
Sugar & Gur Weekly Research Report

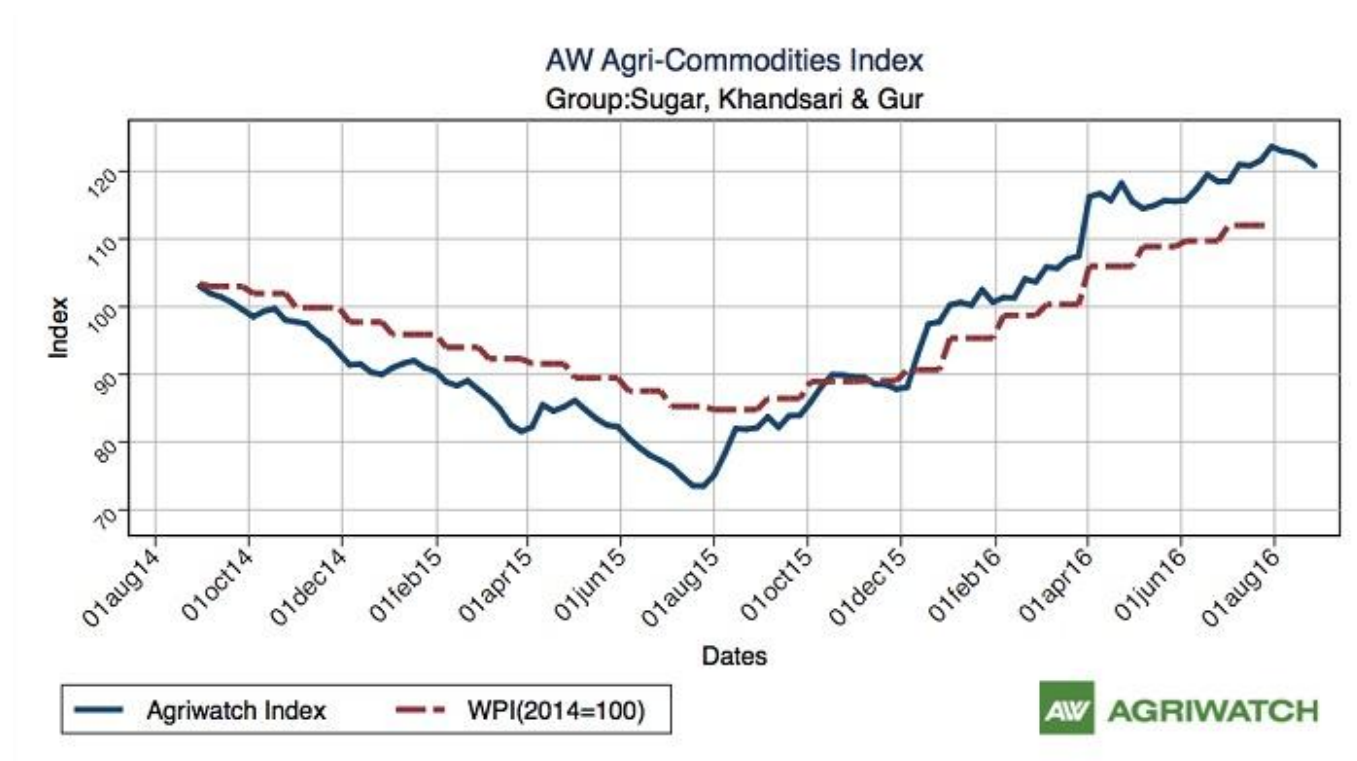
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Domestic Sugar Market Summary

Spot sugar prices rose this week amidst surge in domestic demand ahead of festive season and a limited supply from the mills. Also, as per the Agriwatch estimate sugar prices are expected to trade steady to firm in the coming weeks, however the recent sugar stockholding limit announced by the govt. will cap the gain.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– September 17, 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 rose by 1.12% to 122.83 during the week ending on September 17, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for the Next Week

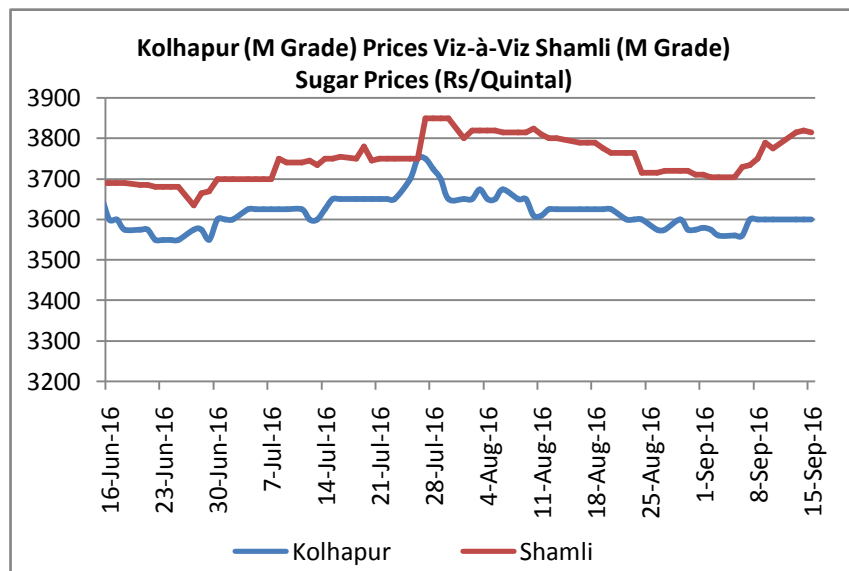
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3700 per quintal next week.

International Sugar Market Summary

International sugar prices rose slightly this week as cane harvesting in top producer Brazil gets slower down indicating towards the closure of crushing season within the country.

Domestic Market Fundamentals

- As per the industry sources, Indian sugar mills are expected to release 4.8 - 4.9 MT of by 31st October, 2016 sugar in the market due to the government's decision to impose sugar stockholding limit on the domestic millers.
- Indian sugar exports fell by 30% as the country exported 24.6 thousand tons of sugar for the week ending on 11th Sep, 2016 compared to 34.9 thousand tons of exports made during the previous 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 09th Sep, 2016) compared to 49.60 lakh hectares in 2015-16 (till 09th 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.

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$672.46 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$544.42 per ton.

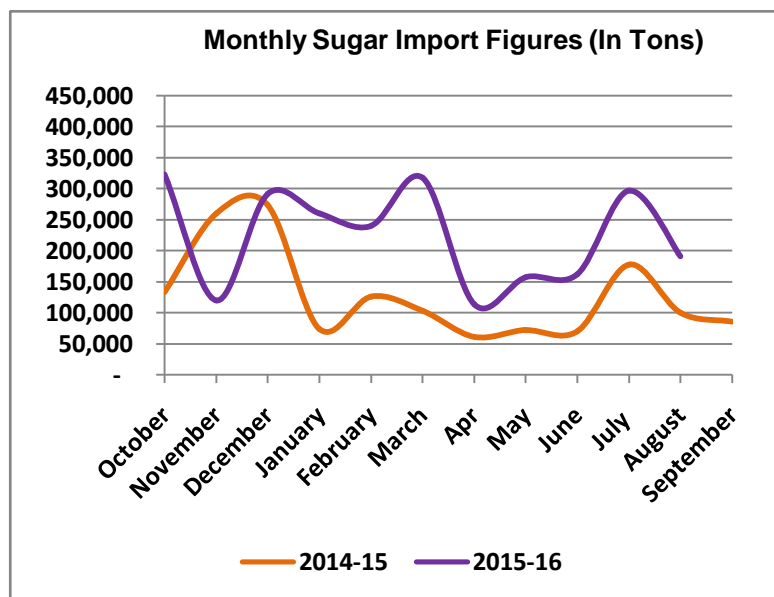
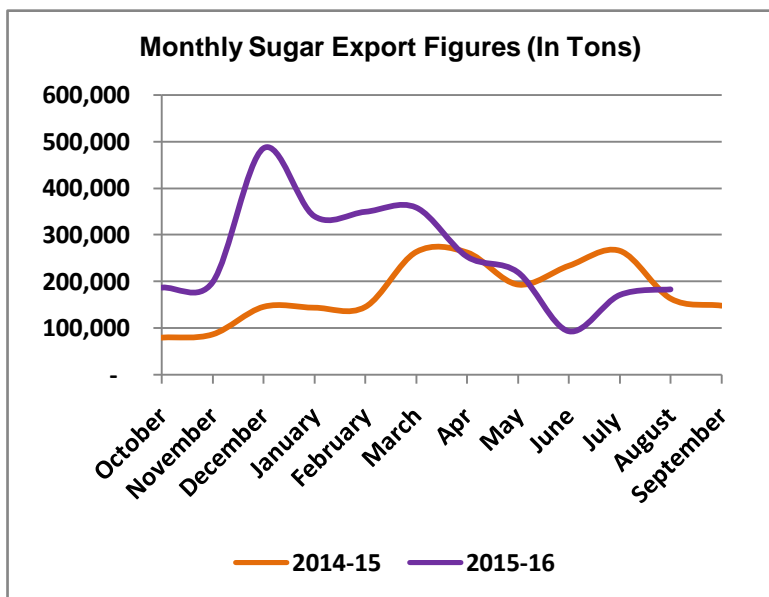
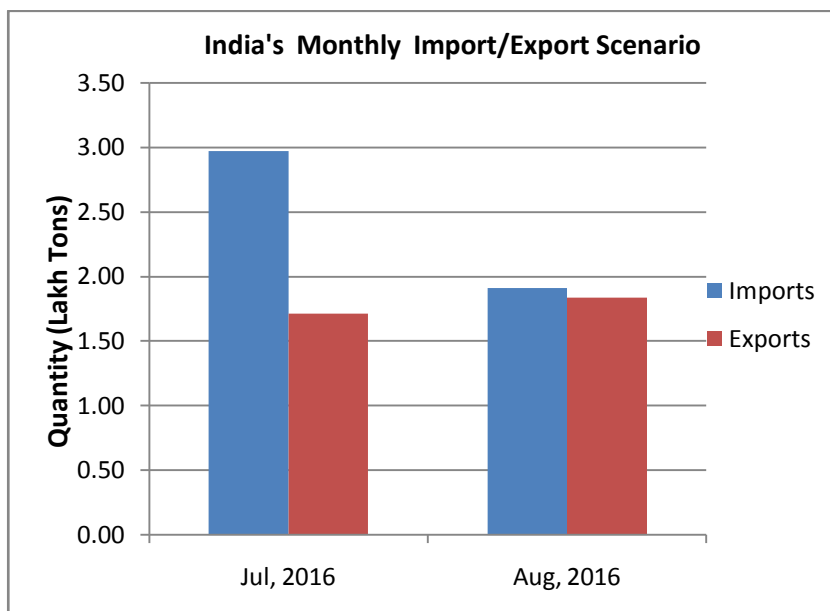
On International front, Brazil sugar FOB prices quoted at \$539.5/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.86) as on 16 Sep, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$539.5	\$582.20/539.50	\$544.42

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 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	3400	3500	3585	3700	3800
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3580	3630	3655	3550

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3600/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3653 and Rs 3553 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 (Dec'16 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 554.1 with a target of 563.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'16	554.1	563.6

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 20.50 with a target of 20.88

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'16	20.50	20.88

Gur Market Scenario

Spot gur market mainly remained dormant this week with price falling in majority of markets. Price of Yellow (Medium) variety of gur from Mandya fell by Rs 100/quintal from Rs 3500/quintal to Rs 3400/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum fell by Rs 83/quintal to Rs 3550/quintal this week. However, prices of Chaku sukha (Cold) variety of gur registered a gain of Rs 63/quintal from Rs 3420/quintal to Rs 3483/quintal.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3482.5/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3607 and Rs 3451 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			9th Sept to 15th Sep 2016	2nd Sept to 08th Sep 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3483	3420	63
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3538	NA	-
	Hapur	Balti	3400	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4750	4750	Unch
	Belgaum	Mudde (Average)	3550	3633	-83
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3755	3650	105
	Mahalingapura	Penti (Average)	3587	3642	-55
	Mandya	Achhu (Medium)	3425	3500	-75
	Mandya	Kurikatu (Medium)	3250	3300	-50
	Mandya	Other (Medium)	3175	3200	-25
	Mandya	Yellow (Medium)	3400	3500	-100
	Shimoga	Achhu (Average)	4283	4300	-17

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			15-Sep-16	8-Sep-16	16-Aug-16	15-Sep-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3563	3450	3500	2500
	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	2750
	Hapur	Chaurasa	3550	NA	NA	NA
	Hapur	Balti	3400	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4750	4750	4400	3500
	Belgaum	Mudde (Average)	NA	3600	3500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3850	3675	2560
	Mahalingapura	Penti (Average)	NA	3622	3833	2221
	Mandya	Achhu (Medium)	3400	3500	3700	2300
	Mandya	Kurikatu (Medium)	3200	3300	3400	2100
	Mandya	Other (Medium)	3150	3250	3250	2100
	Mandya	Yellow (Medium)	3400	3450	3700	2200
	Shimoga	Achhu (Average)	NA	4300	4500	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			9th Sept to 15th Sep 2016	2nd Sept to 08th Sep 2016	
Delhi	Delhi	M-Grade	3832	3742	90
	Delhi	S-Grade	3812	3722	90
Uttar Pradesh	Khatauli	M-Grade	3913	3817	96
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3787	3715	72
	Dhampur	S-Grade Ex-Mill	3767	3695	72
	Dhampur	L-Grade Ex-Mill	3837	3765	72
Maharashtra	Mumbai	M-Grade	3847	3829	18
	Mumbai	S-Grade	3676	3654	22
	Nagpur	M-Grade	3725	3703	22
	Nagpur	S-Grade	3625	3603	22
	Kolhapur	M-Grade	3600	3578	22
	Kolhapur	S-Grade	3500	3478	22
Assam	Guhawati	S-Grade	3816	3794	22
Meghalaya	Shillong	S-Grade	3820	3798	22
Andhra Pradesh	Vijayawada	M-Grade	3960	4000	-40
	Vijayawada	S-Grade	3860	3900	-40
West Bengal	Kolkata	M-Grade	3902	3873	29
Tamil Nadu	Chennai	S-Grade	3435	3456	-21
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			15-Sep-16	8-Sep-16	16-Aug-16	15-Sep-15
Delhi	Delhi	M-Grade	3850	3780	3810	2600
	Delhi	S-Grade	3830	3760	3790	2550
Uttar Pradesh	Khatauli	M-Grade	3920	3860	3842	2700
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3800	3720	3760	2535
	Dhampur	S-Grade Ex-Mill	3780	3700	3740	2515
	Dhampur	L-Grade Ex-Mill	3850	3770	3810	2585
Maharashtra	Mumbai	M-Grade	Closed	3842	3882	2656
	Mumbai	S-Grade	Closed	3666	3720	2546
	Nagpur	M-Grade	Closed	3725	3750	2650
	Nagpur	S-Grade	Closed	3625	3650	2600
	Kolhapur	M-Grade	Closed	3600	3625	2425
	Kolhapur	S-Grade	Closed	3500	3525	2325
Assam	Guhawati	S-Grade	Closed	3816	3842	2624
Meghalaya	Shillong	S-Grade	Closed	3820	3845	2645
Andhra Pradesh	Vijayawada	M-Grade	3960	4000	4080	2900
	Vijayawada	S-Grade	3860	3900	3940	2760
West Bengal	Kolkata	M-Grade	3890	3900	3920	2695
Tamil Nadu	Chennai	S-Grade	3425	3450	3525	2500
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	14-Sep-16	7-Sep-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	20.13	20.29	-0.16
	Mar-17	20.73	20.90	-0.17
	May-17	20.27	20.45	-0.18
LIFFE Sugar (US \$/MT)	Dec-16	546.4	538.1	8.30
	Mar-17	549.4	546.7	2.70
	May-17	543.0	553.4	-10.40

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