



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 amidst fall in demand and recent imposition of special cash margin on all sugar future contracts. Also, as per the Agriwatch estimate, sugar prices are expected to trade steady to weak in the weeks ahead as domestic demand is expected to remain pale during the period.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– September 24, 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 122.55 during the week ending on September 24, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for the Next Week

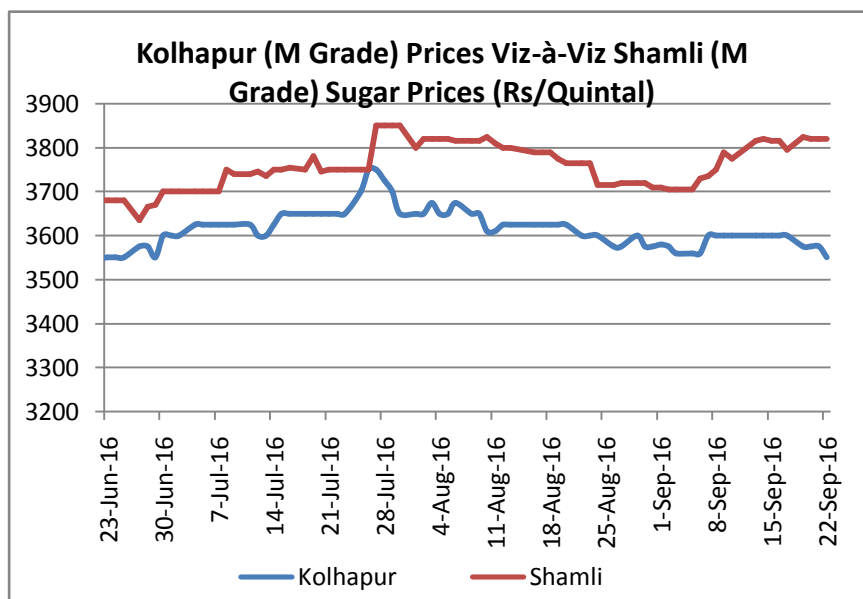
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3450 - 3650 per quintal next week.

International Sugar Market Summary

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

Domestic Market Fundamentals

- With a view to keep sugar prices under check, commodity bourse NCDEX imposed special margin of 10% (in cash) on long side for October future contract. In addition, a special margin of 25 % (in cash) on long side of all running contracts and yet to be launched contract had also been imposed. Notably, initial margin is the minimum percentage of money that the traders are required to deposit with the exchange to trade in the commodity futures. And by raising the margin, exchange is particularly prohibiting the speculators to participate and thus helping in curbing the price rise.
- Indian sugar exports rose by 12% as the country exported 27.5 thousand tons of sugar for the week ending 18th September, 2016 compared to 24.6 thousand tons of exports made in 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 16th Sep, 2016) compared to 49.60 lakh hectares in 2015-16 (till 16th Sep, 2015).



- 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.
- 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
- 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.
- 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 \$740.20 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$542.01 per ton.

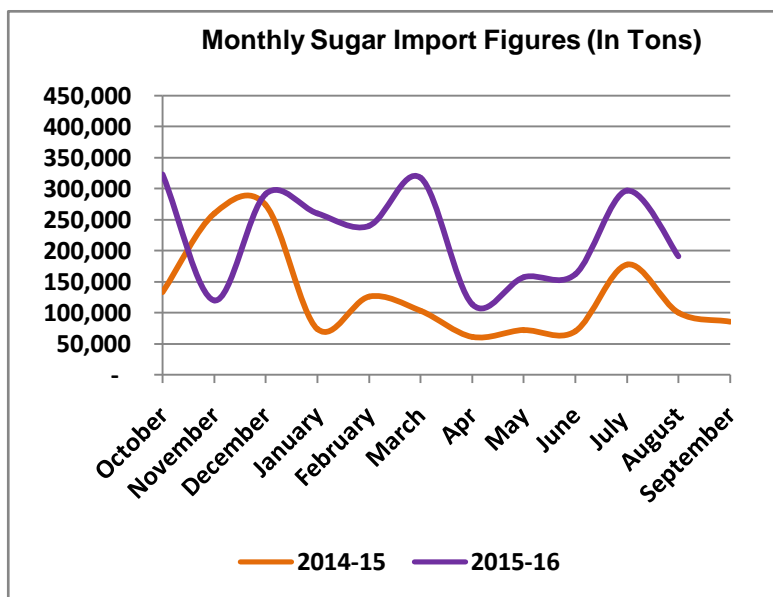
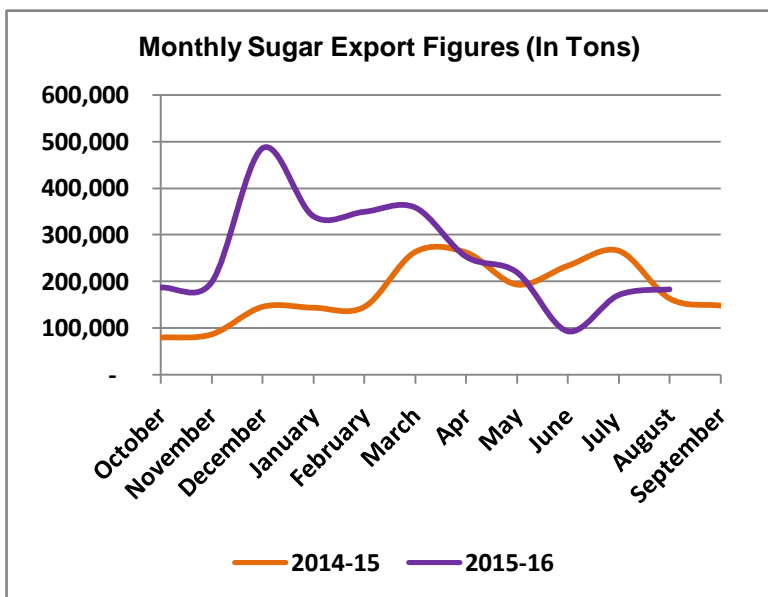
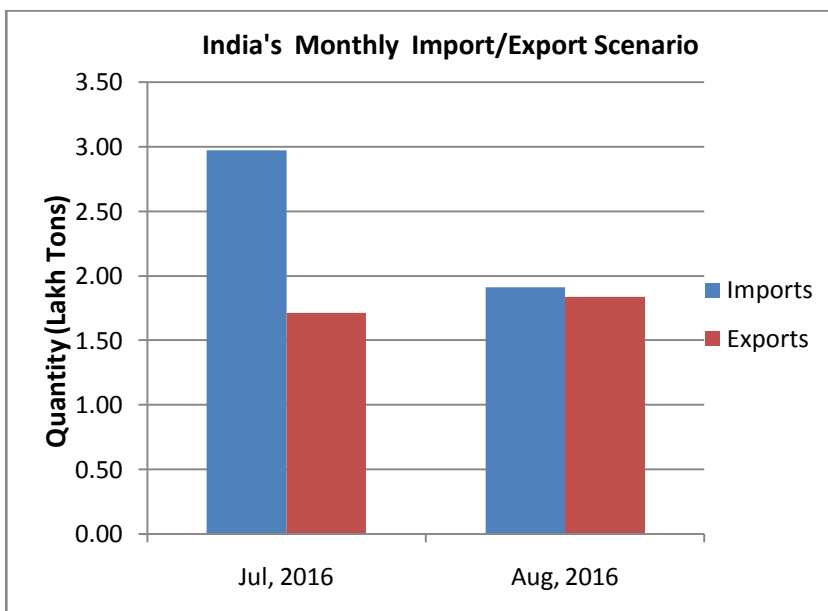
On International front, Brazil sugar FOB prices quoted at \$592.8/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.77) as on 23 Sep, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$592.8	\$582.20/539.50	\$542.01

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, volume and O.I decreased indicating consolidation in the market.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bearish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	3300	3400	3505	3600	3700
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3520	3470	3445	3550

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3579/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3607 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 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

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Kurikatu (Medium) variety of gur from Mandya fell by Rs 150/quintal from Rs 3250/quintal to Rs 3100/quintal this week. Similarly, prices of Chaurasa variety of gur from Hapur fell by Rs 108/quintal to Rs 3430/quintal this week. However, prices of Other (Average) variety of gur from Gulbarga rose by Rs 240/quintal from Rs 3755/quintal to Rs 3995/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 3346 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			16th Sept to 22nd Sep 2016	9th Sept to 15th Sep 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3463	3483	-20
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3430	3538	-108
	Hapur	Balti	3390	3400	-10
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4750	4750	Unch
	Belgaum	Mudde (Average)	3567	3550	17
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3995	3755	240
	Mahalingapura	Penti (Average)	3514	3587	-73
	Mandya	Achhu (Medium)	3316	3425	-109
	Mandya	Kurikatu (Medium)	3100	3250	-150
	Mandya	Other (Medium)	3166	3175	-9
	Mandya	Yellow (Medium)	3308	3400	-92
	Shimoga	Achhu (Average)	4300	4283	17

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			22-Sep-16	15-Sep-16	22-Aug-16	22-Sep-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3388	3563	3450	2600
	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	3325	3550	NA	NA
	Hapur	Balti	3350	3400	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4750	4750	4400	3500
	Belgaum	Mudde (Average)	NA	3600	3600	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3850	NA	NA	2650
	Mahalingapura	Penti (Average)	3531	NA	3732	2407
	Mandya	Achhu (Medium)	3300	3400	3500	2250
	Mandya	Kurikatu (Medium)	3100	3200	3300	2100
	Mandya	Other (Medium)	3200	3150	3200	2100
	Mandya	Yellow (Medium)	3300	3400	3500	2200
	Shimoga	Achhu (Average)	NA	NA	NA	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			16th Sept to 22nd Sep 2016	9th Sept to 15th Sep 2016	
Delhi	Delhi	M-Grade	3849	3832	17
	Delhi	S-Grade	3829	3812	17
Uttar Pradesh	Khatauli	M-Grade	3936	3913	23
	Ramala	M-Grade	3755	NA	-
	Dhampur	M-Grade Ex-Mill	3398	3787	-389
	Dhampur	S-Grade Ex-Mill	3778	3767	11
	Dhampur	L-Grade Ex-Mill	3847	3837	10
Maharashtra	Mumbai	M-Grade	3848	3847	1
	Mumbai	S-Grade	3658	3676	-18
	Nagpur	M-Grade	3704	3725	-21
	Nagpur	S-Grade	3604	3625	-21
	Kolhapur	M-Grade	3579	3600	-21
	Kolhapur	S-Grade	3479	3500	-21
Assam	Guhawati	S-Grade	3795	3816	-21
Meghalaya	Shillong	S-Grade	3799	3820	-21
Andhra Pradesh	Vijayawada	M-Grade	3960	3960	Unch
	Vijayawada	S-Grade	3860	3860	Unch
West Bengal	Kolkata	M-Grade	3910	3902	8
Tamil Nadu	Chennai	S-Grade	3442	3435	7
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			22-Sep-16	15-Sep-16	22-Aug-16	22-Sep-15
Delhi	Delhi	M-Grade	3830	3850	3780	2620
	Delhi	S-Grade	3810	3830	3760	NA
Uttar Pradesh	Khatauli	M-Grade	3935	3920	3810	2688
	Ramala	M-Grade	NA	3755	NA	NA
	Dhampur	M-Grade Ex-Mill	3806	3800	3760	2550
	Dhampur	S-Grade Ex-Mill	3786	3780	3740	2530
	Dhampur	L-Grade Ex-Mill	3856	3850	3810	2600
Maharashtra	Mumbai	M-Grade	3842	Closed	3852	2740
	Mumbai	S-Grade	3646	Closed	3700	2590
	Nagpur	M-Grade	3675	Closed	3725	2650
	Nagpur	S-Grade	3575	Closed	3625	2550
	Kolhapur	M-Grade	3550	Closed	3600	2500
	Kolhapur	S-Grade	3450	Closed	3500	2400
Assam	Guhawati	S-Grade	3766	Closed	3816	2700
Meghalaya	Shillong	S-Grade	3770	Closed	3820	2720
Andhra Pradesh	Vijayawada	M-Grade	3960	3960	4000	2940
	Vijayawada	S-Grade	3860	3860	3900	2800
West Bengal	Kolkata	M-Grade	3940	3890	3940	NA
Tamil Nadu	Chennai	S-Grade	3450	3425	3525	2625
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	21-Sep-16	14-Sep-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	22.20	20.13	2.07
	Mar-17	22.76	20.73	2.03
	May-17	21.99	20.27	1.72
LIFFE Sugar (US \$/MT)	Dec-16	590.5	546.4	44.10
	Mar-17	591.7	549.4	42.30
	May-17	582.6	543.0	39.60

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