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# Sugar & Gur Weekly Research Report

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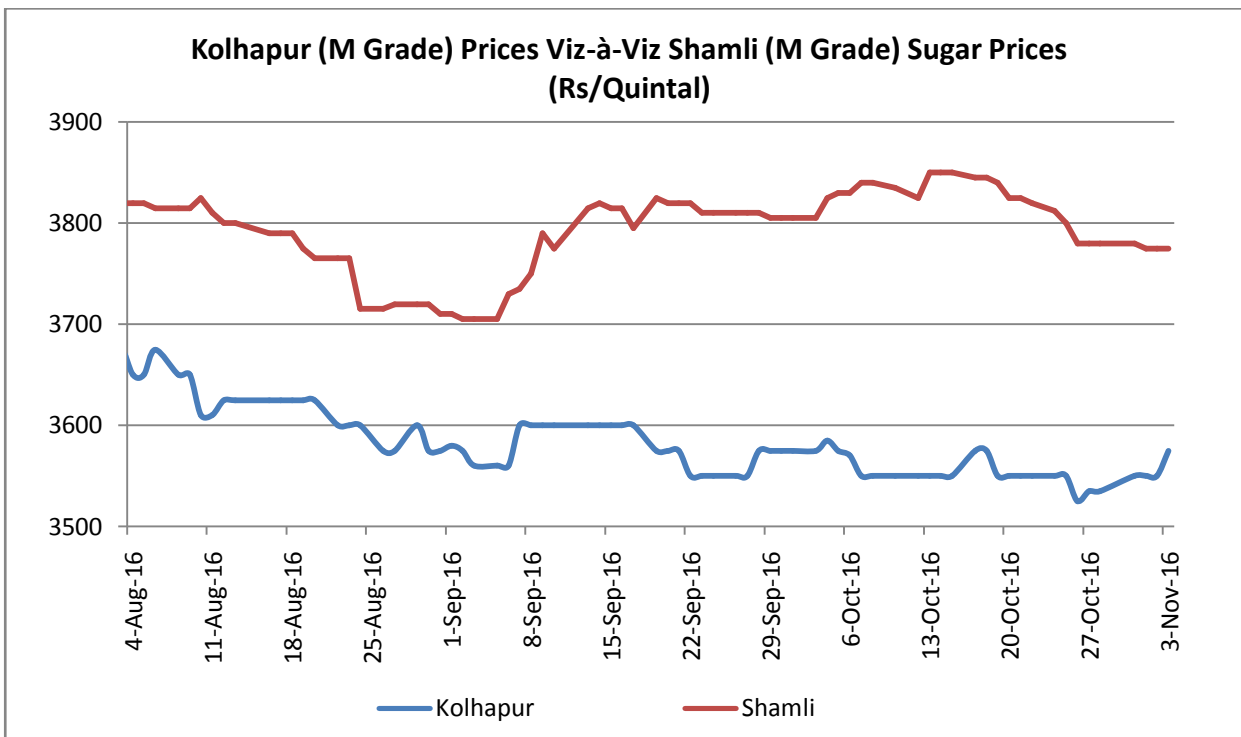
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### Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market remained buoyant this week amidst rising sugar demand from stockiest and retailers due to Diwali.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3552 per quintal this week compared to Rs 3543 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.68% from Rs 3803 per quintal last week to Rs 3777 per quintal this week.



### Price Outlook:

Agrivatch predicts spot sugar prices to trade steady to firm in the weeks ahead 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 Agrivatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3650 per quintal next week.

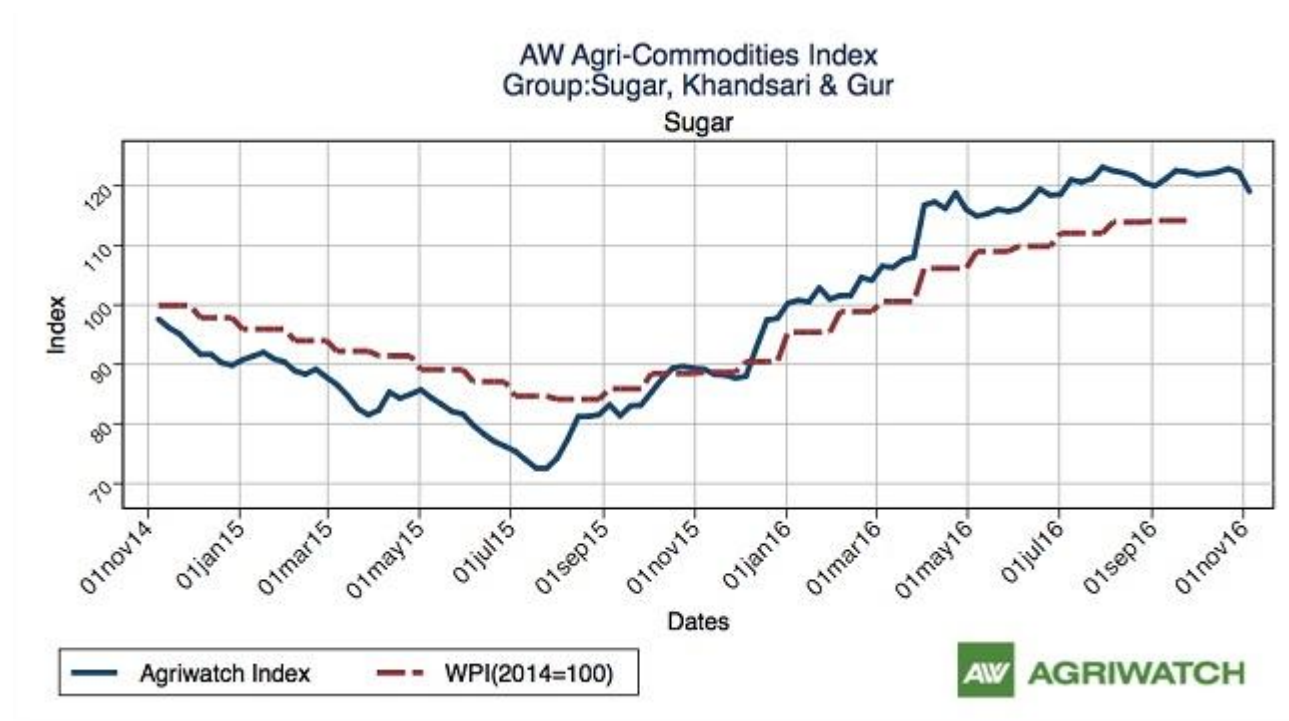
## Domestic Market Highlights

### Recent Updates

- India exported 16.4 thousand tonnes of sugar for the week ending on 30<sup>th</sup> October, 2016 which was 25% higher than the sugar exported the previous week.

### Previous Updates

- The govt. of India has decided to extend the present sugar stock holding limit of the Indian states, by another six months, which is likely to end on 28<sup>th</sup> April, 2017. Notably, in a meeting held in April, 2016, the centre had decided to impose a sugar stock holding limit (1,000 tonnes for West Bengal and 500 tonnes for others) on all the Indian states for a period of six months starting from April to October, 2016. The decision has been taken in a light to control sugar hoarding within the country and to keep sugar prices under check.
- The sugarcane grower association in Karnataka had asked the central govt. to increase the cess rate on sugar imported into the state, which could probably reduce excess dumping of the sweetener from the nearby states. Notably, at present, the cess rate on imported sugar has been charged at 40% which the association is asking to increase to 60%.
- Maharashtra will commence its crushing operation from 05<sup>th</sup> November, 2016 which was earlier slotted to begin from 01<sup>st</sup> 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.
- Around 159 sugar factories have submitted proposals to the Maharashtra sugar commissionerate seeking crushing license 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.
- The Cabinet Committee on Economic Affairs (CACP) approved the proposal for lowering prices of ethanol meant for purchase by Oil Marketing Companies (OMCs) under the Ethanol Blended Petrol (EBP) Programme. Notably, till now, OMCs purchase 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 (01<sup>st</sup> December, 2016 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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.

**Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– November 05, 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](http://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 2.77% to 118.44 during the week ending on November 05, 2016. Notably, the base for the Index is 2014 (= 100).

**Sugar Import/Export Opportunity**

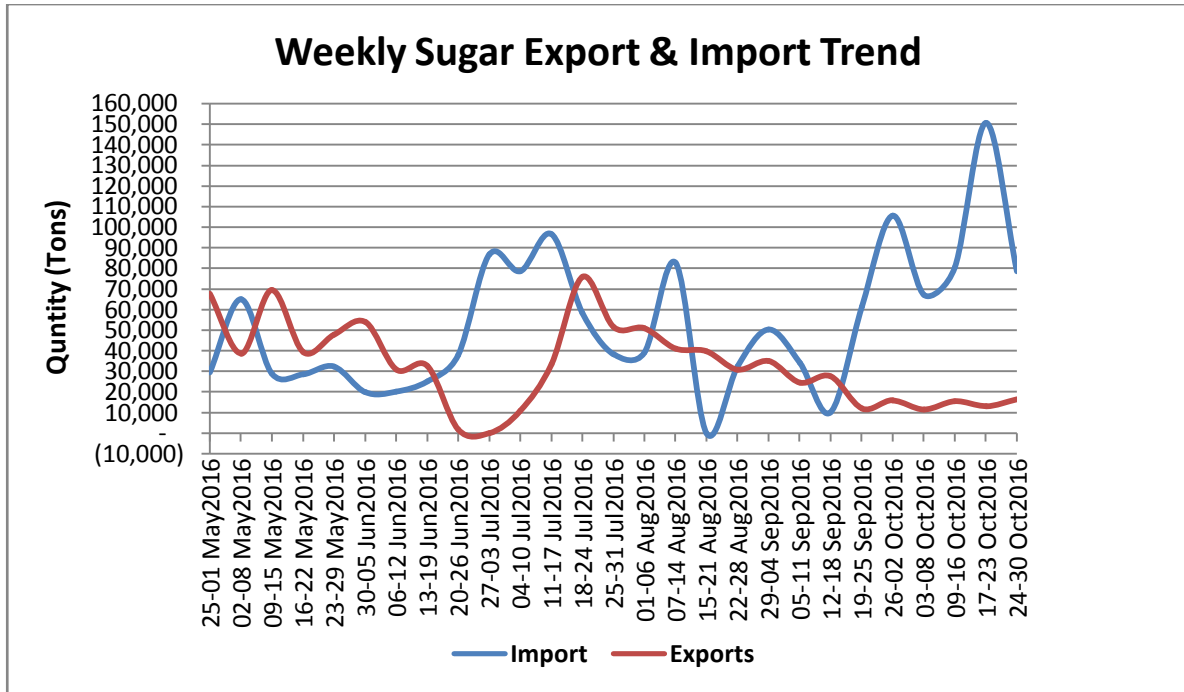
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$740.20 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$539.11 per ton.

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.66.74) as on 04 Nov, 2016			
	Brazil	Thailand (100 Icumsa Oct Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$589.2	\$582.20/568.20	\$539.11

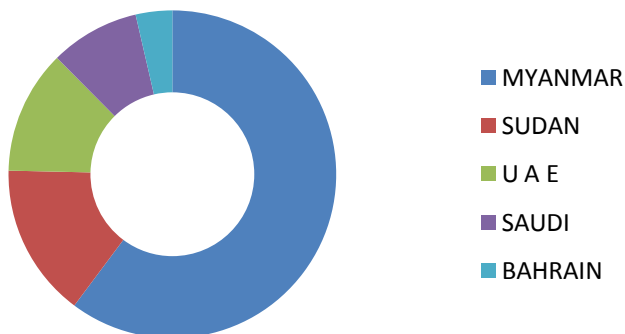
### Sugar Import and Export Scenario

India exported 16.4 thousand tonnes of sugar last week (24 -30 October, 2016), which was 13.1 thousand tonnes during the week before (17 -23 October, 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood at 78.6 thousand tonnes last week, which was 150.4 thousand tonnes the week before.

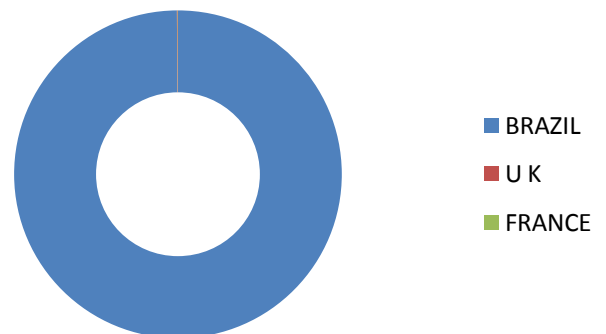


Major importer of Indian sugar during the week (24 -30 October, 2016) was Myanmar which imported 9.0 thousand tonnes of sugar from the country. Other major importers were Sudan, UAE, Saudi Arabia and Bahrain which imported 2.2 thousand tonnes, 1.8 thousand tonnes, 1.3 thousand tonnes and 0.5 thousand tonnes of sugar respectively during the week. On the other hand, India primarily imported around 78.5 thousand tonnes of sugar (mostly raw) from Brazil during the same period.

### Weekly Sugar Exports



### Weekly Sugar Imports



### Domestic Sugar Market Technical Analysis (Future Market)



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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3552/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

#### Recent Updates

- Brazil's raw sugar export fell by 31.06% as the country exported 1.86 million tonnes of raw sugar in October, 2016 compared to 2.70 million tonnes of exports last month. An y-o-y comparison also shows a decline of 10.2% where the country exported 2.07 million tonnes of raw sugar in October, 2015.
- As per the latest UNICA report. Brazil's C.S region crushed 2.24 million tonnes of sugar in the first half of October 2016 compared to 2.10 million tonnes of sugar crushed last year during the same interval.

#### Previous Updates

- Datagro predicted Brazil's C.S region to crush 597 million tonnes of cane this year in 2016 – 17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017) to produce 34.1 million tonnes of sugar there on. However, the region's 2017 – 18 cane crop is expected to decline (580 -610 million tonnes) even under good weather condition due to the lower investment and upkeep done in field during the recent years. Meanwhile, sugar production in the region could rise to 36.1 - 36.4 million tonnes in 2017 – 18 owing to a greater diversion of cane towards sugar production during the period.
- Following the tender for shipment of high polarization 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.
- 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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.
- 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.



**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 572.40 with a target of 554.07

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'16	572.40	554.07

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



### Technical Commentary:

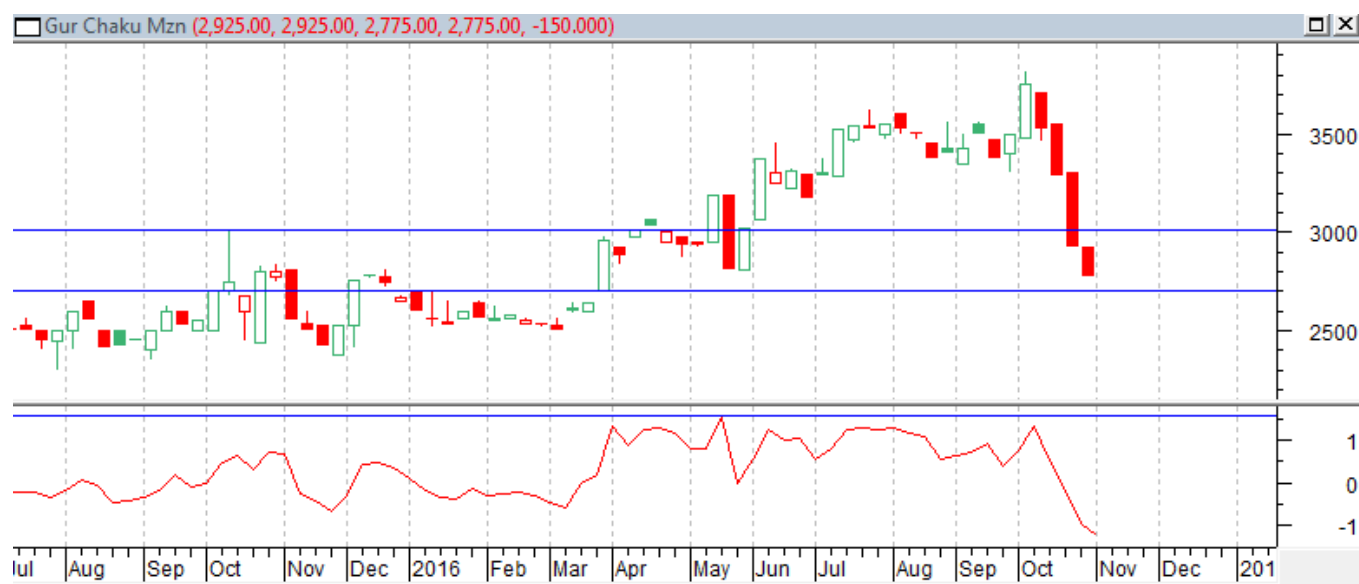
- ICE raw sugar futures trend downward for the week.
  - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 21.50 with a target of 20.80

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	21.50	20.80

### Gur Market Scenario

Spot gur market mainly remained dormant with price falling in majority of the trading region. Prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs 356/quintal from Rs 3216/quintal to Rs 2860/quintal this week. Similarly, prices of Yellow (Medium), Achhu (Medium) and Kurikatu (Medium) variety of gur from Mandya fell by Rs 200, Rs 175 and Rs 100 per quintal to Rs 3400, Rs 3425 and Rs 3300 per quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 2886/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3015 and Rs 2700 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			28th Oct to 3rd Nov 2016	21st Oct to 27th Oct 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2860	3216	-356
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	19000	42000	-23000
	Muzaffarnagar	Khurpa (Fresh)	2663	2896	-233
	Muzaffarnagar	Laddoo (Fresh)	3013	3172	-160
	Muzaffarnagar	Rascut (Fresh)	2503	2526	-24
	Hapur	Chaurasa	2534	2645	-111
	Hapur	Balti	2569	2705	-136
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	3400	3475	-75
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3713	3713	Unch
	Mahalingapura	Penti (Average)	NA	3633	-
	Mandya	Achhu (Medium)	3425	3600	-175
	Mandya	Kurikatu (Medium)	3300	3400	-100
	Mandya	Other (Medium)	3050	3320	-270
	Mandya	Yellow (Medium)	3400	3600	-200
	Shimoga	Achhu (Average)	4150	4113	38

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			3-Nov-16	27-Oct-16	3-Oct-16	3-Nov-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2775	2963	3478	2750
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	3500	6000
	Muzaffarnagar	Khurpa	2688	2850	3375	2450
	Muzaffarnagar	Laddoo	3000	3128	3678	2763
	Muzaffarnagar	Rascut	2658	2663	3063	2395
	Hapur	Chaurasa	2550	2600	Closed	2300
	Hapur	Balti	2525	2675	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4650	4650	4650	3600
	Belgaum	Mudde (Average)	3400	3500	3400	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3675	NA	4050	NA
	Mahalingapura	Penti (Average)	NA	NA	3604	NA
	Mandya	Achhu (Medium)	3400	3550	3450	NA
	Mandya	Kurikatu (Medium)	3300	3400	3200	NA
	Mandya	Other (Medium)	3000	3300	3250	NA
	Mandya	Yellow (Medium)	3400	3550	3450	NA
	Shimoga	Achhu (Average)	NA	4100	4050	2850

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			28th Oct to 3rd Nov 2016	21st Oct to 27th Oct 2016	
Delhi	Delhi	M-Grade	3812	3839	-28
	Delhi	S-Grade	3792	3819	-28
Uttar Pradesh	Khatauli	M-Grade	3958	3971	-14
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3756	3795	-39
	Dhampur	S-Grade Ex-Mill	3736	3775	-39
	Dhampur	L-Grade Ex-Mill	3806	3845	-39
Maharashtra	Mumbai	M-Grade	3901	3911	-10
	Mumbai	S-Grade	3649	3660	-12
	Nagpur	M-Grade	3683	3668	15
	Nagpur	S-Grade	3583	3568	15
	Kolhapur	M-Grade	3558	3543	15
	Kolhapur	S-Grade	3458	3443	15
Assam	Guhawati	S-Grade	3774	3759	15
Meghalaya	Shillong	S-Grade	3778	3763	15
Andhra Pradesh	Vijayawada	M-Grade	3980	3980	Unch
	Vijayawada	S-Grade	3860	3860	Unch
West Bengal	Kolkata	M-Grade	3873	3910	-37
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-
	Ambikapur	S-Grade (Without Duty)	NA	NA	-

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			3-Nov-16	27-Oct-16	3-Oct-16	3-Nov-15
Delhi	Delhi	M-Grade	3810	3815	3850	2850
	Delhi	S-Grade	3790	3795	3830	2825
Uttar Pradesh	Khatauli	M-Grade	3960	3970	3945	2900
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	3775	3900	2680
	Dhampur	S-Grade Ex-Mill	3730	3755	3880	2660
	Dhampur	L-Grade Ex-Mill	3800	3825	3950	2730
Maharashtra	Mumbai	M-Grade	3896	3910	3882	2886
	Mumbai	S-Grade	3630	3660	3666	2750
	Nagpur	M-Grade	3700	3660	3700	2900
	Nagpur	S-Grade	3600	3560	3600	2800
	Kolhapur	M-Grade	3575	3535	3575	2650
	Kolhapur	S-Grade	3475	3435	3475	2550
Assam	Guhawati	S-Grade	3791	3750	3791	2852
Meghalaya	Shillong	S-Grade	3795	3755	3795	2870
Andhra Pradesh	Vijayawada	M-Grade	3980	3980	3960	3060
	Vijayawada	S-Grade	3860	3860	3860	2900
West Bengal	Kolkata	M-Grade	NA	NA	3850	NA
Tamil Nadu	Chennai	S-Grade	3500	3500	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	2-Nov-16	26-Oct-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	21.70	22.67	-0.97
	May-17	21.16	22.11	-0.95
	Jul-17	20.53	21.44	-0.91
LIFFE Sugar (US \$/MT)	Dec-16	574.00	595.70	-21.70
	Mar-17	569.90	590.80	-20.90
	May-17	562.50	583.50	-21.00

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