



Sugar & Gur Weekly Research Report

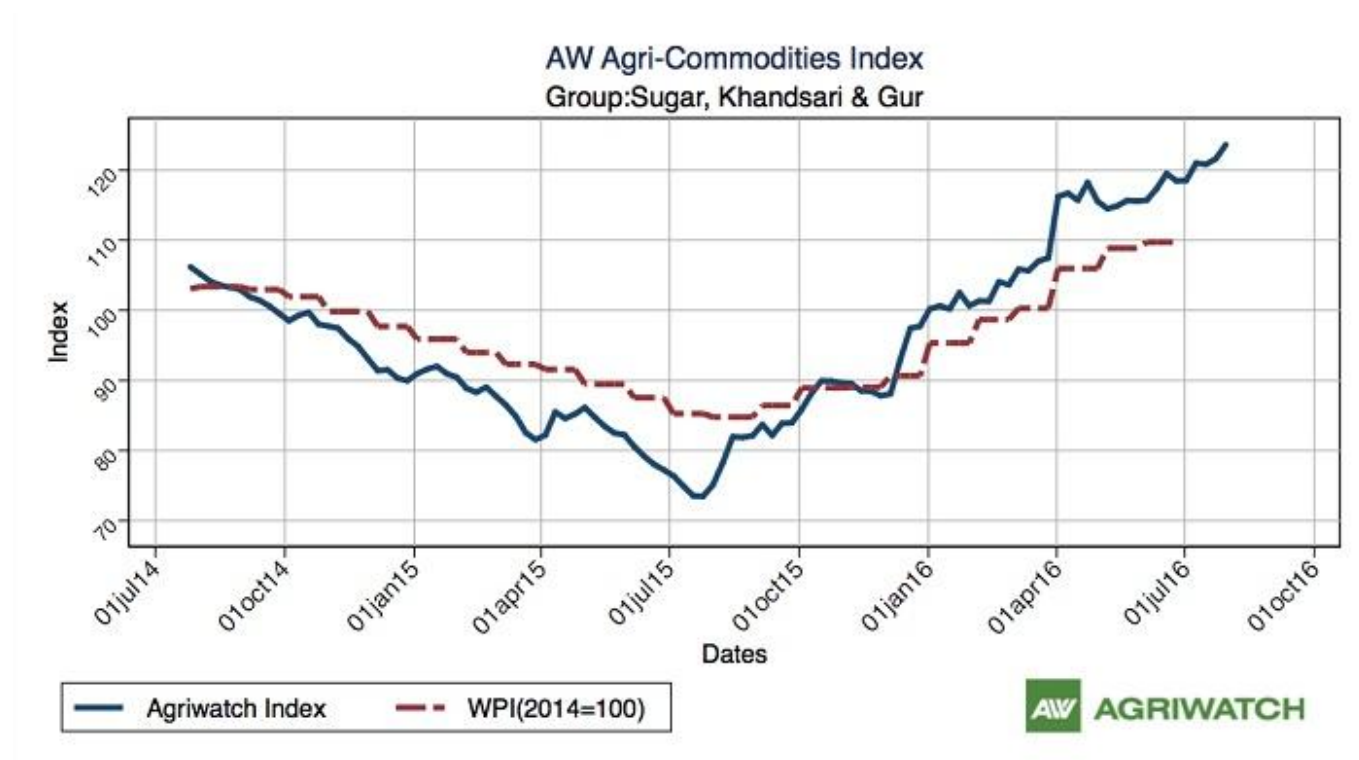
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Domestic Sugar Market Summary

Domestic sugar prices fell this week pressurized by government initiative to control the soaring prices and a fall in demand. However, as per the Agriwatch estimate sugar prices are expected to trade steady to firm in the weeks ahead.

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

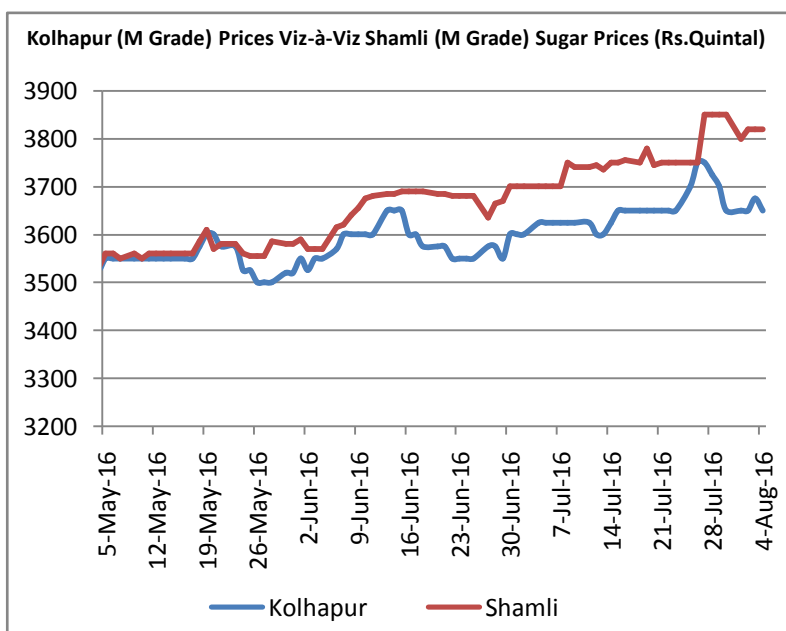
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3600 - 3750 per quintal next week.

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

- In order to curb a surge in sugar prices the Indian government is planning to levy monthly release quota on the sugar millers in the country.
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 46.83 lakh hectares in 2016-17 (till 29th July, 2016) compared to 45.91 lakh hectares in 2015-16 (till 29th July, 2015).
- Indian sugar exports fell by 32% as the country exported 51.4 thousand tons of sugar this week (ending on 31st July, 2016) compared to 75.7 thousand tons of exports last week.
- 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.
- 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 \$648.34 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$554.26 per ton.

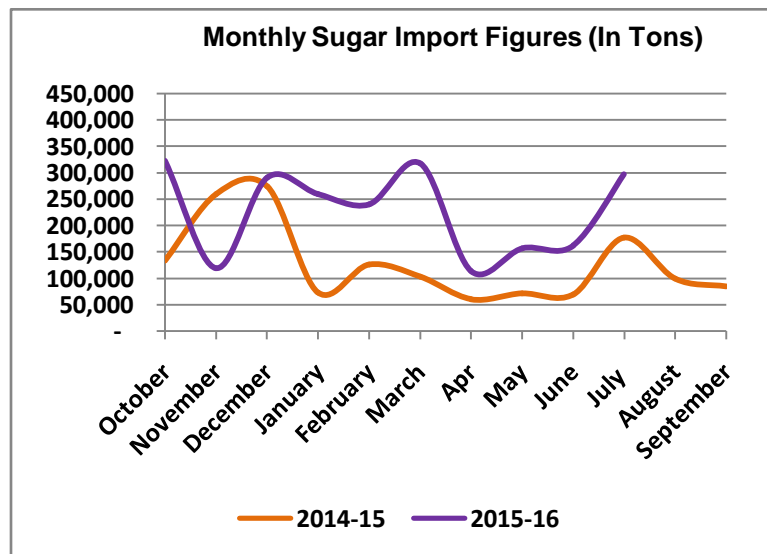
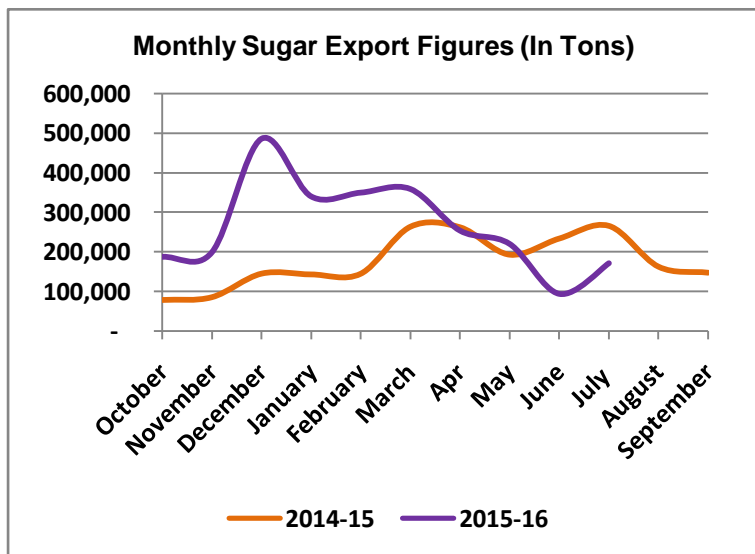
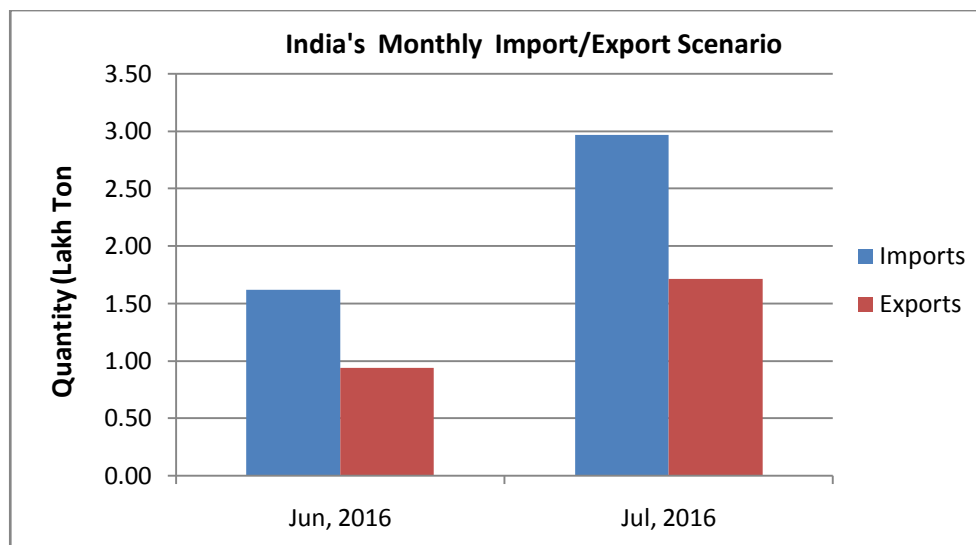
On International front, Brazil sugar FOB prices quoted at \$542.7/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.81) as on 05 Aug, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$542.7	\$582.20/528.40	\$554.26

Sugar Import and Export Scenario

India exported 1.71 lakh tons of sugar while imported 2.97 lakh tons of sugar in July, 2016. However, the country exported 0.94 lakh tons of sugar in June, 2016 and imported 1.62 lakh ton of sugar during the same period last month.



Whilst, a y-o-y comparison shows that the country's sugar export rose by 83% from 0.93 lakh tons last year in July, 2015. Notably, Djibouti, Myanmar and Sudan were amongst the top sugar importing nations from India, who imported 45.6 thousand tons, 39.3 thousand tons and 25.5 thousand tons of sugar respectively in the month of July.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (Oct Weekly Chart)



Technical Commentary:

- Sugar prices increased while volume and O.I decreased for the week.
- 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	3570	3630	3735	3850	3900
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3725	3775	3800	3695

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 3663/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3750 and Rs 3603 per quintal.

International Market Fundamentals

- Brazil's C.S region churned around 2.83 MT of sugar in the first half of July, 2016 which was 1.36% higher than the sugar crushed in the second half of June, 2016.
- Brazil's raw sugar export rose by 5.49% as the country exported 2.45 MT of sugar in July, 2016 compared to 2.32 MT of exports in June, 2016.
- 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).
- 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 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 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.

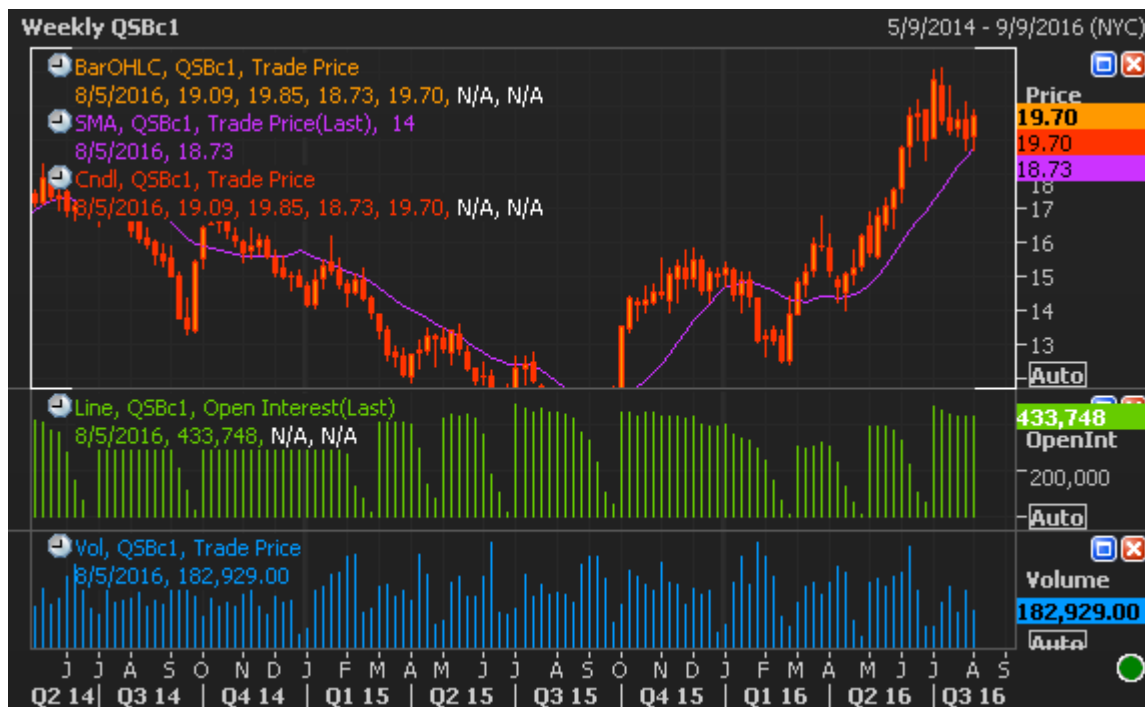
LIFFE Future Market Sugar Scenario (Oct'16 Contract)



Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
Strategy: Buy at 545.4 with a target of 556.9.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'16	545.4	556.9

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: Buy at 19.72 with a target of 20.20

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	19.72	20.20

Gur Market Scenario

Mixed sentiments were recorded in spot gur market this week, with price rising in some markets while declining in others. Prices of Mudde (Average) variety of gur from Bangalore rose by Rs 50/quintal from Rs 4350/quintal to Rs 4400/quintal this week. However, prices of Yellow (Medium) variety of gur from Mandya fell by Rs 67/quintal from Rs 3467/quintal to Rs 3400/quintal.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3517/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3627 and Rs 3440 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			29th to 04th Aug 2016	22nd to 28th July 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3467	3467	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	NA	3250	-
	Hapur	Balti	NA	3250	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4350	50
	Belgaum	Mudde (Average)	3250	3250	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3601	3678	-76
	Mahalingapura	Penti (Average)	3838	3809	29
	Mandya	Achhu (Medium)	3400	3400	Unch
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3300	3217	83
	Mandya	Yellow (Medium)	3400	3467	-67
	Shimoga	Achhu (Average)	4250	4250	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			4-Aug-16	28-Jul-16	4-Jul-16	4-Aug-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3525	3600	3305	2400
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	2525
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2600
	Hapur	Chaurasa	NA	NA	Closed	NA
	Hapur	Balti	NA	NA	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4400	4400	4300	3150
	Belgaum	Mudde (Average)	3200	3300	3300	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3680	NA	2545
	Mahalingapura	Penti (Average)	3882	3881	3591	2130
	Mandya	Achhu (Medium)	3400	3400	3000	2300
	Mandya	Kurikatu (Medium)	3300	3300	2900	1900
	Mandya	Other (Medium)	3300	3300	2700	2050
	Mandya	Yellow (Medium)	3400	3400	3000	2200
	Shimoga	Achhu (Average)	4250	4250	4300	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			29th to 04th Aug 2016	22nd to 28th July 2016	
Delhi	Delhi	M-Grade	3823	3805	18
	Delhi	S-Grade	3803	3785	18
Uttar Pradesh	Khatauli	M-Grade	3896	3872	24
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3823	3797	26
	Dhampur	S-Grade Ex-Mill	3803	3777	26
	Dhampur	L-Grade Ex-Mill	3873	3847	26
Maharashtra	Mumbai	M-Grade	3866	3853	13
	Mumbai	S-Grade	3715	3712	3
	Nagpur	M-Grade	3788	3829	-42
	Nagpur	S-Grade	3688	3729	-42
	Kolhapur	M-Grade	3663	3704	-42
	Kolhapur	S-Grade	3563	3604	-42
Assam	Guhawati	S-Grade	3880	3922	-42
Meghalaya	Shillong	S-Grade	3883	3924	-42
Andhra Pradesh	Vijayawada	M-Grade	4080	4023	57
	Vijayawada	S-Grade	3940	3880	60
West Bengal	Kolkata	M-Grade	3903	3935	-33
Tamil Nadu	Chennai	S-Grade	3525	3513	13
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3002	3035	-33
	Ambikapur	S-Grade (Without Duty)	3002	3035	-33

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

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International Sugar Prices (Weekly)				
	Contract Month	3-Aug-16	27-Jul-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	19.04	19.10	-0.06
	Mar-16	19.45	19.39	0.06
	May-16	18.88	18.76	0.12
LIFFE Sugar (US \$/MT)	Oct-16	528.4	522.00	6.40
	Dec-16	528.8	524.20	4.60
	Mar-16	528.2	524.60	3.60

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