



Sugar & Gur Weekly Research Report

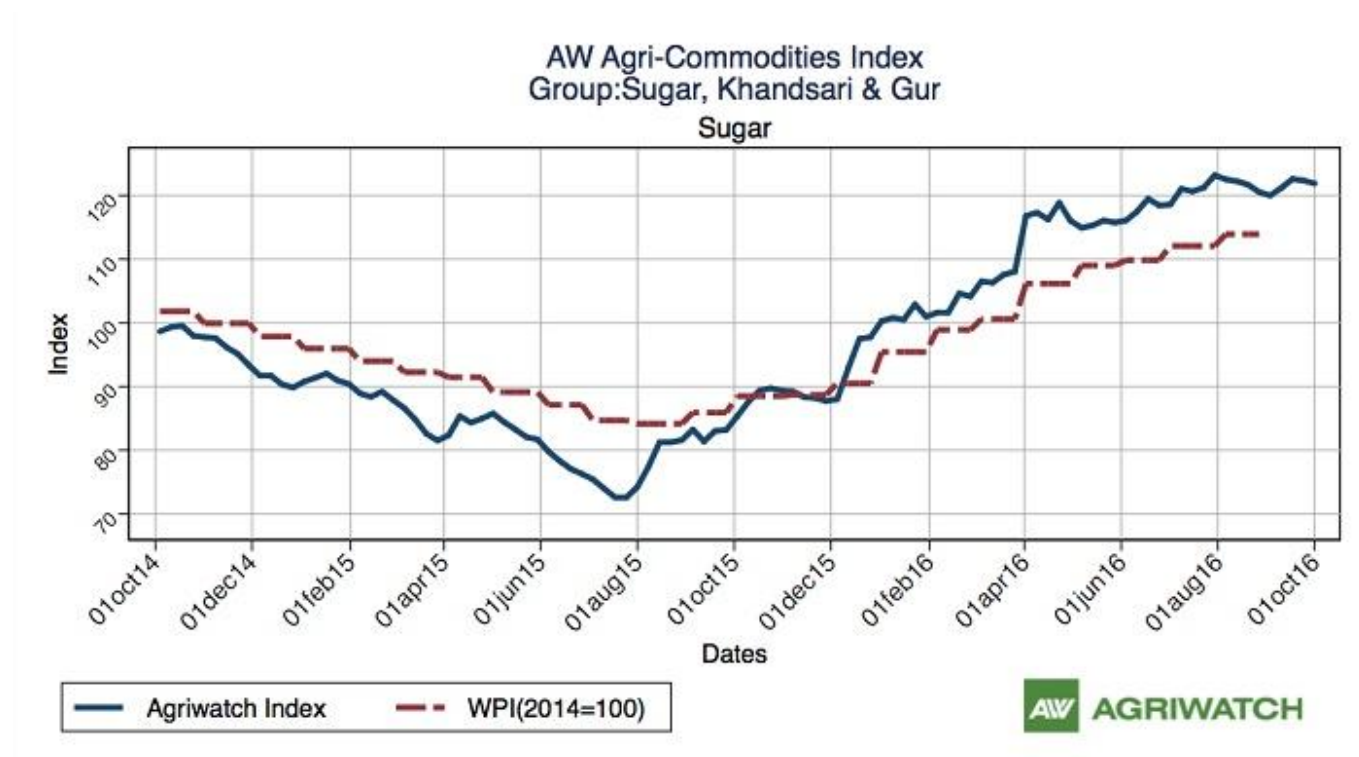
Contents

- ❖ 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 traded steady to weak amidst rising selling pressure from the government to maintain certain level of sugar stock within the country. Agriwatch also predicts spot sugar prices to trade steady to weak in the weeks ahead following ample stock availability in the domestic market.

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 - 3600 per quintal next week.

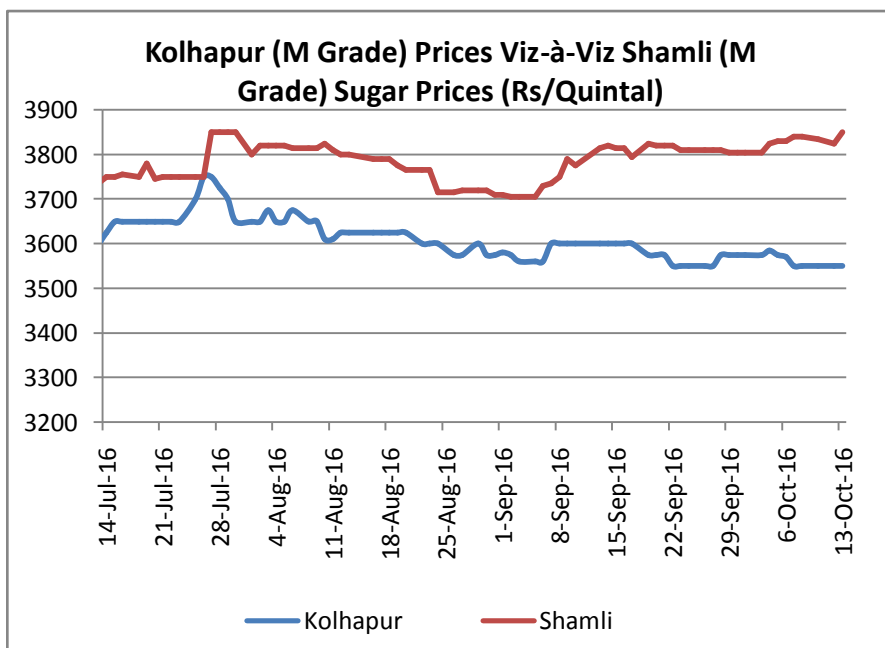
International Sugar Market Summary

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

➤ As per the AW source, Maharashtra will be commencing its crushing operation from 01st November, 2016 which was earlier slotted to begin from 01st December, 2016. Notably, the state usually commences its crushing operation from mid of October every year, but due to the lower cane output and prolonged rainfall this year, the govt. had decided to delay the crushing operation this season.

➤ The Cabinet Committee on Economic Affairs (CACP) approved the proposal for lowering down ethanol prices meant for purchase by Oil Marketing Companies (OMCs) under the Ethanol Blended Petrol (EBP) Programme. Notably, till now, OMCs purchases ethanol at a price of Rs 48.50 - 49.50 per litre for the EBP Programme which will now be available at a price of Rs 39 per litre for 2016 -17 (01st December, 2016 – 30th November, 2017).



- Indian sugar exports fell by 28% as the country exported 11.4 thousand tons of sugar for the week ending on 08th October, 2016 compared to 15.9 thousand tons of exports made in the previous week.
- 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.
- 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).

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 \$537.75 per ton.

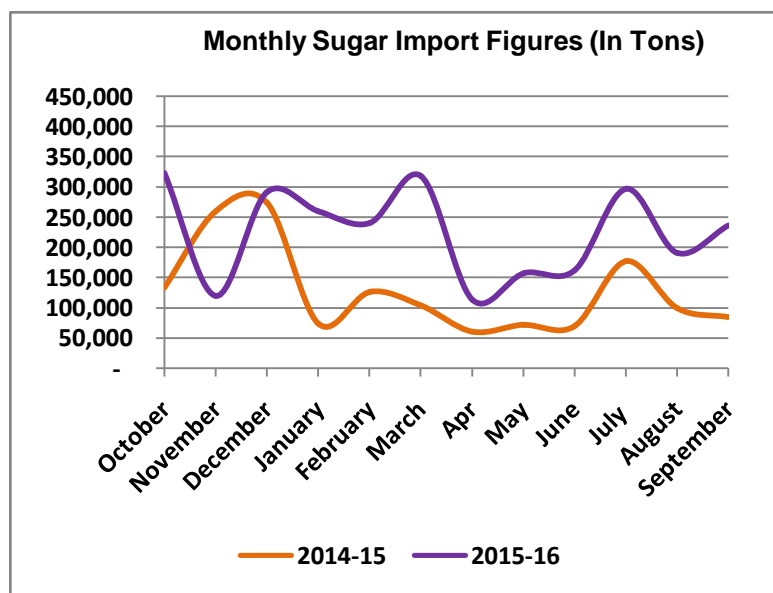
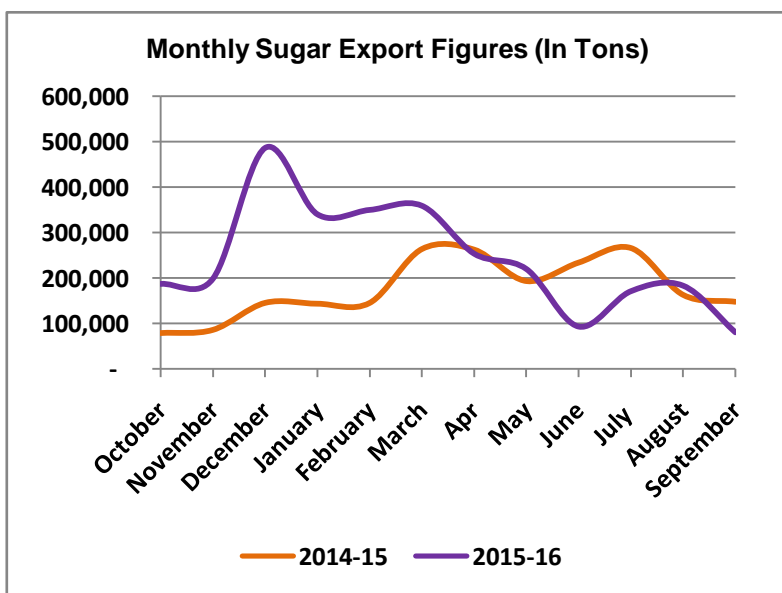
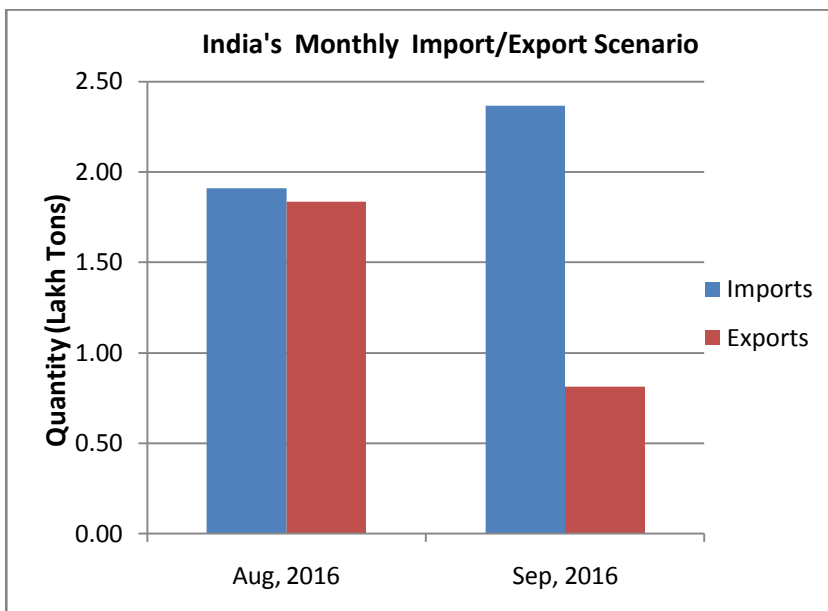
On International front, Brazil sugar FOB prices quoted at \$589.2/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.66.76) as on 14 Oct, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$589.2	\$582.20/594.00	\$537.75

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 (Dec Weekly Chart)

Technical Commentary:

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

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	3300	3400	3540	3600	3700
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Sell	Below 3550	3500	3475	3580

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3550/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3600 and Rs 3500 per quintal.

International Market Fundamentals

- As per the USDA report, Australia, the third largest sugar exporter in the world, is projected to churn around 35 million tonnes of sugarcane in 2016-17 to produce 5.1 million tonnes of sugar thereon.
- As per the government officials of Thailand, sugarcane output in the country is expected to fall 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 fall 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 bullishness in the market.
- Strategy: Sell at 595.4 with a target of 582.44

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'16	595.4	582.44

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

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 23.00 with a target of 22.73

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	23.00	22.73

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Achhu (Medium) variety of gur from Mandya rose by Rs 225/quintal from Rs 3475/quintal to Rs 3700/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 100/quintal to Rs 3500/quintal this week.

However, prices of Chaursa and Balti variety of gur from Hapur fell by Rs 334 and Rs 326 per quintal to Rs 2881 and Rs 2919 per quintal respectively. Similarly, prices of Laddoo (Fresh) and Khurpa (Fresh) variety of gur from key Muzaffarnagar market fell by Rs 308 and Rs 230 per quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3703/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3755 and Rs 3515 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			7th Oct to 13th Oct 2016	30th Sept to 06th Oct 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3703	3607	96
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	18500	11000	7500
	Muzaffarnagar	Khurpa (Fresh)	3192	3421	-230
	Muzaffarnagar	Laddoo (Fresh)	3358	3666	-308
	Muzaffarnagar	Rascut (Fresh)	2788	2971	-184
	Hapur	Chaurasa	2881	3215	-334
	Hapur	Balti	2919	3245	-326
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	3500	3400	100
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3983	4055	-73
	Mahalingapura	Penti (Average)	3624	3645	-21
	Mandya	Achhu (Medium)	3700	3475	225
	Mandya	Kurikatu (Medium)	3400	3225	175
	Mandya	Other (Medium)	3300	3238	63
	Mandya	Yellow (Medium)	3625	3425	200
	Shimoga	Achhu (Average)	4050	4050	Unch

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			13-Oct-16	6-Oct-16	13-Sep-16	13-Oct-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3563	3803	3563	2675
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	3000	3000	NA
	Muzaffarnagar	Khurpa (Fresh)	2813	3478	2813	NA
	Muzaffarnagar	Laddoo (Fresh)	3000	3678	3000	NA
	Muzaffarnagar	Rascut (Fresh)	2625	2950	2625	NA
	Hapur	Chaurasa	2625	3100	2625	2450
	Hapur	Balti	2725	3125	2725	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4650	4650	4650	3500
	Belgaum	Mudde (Average)	3500	3400	3500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	4125	NA	NA
	Mahalingapura	Penti (Average)	3594	3671	3594	NA
	Mandya	Achhu (Medium)	3700	3700	3700	2500
	Mandya	Kurikatu (Medium)	3400	3400	3400	2200
	Mandya	Other (Medium)	3300	3300	3300	2200
	Mandya	Yellow (Medium)	3650	3500	3650	2500
	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			7th Oct to 13th Oct 2016	30th Sept to 06th Oct 2016	
Delhi	Delhi	M-Grade	3852	3832	20
	Delhi	S-Grade	3832	3812	20
Uttar Pradesh	Khatauli	M-Grade	3992	3943	50
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3828	3895	-67
	Dhampur	S-Grade Ex-Mill	3808	3875	-67
	Dhampur	L-Grade Ex-Mill	3878	3945	-67
Maharashtra	Mumbai	M-Grade	3886	3882	3
	Mumbai	S-Grade	3656	3658	-2
	Nagpur	M-Grade	3675	3701	-26
	Nagpur	S-Grade	3575	3601	-26
	Kolhapur	M-Grade	3550	3576	-26
	Kolhapur	S-Grade	3450	3476	-26
Assam	Guhawati	S-Grade	3766	3792	-26
Meghalaya	Shillong	S-Grade	3770	3796	-26
Andhra Pradesh	Vijayawada	M-Grade	3960	3950	10
	Vijayawada	S-Grade	3848	3850	-2
West Bengal	Kolkata	M-Grade	3980	3860	120
Tamil Nadu	Chennai	S-Grade	3456	3458	-2
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			13-Oct-16	6-Oct-16	13-Sep-16	13-Oct-15
Delhi	Delhi	M-Grade	3850	3860	3850	2850
	Delhi	S-Grade	3830	3840	3830	NA
Uttar Pradesh	Khatauli	M-Grade	4000	3965	4000	2870
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3840	3890	3840	2800
	Dhampur	S-Grade Ex-Mill	3820	3870	3820	2780
	Dhampur	L-Grade Ex-Mill	3890	3940	3890	2850
Maharashtra	Mumbai	M-Grade	3896	3890	3896	3010
	Mumbai	S-Grade	3646	3656	3646	2782
	Nagpur	M-Grade	3675	3695	3675	2900
	Nagpur	S-Grade	3575	3595	3575	2800
	Kolhapur	M-Grade	3550	3570	3550	2700
	Kolhapur	S-Grade	3450	3470	3450	2600
Assam	Guhawati	S-Grade	3766	3786	3766	2903
Meghalaya	Shillong	S-Grade	3770	3790	3770	2920
Andhra Pradesh	Vijayawada	M-Grade	3980	3930	3980	3060
	Vijayawada	S-Grade	3860	3830	3860	2900
West Bengal	Kolkata	M-Grade	3980	3880	3980	NA
Tamil Nadu	Chennai	S-Grade	3475	3450	3475	2750
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	2935	NR	2835
	Ambikapur	S-Grade (Without Duty)	NR	2935	NR	2835

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



International Sugar Prices (Weekly)				
	Contract Month	12-Oct-16	5-Oct-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	23.15	23.81	-0.66
	May-17	22.43	22.91	-0.48
	Jul-17	21.75	21.96	-0.21
LIFFE Sugar (US \$/MT)	Dec-16	594	604.5	-10.5
	Mar-17	596.5	608.8	-12.3
	May-17	591.5	601.7	-10.2

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