



Sugar & Gur Weekly Research Report

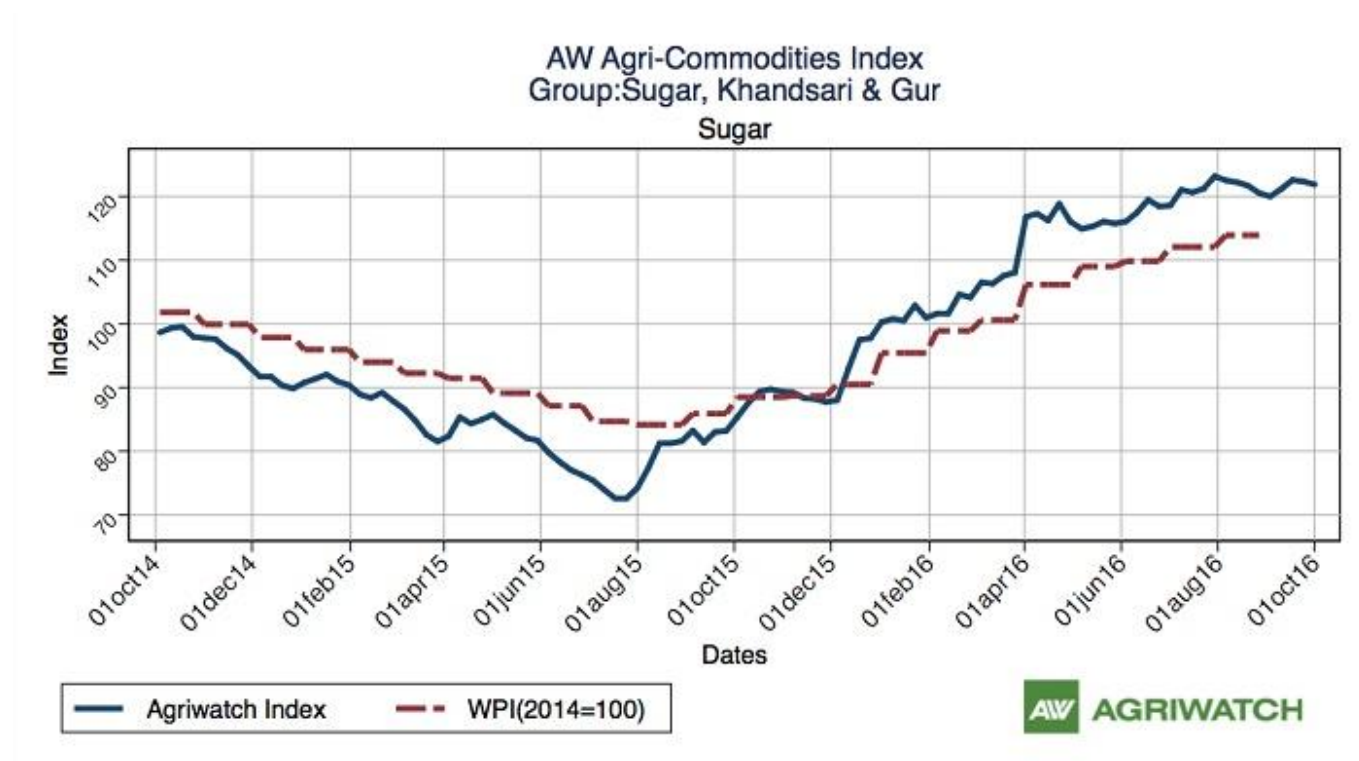
Contents

- ❖ 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 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– October 01, 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 0.48% to 121.96 during the week ending on October 01, 2016. Notably, the base for the Index is 2014 (= 100).

Price Projection for the Next Week

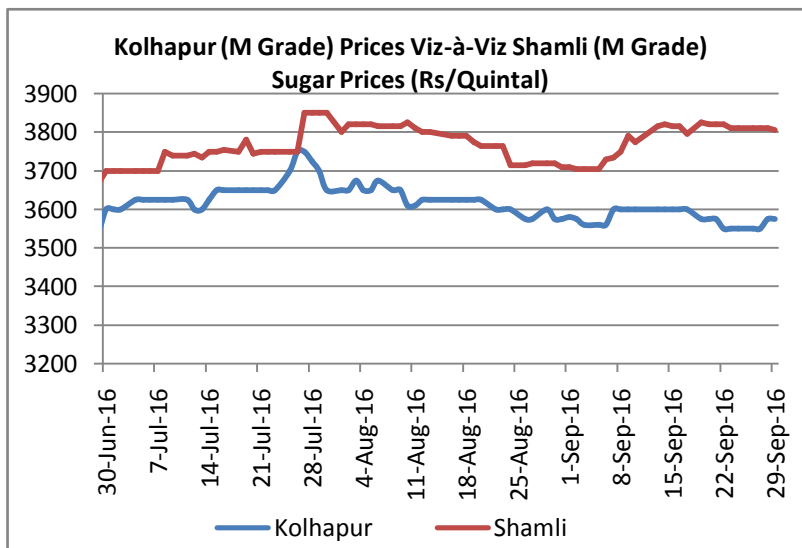
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3450 - 3650 per quintal next week.

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

- India exported 11.9 thousand tons of sugar for the week ending 25th September, 2016 which is 57% less than the sugar exported in the previous week.
- The Maharashtra State Cooperative Sugar Factories Federation (MSCSFF) filed a writ petition in Bombay High Court against the centre's decision to withhold only 37% of the sugar stock by the end of September, 2016.
- 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 23rd Sep, 2016) compared to 49.60 lakh hectares in 2015-16 (till 23rd Sep, 2015).
- 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 from participating and thus helping curb the price rise.



- 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 \$761.23 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$540.0 per ton.

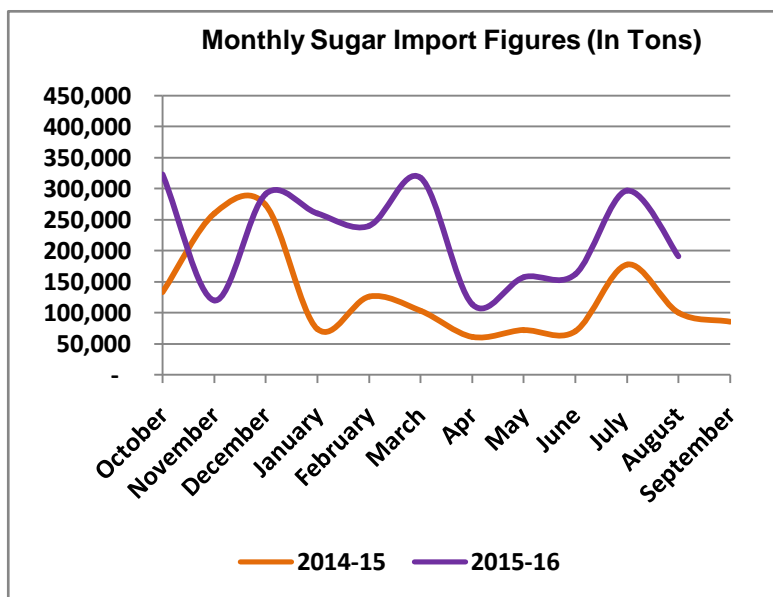
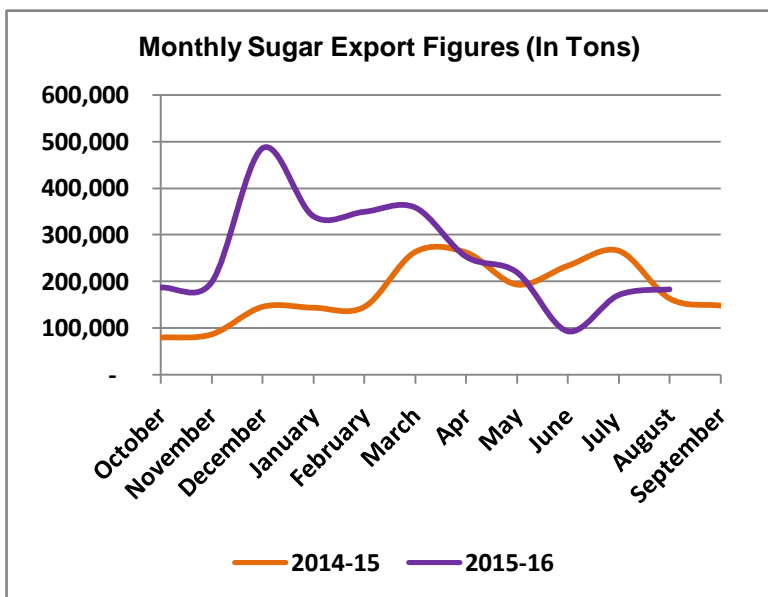
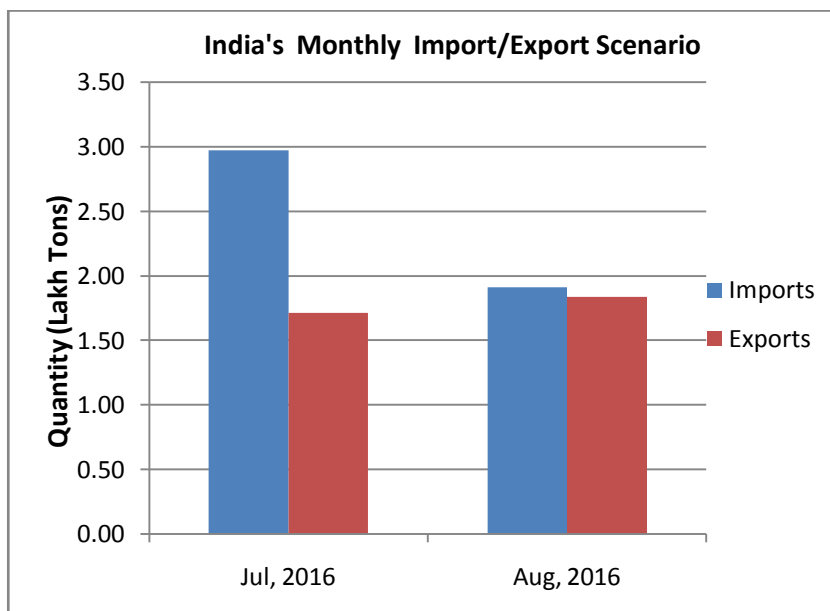
On International front, Brazil sugar FOB prices quoted at \$604.5/ Ton.

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

| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.63) as on 30 Sep, 2016 | | | |
|--|---------------|--|---------------------------|
| | Brazil | Thailand (100 Icumsa Oct Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices | \$604.5 | \$582.20/612.0 | \$540.0 |

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 in the month of 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 bearish crossover.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|-------------|------------|------|------|------|
| Sugar | NCDEX | Oct | 3300 | 3400 | 3500 | 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 3558/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3648 and Rs 3503 per quintal.

International Market Fundamentals

- Platts Kingsman predicted a global sugar supply deficit of 6.45 MT in 2016-17 (October, 2016 – September, 2017) amidst a lower cane production estimate in top producer, Brazil.
- Brazil's main C.S region crushed 38.31 MT of sugarcane in the second half of August, 2016 thereby producing 2.54 MT of sugar there on.
- The Indonesia Sugar Association projected Indonesia's white sugar production at 2.2 – 2.3 MT for 2016 (compared to 2.5 MT of production in 2015) amidst not so favorable rainy wet weather in 2016 which could affect the cane crop adversely.
- 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).
- 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.
- 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.

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 603.4 with a target of 613.4

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Dec'16 | 603.4 | 613.4 |



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 22.80 with a target of 23.04

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Oct'16 | 22.80 | 23.04 |

Gur Market Scenario

Spot gur market mainly remained dormant with prices falling in majority of the markets. Prices of Mudde (Average) variety of gur from Belgaum fell by Rs 317/quintal from Rs 3567/quintal to Rs 3250/quintal. Similarly, prices of Chaku Sukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs 115/quintal to Rs 3348/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3348/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3467 and Rs 3286 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

| Spot Jaggery(Gur) Prices Scenario (Weekly) (Average) | | | | | |
|--|---------------|--------------------------|----------------------------|----------------------------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Jaggery(Gur) | | | 23rd Sept to 29th Sep 2016 | 16th Sept to 22nd Sep 2016 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha(Cold) | 3348 | 3463 | -115 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | NA | NA | - |
| | Muzaffarnagar | Khurpa (Fresh) | NA | NA | - |
| | Muzaffarnagar | Laddoo (Fresh) | NA | NA | - |
| | Muzaffarnagar | Rascut (Fresh) | NA | NA | - |
| | Hapur | Chaurasa | 3305 | 3430 | -125 |
| | Hapur | Balti | 3325 | 3390 | -65 |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 4650 | 4750 | -100 |
| | Belgaum | Mudde (Average) | 3250 | 3567 | -317 |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | NA | - |
| | Gulbarga | Other (Average) | 3970 | 3995 | -25 |
| | Mahalingapura | Penti (Average) | 3543 | 3514 | 29 |
| | Mandya | Achhu (Medium) | 3233 | 3316 | -83 |
| | Mandya | Kurikatu (Medium) | 3100 | 3100 | Unch |
| | Mandya | Other (Medium) | 3125 | 3166 | -41 |
| | Mandya | Yellow (Medium) | 3233 | 3308 | -75 |
| | Shimoga | Achhu (Average) | 4238 | 4300 | -63 |

| Spot Jaggery(Gur) Prices Scenario (Weekly) | | | | | | |
|--|---------------|--------------------------|-----------|-----------|-----------|-----------|
| Commodity | Centre | Variety | Today | Week Ago | Month Ago | Year Ago |
| Jaggery(Gur) | | | 29-Sep-16 | 22-Sep-16 | 29-Aug-16 | 29-Sep-15 |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha(Cold) | 3325 | 3388 | 3425 | 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 | 2700 |
| | Hapur | Chaursa | 3300 | 3325 | NA | NA |
| | Hapur | Balti | 3338 | 3350 | NA | NA |
| Maharashtra | Latur | Lal Variety | NR | NR | NA | NA |
| Karnataka | Bangalore | Mudde (Average) | 4650 | 4750 | 4750 | 3500 |
| | Belgaum | Mudde (Average) | NA | NA | 3600 | NA |
| | Belthangadi | Yellow (Average) | NA | NA | NA | NA |
| | Bijapur | Achhu | NA | NA | NA | NA |
| | Gulbarga | Other (Average) | 3975 | 3850 | 3720 | 2640 |
| | Mahalingapura | Penti (Average) | 3574 | 3531 | 3673 | NA |
| | Mandya | Achhu (Medium) | 3200 | 3300 | 3500 | 2250 |
| | Mandya | Kurikatu (Medium) | 3100 | 3100 | 3300 | 2100 |
| | Mandya | Other (Medium) | 3100 | 3200 | 3250 | 2100 |
| | Mandya | Yellow (Medium) | 3200 | 3300 | 3500 | 2250 |
| | Shimoga | Achhu (Average) | 4050 | 4300 | NA | 2850 |

Spot Sugar Prices Scenario (Weekly)

| Spot Sugar Prices Scenario (Weekly) (Average) | | | | | |
|---|------------|------------------------|----------------------------|----------------------------|--------|
| Commodity | Centre | Variety | Average Prices (Rs/Qtl) | | Change |
| Sugar | | | 23rd Sept to 29th Sep 2016 | 16th Sept to 22nd Sep 2016 | |
| Delhi | Delhi | M-Grade | 3850 | 3849 | 1 |
| | Delhi | S-Grade | 3830 | 3829 | 1 |
| Uttar Pradesh | Khatauli | M-Grade | 3929 | 3936 | -7 |
| | Ramala | M-Grade | NA | 3755 | - |
| | Dhampur | M-Grade Ex-Mill | 3892 | 3398 | 494 |
| | Dhampur | S-Grade Ex-Mill | 3872 | 3778 | 94 |
| | Dhampur | L-Grade Ex-Mill | 3942 | 3847 | 95 |
| Maharashtra | Mumbai | M-Grade | 3825 | 3848 | -23 |
| | Mumbai | S-Grade | 3628 | 3658 | -30 |
| | Nagpur | M-Grade | 3683 | 3704 | -21 |
| | Nagpur | S-Grade | 3583 | 3604 | -21 |
| | Kolhapur | M-Grade | 3558 | 3579 | -21 |
| | Kolhapur | S-Grade | 3458 | 3479 | -21 |
| Assam | Guhawati | S-Grade | 3774 | 3795 | -21 |
| Meghalaya | Shillong | S-Grade | 3778 | 3799 | -21 |
| Andhra Pradesh | Vijayawada | M-Grade | 3960 | 3960 | Unch |
| | Vijayawada | S-Grade | 3860 | 3860 | Unch |
| West Bengal | Kolkata | M-Grade | 3872 | 3910 | -38 |
| Tamil Nadu | Chennai | S-Grade | 3458 | 3442 | 16 |
| 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 | 28-Sep-16 | 21-Sep-16 | Change |
| ICE Sugar #11 (US Cent/lb) | Oct-16 | 21.86 | 22.20 | -0.34 |
| | Mar-17 | 23.27 | 22.76 | 0.51 |
| | May-17 | 23.78 | 21.99 | 1.79 |
| LIFFE Sugar (US \$/MT) | Dec-16 | 561.7 | 590.5 | -28.80 |
| | Mar-17 | 612.0 | 591.7 | 20.30 |
| | May-17 | 612.8 | 582.6 | 30.20 |

Disclaimer

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