



Sugar & Gur Weekly Research Report

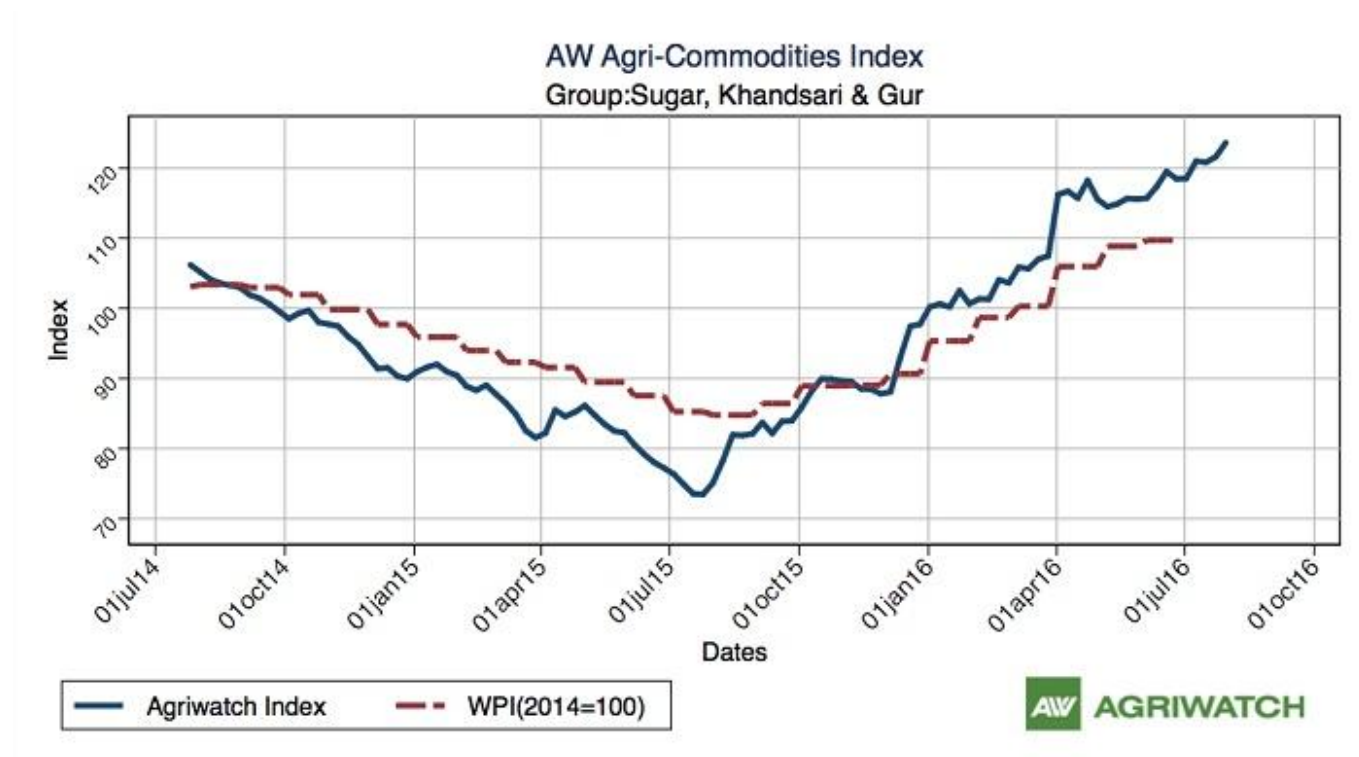
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Domestic Sugar Market Summary

Spot sugar prices rose this week amid increased 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 30, 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 1.65% to 123.63 during the week ending on Jul 30, 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

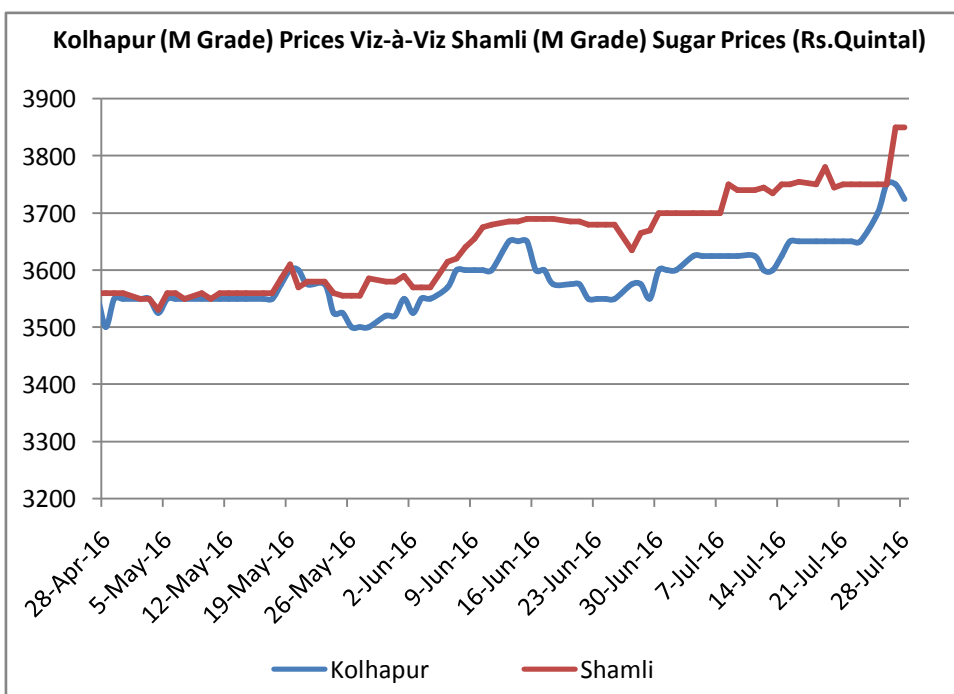
A brisk cane harvesting in Brazil's main centre south region pressurized international sugar prices this week and the situation is expected to prevail for some more weeks as the country is undergoing its peak harvesting period.

Domestic Market Fundamentals

- The Indian govt. had cut down its export duty exemption on organic sugar to 2,500 tons for MY 2015-16. Notably, the govt. had earlier exempted export duty on 10,000 ton of organic sugar in March, 2011.

- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 45.41 lakh hectares in 2016-17 (till 22nd July, 2016) compared to 47.40 lakh hectares in 2015-16 (till 22nd July, 2015).

- 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 \$620.50 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$558.47 per ton.

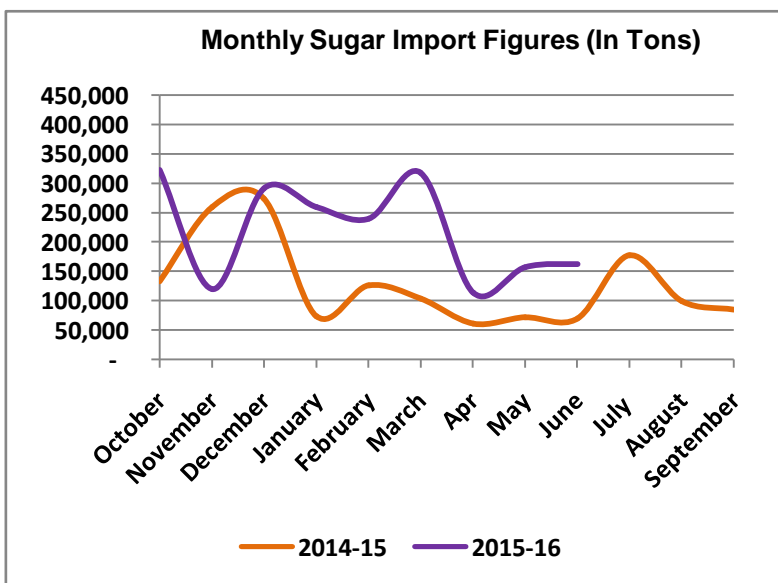
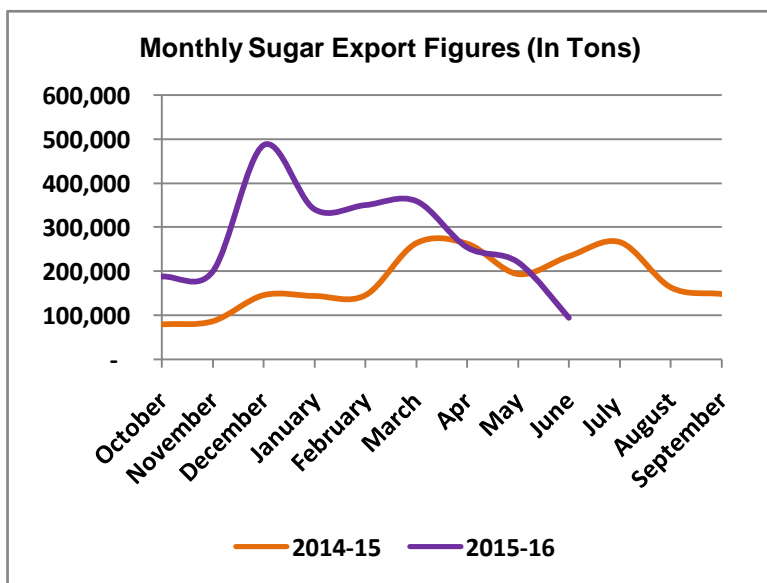
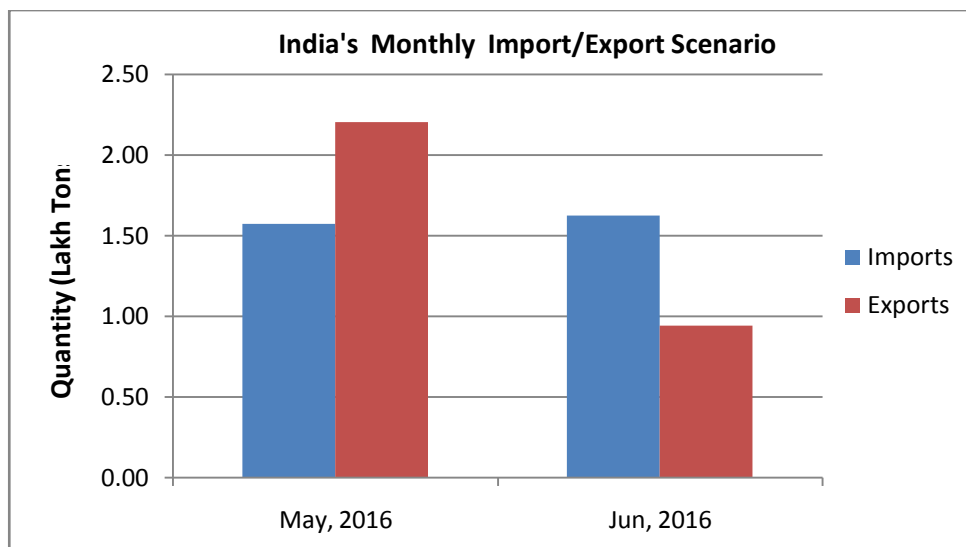
On International front, Brazil sugar FOB prices quoted at \$518.1/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.04) as on 29 Jul, 2016			
	Brazil	Thailand (100 Icumsa Aug Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$518.1	\$577.10/522	\$558.47

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)

SUGARM 1610(NCSMAV6)2016/07/24 - Weekly B:3722.00 A:3723.00

O 3840.00 H 3889.00 L 3715.00 C 3722.00 V 51,260 I 29,830 -105 -2.74%



Technical Commentary:

- Sugar prices and O.I decreased while volume surged up 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	3570	3630	3722	3850	3900
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3750	3700	3675	3780

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



- Sugar spot prices at benchmark Kolhapur market closes at Rs 3704/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3772 and Rs 3553 per quintal.

International Market Fundamentals

- Datagro lowers its 2016-17 sugar production forecast (34.7 MT) for Brazil's C.S region amidst a drier than average weather condition (prevailed during March to June) that could have affected cane crop yield in the region. However, as per the Agriwatch estimate, Brazil's C.S is expected to produce 34 MT of sugar in 2016-17 (April- March).
- 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.

LIFFE Future Market Sugar Scenario (Oct'16 Contract)

Technical Commentary

- LIFE future market trends downward for the week.
- The last candlestick depicts bearishness in the market.
 Strategy: Sell at 515.3 with a target of 507.3

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'16	515.3	507.3

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 18.75 with a target of 18.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	18.75	18.35

Gur Market Scenario

Spot gur market mainly remained buoyant with price rising in most of the markets. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 217/quintal from Rs 4033/quintal to Rs 4250/quintal. Similarly, prices of Chaursa and Balti variety of gur from Hapur rose by Rs 70/quintal each to Rs 3250/quintal. However, prices of Mudde (Average) variety of gur from Belgaum fell by Rs 125/quintal from Rs 3375/quintal to Rs 3250/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3569/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3666 and Rs 3473 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			22nd to 28th July 2016	15th to 21st July 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3467	3425	42
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3250	3180	70
	Hapur	Balti	3250	3180	70
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4350	4300	50
	Belgaum	Mudde (Average)	3250	3375	-125
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3678	3653	24
	Mahalingapura	Penti (Average)	3809	3802	7
	Mandya	Achhu (Medium)	3400	3442	-42
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3217	3067	150
	Mandya	Yellow (Medium)	3467	3450	17
	Shimoga	Achhu (Average)	4250	4033	217

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			28-Jul-16	21-Jul-16	28-Jun-16	28-Jul-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3600	3450	3290	2380
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	2525
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	2575
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2550
	Hapur	Chaurasa	NA	3250	3125	NA
	Hapur	Balti	NA	3250	3125	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4400	4300	4300	3350
	Belgaum	Mudde (Average)	3300	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3680	3650	3600	2590
	Mahalingapura	Penti (Average)	3881	3782	3581	2108
	Mandya	Achhu (Medium)	3400	3500	2900	2150
	Mandya	Kurikatu (Medium)	3300	3300	2900	1850
	Mandya	Other (Medium)	3300	3100	2750	1950
	Mandya	Yellow (Medium)	3400	3500	3000	2150
	Shimoga	Achhu (Average)	4250	4100	4300	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			22nd to 28th July 2016	15th to 21st July 2016	
Delhi	Delhi	M-Grade	3805	3774	31
	Delhi	S-Grade	3785	3754	31
Uttar Pradesh	Khatauli	M-Grade	3872	3805	67
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3797	3753	44
	Dhampur	S-Grade Ex-Mill	3777	3733	44
	Dhampur	L-Grade Ex-Mill	3847	3803	44
Maharashtra	Mumbai	M-Grade	3853	3842	12
	Mumbai	S-Grade	3712	3692	20
	Nagpur	M-Grade	3829	3775	54
	Nagpur	S-Grade	3729	3675	54
	Kolhapur	M-Grade	3704	3650	54
	Kolhapur	S-Grade	3604	3550	54
Assam	Guhawati	S-Grade	3922	3867	55
Meghalaya	Shillong	S-Grade	3924	3870	54
Andhra Pradesh	Vijayawada	M-Grade	4023	3977	47
	Vijayawada	S-Grade	3880	3837	43
West Bengal	Kolkata	M-Grade	3935	3900	35
Tamil Nadu	Chennai	S-Grade	3513	3492	21
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			28-Jul-16	21-Jul-16	28-Jun-16	28-Jul-15
Delhi	Delhi	M-Grade	3850	3790	3700	2350
	Delhi	S-Grade	3830	3770	3680	2310
Uttar Pradesh	Khatauli	M-Grade	3930	3810	3700	2365
	Ramala	M-Grade	NA	NA	NA	2150
	Dhampur	M-Grade Ex-Mill	3850	3750	3655	2275
	Dhampur	S-Grade Ex-Mill	3830	3730	3635	2255
	Dhampur	L-Grade Ex-Mill	3900	3800	3705	2325
Maharashtra	Mumbai	M-Grade	3862	3840	3796	2470
	Mumbai	S-Grade	3720	3690	3636	2206
	Nagpur	M-Grade	3850	3775	3700	2400
	Nagpur	S-Grade	3750	3675	3600	2300
	Kolhapur	M-Grade	3725	3650	3575	2100
	Kolhapur	S-Grade	3625	3550	3475	2000
Assam	Guhawati	S-Grade	3943	3867	3791	2294
Meghalaya	Shillong	S-Grade	3945	3870	3795	2320
Andhra Pradesh	Vijayawada	M-Grade	4080	3980	3900	2480
	Vijayawada	S-Grade	3940	3840	3800	2440
West Bengal	Kolkata	M-Grade	3970	3900	3820	2400
Tamil Nadu	Chennai	S-Grade	3525	3500	3425	2100
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	27-Jul-16	20-Jul-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	19.10	19.28	-0.18
	Mar-16	19.39	19.56	-0.17
	May-16	18.76	18.96	-0.20
LIFFE Sugar (US \$/MT)	Oct-16	522.00	533.90	-11.90
	Dec-16	524.20	532.30	-8.10
	Mar-16	524.60	528.90	-4.30

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