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# Sugar & Gur Weekly Research Report

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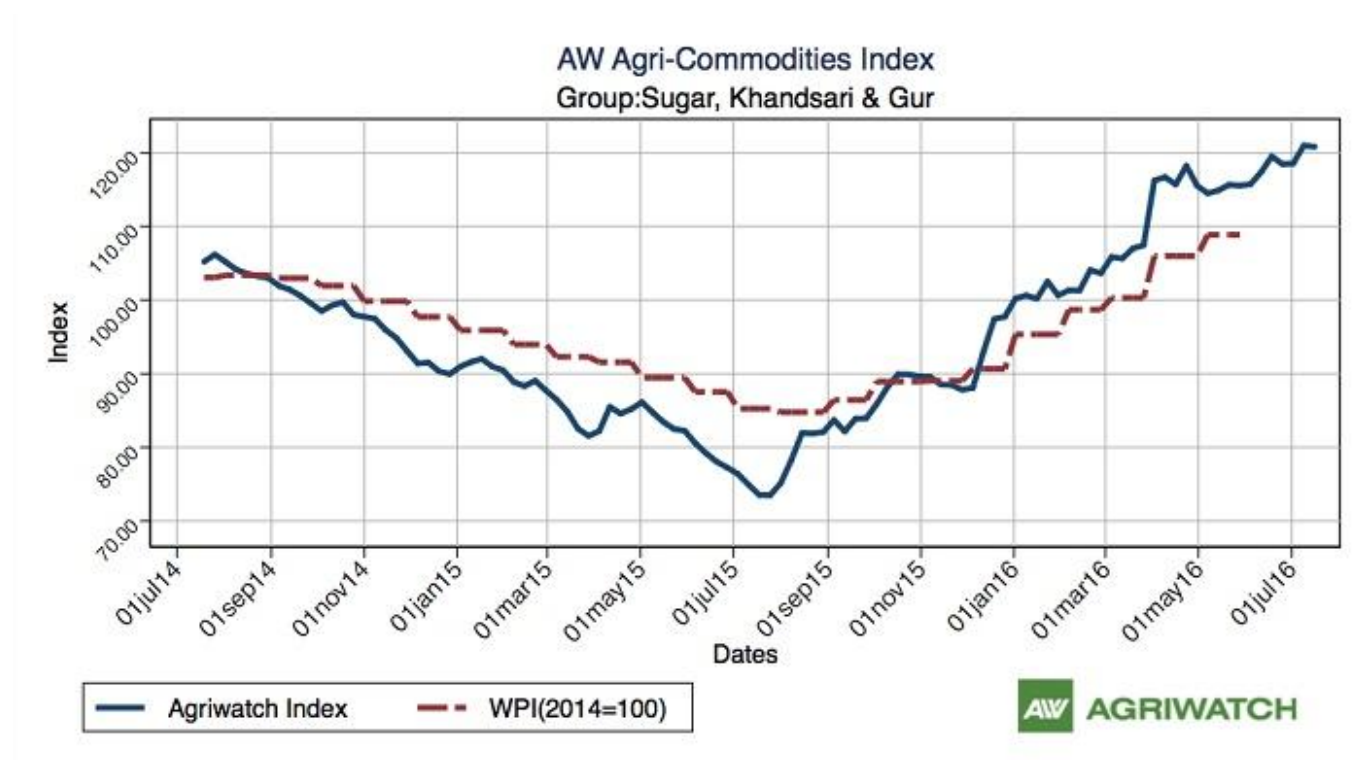
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## Domestic Sugar Market Summary

Spot sugar prices rose this week amid thin supply from mills and a surge in domestic sugar demand (particularly from retailers, stockiest and bulk consumers). Agriwatch also estimates sugar prices to trade steady to firm in the coming few weeks.

## Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Jul 16, 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](http://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 16, 2016. Notably, the base for the Index is 2014 (= 100).

### Price Projection for the Next Week

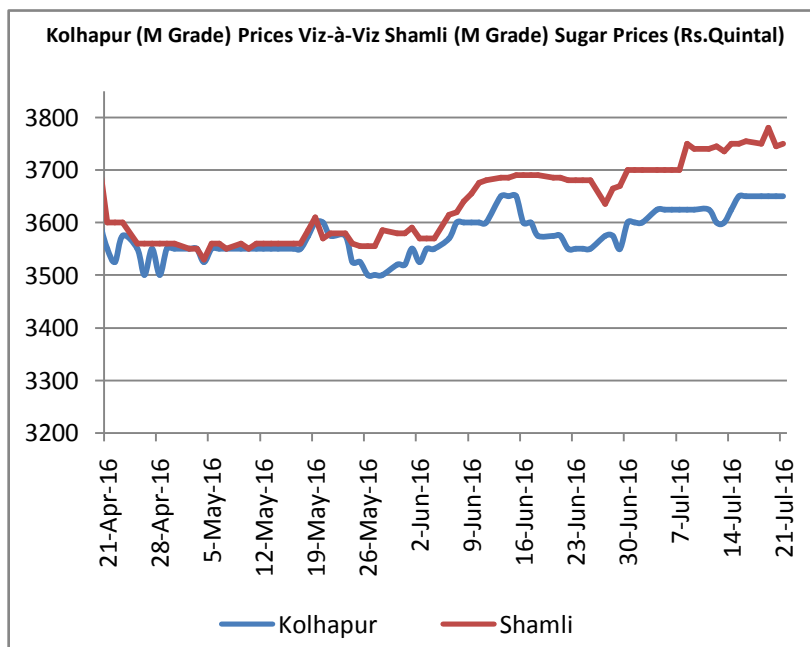
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3600 - 3750 per quintal next week.

### International Sugar Market Summary

A brisk cane harvesting in Brazil's main centre south region pressurized international sugar prices this week and the situation is expected to prevail for some more weeks as the country is undergoing its peak harvesting period.

### Domestic Market Fundamentals

- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 45.78 lakh hectares in 2016-17 (till 15th July, 2016) compared to 44.80 lakh hectares during the corresponding period in 2015-16. However, as per the Agriwatch estimate, the country is expected to sow 47.60 lakh hectares of area under sugarcane cultivation during 2016-17.
- Indian sugar imports rose by 22.7% as the country imported 96.5 thousand tons of sugar this week (ending on 17th Jul, 2016) compared to 78.7 thousand tons of imports made in the previous week.
- 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.



- 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).

### Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$644.01 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$549.84 per ton.

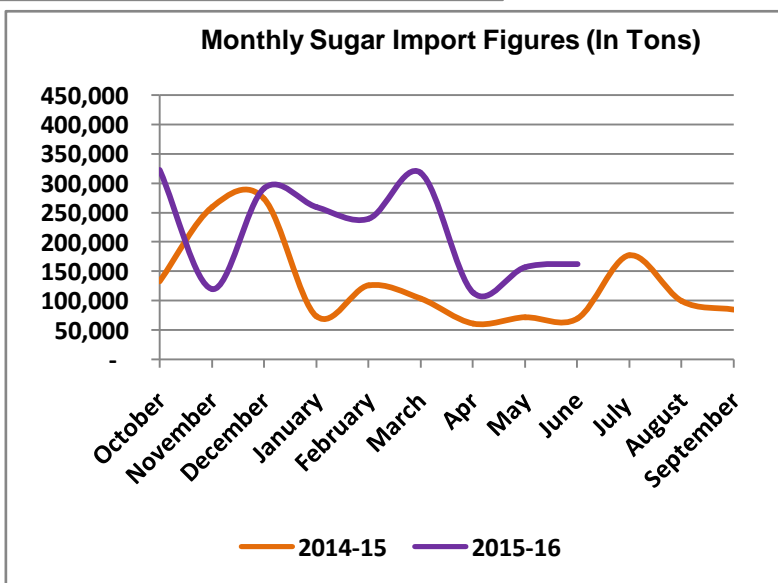
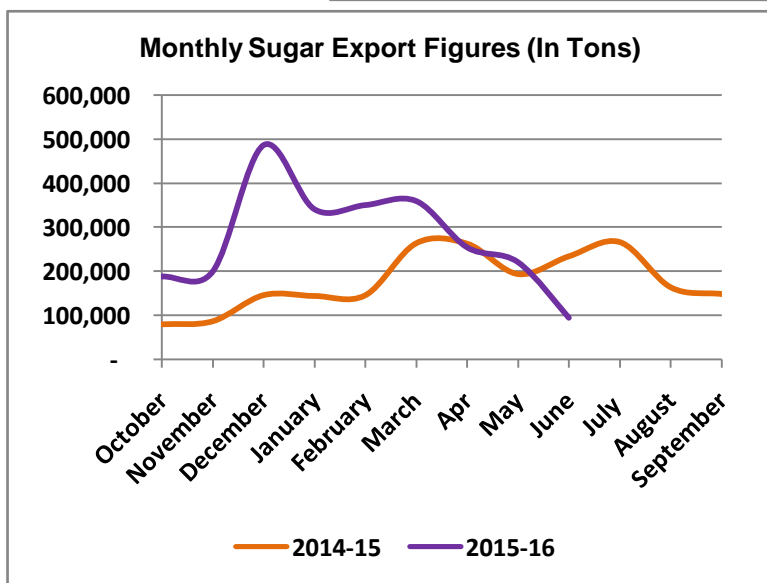
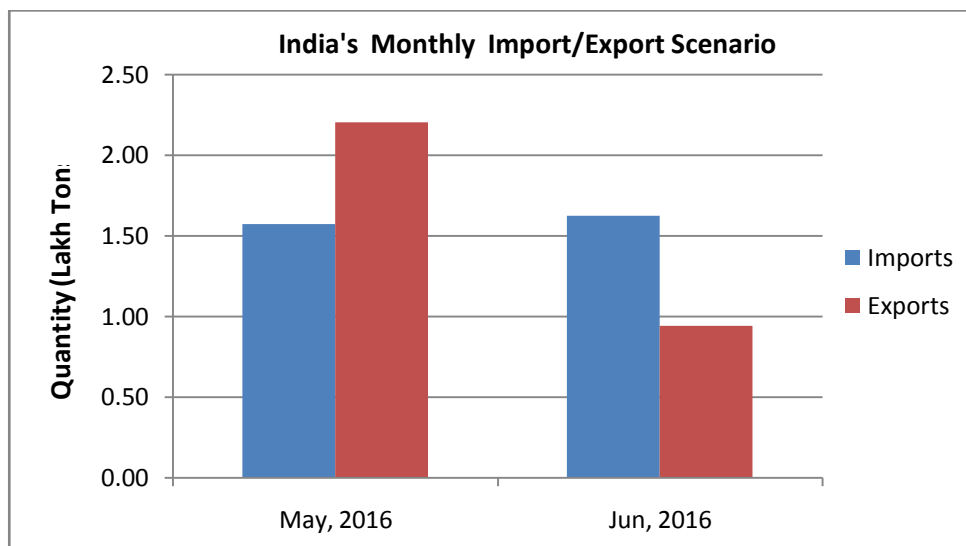
On International front, Brazil sugar FOB prices quoted at \$539.7/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.11) as on 22 Jul, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$539.7	\$602.70/533.90	\$549.84

### 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	3840	3980	4050
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	<b>Sell</b>	Below 3840	3790	3765	3870

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

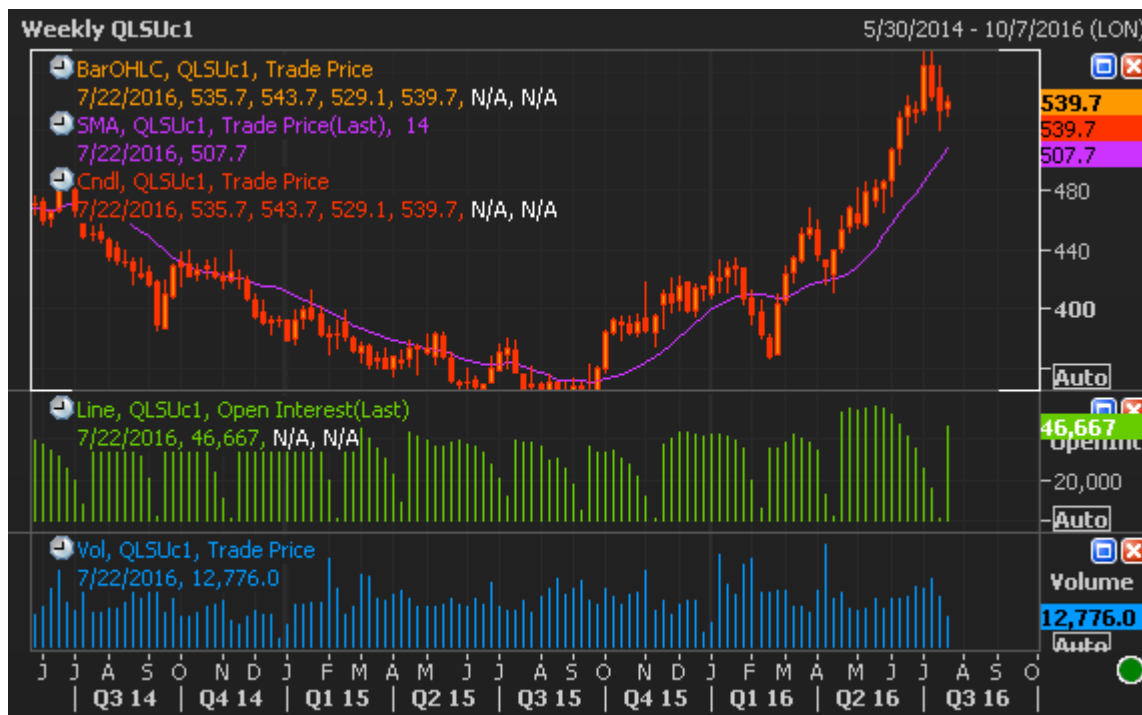


- Sugar spot prices at benchmark Kolhapur market closes at Rs 3650/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3707 and Rs 3500 per quintal.

### International Market Fundamentals

- Platts Kingsman reduced its global sugar deficit forecast (2016-17) from 7.3 MT to 6.28 MT on back of lower consumption demand from Iran. However, as per the Agriwatch estimate global sugar supply deficit is expected to be around 5.3 MT in 2016-17 (October – September).
- Brazil's main centre south region crushed 47.89 MT of sugarcane in the second half of June, 2016 and thus obtained 2.79 MT of sugar thereon.
- 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.
- 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.
- 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.



**LIFFE Future Market Sugar Scenario (Oct'16 Contract)**

**Technical Commentary**

- LIFE future market trends upward for the week.
  - The last candlestick depicts bullishness in the market.
- Strategy: Sell at 535.2 with a target of 518.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'16	535.2	518.6

**Weekly QSBc1** 5/30/2014 - 9/30/2016 (NYC)

**BarOHLC, QSBc1, Trade Price**  
 7/22/2016, 19.35, 19.86, 19.13, 19.56, N/A, N/A

**SMA, QSBc1, Trade Price(Last), 14**  
 7/22/2016, 18.21

**Cndl, QSBc1, Trade Price**  
 7/22/2016, 19.35, 19.86, 19.13, 19.56, N/A, N/A

**Line, QSBc1, Open Interest(Last)**  
 7/22/2016, 438,639, N/A, N/A

**Vol, QSBc1, Trade Price**  
 7/22/2016, 144,241.00

**Price**  
 19.56  
 19.56  
 18.21

**OpenInt**  
 438,639

**Volume**  
 144,241.00

Auto

Auto

Auto

J J A S O N D J F M A M J J A S O N D J F M A M J J A S

Q3 14 Q4 14 Q1 15 Q2 15 Q3 15 Q4 15 Q1 16 Q2 16 Q3 16

- ICE raw sugar futures trend upwards for the week.
- Last candlestick depicts bullishness in the market.

Strategy: Sell at 19.50 with a target of 19.03

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	19.50	19.03

### Gur Market Scenario

Spot gur market remained buoyant with price rising in all the major markets of the country. Prices of Kurikatu (Medium) variety of gur from Mandya rose by Rs 250/quintal from Rs 3050/quintal to Rs 3300/quintal this week. Similarly, prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market rose by Rs 147/quintal to Rs 3425/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3485/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3527 and Rs 3296 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			15th to 21st July 2016	08th to 14th July 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3425	3278	147
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3180	3145	35
	Hapur	Balti	3180	3145	35
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3375	3325	50
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3653	3615	38
	Mahalingapura	Penti (Average)	3802	3716	85
	Mandya	Achhu (Medium)	3442	3283	158
	Mandya	Kurikatu (Medium)	3300	3050	250
	Mandya	Other (Medium)	3067	3017	50
	Mandya	Yellow (Medium)	3450	3267	183
	Shimoga	Achhu (Average)	4033	3950	83

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			21-Jul-16	14-Jul-16	21-Jun-16	21-Jul-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3500	3500	3275	2500
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	2400
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	2600
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2550
	Hapur	Chaurasa	3250	3150	3125	NA
	Hapur	Balti	3250	3150	3125	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4300	4300	4300	3350
	Belgaum	Mudde (Average)	NA	3400	NA	2200
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3650	3640	3630	NA
	Mahalingapura	Penti (Average)	3782	3787	3627	NA
	Mandya	Achhu (Medium)	3500	3350	2950	2100
	Mandya	Kurikatu (Medium)	3300	3200	2900	1850
	Mandya	Other (Medium)	3100	3100	2800	1950
	Mandya	Yellow (Medium)	3500	3350	3000	2050
	Shimoga	Achhu (Average)	4100	4300	4300	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			15th to 21st July 2016	08th to 14th July 2016	
Delhi	Delhi	M-Grade	3774	3760	14
	Delhi	S-Grade	3754	3740	14
Uttar Pradesh	Khatauli	M-Grade	3805	3806	-1
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3753	3747	7
	Dhampur	S-Grade Ex-Mill	3733	3727	7
	Dhampur	L-Grade Ex-Mill	3803	3797	7
Maharashtra	Mumbai	M-Grade	3842	3824	18
	Mumbai	S-Grade	3692	3672	20
	Nagpur	M-Grade	3775	3742	33
	Nagpur	S-Grade	3675	3642	33
	Kolhapur	M-Grade	3650	3617	33
	Kolhapur	S-Grade	3550	3517	33
Assam	Guhawati	S-Grade	3867	3833	34
Meghalaya	Shillong	S-Grade	3870	3837	33
Andhra Pradesh	Vijayawada	M-Grade	3977	3920	57
	Vijayawada	S-Grade	3837	3800	37
West Bengal	Kolkata	M-Grade	3900	3865	35
Tamil Nadu	Chennai	S-Grade	3492	3433	58
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			21-Jul-16	14-Jul-16	21-Jun-16	21-Jul-15
Delhi	Delhi	M-Grade	3790	3780	3700	2350
	Delhi	S-Grade	3770	3760	3680	2280
Uttar Pradesh	Khatauli	M-Grade	3810	3810	3720	2380
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	3750	3670	2300
	Dhampur	S-Grade Ex-Mill	3730	3730	3650	2280
	Dhampur	L-Grade Ex-Mill	3800	3800	3720	2350
Maharashtra	Mumbai	M-Grade	3840	3842	3802	2490
	Mumbai	S-Grade	3690	3680	3636	2210
	Nagpur	M-Grade	3775	3750	3700	2400
	Nagpur	S-Grade	3675	3650	3600	2300
	Kolhapur	M-Grade	3650	3625	3575	2100
	Kolhapur	S-Grade	3550	3525	3475	2000
Assam	Guhawati	S-Grade	3867	3842	3791	2294
Meghalaya	Shillong	S-Grade	3870	3845	3795	2320
Andhra Pradesh	Vijayawada	M-Grade	3980	3920	3900	2540
	Vijayawada	S-Grade	3840	3800	3800	2500
West Bengal	Kolkata	M-Grade	3900	NA	3780	2425
Tamil Nadu	Chennai	S-Grade	3500	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	20-Jul-16	13-Jul-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	19.28	19.48	-0.20
	Mar-16	19.56	19.75	-0.19
	May-16	18.96	19.06	-0.10
LIFFE Sugar (US \$/MT)	Oct-16	533.90	538.80	-4.90
	Dec-16	532.30	535.80	-3.50
	Mar-16	528.90	532.90	-4.00

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