.70
	Oct-16	559.90	565.00	-5.10
	Dec-16	555.70	561.20	-5.50

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