



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 ahead.

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

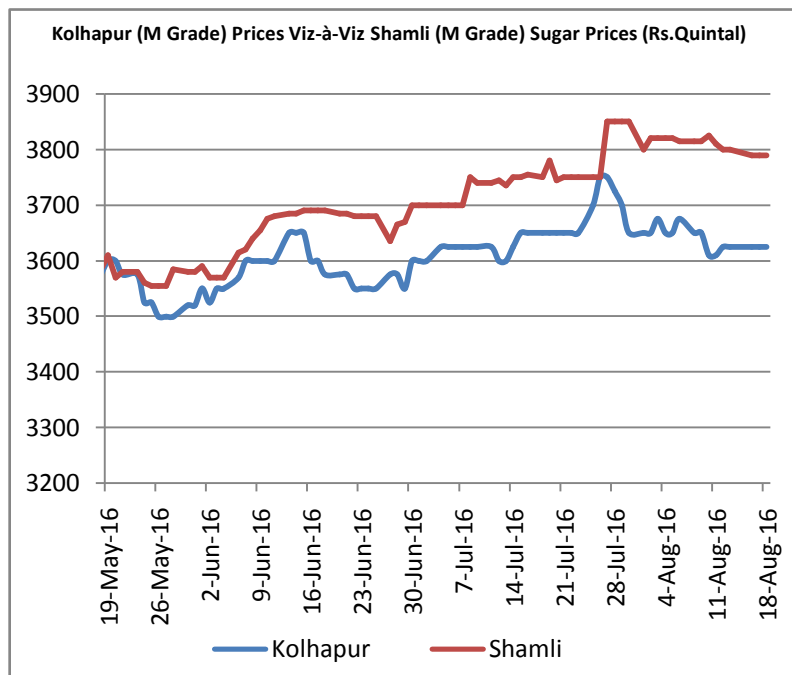
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3550 - 3700 per quintal next week.

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

- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 45.54 lakh hectares in 2016-17 (till 12th Aug, 2016) compared to 49.51 lakh hectares in 2015-16 (till 12th Aug, 2015).
- 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.
- For the current marketing season 2015-16 (October – September); sugar mills in India owed somewhat around Rs 5,368 crore as the pending cane arrears till 31st July, 2016. Amongst the outstanding amount, U.P owes Rs 2,877 crore while Tamil Nadu, Maharashtra, Punjab, Uttarakhand, Gujarat, Haryana and Karnataka owes Rs 1,030 crore, Rs 411 crore, Rs 226 crore, Rs 209 crore, Rs 203 crore, Rs 126 crore and Rs 108 crore respectively.
- The Indian govt. extended the subsidy benefit to the sugar millers in the country even if they exports 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 exports 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 \$657 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$547.51 per ton.

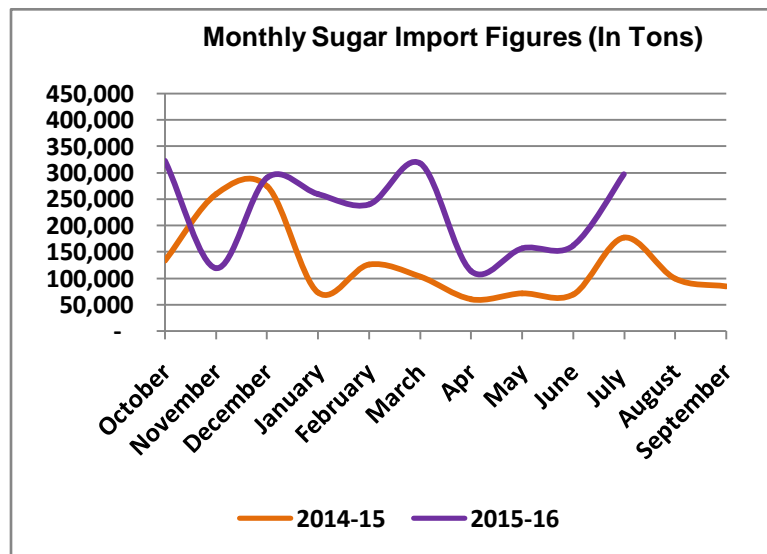
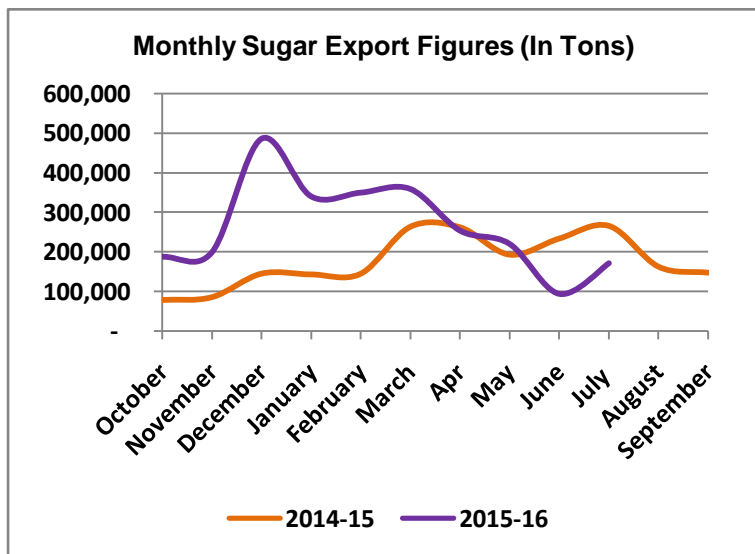
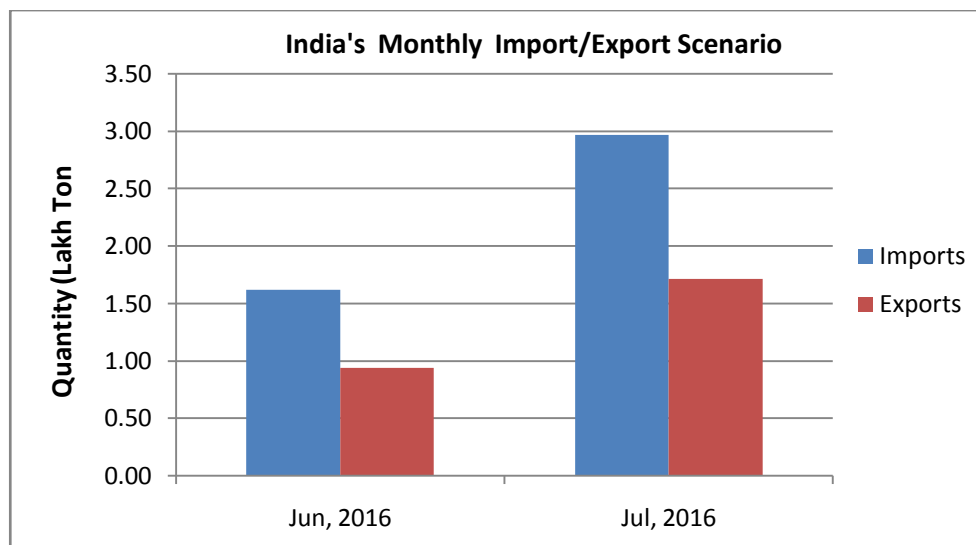
On International front, Brazil sugar FOB prices quoted at \$535.6/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.94) as on 19 Aug, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$535.6	\$582.20/535.60	\$547.51

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

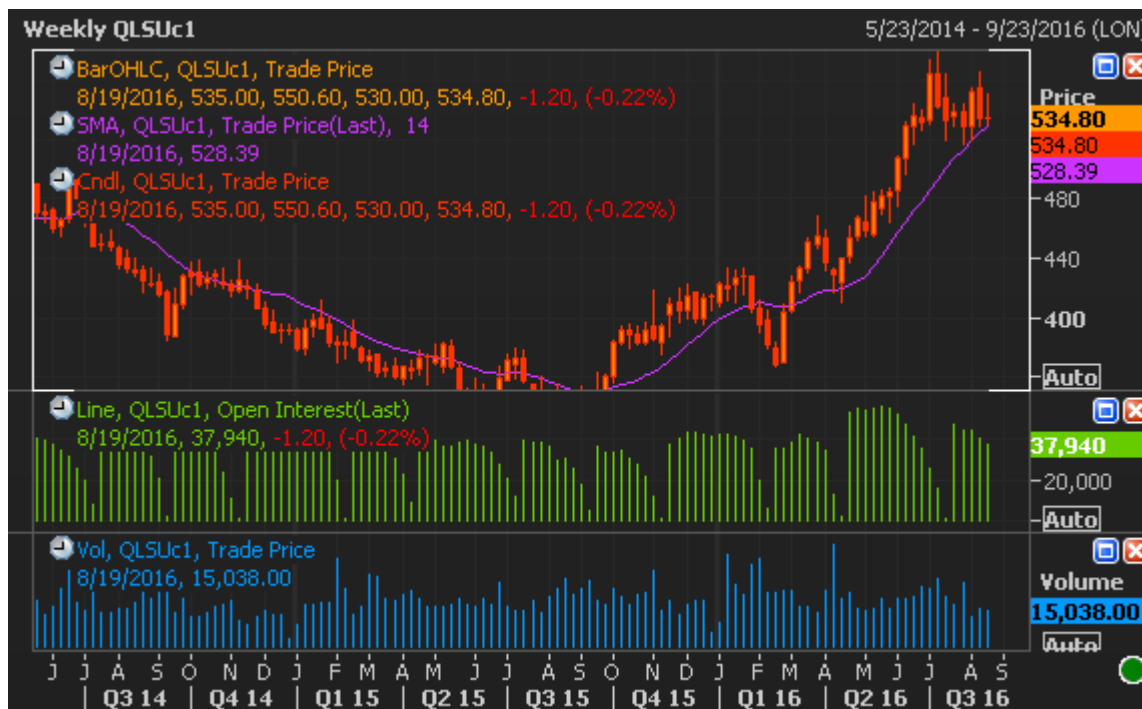
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	3450	3500	3599	3720	3780
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3590	3640	3665	3560

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 3625/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3693 and Rs 3603 per quintal.

International Market Fundamentals

- Favorable dry weather supported cane crushing in Brazil's C.S region resulting into a sugar production of 3.1 MT in the second half of July, 2016 which was 9.68% higher than the sugar produced during the first half of the month.
- 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 bearishness in the market.
 Strategy: Sell at 532.40 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	532.40	516.51

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



Technical Commentary:

- ICE raw sugar futures trend upward for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 20.10 with a target of 20.35

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	20.10	20.35

Gur Market Scenario

Spot gur market traded steady to weak with price falling in majority of the markets. Prices of Achhu (Average) variety of gur from Shimoga fell by Rs 100/quintal from Rs 4600/quintal to Rs 4500/quintal this week. Similarly, prices of Achhu (Medium) variety of gur from Mandya decreased by Rs 55/quintal to Rs 3670/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3516/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3546 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)			12th to 19th Aug 2016	05th to 11th Aug 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3430	3444	-14
	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)	3480	3450	30
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3631	3649	-18
	Mahalingapura	Penti (Average)	3859	3870	-11
	Mandya	Achhu (Medium)	3670	3725	-55
	Mandya	Kurikatu (Medium)	3400	3400	Unch
	Mandya	Other (Medium)	3250	3267	-17
	Mandya	Yellow (Medium)	3670	3667	3
	Shimoga	Achhu (Average)	4500	4600	-100

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			19-Aug-16	12-Aug-16	19-Jul-16	19-Aug-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3475	3538	3450	2450
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	2300
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2600
	Hapur	Chaurasa	NA	NA	3175	NA
	Hapur	Balti	NA	NA	3175	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4400	4400	4300	3250
	Belgaum	Mudde (Average)	3400	3600	NA	2250
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3620	3645	NA
	Mahalingapura	Penti (Average)	3796	3892	NA	NA
	Mandya	Achhu (Medium)	3600	3700	3500	2350
	Mandya	Kurikatu (Medium)	3400	3400	3300	2000
	Mandya	Other (Medium)	3250	3250	3100	2150
	Mandya	Yellow (Medium)	3600	3700	3500	2300
	Shimoga	Achhu (Average)	4500	4500	3950	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			12th to 19th Aug 2016	05th to 11th Aug 2016	
Delhi	Delhi	M-Grade	3811	3818	-7
	Delhi	S-Grade	3791	3795	-4
Uttar Pradesh	Khatauli	M-Grade	3835	3867	-32
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3764	3792	-28
	Dhampur	S-Grade Ex-Mill	3744	3772	-28
	Dhampur	L-Grade Ex-Mill	3814	3842	-28
Maharashtra	Mumbai	M-Grade	3880	3880	Unch
	Mumbai	S-Grade	3718	3721	-3
	Nagpur	M-Grade	3750	3766	-16
	Nagpur	S-Grade	3650	3666	-16
	Kolhapur	M-Grade	3625	3641	-16
	Kolhapur	S-Grade	3525	3541	-16
Assam	Guhawati	S-Grade	3842	3858	-16
Meghalaya	Shillong	S-Grade	3845	3861	-16
Andhra Pradesh	Vijayawada	M-Grade	4072	4080	-8
	Vijayawada	S-Grade	3932	3940	-8
West Bengal	Kolkata	M-Grade	3913	3886	27
Tamil Nadu	Chennai	S-Grade	3525	3525	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2935	2935	Unch
	Ambikapur	S-Grade (Without Duty)	2935	2935	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			19-Aug-16	12-Aug-16	19-Jul-16	19-Aug-15
Delhi	Delhi	M-Grade	3815	3810	3780	2600
	Delhi	S-Grade	3795	3790	3760	2550
Uttar Pradesh	Khatauli	M-Grade	3820	3840	3830	2720
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3760	3770	3780	2670
	Dhampur	S-Grade Ex-Mill	3740	3750	3760	2650
	Dhampur	L-Grade Ex-Mill	3810	3820	3830	2720
Maharashtra	Mumbai	M-Grade	3862	3886	3840	2526
	Mumbai	S-Grade	3710	3720	3692	2430
	Nagpur	M-Grade	3750	3750	3775	2700
	Nagpur	S-Grade	3650	3650	3675	2600
	Kolhapur	M-Grade	3625	3625	3650	2450
	Kolhapur	S-Grade	3525	3525	3550	2350
Assam	Guhawati	S-Grade	3842	3842	3867	2649
Meghalaya	Shillong	S-Grade	3845	3845	3870	2670
Andhra Pradesh	Vijayawada	M-Grade	4040	4080	3980	2760
	Vijayawada	S-Grade	3900	3940	3840	2640
West Bengal	Kolkata	M-Grade	3910	3900	NA	2680
Tamil Nadu	Chennai	S-Grade	3525	3525	3500	2600
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	18-Aug-16	10-Aug-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	19.98	19.64	0.34
	Mar-17	20.46	20.11	0.35
	May-17	19.93	19.57	0.36
LIFFE Sugar (US \$/MT)	Oct-16	535.6	530.5	5.10
	Dec-16	541.4	533.4	8.00
	Mar-17	545.1	536.5	8.60

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