



Sugar & Gur Weekly Research Report

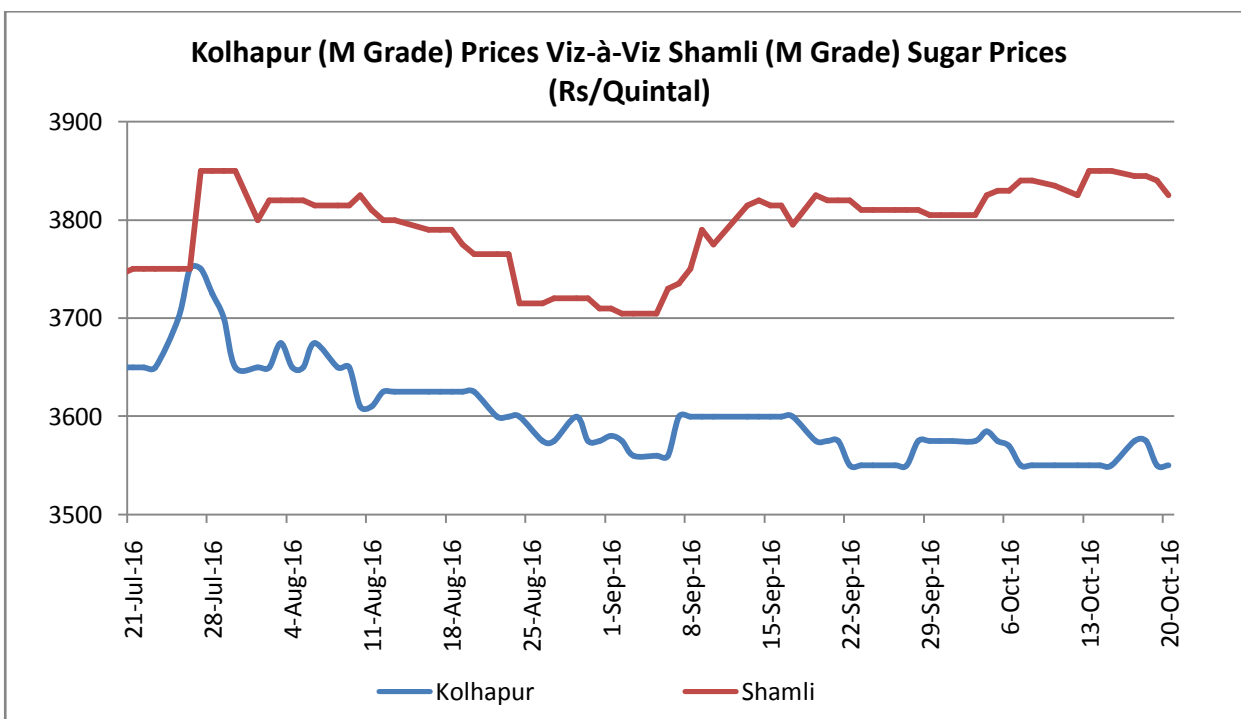
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady to firm amidst rising festive demand from stockiest and retailers. However, selling pressure from government to clear the excess stock capped the gain during the week.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3558 per quintal this week compared to Rs 3550 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 0.12% from Rs 3838 per quintal last week to Rs 3843 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to firm for few more weeks with the possibility of price fall after that (due to the beginning of crushing operation in India).

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 - 3650 per quintal next week.

Domestic Market Highlights

Recent Updates

- India exported 15.5 thousand tons of sugar in the week ending on 16th October, 2016 which was 36% higher than the sugar exported last week by the country.
- Around 159 sugar factories have submitted proposals to the Maharashtra sugar commissionerate seeking crushing licence for the 2016-17 sugar season. These include 89 cooperative factories and 77 private mills in the state. Last year, around 177 factories had participated in crushing operations, which included 99 cooperatives and 78 private mills.

Previous Updates

- 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).
- 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).

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– October 22, 2016

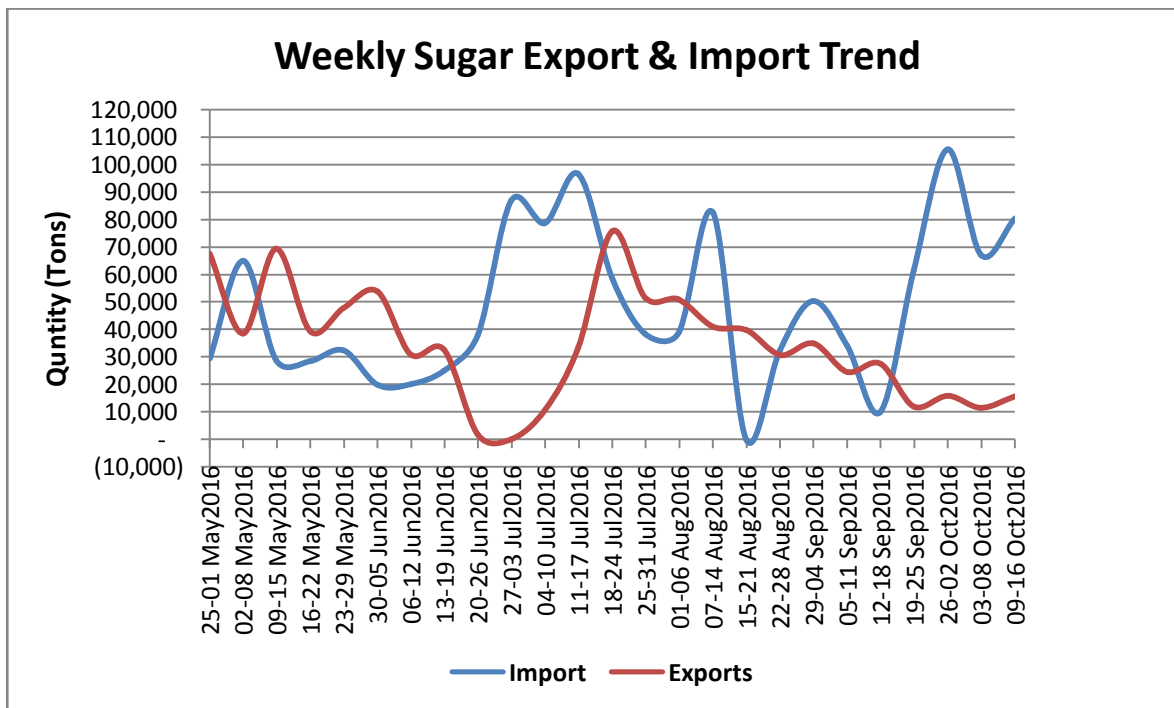


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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 0.01% to 122.45 during the week ending on October 22, 2016. Notably, the base for the Index is 2014 (= 100).

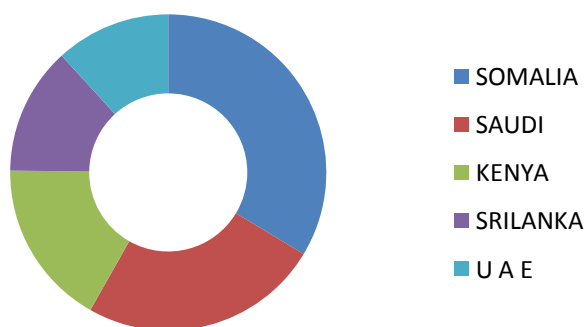
Sugar Import and Export Scenario

India exported 15.5 thousand tonnes of sugar last week (09 -16 October, 2016), which was 11.42 thousand tonnes during the week before (03 -08 October, 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood at 80.48 thousand tonnes last week, which was 67.17 thousand tonnes the week before.

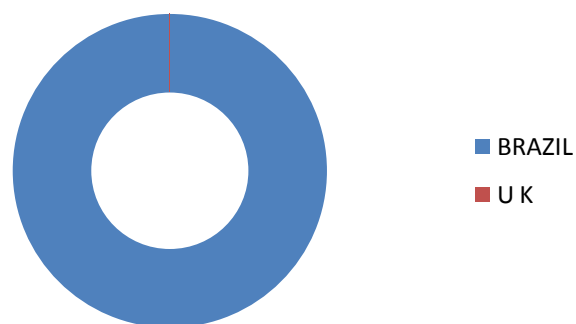


Major importer of Indian sugar during the week (09 -16 October, 2016) was Somalia which imported 4 thousand tonnes of sugar from the country. Other major importers were Saudi Arabia, Kenya, Sri Lanka and U.A.E which imported 2.9 thousand tonnes, 2 thousand tonnes, 1.5 thousand tonnes and 1.4 thousand tonnes of sugar respectively during the week. On the other hand, India primarily imported around 80.4 thousand tonnes of sugar (mostly raw) from Brazil during the same period.

Weekly Sugar Exports



Weekly Sugar Imports



Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$740.20 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$537.90 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.66.89) as on 21 Oct, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$589.2	\$582.20/594.10	\$537.90

Domestic Sugar Market Technical Analysis (Future Market)



Technical Commentary:

- Sugar prices and O.I decreased during 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	Dec	3300	3370	3485	3620	3700
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	Above 3480	3530	3555	3450

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 3600 and Rs 3500 per quintal.

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.

International Market Highlights

- Following the tender for shipment of high polarisation sugar, the Thai Cane and Sugar Corp (TCSC) had sold approximately 1.08 lakh tonnes of sugar meant for delivery in 2017 and 2018.
- 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 bearishness in the market.
- Strategy: Sell at 593.0 with a target of 583.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'16	593.0	583.5

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 22.55 with a target of 22.10

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	22.55	22.10

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar fell by Rs 214/quintal on back of higher arrival during the week. Similarly, prices of Chaursa and Balti variety of gur from Hapur fell by Rs 244 and Rs 224 per quintal to Rs 2638 and Rs 2695 per quintal this week. On the other hand, prices of Achhu (Average) variety of gur from Shimoga rose by Rs 50/quintal from Rs 4050/quintal to Rs 4100/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3489/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3576 and Rs 3400 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			14th Oct to 20th Oct 2016	7th Oct to 13th Oct 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3489	3703	-214
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	37000	18500	18500
	Muzaffarnagar	Khurpa (Fresh)	2872	3192	-319
	Muzaffarnagar	Laddoo (Fresh)	3111	3358	-247
	Muzaffarnagar	Rascut (Fresh)	2558	2788	-229
	Hapur	Chaurasa	2638	2881	-244
	Hapur	Balti	2695	2919	-224
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	3540	3500	40
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3752	3983	-231
	Mahalingapura	Penti (Average)	3643	3624	19
	Mandya	Achhu (Medium)	3620	3700	-80
	Mandya	Kurikatu (Medium)	3400	3400	Unch
	Mandya	Other (Medium)	3310	3300	10
	Mandya	Yellow (Medium)	3620	3625	-5
	Shimoga	Achhu (Average)	4100	4050	50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			20-Oct-16	13-Oct-16	20-Sep-16	20-Oct-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3450	3563	NA	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	3000	NA	NA
	Muzaffarnagar	Khurpa	2950	2813	NA	2575
	Muzaffarnagar	Laddoo	3263	3000	NA	2750
	Muzaffarnagar	Rascut	2575	2625	NA	2450
	Hapur	Chaurasa	2663	2625	3400	2450
	Hapur	Balti	2700	2725	3400	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4650	4650	4750	3600
	Belgaum	Mudde (Average)	3500	3500	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3725	4050	4000	2640
	Mahalingapura	Penti (Average)	3659	3594	3532	NA
	Mandya	Achhu (Medium)	3650	3700	3300	2450
	Mandya	Kurikatu (Medium)	3400	3400	3100	2250
	Mandya	Other (Medium)	3350	3300	3100	2300
	Mandya	Yellow (Medium)	3650	3650	3300	2450
	Shimoga	Achhu (Average)	NA	4050	4200	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			14th Oct to 20th Oct 2016	7th Oct to 13th Oct 2016	
Delhi	Delhi	M-Grade	3875	3852	23
	Delhi	S-Grade	3855	3832	23
Uttar Pradesh	Khatauli	M-Grade	3995	3992	3
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3837	3828	9
	Dhampur	S-Grade Ex-Mill	3817	3808	9
	Dhampur	L-Grade Ex-Mill	3887	3878	9
Maharashtra	Mumbai	M-Grade	3910	3886	24
	Mumbai	S-Grade	3658	3656	1
	Nagpur	M-Grade	3683	3675	8
	Nagpur	S-Grade	3583	3575	8
	Kolhapur	M-Grade	3558	3550	8
	Kolhapur	S-Grade	3458	3450	8
Assam	Guhawati	S-Grade	3774	3766	8
Meghalaya	Shillong	S-Grade	3778	3770	8
Andhra Pradesh	Vijayawada	M-Grade	3980	3960	20
	Vijayawada	S-Grade	3860	3848	12
West Bengal	Kolkata	M-Grade	3923	3980	-57
Tamil Nadu	Chennai	S-Grade	3475	3456	19
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	2935	-
	Ambikapur	S-Grade (Without Duty)	NA	2935	-

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			20-Oct-16	13-Oct-16	20-Sep-16	20-Oct-15
Delhi	Delhi	M-Grade	3860	3850	3840	2860
	Delhi	S-Grade	3840	3830	3820	NA
Uttar Pradesh	Khatauli	M-Grade	3985	4000	3950	2980
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3825	3840	3805	2750
	Dhampur	S-Grade Ex-Mill	3805	3820	3785	2730
	Dhampur	L-Grade Ex-Mill	3875	3890	3855	2800
Maharashtra	Mumbai	M-Grade	3916	3896	3850	2896
	Mumbai	S-Grade	3662	3646	3676	2786
	Nagpur	M-Grade	3675	3675	3700	2900
	Nagpur	S-Grade	3575	3575	3600	2800
	Kolhapur	M-Grade	3550	3550	3575	2650
	Kolhapur	S-Grade	3450	3450	3475	2550
Assam	Guhawati	S-Grade	3766	3766	3791	2852
Meghalaya	Shillong	S-Grade	3770	3770	3795	2870
Andhra Pradesh	Vijayawada	M-Grade	3980	3980	3960	3060
	Vijayawada	S-Grade	3860	3860	3860	2900
West Bengal	Kolkata	M-Grade	3920	3980	3890	2860
Tamil Nadu	Chennai	S-Grade	3475	3475	3450	2775
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	2935	2835
	Ambikapur	S-Grade (Without Duty)	NR	NR	2935	2835

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



International Sugar Prices (Weekly)				
	Contract Month	19-Oct-16	12-Oct-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	22.95	23.15	-0.20
	May-17	22.29	22.43	-0.14
	Jul-17	21.58	21.75	-0.17
LIFFE Sugar (US \$/MT)	Dec-16	594.1	594.0	0.1
	Mar-17	593.3	596.5	-3.2
	May-17	586.0	591.5	-5.5

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