



Sugar & Gur Weekly Research Report

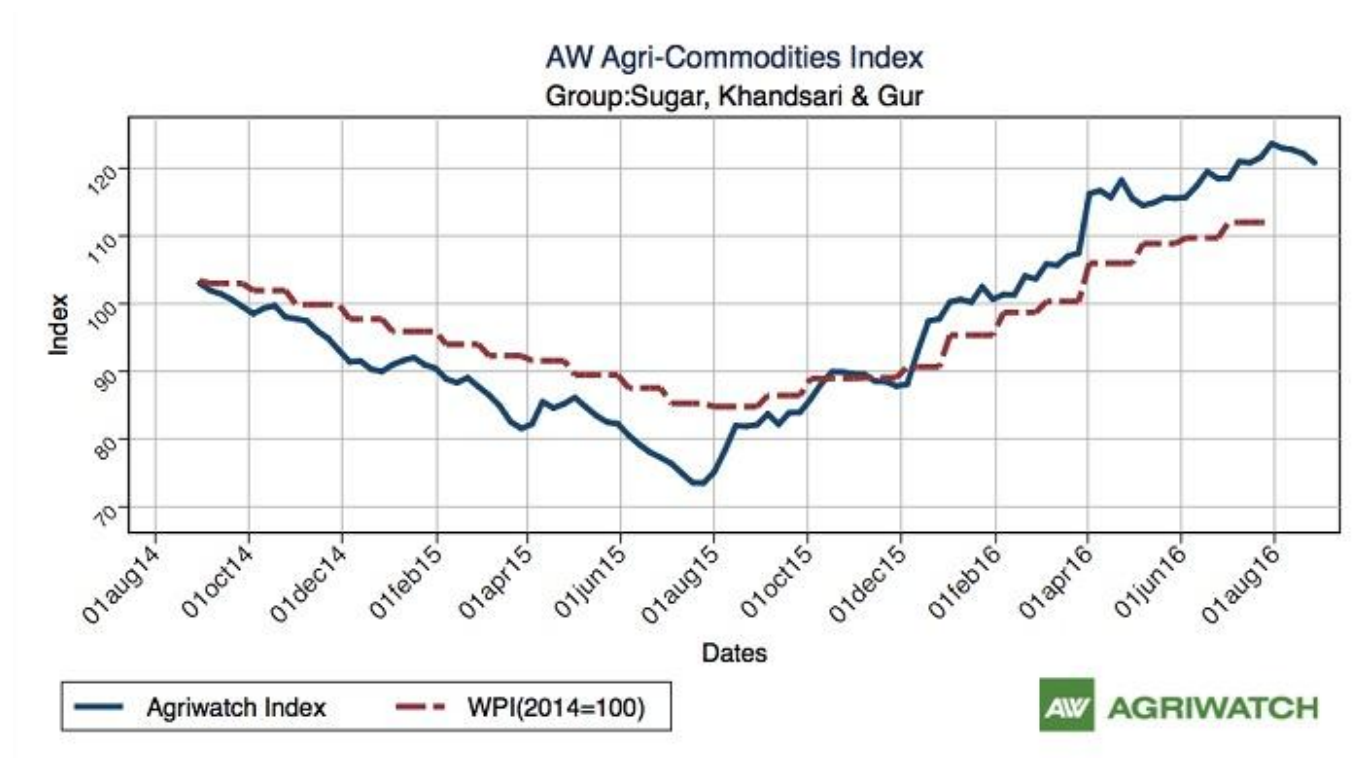
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Domestic Sugar Market Summary

Spot sugar prices fell 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

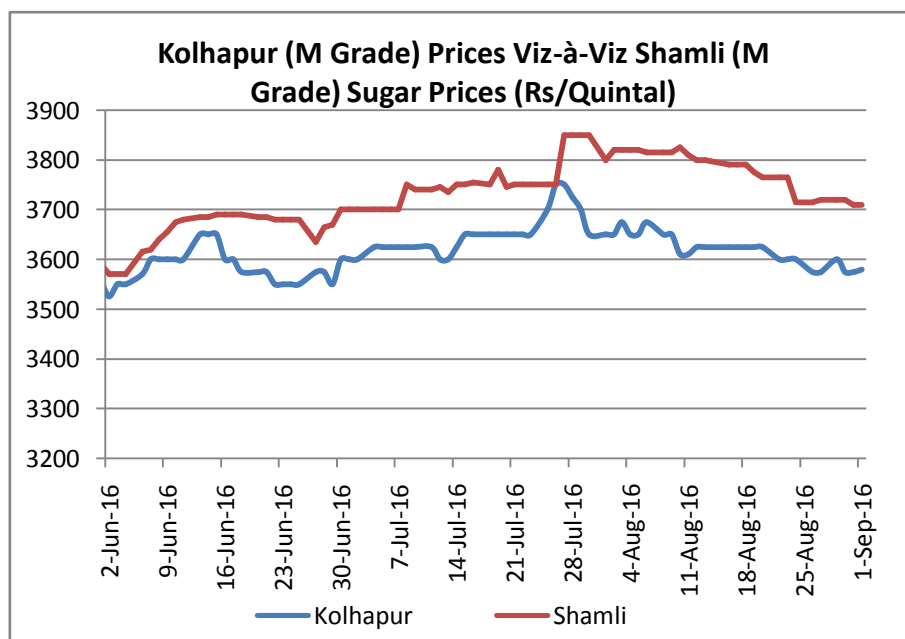
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3650 per quintal next week.

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

- The Indian govt. imposed sugar stockholding limit of 37% (September) and 24% (October) to the domestic sugar millers in the country. It implies that the Indian millers can now stock hold only a certain percentage of their total sugar produce during these two months and the excess quantity has to be sold out in the market during the stipulated time. Thus, the measure is expected to control soaring sugar prices (especially during the festive season) in the country by injection of more supplies in the market
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation remained unchanged from the previous week at 45.55 lakh hectares in 2016-17 (till 26th Aug, 2016) compared to 49.60 lakh hectares in 2015-16 (till 26th 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 \$644.93 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$541.51 per ton.

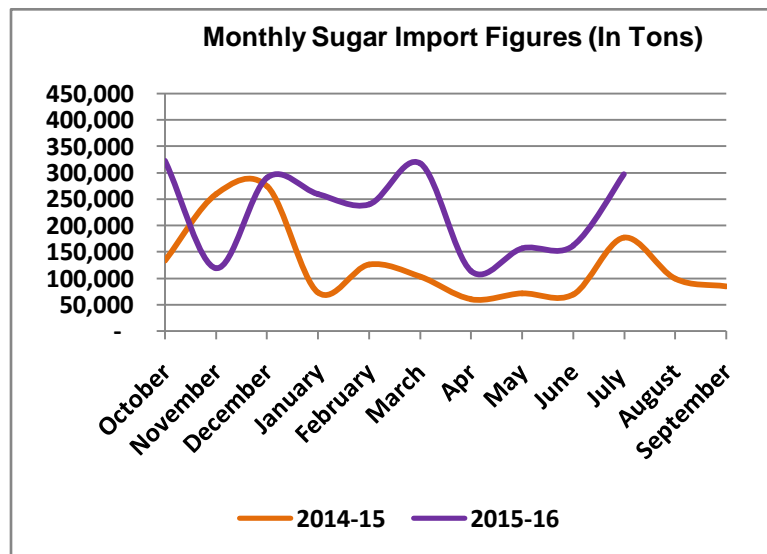
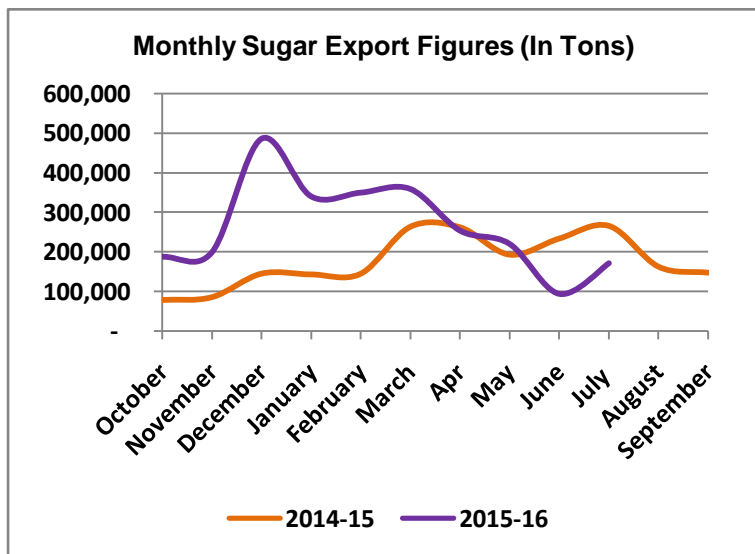
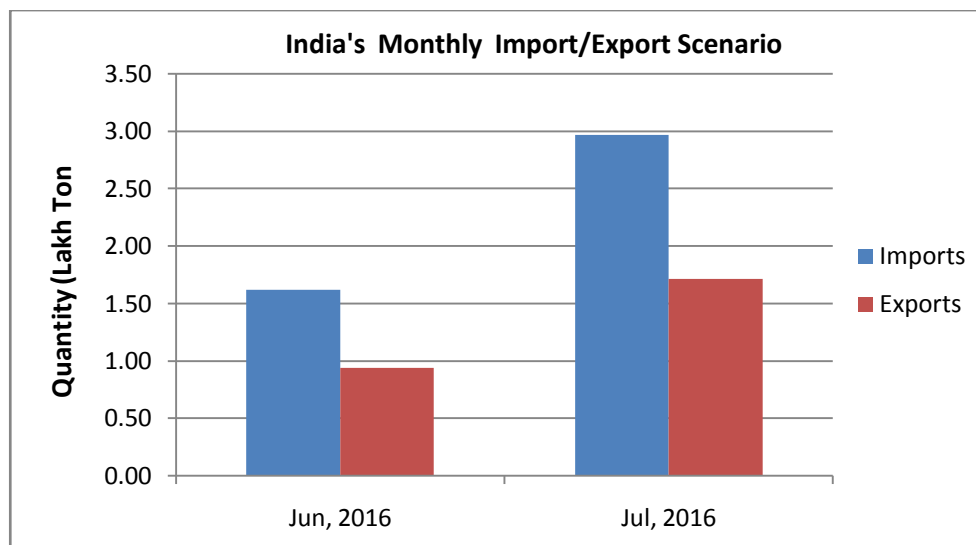
On International front, Brazil sugar FOB prices quoted at \$530.8/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.85) as on 02 Sep, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$530.8	\$582.20/529.10	\$541.51

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 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	3265	3300	3420	3500	3580
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3430	3380	3355	3460

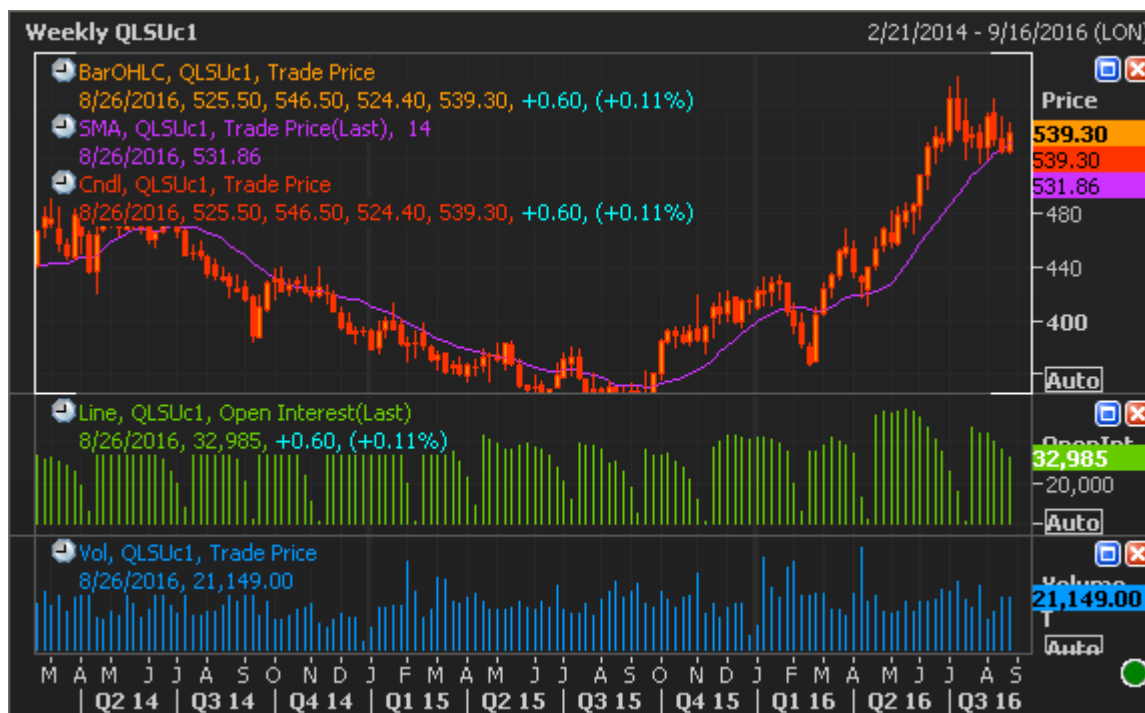
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3580/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3648 and Rs 3544 per quintal.

International Market Fundamentals

- Rabobank projected a global sugar supply deficit of 5.5 MT in 2016-17 (01st October, 2016 – 30th September, 2017). However, the organization projected an Asian deficit of 2 MT for this marketing season, 2015-16.
- The International Sugar Organization (ISO) predicted a global sugar supply deficit of 7.05 MT in 2016-17 (01st October, 2016 – 30th September, 2017).
- China imported 4.2 lakh tons of sugar in the month of July, 2016 which was 13.6% lower than the imports made last year in July, 2015.
- 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.
- 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 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 140/quintal from Rs 4610/quintal to Rs 4750/quintal. Similarly, prices of Chaku Sukha(Cold) variety of gur from key Muzaffarnagar market rose by Rs 85/quintal to Rs 3370/quintal this week. However, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 167/quintal from Rs 4550/quintal to Rs 4383/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3463/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3600 and Rs 3376 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			27th Aug to 01st Sep 2016	20th to 26th Aug 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3370	3285	85
	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)	4750	4610	140
	Belgaum	Mudde (Average)	3600	3567	33
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3683	3713	-29
	Mahalingapura	Penti (Average)	3665	3731	-65
	Mandya	Achhu (Medium)	3550	3500	50
	Mandya	Kurikatu (Medium)	3300	3320	-20
	Mandya	Other (Medium)	3250	3220	30
	Mandya	Yellow (Medium)	3510	3500	10
	Shimoga	Achhu (Average)	4383	4550	-167

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			1-Sep-16	26-Aug-16	1-Aug-16	1-Sep-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3475	3375	3500	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	NA	NA
	Hapur	Balti	NA	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4750	4750	4400	3300
	Belgaum	Mudde (Average)	3600	3500	3300	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3850	3680	NA
	Mahalingapura	Penti (Average)	NA	3691	3800	2215
	Mandya	Achhu (Medium)	3550	3500	NA	2300
	Mandya	Kurikatu (Medium)	3300	3300	NA	2100
	Mandya	Other (Medium)	3250	3250	NA	2100
	Mandya	Yellow (Medium)	3550	3500	NA	2200
	Shimoga	Achhu (Average)	NA	4550	4250	3000

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			27th Aug to 01st Sep 2016	20th to 26th Aug 2016	
Delhi	Delhi	M-Grade	3752	3769	-17
	Delhi	S-Grade	3732	3749	-17
Uttar Pradesh	Khatauli	M-Grade	3798	3802	-4
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3717	3733	-16
	Dhampur	S-Grade Ex-Mill	3697	3713	-16
	Dhampur	L-Grade Ex-Mill	3767	3783	-16
Maharashtra	Mumbai	M-Grade	3834	3849	-16
	Mumbai	S-Grade	3642	3687	-46
	Nagpur	M-Grade	3706	3725	-19
	Nagpur	S-Grade	3606	3625	-19
	Kolhapur	M-Grade	3581	3600	-19
	Kolhapur	S-Grade	3481	3500	-19
Assam	Guhawati	S-Grade	3797	3816	-19
Meghalaya	Shillong	S-Grade	3801	3820	-19
Andhra Pradesh	Vijayawada	M-Grade	4000	4008	-8
	Vijayawada	S-Grade	3900	3900	Unch
West Bengal	Kolkata	M-Grade	3886	3921	-35
Tamil Nadu	Chennai	S-Grade	3490	3510	-20
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)

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International Sugar Prices (Weekly)				
	Contract Month	31-Aug-16	25-Aug-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	20.06	20.55	-0.49
	Mar-17	20.56	21.02	-0.46
	May-17	20.04	20.41	-0.37
LIFFE Sugar (US \$/MT)	Oct-16	529.1	542.1	-13.00
	Dec-16	537.3	549.6	-12.30
	Mar-17	541.5	554.4	-12.90

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