



Sugar & Gur Weekly Research Report

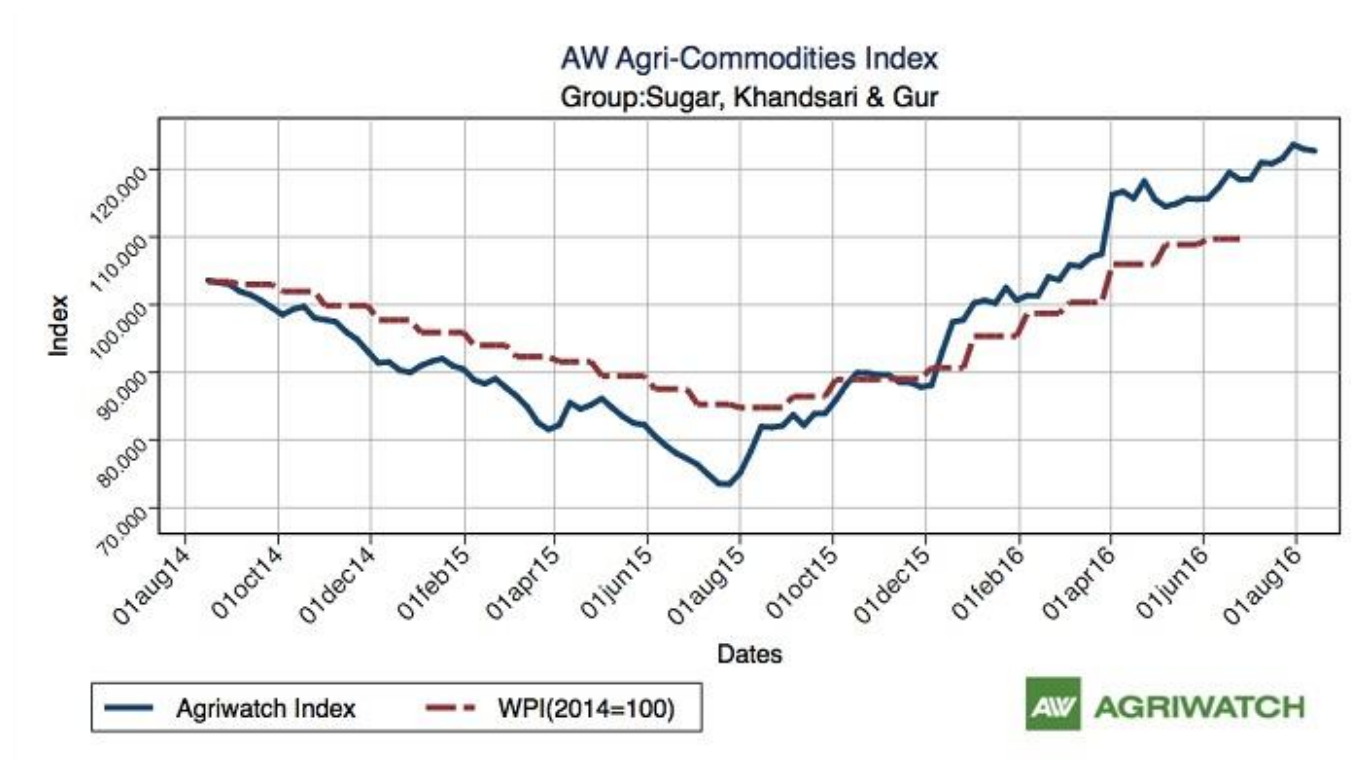
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Agriwatch Sweeteners Index
- ❖ Price Projection
- ❖ International Sugar Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Sugar Export/Import Opportunity
- ❖ Sugar Export/Import Scenario
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ Domestic Sugar Market Technical Analysis (Spot Market)
- ❖ International Market Fundamentals
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

Domestic Sugar Market Summary

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

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Aug 13, 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 0.22% to 122.70 during the week ending on Aug 13, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for the Next Week

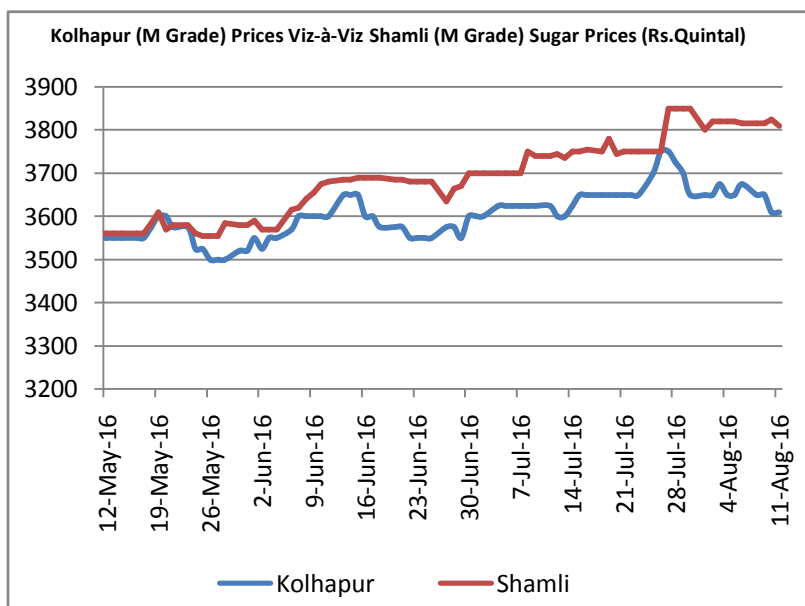
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3550 - 3700 per quintal next week.

International Sugar Market Summary

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 check soaring sugar prices and to avoid speculation in future trade market, the Indian govt. had asked SEBI to ban sugar future trading.
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 46.87 lakh hectares in 2016-17 (till 05th Aug, 2016) compared to 46.11 lakh hectares in 2015-16 (till 05th Aug, 2015).
- For the current marketing season 2015-16 (October – September); sugar mills in India owed around Rs 5,368 crore as the pending cane arrears till 31st July, 2016.
- The Indian govt. extended the subsidy benefit to the sugar millers in the country even if they export 50% of their sugar export quota. Notably, the govt. had earlier announced to pay a direct cane subsidy of Rs 4.50/quintal to the farmers, provided the millers export 80% of their export quota sugar.
- 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.
- 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 Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$645.24 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$550.88 per ton.

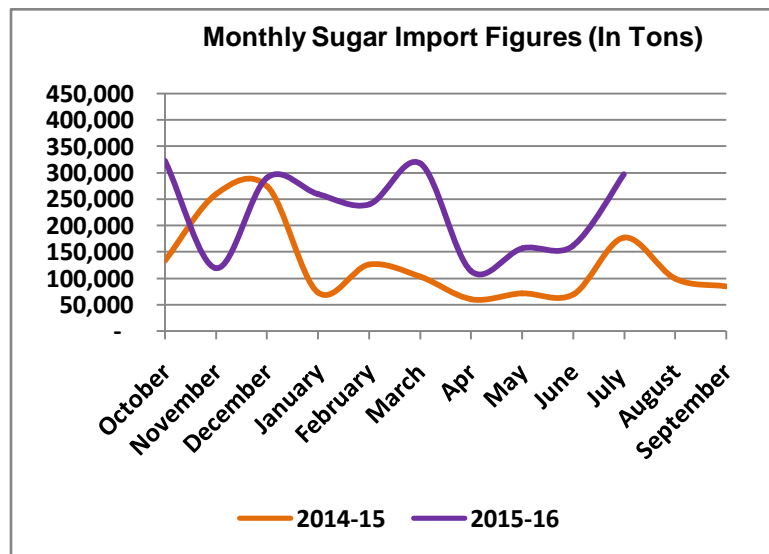
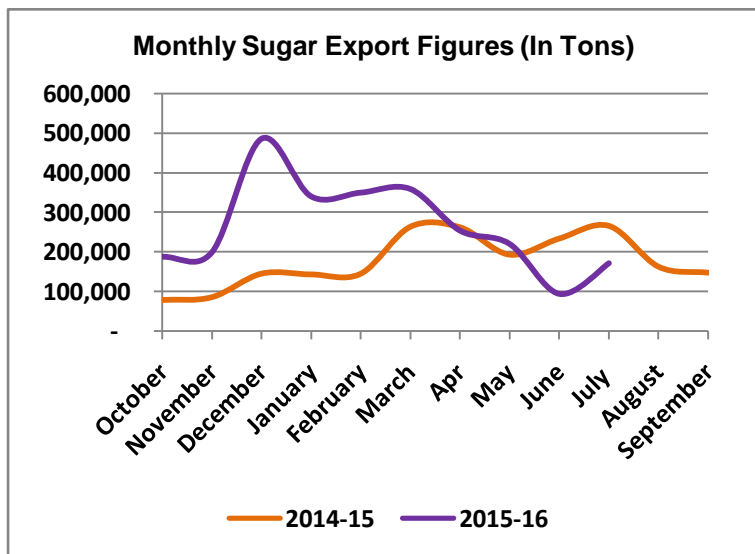
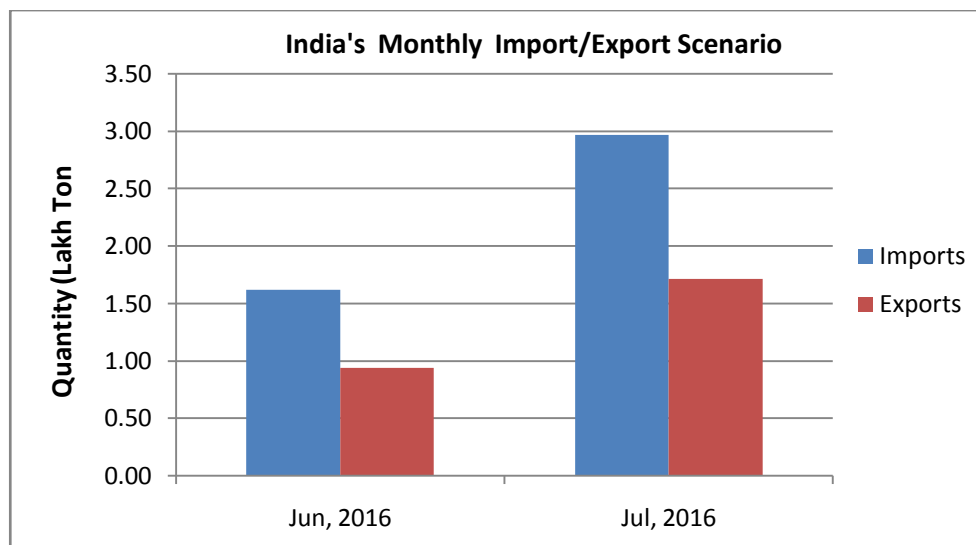
On International front, Brazil sugar FOB prices quoted at \$532.7/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.82) as on 12 Aug, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$532.7	\$582.20/530.50	\$550.88

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 corresponding period last month.



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)

SUGARM 1610(NCSMAV6)2016/08/07 - Weekly B:3614.00 A:3618.00
O 3710.00 H 3716.00 L 3582.00 C 3614.00 ↑ V 35,190 I 19,840 -99 -2.67%



Technical Commentary:

- Sugar prices and O.I decreased while volume surged 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	3470	3510	3614	3720	3780
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3620	3570	3545	3650

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3641/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3752 and Rs 3583 per quintal.

International Market Fundamentals

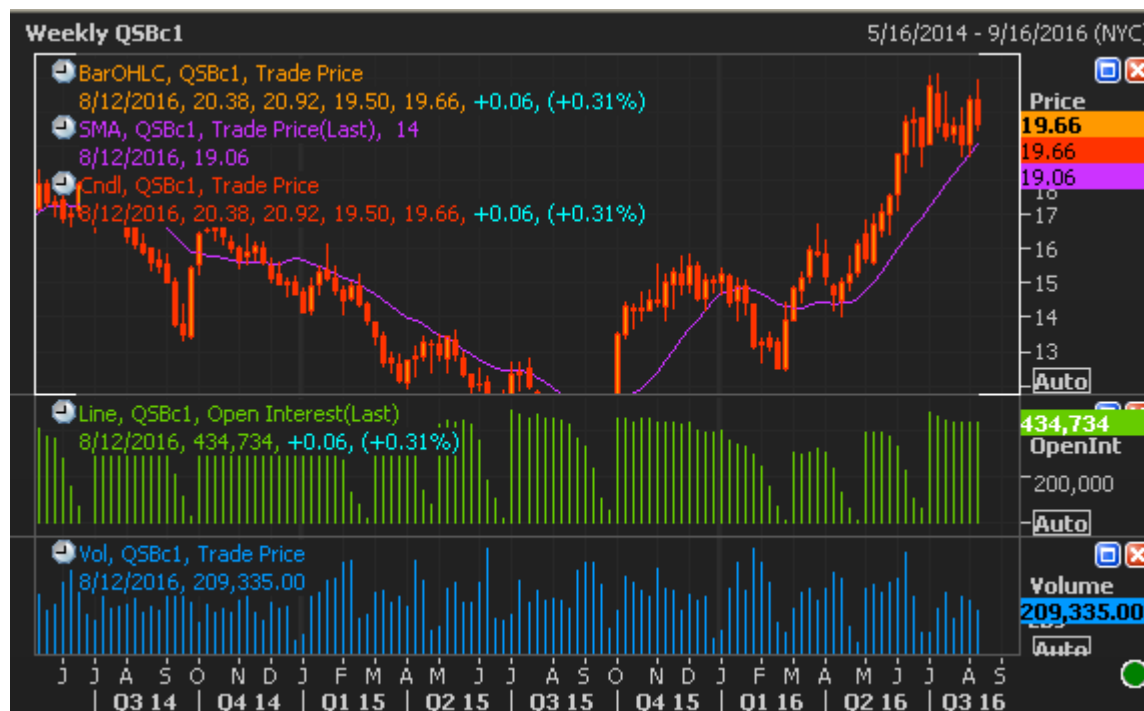
- Brazil's C.S region churned around 2.83 MT of sugar in the first half of July, 2016 which was 1.36% higher than the sugar crushed in the second half of June, 2016.
- Brazil's raw sugar export rose by 5.49% as the country exported 2.45 MT of sugar in July, 2016 compared to 2.32 MT of exports in June, 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 downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 530.40 with a target of 516.51

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'16	530.40	516.51

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 19.55 with a target of 19.26

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	19.55	19.26

Gur Market Scenario

Spot gur market mainly remained buoyant with price rising in majority of the trading market. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 350/quintal from Rs 4250/quintal to Rs 4600/quintal this week. Similarly, prices of Achhu (Medium) and Yellow (Medium) variety of gur from Mandya increased by Rs 325 and Rs 267 per quintal to Rs 3725 and Rs 3667 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3531/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3627 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)			05th to 11th Aug 2016	29th to 04th Aug 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3444	3467	-23
	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	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	3450	3250	200
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3649	3601	48
	Mahalingapura	Penti (Average)	3870	3838	32
	Mandya	Achhu (Medium)	3725	3400	325
	Mandya	Kurikatu (Medium)	3400	3300	100
	Mandya	Other (Medium)	3267	3300	-33
	Mandya	Yellow (Medium)	3667	3400	267
	Shimoga	Achhu (Average)	4600	4250	350

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			11-Aug-16	4-Aug-16	11-Jul-16	11-Aug-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3500	3525	3288	2600
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	2400
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2775
	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)	3600	3200	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3640	3640	3550	2580
	Mahalingapura	Penti (Average)	3910	3882	3684	2338
	Mandya	Achhu (Medium)	3700	3400	3250	2300
	Mandya	Kurikatu (Medium)	3400	3300	3000	1950
	Mandya	Other (Medium)	3200	3300	3000	2050
	Mandya	Yellow (Medium)	3700	3400	3250	2250
	Shimoga	Achhu (Average)	4500	4250	3950	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			05th to 11th Aug 2016	29th to 04th Aug 2016	
Delhi	Delhi	M-Grade	3818	3823	-4
	Delhi	S-Grade	3795	3803	-8
Uttar Pradesh	Khatauli	M-Grade	3867	3896	-29
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3792	3823	-31
	Dhampur	S-Grade Ex-Mill	3772	3803	-31
	Dhampur	L-Grade Ex-Mill	3842	3873	-31
Maharashtra	Mumbai	M-Grade	3880	3866	14
	Mumbai	S-Grade	3721	3715	6
	Nagpur	M-Grade	3766	3788	-22
	Nagpur	S-Grade	3666	3688	-22
	Kolhapur	M-Grade	3641	3663	-22
	Kolhapur	S-Grade	3541	3563	-22
Assam	Guhawati	S-Grade	3858	3880	-22
Meghalaya	Shillong	S-Grade	3861	3883	-22
Andhra Pradesh	Vijayawada	M-Grade	4080	4080	Unch
	Vijayawada	S-Grade	3940	3940	Unch
West Bengal	Kolkata	M-Grade	3886	3903	-17
Tamil Nadu	Chennai	S-Grade	3525	3525	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2935	3002	-67
	Ambikapur	S-Grade (Without Duty)	2935	3002	-67

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			11-Aug-16	4-Aug-16	11-Jul-16	11-Aug-15
Delhi	Delhi	M-Grade	3810	3840	3770	2650
	Delhi	S-Grade	3790	3820	3750	2550
Uttar Pradesh	Khatauli	M-Grade	3850	3875	3800	2750
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3775	3800	3750	2650
	Dhampur	S-Grade Ex-Mill	3755	3780	3730	2630
	Dhampur	L-Grade Ex-Mill	3825	3850	3800	2700
Maharashtra	Mumbai	M-Grade	3892	3872	3830	2580
	Mumbai	S-Grade	3726	3710	3686	2496
	Nagpur	M-Grade	3735	3775	3750	2800
	Nagpur	S-Grade	3635	3675	3650	2700
	Kolhapur	M-Grade	3610	3650	3625	2400
	Kolhapur	S-Grade	3510	3550	3525	2300
Assam	Guhawati	S-Grade	3827	3867	3842	2598
Meghalaya	Shillong	S-Grade	3830	3870	3845	2620
Andhra Pradesh	Vijayawada	M-Grade	4080	4080	3920	2700
	Vijayawada	S-Grade	3940	3940	3800	2600
West Bengal	Kolkata	M-Grade	3900	3940	NA	2800
Tamil Nadu	Chennai	S-Grade	3525	3525	3450	2425
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2935	2935	3035	2835
	Ambikapur	S-Grade (Without Duty)	2935	2935	3035	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						



International Sugar Prices (Weekly)				
	Contract Month	10-Aug-16	3-Aug-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	19.64	19.04	0.60
	Mar-16	20.11	19.45	0.66
	May-16	19.57	18.88	0.69
LIFFE Sugar (US \$/MT)	Oct-16	530.5	528.4	2.10
	Dec-16	533.4	528.8	4.60
	Mar-16	536.5	528.2	8.30

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