



Sugar & Gur Weekly Research Report

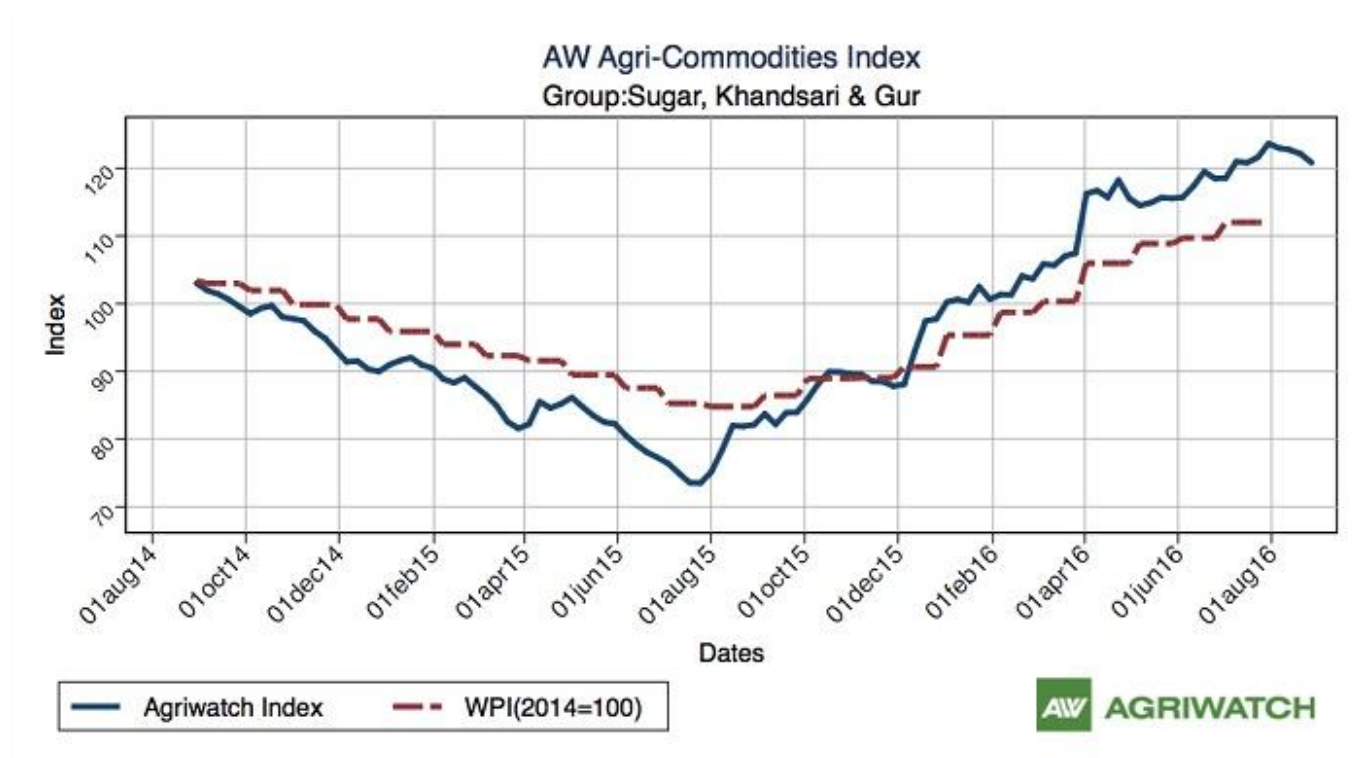
Contents

- ❖ 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

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

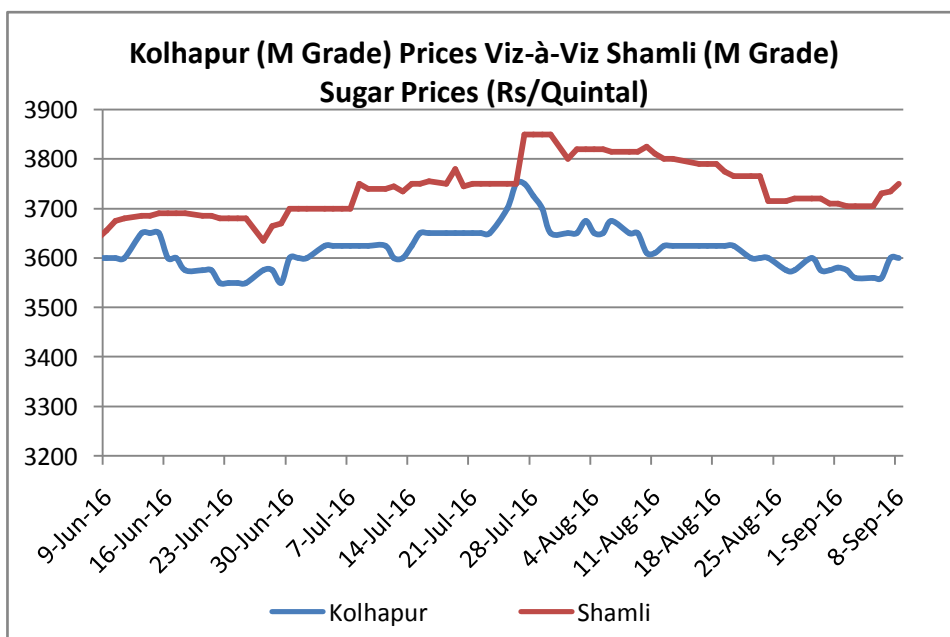
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3650 per quintal next week.

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

- India exported 34.9 thousand tons of sugar for the week ending on 04th September, 2016 which was 14% lower than the sugar exported last week.
- As per the weekly planting report by Ministry of Agriculture, the total sown area under sugarcane cultivation reached at 45.77 lakh hectares in 2016-17 (till 02nd Sep, 2016) compared to 49.60 lakh hectares in 2015-16 (till 02nd Sep, 2015).
- 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
- 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.
- 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 \$664.42 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$544.72 per ton.

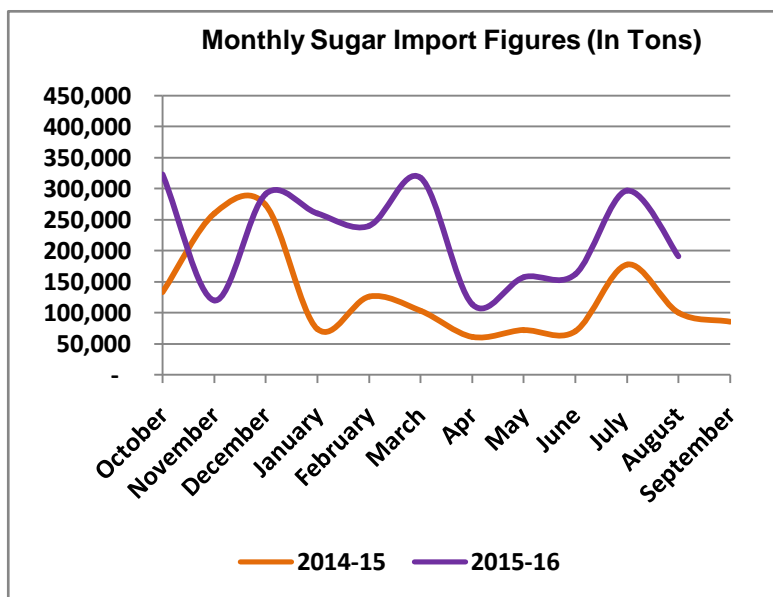
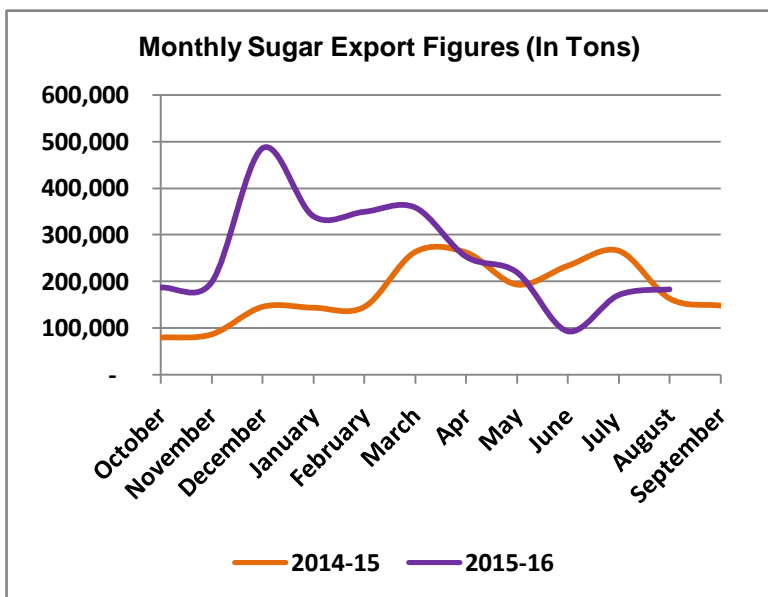
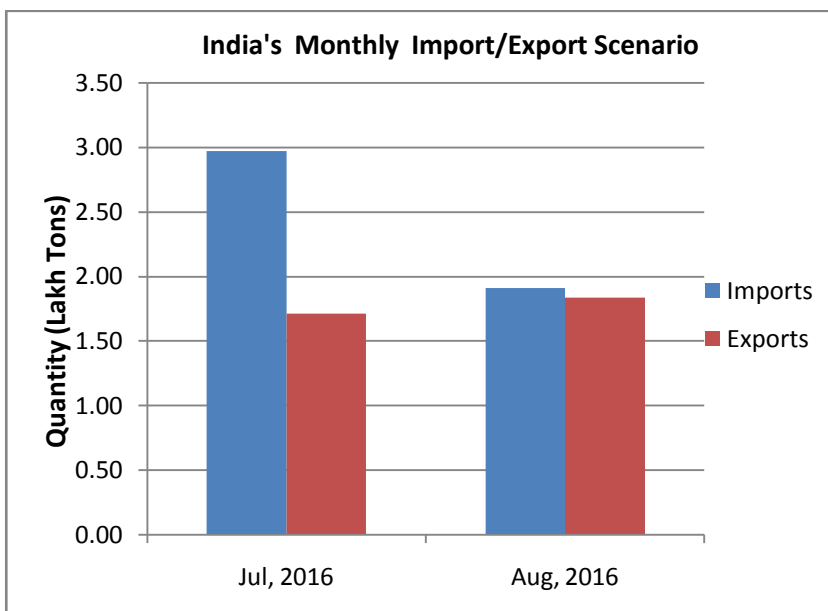
On International front, Brazil sugar FOB prices quoted at \$541.4/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.53) as on 09 Sep, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$541.4	\$582.20/538.10	\$544.72

Sugar Import and Export Scenario

India exported 1.84 lakh tons of sugar while imported 1.91 lakh tons of sugar in August, 2016. However, the country exported and imported 1.71 lakh tons and 2.97 lakh tons of sugar respectively last month in July, 2016.



An y-o-y comparison shows that the country's sugar imports rose by 92.1% from 0.99 lakh tons last year ; while exports increased by 12.25% from 1.64 lakh tons in August, 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 August.

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 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	3400	3450	3549	3670	3736
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3560	3510	3485	3600

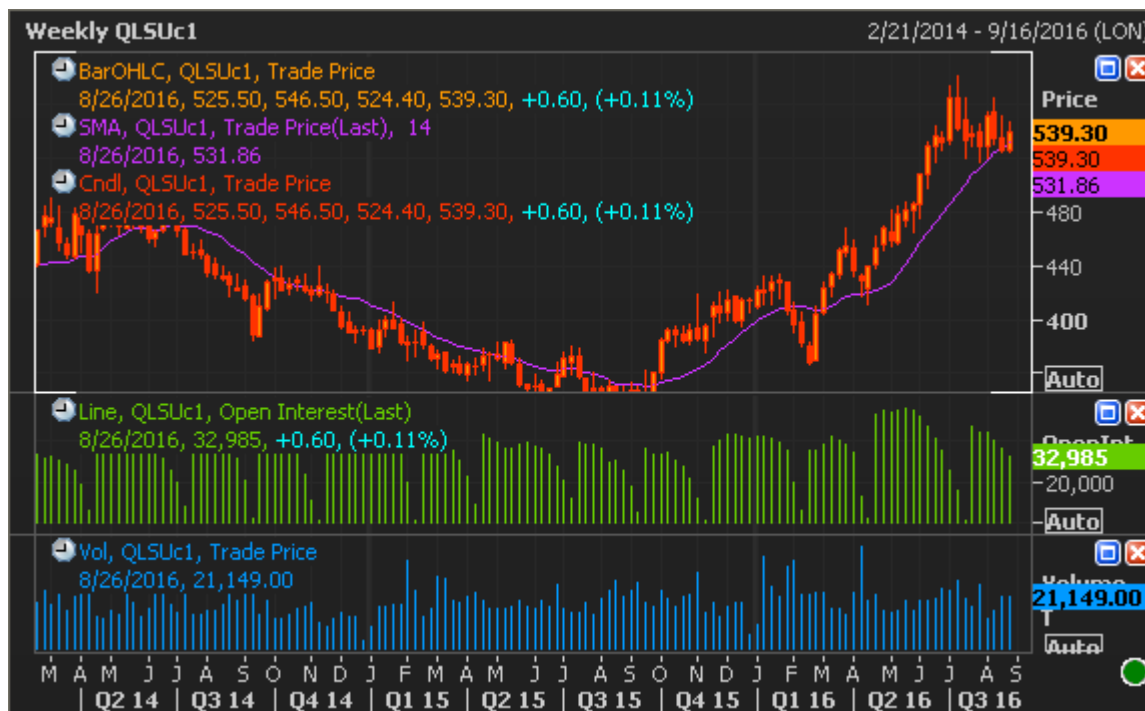
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3576/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3643 and Rs 3503 per quintal.

International Market Fundamentals

- Brazil's main C.S region crushed 44.83 MT of sugarcane in the first half of August, 2016 thereby resulting into a sugar production of 2.97 MT during the period.
- 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.
- 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

Spot gur market mainly remained dormant this week with price falling in majority of markets. Price of Achhu (Average) variety of gur from Shimoga fell by Rs 83/quintal from Rs 4383/quintal to Rs 4300/quintal this week. Similarly, prices of Achhu (Medium) variety of gur from Mandya fell by Rs 50/quintal from Rs 3550/quintal to Rs 3500/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3425/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3542 and Rs 3292 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			2nd Sept to 08th Sep 2016	27th Aug to 01st Sep 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3420	3370	50
	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	4750	Unch
	Belgaum	Mudde (Average)	3633	3600	33
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3650	3683	-33
	Mahalingapura	Penti (Average)	3642	3665	-23
	Mandya	Achhu (Medium)	3500	3550	-50
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3200	3250	-50
	Mandya	Yellow (Medium)	3500	3510	-10
	Shimoga	Achhu (Average)	4300	4383	-83

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			8-Sep-16	2-Sep-16	8-Aug-16	8-Sep-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3450	3400	3600	2400
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	NA
	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	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4750	4750	4400	3500
	Belgaum	Mudde (Average)	3600	3600	3500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3850	NA	3600	2550
	Mahalingapura	Penti (Average)	3622	3683	3886	2254
	Mandya	Achhu (Medium)	3500	NA	3750	2350
	Mandya	Kurikatu (Medium)	3300	NA	3400	2100
	Mandya	Other (Medium)	3250	NA	3300	2150
	Mandya	Yellow (Medium)	3450	NA	3700	2200
	Shimoga	Achhu (Average)	4300	4300	4500	3000

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			2nd Sept to 08th Sep 2016	27th Aug to 01st Sep 2016	
Delhi	Delhi	M-Grade	3742	3752	-10
	Delhi	S-Grade	3722	3732	-10
Uttar Pradesh	Khatauli	M-Grade	3808	3798	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3715	3717	-2
	Dhampur	S-Grade Ex-Mill	3695	3697	-2
	Dhampur	L-Grade Ex-Mill	3765	3767	-2
Maharashtra	Mumbai	M-Grade	3829	3834	-5
	Mumbai	S-Grade	3654	3642	12
	Nagpur	M-Grade	3703	3706	-3
	Nagpur	S-Grade	3603	3606	-3
	Kolhapur	M-Grade	3578	3581	-3
	Kolhapur	S-Grade	3478	3481	-3
Assam	Guhawati	S-Grade	3794	3797	-3
Meghalaya	Shillong	S-Grade	3798	3801	-3
Andhra Pradesh	Vijayawada	M-Grade	4000	4000	Unch
	Vijayawada	S-Grade	3900	3900	Unch
West Bengal	Kolkata	M-Grade	3873	3886	-13
Tamil Nadu	Chennai	S-Grade	3456	3490	-34
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			8-Sep-16	2-Sep-16	8-Aug-16	8-Sep-15
Delhi	Delhi	M-Grade	3780	3720	3825	2600
	Delhi	S-Grade	3760	3700	3805	2560
Uttar Pradesh	Khatauli	M-Grade	3860	3785	3870	2698
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3720	3710	3800	2550
	Dhampur	S-Grade Ex-Mill	3700	3690	3780	2530
	Dhampur	L-Grade Ex-Mill	3770	3760	3850	2600
Maharashtra	Mumbai	M-Grade	3842	3830	3876	2656
	Mumbai	S-Grade	3666	3646	3720	2566
	Nagpur	M-Grade	3725	3700	3775	2700
	Nagpur	S-Grade	3625	3600	3675	2600
	Kolhapur	M-Grade	3600	3575	3650	2450
	Kolhapur	S-Grade	3500	3475	3550	2350
Assam	Guhawati	S-Grade	3816	3791	3867	2649
Meghalaya	Shillong	S-Grade	3820	3795	3870	2670
Andhra Pradesh	Vijayawada	M-Grade	4000	4000	4080	2900
	Vijayawada	S-Grade	3900	3900	3940	2760
West Bengal	Kolkata	M-Grade	3900	NA	3885	2730
Tamil Nadu	Chennai	S-Grade	3450	3475	3525	2550
Chattisgarh	Ambikapur	M-Grade (Without Duty)	2935	2935	2935	2835
	Ambikapur	S-Grade (Without Duty)	2935	2935	2935	2835

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

International Sugar Prices (Weekly)				
	Contract Month	7-Sep-16	31-Aug-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	20.29	20.06	0.23
	Mar-17	20.90	20.56	0.34
	May-17	20.45	20.04	0.41
LIFFE Sugar (US \$/MT)	Oct-16	538.1	529.1	9.00
	Dec-16	546.7	537.3	9.40
	Mar-17	553.4	541.5	11.90

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2016 Indian Agribusiness Systems Pvt Ltd.

