
Sugar & Gur Weekly Research Report

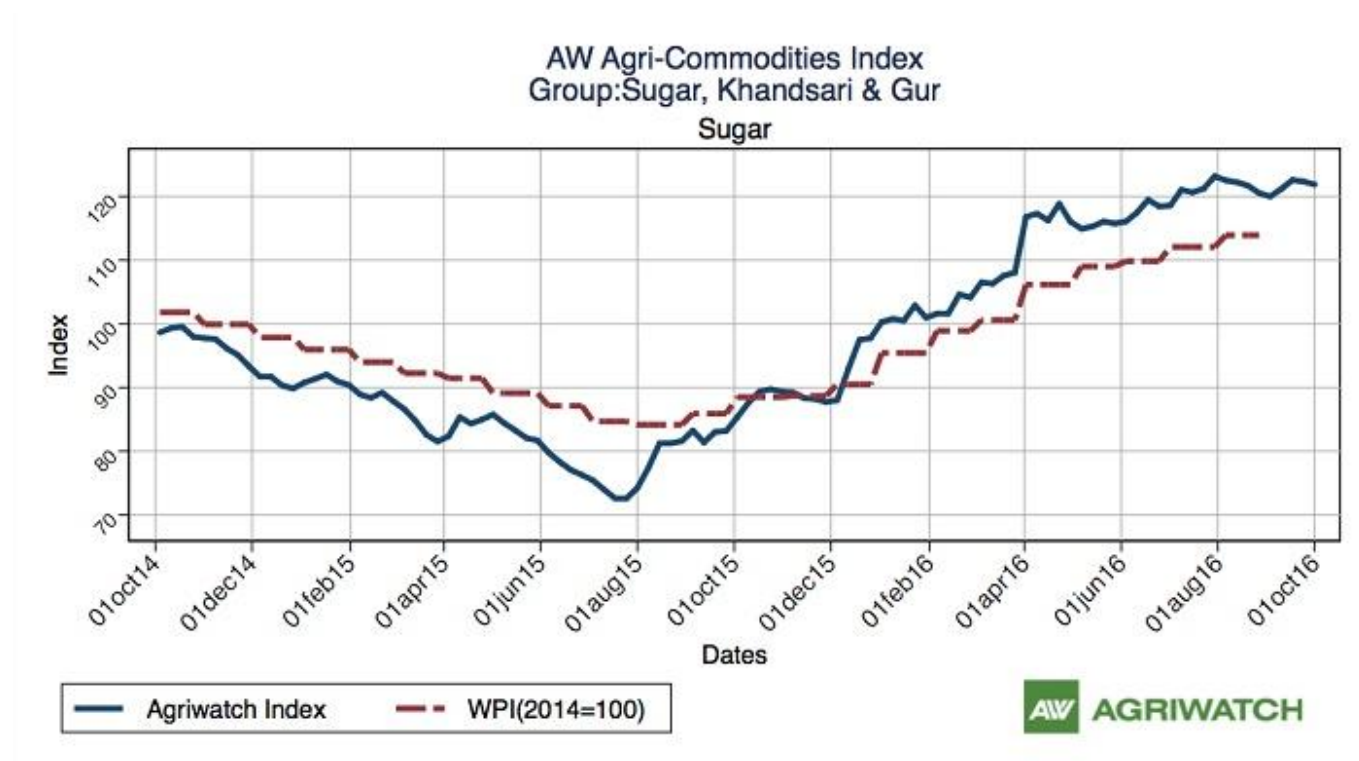
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Domestic Sugar Market Summary

Spot sugar prices traded steady to firm amidst regular domestic demand and supply during the week. Also, as per the Agriwatch estimate, sugar prices are expected to trade steady to firm in the weeks ahead due to festive seasonal demand on one hand and ample stock availability on the other.

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

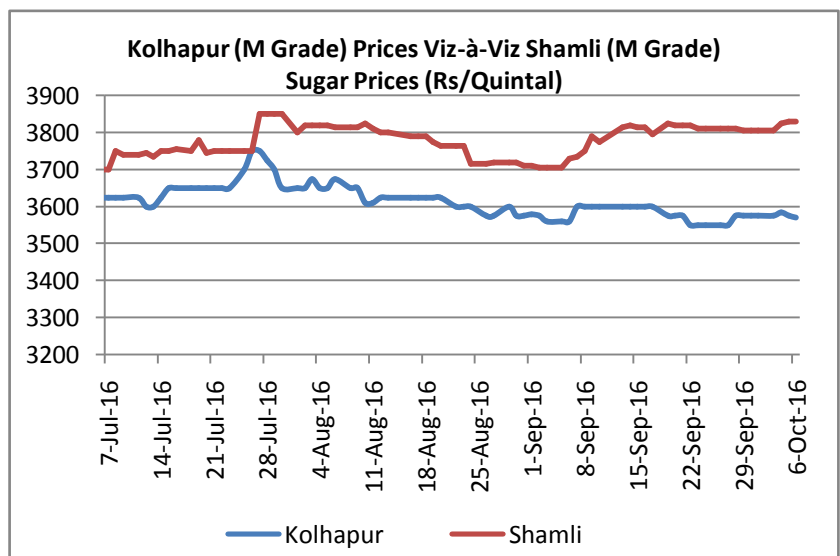
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3450 - 3650 per quintal next week.

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

- The Maharashtra sugar commissionerate announced that the state is expected to produce 50.28 lakh tonnes of sugar in 2016-17 (along with a carry in stock of 32.7 lakh tonnes from 2015-16) and could end up with an ending stock of 11 lakh tonnes during the period.
- Agriwatch estimated India to produce 236.72 lakh tons of sugar in 2016-17 (01st October, 2016 – 30th September, 2017). Major sugar producing states such as Maharashtra, U.P, Karnataka and Tamil Nadu are expected to produce 66.93 lakh tons, 77.41 lakh tons, 31.44 lakh tons and 14.61 lakh tons of sugar in 2016-17 (01st October, 2016 – 30th September, 2017).
- Agriwatch projected sugarcane acreage in India at 48.23 lakh hectares for 2016-17; where in acreage forecast for Maharashtra, U.P, Karnataka and Tamil Nadu lies at 8.2 lakh hectares, 23.36 lakh hectares, 3.8 lakh hectares and 2.5 lakh hectares respectively.
- As per the first advance estimate released by ISMA, India is expected to produce 233.7 lakh tons of sugar in MY 2016-17 (01st October, 2016 – 30th September, 2017). Wherein; Maharashtra, U.P, Karnataka and Tamil Nadu are expected to produce 62.7 lakh tons, 76.7 lakh tons, 31.9 lakh tons and 15.6 lakh tons of sugars respectively during the same period.



- ISMA also projected India's sugarcane acreage forecast at 49.99 lakh hectares for 2016-17; wherein acreage forecast for Maharashtra, U.P, Karnataka and Tamil Nadu lies at 8.1 lakh hectares, 23.1 lakh hectares, 4.15 lakh hectares and 2.65 lakh hectares respectively.
- India exported 15.9 thousand tons of sugar for the week ending on 02nd Oct, 2016 which was 33% higher than the sugar exported the week before.
- 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

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 \$541.33 per ton.

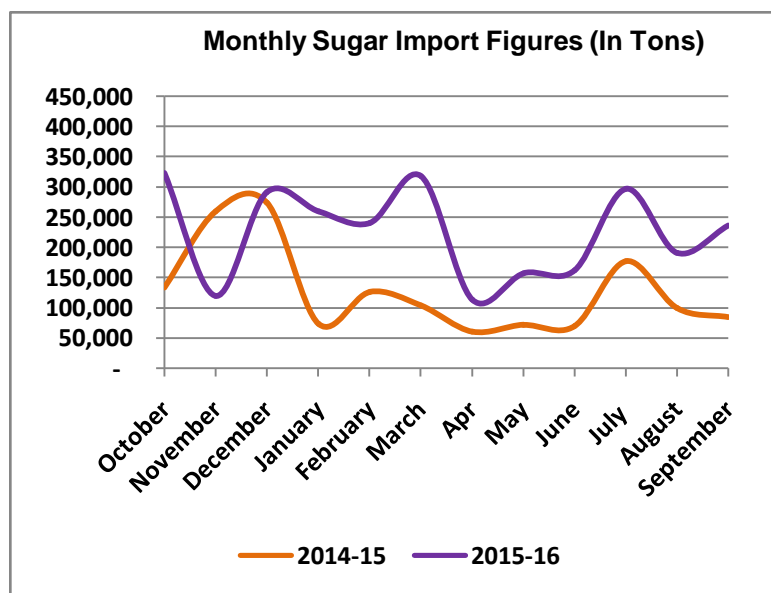
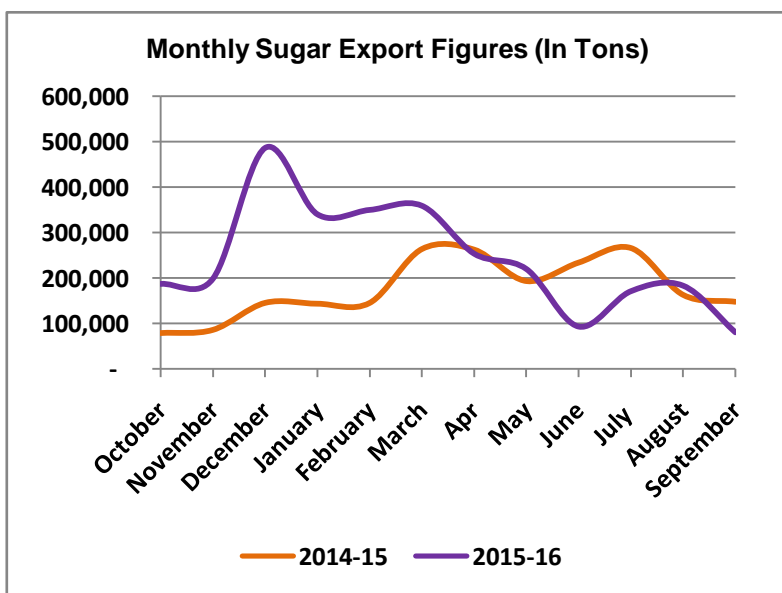
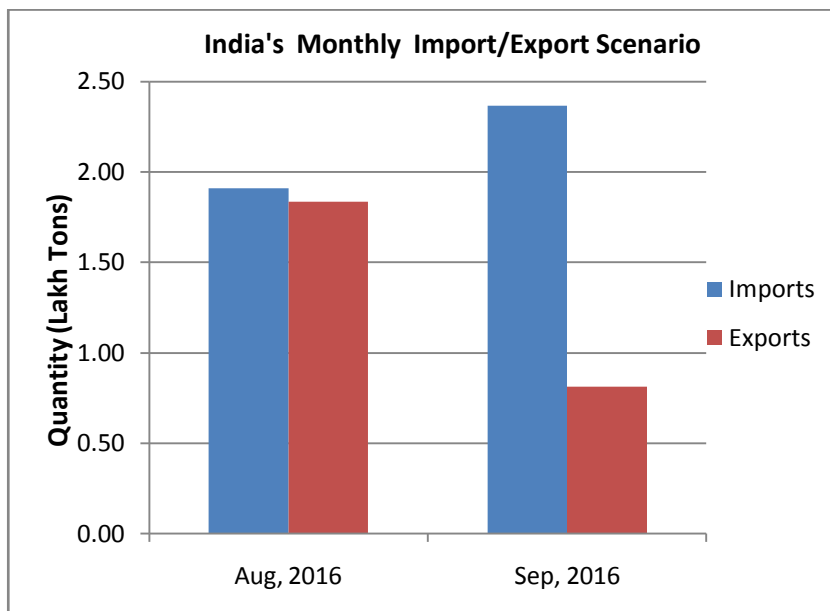
On International front, Brazil sugar FOB prices quoted at \$589.2/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.78) as on 07 Oct, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$589.2	\$582.20/604.50	\$541.33

Sugar Import and Export Scenario

India exported 0.81 lakh tons of sugar while imported 2.37 lakh tons of sugar in September, 2016. However, the country exported and imported 1.84 lakh tons and 1.91 lakh tons of sugar respectively last month in August, 2016.



An y-o-y comparison shows that the country's sugar imports rose by 179% from 0.84 lakh tons last year ; while exports fell by 45% from 1.48 lakh tons in September, 2015. Notably, Myanmar, Sri Lanka and Somalia were amongst the top sugar importing nations from India, who imported 33.4 thousand tons, 9.4 thousand tons and 7.2 thousand tons of sugar respectively in the month of September.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (Oct Weekly Chart)



Technical Commentary:

- Sugar prices and volume increased while O.I decreased for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bearish crossover.

Strategy: Buy

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	Buy	Above 3490	3540	3465	3460

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 3600 and Rs 3550 per quintal.

International Market Fundamentals

- As per the government officials of Thailand, sugarcane output in the country is expected to fell down to 91 million tonnes in 2016 -17 compared to 94.05 million tonnes in 2015-16. At the same time, sugar production is also projected to fell down during the year (from 9.7 million tonnes to 9.3 million tonnes) as the severe drought not only lowered the cane production in the country but also adversely affected the sugar recovery rate.
- Brazil's raw sugar export rose by 21.01% as the country exported 2.7 million tonnes of sugar (raw) in September, 2016 compared to 2.23 million tonnes of sugar (raw) exported in August, 2016.
- As per the latest UNICA report, Brazil's main centre south region crushed 2.41 million tonnes of sugar in the first half of September, 2016 which was 44.02% higher than the sugar produced last year during the same period.
- 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.
- 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.
- 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).
- 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.

LIFFE Future Market Sugar Scenario (Dec'16 Contract)



Technical Commentary

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Buy at 596.4 with a target of 606.37

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'16	596.4	606.37

ICE Raw Sugar Future Market Scenario (Mar'17 Contract)



Technical Commentary:

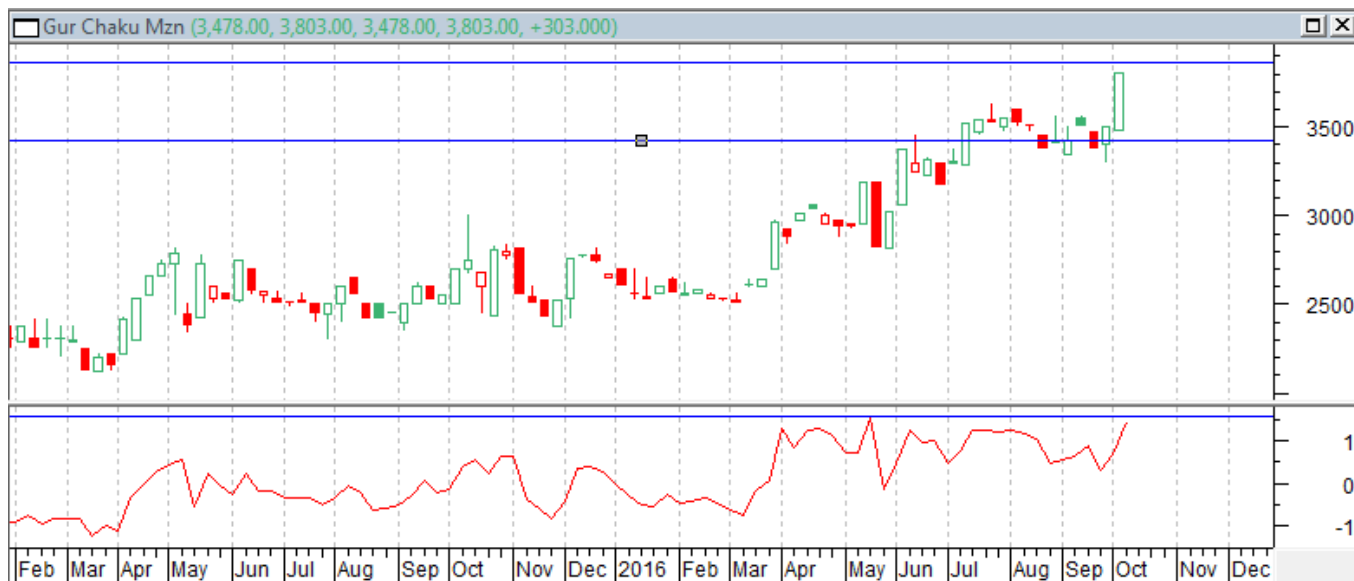
- ICE raw sugar futures trend upward for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 23.25 with a target of 23.92

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	23.25	23.92

Gur Market Scenario

Spot gur market mainly remained buoyant with price rising in majority of the markets. Prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market rose by Rs 259/quintal from Rs 3348/quintal to Rs 3607/quintal this week. Similarly, prices of Achhu (Medium), Yellow (Medium) and Kurikatu (Medium) variety of gur from Mandya rose by Rs 242/quintal, Rs 192/quintal and Rs 125/quintal to Rs 3475/quintal, Rs 3425/quintal and Rs 3225/quintal respectively. On the other hand, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 188/quintal from Rs 4238/quintal to Rs 4050/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3607/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3860 and Rs 3425 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			30th Sept to 06th Oct 2016	23rd Sept to 29th Sep 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3607	3348	259
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	11000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	3215	3305	-90
	Hapur	Balti	3245	3325	-80
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	3400	3250	150
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	4055	3970	85
	Mahalingapura	Penti (Average)	3645	3543	102
	Mandya	Achhu (Medium)	3475	3233	242
	Mandya	Kurikatu (Medium)	3225	3100	125
	Mandya	Other (Medium)	3238	3125	113
	Mandya	Yellow (Medium)	3425	3233	192
	Shimoga	Achhu (Average)	4050	4238	-188

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			6-Oct-16	29-Sep-16	6-Sep-16	6-Oct-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3803	3325	3803	2600
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	NA	3000	NA
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	NA	NA
	Muzaffarnagar	Rascut (Fresh)	NA	NA	NA	2625
	Hapur	Chaursa	3100	3300	3100	NA
	Hapur	Balti	3125	3338	3125	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4650	4650	4650	3500
	Belgaum	Mudde (Average)	3400	NA	3400	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3975	NA	2610
	Mahalingapura	Penti (Average)	3671	3574	3671	2351
	Mandya	Achhu (Medium)	NA	3200	NA	2300
	Mandya	Kurikatu (Medium)	NA	3100	NA	2100
	Mandya	Other (Medium)	NA	3100	NA	2100
	Mandya	Yellow (Medium)	NA	3200	NA	2300
	Shimoga	Achhu (Average)	NA	4050	NA	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			30th Sept to 06th Oct 2016	23rd Sept to 29th Sep 2016	
Delhi	Delhi	M-Grade	3832	3850	-18
	Delhi	S-Grade	3812	3830	-18
Uttar Pradesh	Khatauli	M-Grade	3943	3929	14
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3895	3892	3
	Dhampur	S-Grade Ex-Mill	3875	3872	3
	Dhampur	L-Grade Ex-Mill	3945	3942	3
Maharashtra	Mumbai	M-Grade	3882	3825	58
	Mumbai	S-Grade	3658	3628	30
	Nagpur	M-Grade	3701	3683	18
	Nagpur	S-Grade	3601	3583	18
	Kolhapur	M-Grade	3576	3558	18
	Kolhapur	S-Grade	3476	3458	18
Assam	Guhawati	S-Grade	3792	3774	18
Meghalaya	Shillong	S-Grade	3796	3778	18
Andhra Pradesh	Vijayawada	M-Grade	3950	3960	-10
	Vijayawada	S-Grade	3850	3860	-10
West Bengal	Kolkata	M-Grade	3860	3872	-12
Tamil Nadu	Chennai	S-Grade	3458	3458	Unch
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			6-Oct-16	29-Sep-16	6-Sep-16	6-Oct-15
Delhi	Delhi	M-Grade	3860	3850	3860	2750
	Delhi	S-Grade	3840	3830	3840	NA
Uttar Pradesh	Khatauli	M-Grade	3965	3920	3965	2842
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3890	3900	3890	2700
	Dhampur	S-Grade Ex-Mill	3870	3880	3870	2680
	Dhampur	L-Grade Ex-Mill	3940	3950	3940	2750
Maharashtra	Mumbai	M-Grade	3890	3860	3890	2790
	Mumbai	S-Grade	3656	3650	3656	2736
	Nagpur	M-Grade	3695	3700	3695	2850
	Nagpur	S-Grade	3595	3600	3595	2750
	Kolhapur	M-Grade	3570	3575	3570	2600
	Kolhapur	S-Grade	3470	3475	3470	2500
Assam	Guhawati	S-Grade	3786	3791	3786	2801
Meghalaya	Shillong	S-Grade	3790	3795	3790	2820
Andhra Pradesh	Vijayawada	M-Grade	3930	3960	3930	2920
	Vijayawada	S-Grade	3830	3860	3830	2760
West Bengal	Kolkata	M-Grade	3880	3860	3880	2920
Tamil Nadu	Chennai	S-Grade	3450	3475	3450	2675
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	5-Oct-16	28-Sep-16	Change
ICE Sugar #11 (US Cent/lb)	Oct-16	23.81	21.86	1.95
	Mar-17	22.91	23.27	-0.36
	May-17	21.96	23.78	-1.82
LIFFE Sugar (US \$/MT)	Dec-16	604.5	561.7	42.8
	Mar-17	608.8	612.0	-3.2
	May-17	601.7	612.8	-11.1

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