



Sugar & Gur Weekly Research Report

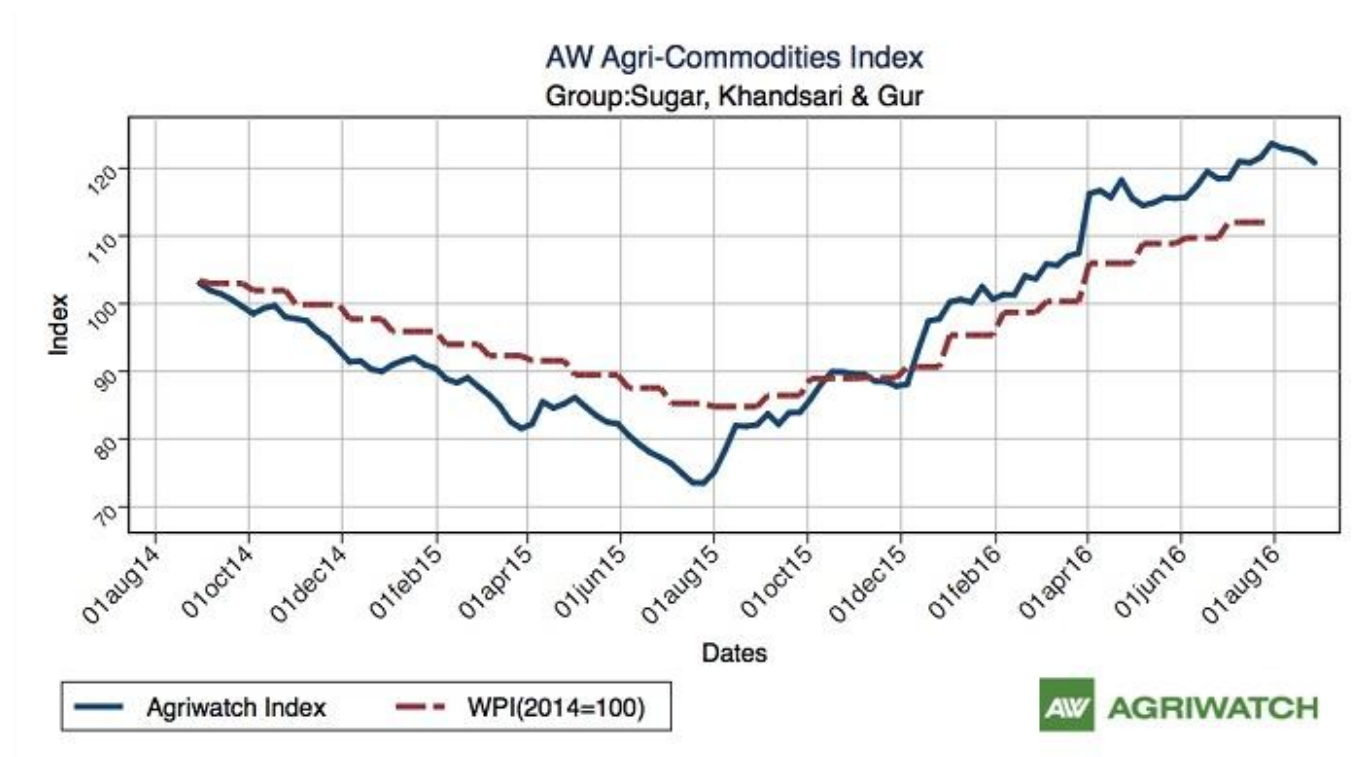
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Domestic Sugar Market Summary

Spot sugar prices went down this week amidst muted domestic demand and adequate stock availability in the spot market. 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– August 27, 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 1.06% to 120.82 during the week ending on August 27, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for the Next Week

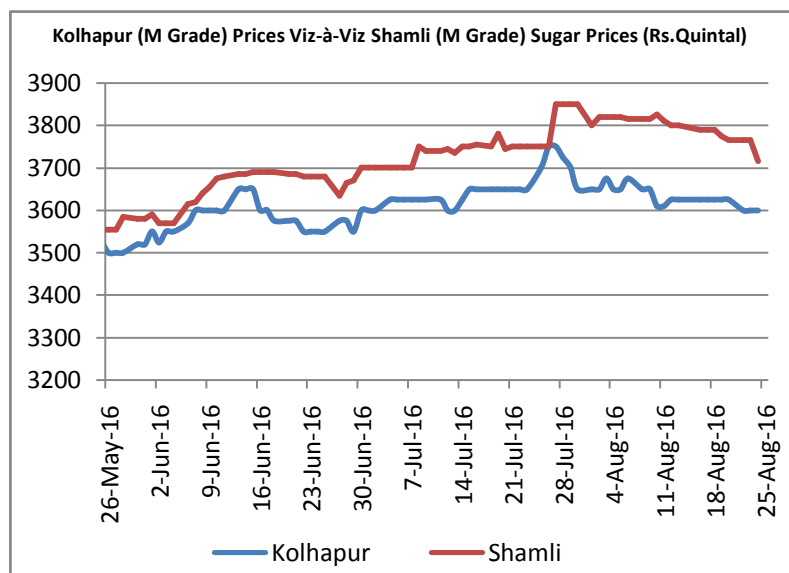
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3550 - 3650 per quintal next week.

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

- Indian sugar export fell by 22% as the country exported 39.8 thousand tons of sugar this week (ending on 21st August, 2016) compared to 50.8 thousand tons of exports last week.
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation in India had reached 45.55 lakh hectares in 2016-17 (till 19th Aug, 2016) compared to 49.60 lakh hectares in 2015-16 (till 19th 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 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 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 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 \$674.63 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$544.53 per ton.

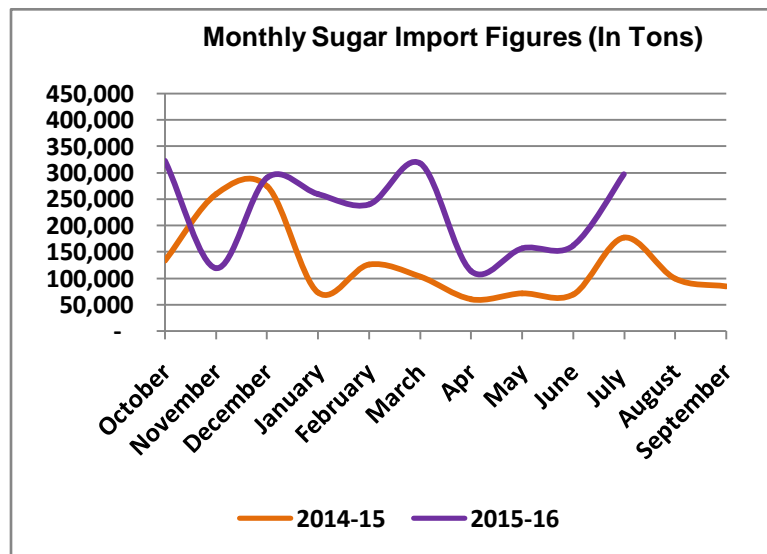
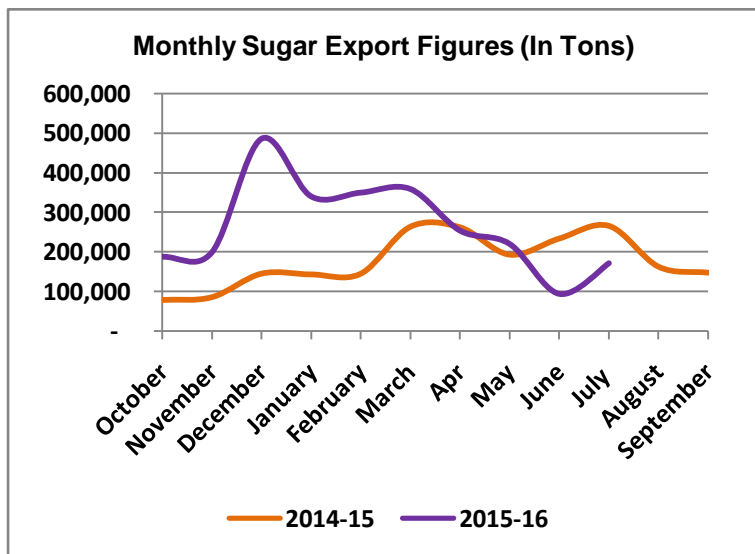
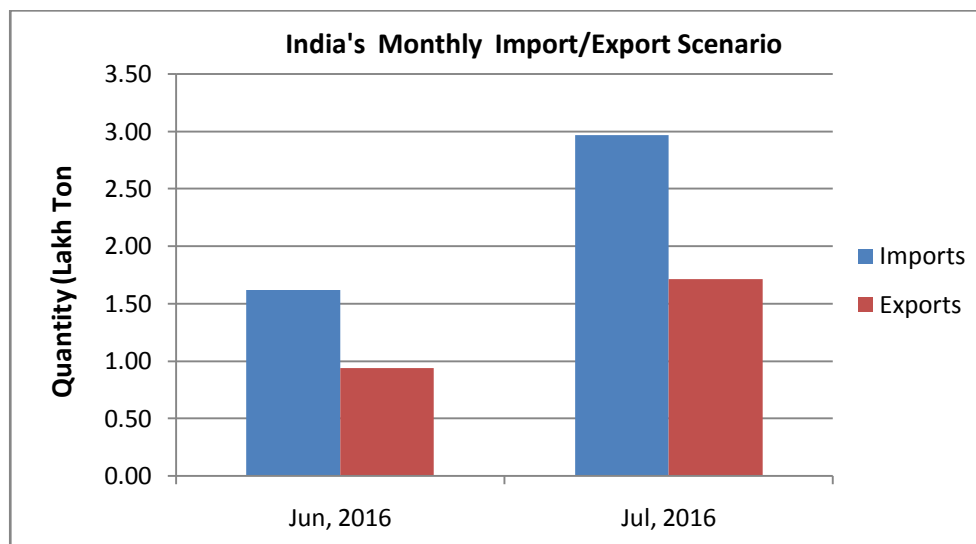
On International front, Brazil sugar FOB prices quoted at \$538.7/ Ton.

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

| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.03) as on 26 Aug, 2016 | | | |
|--|---------------|--|---------------------------|
| | Brazil | Thailand (100 Icumsa Oct Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices | \$538.7 | \$582.20/538.70 | \$544.53 |

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.



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, volume and O.I decreased indicating consolidation in the market.
- RSI is hovering in an oversold zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|-------------|------------|------|------|------|
| Sugar | NCDEX | Oct | 3450 | 3500 | 3466 | 3720 | 3780 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Oct | Sell | Below 3590 | 3640 | 3665 | 3560 |

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 3610/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3700 and Rs 3570 per quintal.

International Market Fundamentals

- Favorable dry weather supported cane crushing in Brazil's C.S region resulting in 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.

Weekly QLSUc1 2/21/2014 - 9/16/2016 (LON)

Panel 1: BarOHLC, QLSUc1, Trade Price
 8/26/2016, 525.50, 546.50, 524.40, 539.30, +0.60, (+0.11%)
 SMA, QLSUc1, Trade Price(Last), 14
 8/26/2016, 531.86
 Cncl, QLSUc1, Trade Price
 8/26/2016, 525.50, 546.50, 524.40, 539.30, +0.60, (+0.11%)

Panel 2: Line, QLSUc1, Open Interest(Last)
 8/26/2016, 32,985, +0.60, (+0.11%)

Panel 3: Vol, QLSUc1, Trade Price
 8/26/2016, 21,149.00

Price
 539.30
 539.30
 531.86
 480
 440
 400
 Auto

OpenInt
 32,985
 20,000
 Auto

Volume
 21,149.00
 Auto

M A M 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
 | 02 14 | 03 14 | 04 14 | 01 15 | 02 15 | 03 15 | 04 15 | 01 16 | 02 16 | 03 16

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.

Strategy: Buy at 540.10 with a target of 554.22

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Oct'16 | 540.10 | 554.22 |

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 20.65 with a target of 20.80

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Oct'16 | 20.65 | 20.80 |

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some market while declining in others. Price of Mudde (Average) variety from Bangalore rose by Rs 210/quintal from Rs 4400/quintal to Rs 4610/quintal. Similarly, prices of same variety of gur from Belgaum rose by Rs 117/quintal to Rs 3567/quintal this week.

However, prices of Achhu (Medium) variety of gur from Mandya fell by Rs 225/quintal from Rs 3725/quintal to Rs 3500/quintal this week. Similarly, prices of Yellow (Medium) and Penti (Average) variety of gur from Mandya and Mahalingapura fell by Rs 167 and Rs 139 per quintal to Rs 3500 and Rs 3731 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3450/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3535 and Rs 3350 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

| Spot Jaggery(Gur) Prices Scenario (Weekly) (Average) | | | | | |
|---|---------------|--------------------------|------------------------------|------------------------------|---------------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Jaggery(Gur) | | | 20th to 26th Aug 2016 | 12th to 19th Aug 2016 | |
| Uttar Pradesh | Muzaffarnagar | ChakuSukha(Cold) | 3285 | 3444 | -159 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | NA | NA | - |
| | Muzaffarnagar | Khurpa (Fresh) | NA | NA | - |
| | Muzaffarnagar | Laddoo (Fresh) | NA | NA | - |
| | Muzaffarnagar | Rascut (Fresh) | NA | NA | - |
| | Hapur | Chaursa | NA | NA | - |
| | Hapur | Balti | NA | NA | - |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 4610 | 4400 | 210 |
| | Belgaum | Mudde (Average) | 3567 | 3450 | 117 |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | NA | - |
| | Gulbarga | Other (Average) | 3713 | 3649 | 63 |
| | Mahalingapura | Penti (Average) | 3731 | 3870 | -139 |
| | Mandya | Achhu (Medium) | 3500 | 3725 | -225 |
| | Mandya | Kurikatu (Medium) | 3320 | 3400 | -80 |
| | Mandya | Other (Medium) | 3220 | 3267 | -47 |
| | Mandya | Yellow (Medium) | 3500 | 3667 | -167 |
| | Shimoga | Achhu (Average) | 4550 | 4600 | -50 |

| Spot Jaggery(Gur) Prices Scenario (Weekly) | | | | | | |
|--|---------------|--------------------------|-----------|-----------|-----------|-----------|
| Commodity | Centre | Variety | Today | Week Ago | Month Ago | Year Ago |
| Jaggery(Gur) | | | 26-Aug-16 | 19-Aug-16 | 26-Jul-16 | 26-Aug-15 |
| Uttar Pradesh | Muzaffarnagar | ChakuSukha(Cold) | 3375 | 3475 | 3588 | 2460 |
| | 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 | 2613 |
| | Hapur | Chaurasa | NA | NA | 3250 | NA |
| | Hapur | Balti | NA | NA | 3250 | NA |
| Maharashtra | Latur | Lal Variety | NR | NR | NA | NA |
| Karnataka | Bangalore | Mudde (Average) | 4750 | 4400 | 4400 | 3300 |
| | Belgaum | Mudde (Average) | 3500 | 3400 | NA | 2200 |
| | Belthangadi | Yellow (Average) | NA | NA | NA | NA |
| | Bijapur | Achhu | NA | NA | NA | NA |
| | Gulbarga | Other (Average) | 3850 | NA | 3650 | 2550 |
| | Mahalingapura | Penti (Average) | 3691 | 3796 | 3791 | 2276 |
| | Mandya | Achhu (Medium) | 3500 | 3600 | 3400 | 2350 |
| | Mandya | Kurikatu (Medium) | 3300 | 3400 | 3300 | 2200 |
| | Mandya | Other (Medium) | 3250 | 3250 | 3200 | 2100 |
| | Mandya | Yellow (Medium) | 3500 | 3600 | 3500 | 2300 |
| | Shimoga | Achhu (Average) | 4550 | 4500 | NA | 3100 |

Spot Sugar Prices Scenario (Weekly)

| Spot Sugar Prices Scenario (Weekly) (Average) | | | | | |
|---|------------|------------------------|-------------------------|-----------------------|--------|
| Commodity | Centre | Variety | Average Prices (Rs/Qtl) | | Change |
| Sugar | | | 20th to 26th Aug 2016 | 12th to 19th Aug 2016 | |
| Delhi | Delhi | M-Grade | 3769 | 3818 | -49 |
| | Delhi | S-Grade | 3749 | 3795 | -46 |
| Uttar Pradesh | Khatauli | M-Grade | 3802 | 3867 | -65 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3733 | 3792 | -59 |
| | Dhampur | S-Grade Ex-Mill | 3713 | 3772 | -59 |
| | Dhampur | L-Grade Ex-Mill | 3783 | 3842 | -59 |
| Maharashtra | Mumbai | M-Grade | 3849 | 3880 | -31 |
| | Mumbai | S-Grade | 3687 | 3721 | -34 |
| | Nagpur | M-Grade | 3725 | 3766 | -41 |
| | Nagpur | S-Grade | 3625 | 3666 | -41 |
| | Kolhapur | M-Grade | 3600 | 3641 | -41 |
| | Kolhapur | S-Grade | 3500 | 3541 | -41 |
| Assam | Guhawati | S-Grade | 3816 | 3858 | -41 |
| Meghalaya | Shillong | S-Grade | 3820 | 3861 | -41 |
| Andhra Pradesh | Vijayawada | M-Grade | 4008 | 4080 | -72 |
| | Vijayawada | S-Grade | 3900 | 3940 | -40 |
| West Bengal | Kolkata | M-Grade | 3921 | 3886 | 35 |
| Tamil Nadu | Chennai | S-Grade | 3510 | 3525 | -15 |
| 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 | | | 26-Aug-16 | 19-Aug-16 | 26-Jul-16 | 26-Aug-15 |
| Delhi | Delhi | M-Grade | 3750 | 3815 | 3820 | 2580 |
| | Delhi | S-Grade | 3730 | 3795 | 3800 | 2500 |
| Uttar Pradesh | Khatauli | M-Grade | 3800 | 3820 | 3890 | 2650 |
| | Ramala | M-Grade | NA | NA | NA | NA |
| | Dhampur | M-Grade Ex-Mill | 3685 | 3760 | 3815 | 2500 |
| | Dhampur | S-Grade Ex-Mill | 3665 | 3740 | 3795 | 2480 |
| | Dhampur | L-Grade Ex-Mill | 3735 | 3810 | 3865 | 2550 |
| Maharashtra | Mumbai | M-Grade | 3836 | 3862 | 3866 | 2600 |
| | Mumbai | S-Grade | 3646 | 3710 | 3722 | 2450 |
| | Nagpur | M-Grade | 3700 | 3750 | 3875 | 2650 |
| | Nagpur | S-Grade | 3600 | 3650 | 3775 | 2550 |
| | Kolhapur | M-Grade | 3575 | 3625 | 3750 | 2400 |
| | Kolhapur | S-Grade | 3475 | 3525 | 3650 | 2300 |
| Assam | Guhawati | S-Grade | 3791 | 3842 | 3969 | 2598 |
| Meghalaya | Shillong | S-Grade | 3795 | 3845 | 3970 | 2620 |
| Andhra Pradesh | Vijayawada | M-Grade | 4000 | 4040 | 4040 | 2760 |
| | Vijayawada | S-Grade | 3900 | 3900 | 3900 | 2640 |
| West Bengal | Kolkata | M-Grade | 3920 | 3910 | 3980 | 2620 |
| Tamil Nadu | Chennai | S-Grade | 3500 | 3525 | 3525 | 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 | 25-Aug-16 | 18-Aug-16 | Change |
| ICE Sugar #11 (US Cent/lb) | Oct-16 | 20.55 | 19.98 | 0.57 |
| | Mar-17 | 21.02 | 20.46 | 0.56 |
| | May-17 | 20.41 | 19.93 | 0.48 |
| LIFFE Sugar (US \$/MT) | Oct-16 | 542.1 | 535.6 | 6.50 |
| | Dec-16 | 549.6 | 541.4 | 8.20 |
| | Mar-17 | 554.4 | 545.1 | 9.30 |

Disclaimer

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