
Sugar & Gur Weekly Research Report

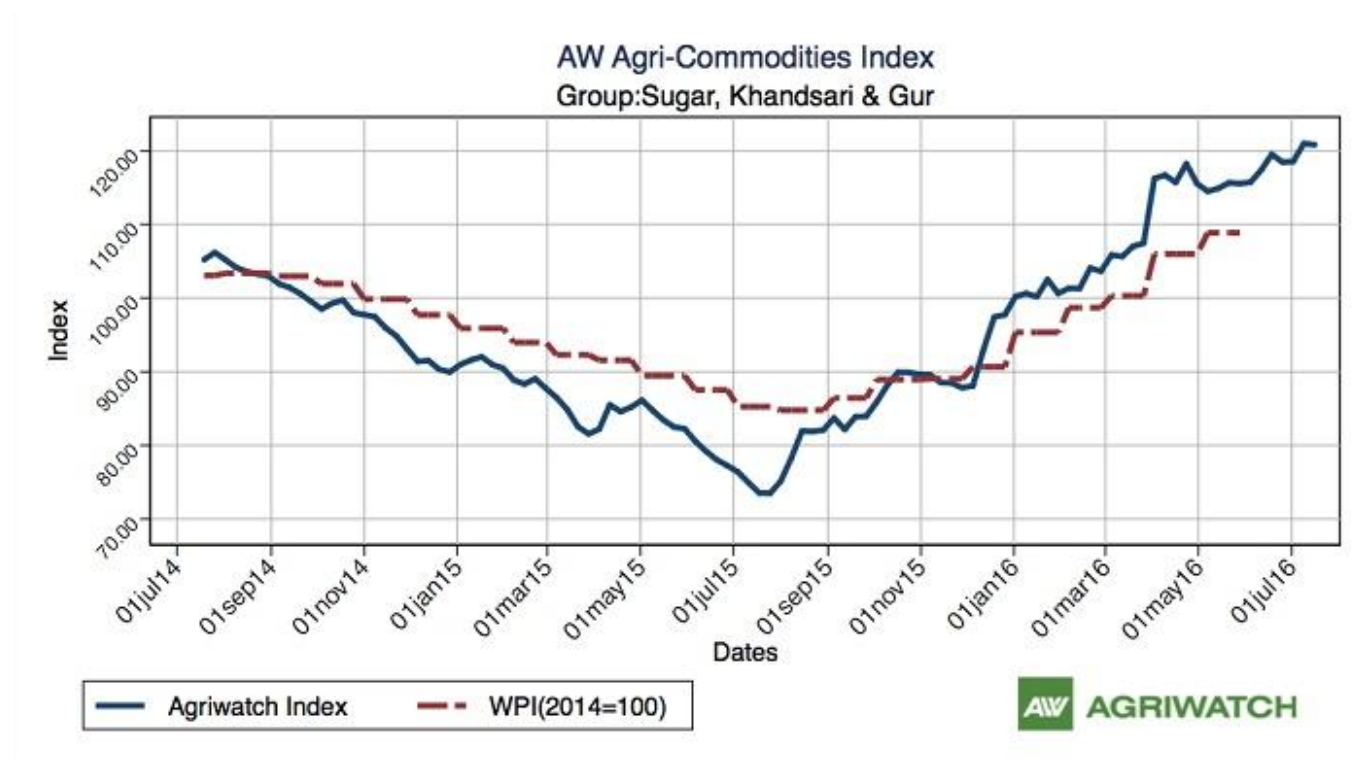
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Domestic Sugar Market Summary

Spot sugar prices, this week, traded steady to firm led by adequate demand from retailers and bulk consumers. 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– Jul 17, 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 0.14% to 120.82 during the week ending on Jul 17, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection For The Next Week

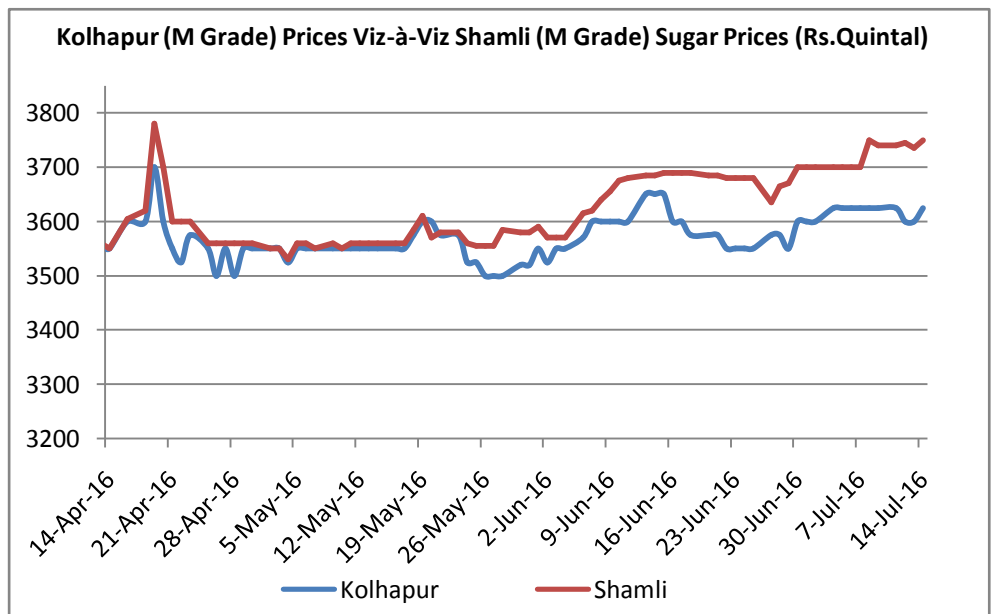
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3550 - 3700 per quintal next week.

International Sugar Market Summary

International sugar prices came down this week as rain stopped in Brazil's main centre south region giving its way for adequate cane harvesting.

Domestic Market Fundamentals

- ISMA predicted India's sugar production to decline to 23.26 MT in 2016-17 amid falling cane acreage (due to draught) in major growing areas of Maharashtra and Karnataka. Notably, ISMA predicted Maharashtra and Karnataka to produce 6.15 MT and 3.22 MT of sugar in 2016-17 compared to 8.40 MT and 4.07 MT of production respectively in 2015-16.
- With adequate rainfall this season and an improvement in expected yield; ISMA projected Uttar Pradesh and Tamil Nadu to produce 7.54 MT and 1.56 MT of sugar in 2016-17 which is 10.5% and 11.9% higher than the sugar produced last year by these two States.
- 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.
- 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 Govt of Karnataka 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 \$654.83 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$545.43 per ton.

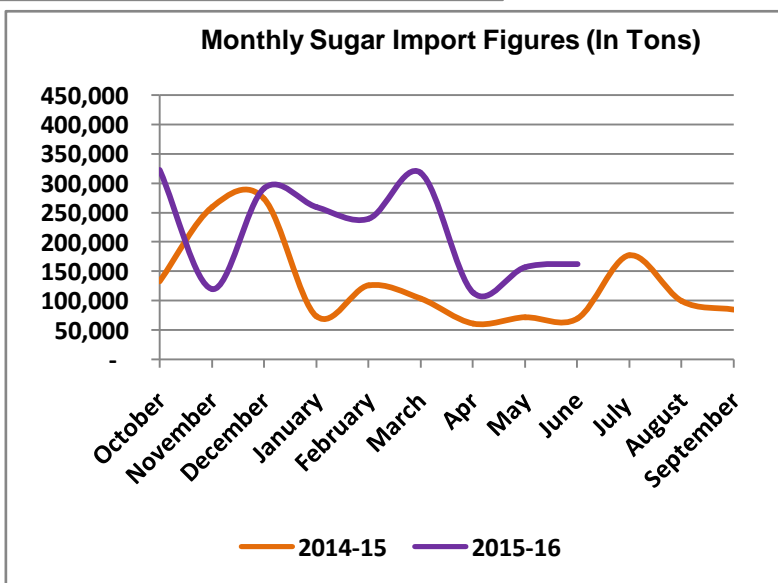
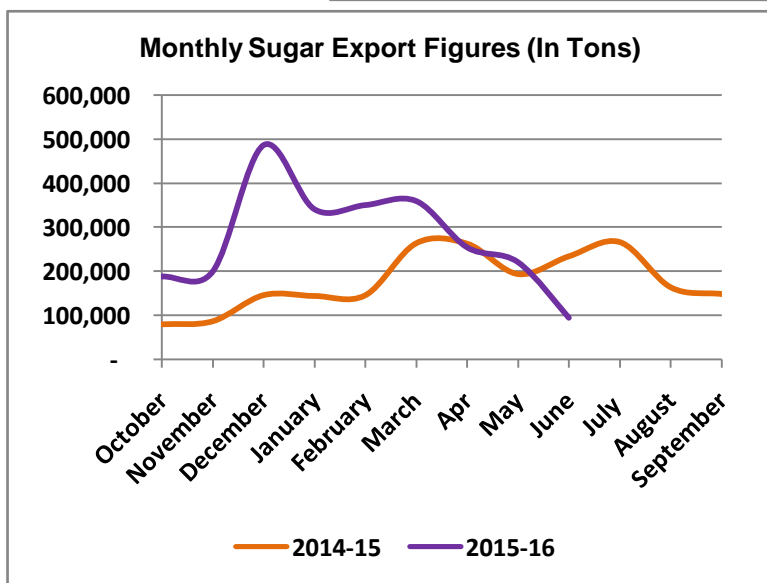
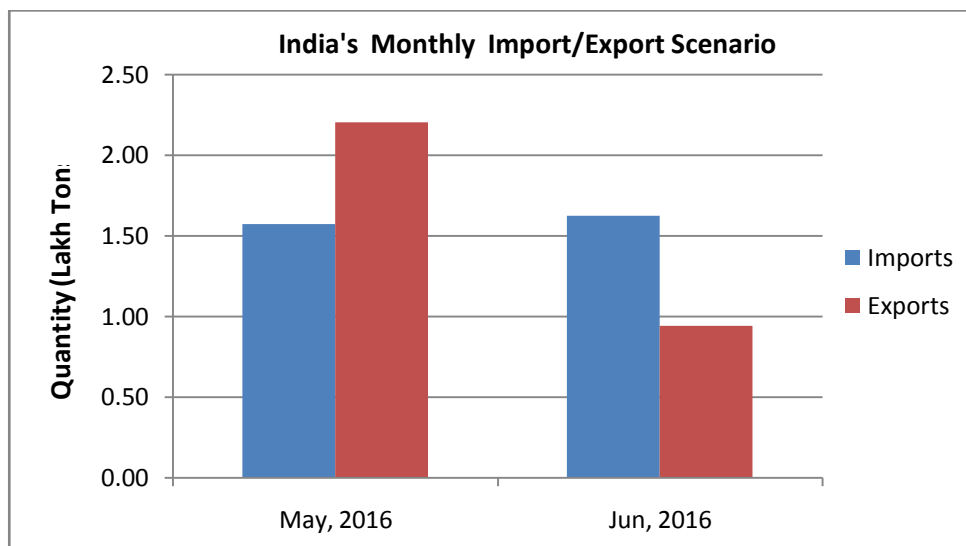
On International front, Brazil sugar FOB prices quoted at \$544.6/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.03) as on 15 Jul, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$544.6	\$602.70/533.50	\$545.43

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 and O.I increased while volume fell down for the week.
- 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	Oct	3600	3700	3845	3980	4050
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3850	3800	3775	3910

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

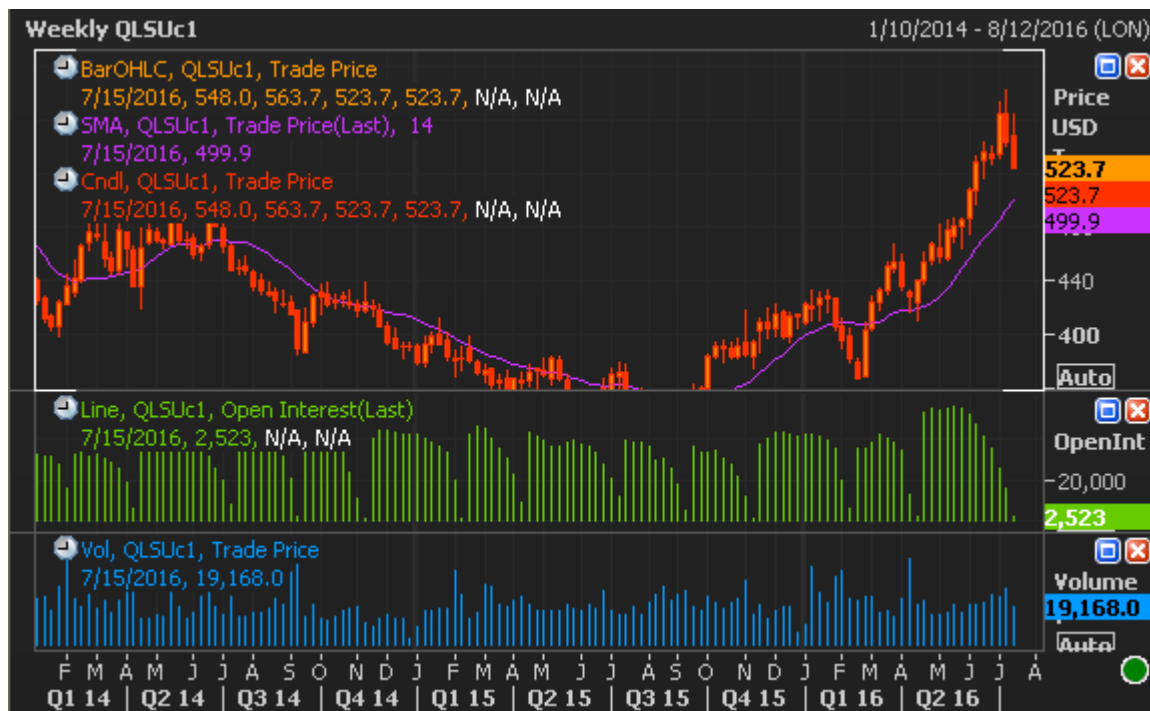


- Sugar spot prices at benchmark Kolhapur market closes at Rs 3617/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3695 and Rs 3500 per quintal.

International Market Fundamentals

- Thailand's sugar production fell by 5.83% in 2015-16 (November – June) and the country produced only 9.7 MT of sugar this season as drought hit cane production and productivity within the country.
- Sucden predicted a global sugar supply deficit of 3 MT in 2016-17 compared to a deficit of 5 MT in 2015-16.
- Czarnikow predicted global sugar supply deficit of 12.5 MT in 2015-16 while a deficit of 9.8 MT in 2016-17.
- 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.
- 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 520 with a target of 506.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'16	520	506.9

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

Technical Commentary:

- ICE raw sugar futures trend upwards for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Sell at 19.80 with a target of 19.25

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	19.80	19.25

Gur Market Scenario

Spot gur market mostly remained buoyant with price rising in all the major centers of the country. Prices of Achhu (Medium), Yellow (Medium) and Kurikatu (Medium) variety of gur from Mandya rose by Rs 283/quintal, Rs 267/quintal and Rs 150/quintal to Rs 3283/quintal, Rs 3267/quintal and Rs 3050/quintal respectively. Similarly, prices of Penti (Average) variety of gur from Mahalingapura rose by Rs 139/quintal from Rs 3578/quintal to Rs 3716/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3349/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3540 and Rs 3190 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			08th to 14th July 2016	01st to 07th July 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3278	3250	28
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3145	3130	15
	Hapur	Balti	3145	3140	5
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3325	3267	58
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3615	3603	12
	Mahalingapura	Penti (Average)	3716	3578	139
	Mandya	Achhu (Medium)	3283	3000	283
	Mandya	Kurikatu (Medium)	3050	2900	150
	Mandya	Other (Medium)	3017	2700	317
	Mandya	Yellow (Medium)	3267	3000	267
	Shimoga	Achhu (Average)	3950	4300	-350

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			14-Jul-16	7-Jul-16	14-Jun-16	14-Jul-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3500	Closed	3450	2500
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	Closed	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	2600
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2588
	Hapur	Chaurasa	3150	3150	3025	NA
	Hapur	Balti	3150	3150	3050	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4300	NA	4200	3350
	Belgaum	Mudde (Average)	3400	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	3978	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3640	NA	3640	2580
	Mahalingapura	Penti (Average)	3787	NA	3590	2113
	Mandya	Achhu (Medium)	3350	NA	3150	2000
	Mandya	Kurikatu (Medium)	3200	NA	2900	1850
	Mandya	Other (Medium)	3100	NA	2900	1900
	Mandya	Yellow (Medium)	3350	NA	3100	1950
	Shimoga	Achhu (Average)	NA	NA	4350	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			08th to 14th July 2016	01st to 07th July 2016	
Delhi	Delhi	M-Grade	3760	3742	18
	Delhi	S-Grade	3740	3722	18
Uttar Pradesh	Khatauli	M-Grade	3806	3776	30
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3747	3699	47
	Dhampur	S-Grade Ex-Mill	3727	3679	47
	Dhampur	L-Grade Ex-Mill	3797	3749	47
Maharashtra	Mumbai	M-Grade	3824	3814	10
	Mumbai	S-Grade	3672	3665	7
	Nagpur	M-Grade	3742	3740	2
	Nagpur	S-Grade	3642	3640	2
	Kolhapur	M-Grade	3617	3615	2
	Kolhapur	S-Grade	3517	3515	2
Assam	Guhawati	S-Grade	3833	3832	2
Meghalaya	Shillong	S-Grade	3837	3835	2
Andhra Pradesh	Vijayawada	M-Grade	3920	3900	20
	Vijayawada	S-Grade	3800	3800	Unch
West Bengal	Kolkata	M-Grade	3865	3860	5
Tamil Nadu	Chennai	S-Grade	3433	3425	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			14-Jul-16	7-Jul-16	14-Jun-16	14-Jul-15
Delhi	Delhi	M-Grade	3780	3750	3700	2380
	Delhi	S-Grade	3760	3730	3680	2250
Uttar Pradesh	Khatauli	M-Grade	3810	Closed	3740	2385
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	Closed	3690	2320
	Dhampur	S-Grade Ex-Mill	3730	Closed	3670	2300
	Dhampur	L-Grade Ex-Mill	3800	Closed	3740	2370
Maharashtra	Mumbai	M-Grade	3842	3822	3802	2530
	Mumbai	S-Grade	3680	3676	3656	2216
	Nagpur	M-Grade	3750	3750	3775	2400
	Nagpur	S-Grade	3650	3650	3675	2300
	Kolhapur	M-Grade	3625	3625	3650	2100
	Kolhapur	S-Grade	3525	3525	3550	2000
Assam	Guhawati	S-Grade	3842	3842	3867	2294
Meghalaya	Shillong	S-Grade	3845	3845	3870	2320
Andhra Pradesh	Vijayawada	M-Grade	3920	3900	3930	2580
	Vijayawada	S-Grade	3800	3800	3830	2540
West Bengal	Kolkata	M-Grade	NA	Closed	3890	2450
Tamil Nadu	Chennai	S-Grade	3425	3425	3425	2150
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	13-Jul-16	6-Jul-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	19.48	20.57	-1.09
	Mar-17	19.75	20.76	-1.01
	May-17	19.06	19.76	-0.70
LIFFE Sugar (US \$/MT)	Oct-16	538.80	563.50	-24.70
	Dec-16	535.80	559.90	-24.10
	Mar-17	532.90	555.70	-22.80

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