
Sugar & Gur Weekly Research Report

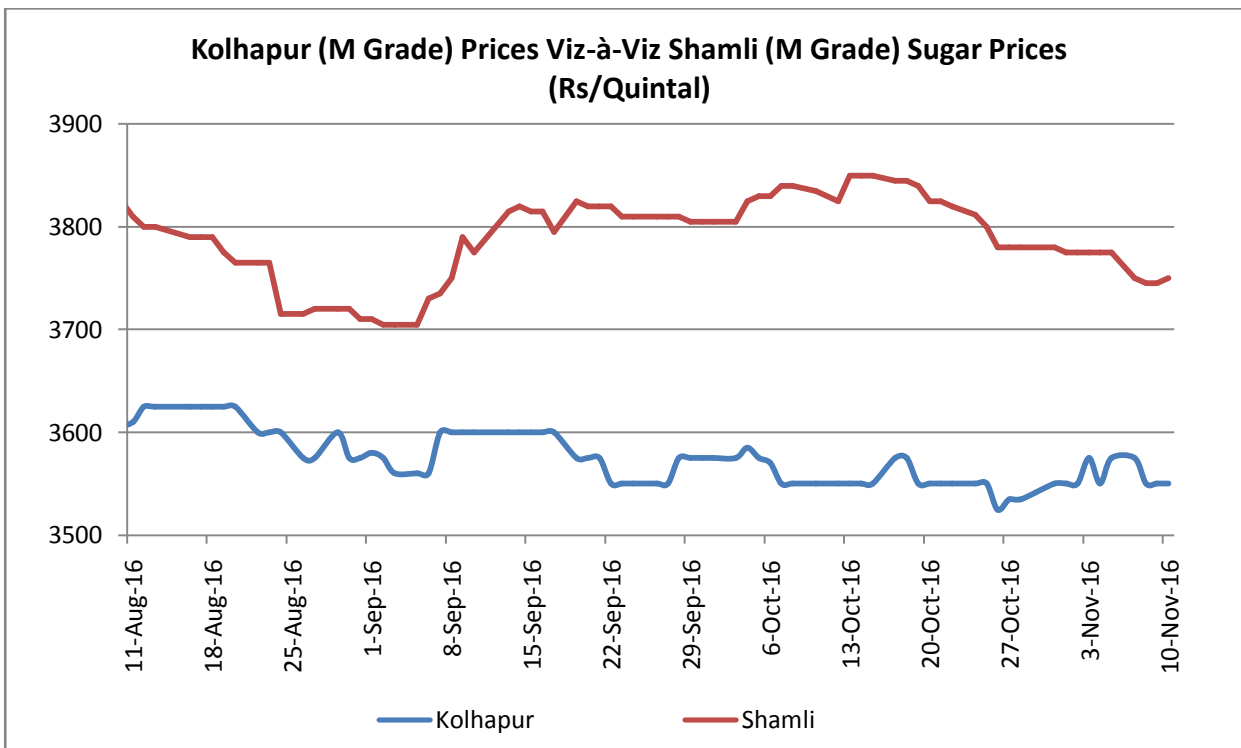
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady to firm amidst routine demand from stockiest and bulk consumers.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3558 per quintal this week compared to Rs 3552 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.54% from Rs 3777 per quintal last week to Rs 3757 per quintal this week.



Price Outlook:

Agriwatch 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 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

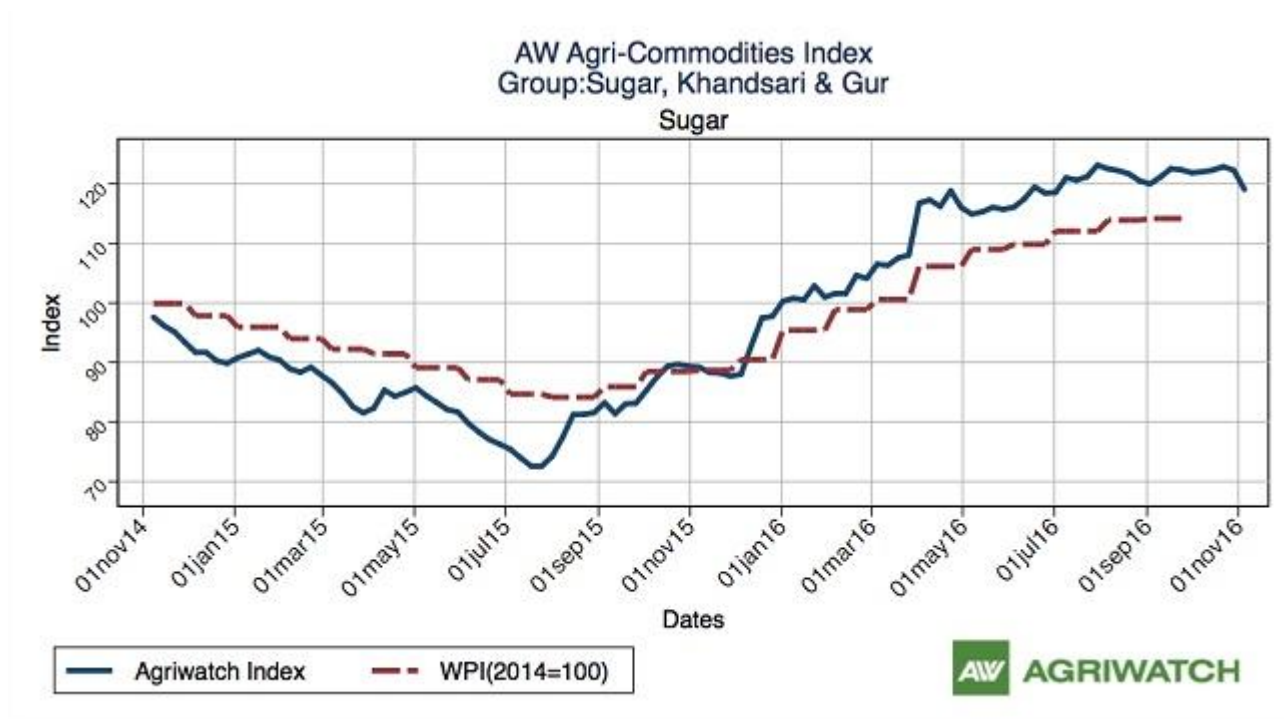
Recent Updates

- As per the ISMA report, India produced 1.04 lakh tonnes of sugar in the new marketing season of 2016 -17 (01st October, 2016 – 31st October, 2016) compared to 1.87 lakh tonnes of sugar produced during the corresponding period last year.
- 19 sugar mills in Karnataka had produced 0.69 lakh tonnes of sugar in 2016 -17 (01st October, 2016 – 31st October, 2016) compared to a production of 0.81 lakh tonnes of sugar last year during the same interval.
- Sugar mills in Uttar Pradesh produced 0.12 lakh tonnes of sugar in 2016 -17 (01st October, 2016 – 31st October, 2016); while the combined production of Andhra Pradesh and Madhya Pradesh stood at 0.03 lakh tonnes during the same period.
- Sugar production in Tamil Nadu fell by 35.48% as the state produced 0.2 lakh tonnes of sugar in 2016 -17 (01st October, 2016 – 31st October, 2016) compared to 0.31 lakh tonnes in 2015-16 (01st October, 2015 – 31st October, 2015).
- Indian sugar exports fell by 25.8% as the country exported 0.60 lakh tonnes of sugar in October, 2016 compared to 0.81 lakh tonnes of exports made in September, 2016. On the other hand, the country imported 3.77 lakh tonnes of sugar (mainly raw) in October compared to 2.37 lakh tonnes of imports in September, 2016.

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 28th 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 move 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 05th 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.
- 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 (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 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. 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 \$535.66 per ton.

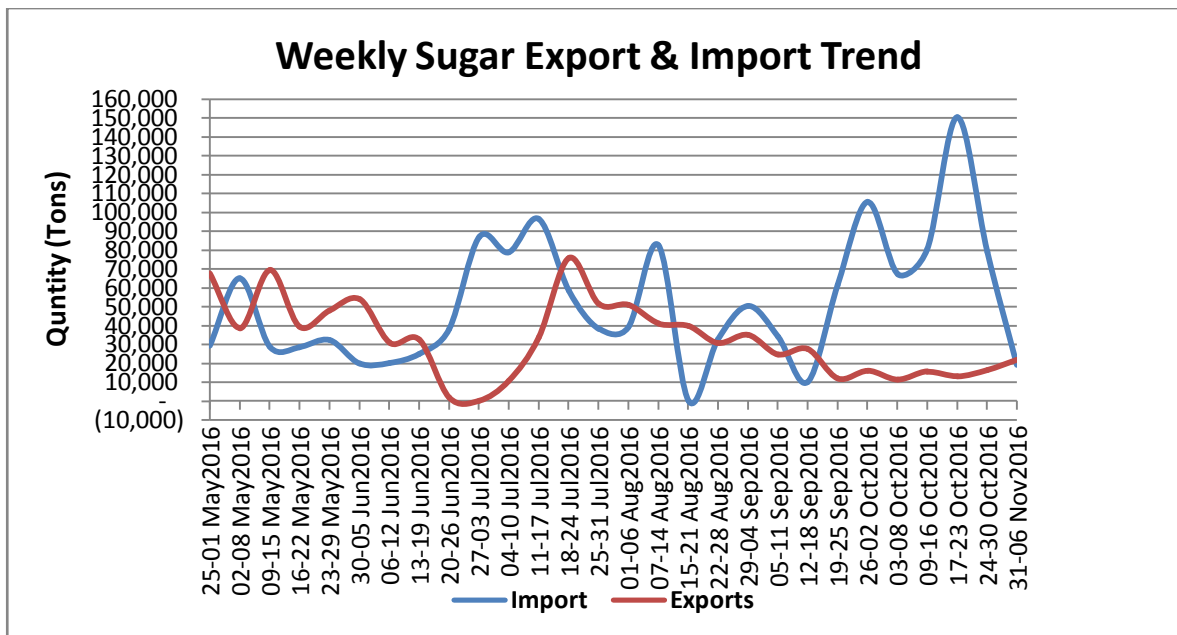
On International front, Brazil sugar FOB prices quoted at \$589.2/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.17) as on 11 Nov, 2016			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$589.2	\$615.55/575	\$535.66

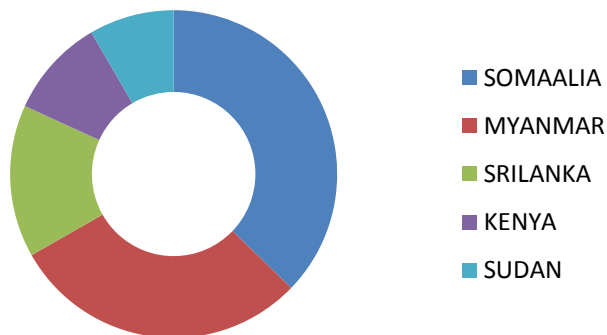
Sugar Import and Export Scenario

India exported 21.9 thousand tonnes of sugar last week (31 -06 November, 2016), which was 16.4 thousand tonnes during the week before (24 -30 October, 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood at 18.9 thousand tonnes last week, which was 78.6 thousand tonnes the week before.

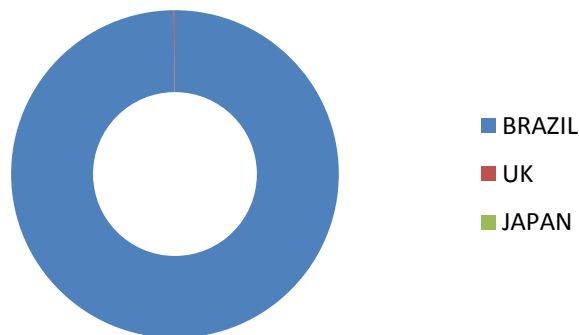


Major importer of Indian sugar during the week (31 -06 November, 2016) was Somalia which imported 6.0 thousand tonnes of sugar from the country. Other major importers were Myanmar, Sri Lanka, Kenya and Sudan which imported 4.7 thousand tonnes, 2.4 thousand tonnes, 1.5 thousand tonnes and 1.3 thousand tonnes of sugar respectively during the week. On the other hand, India primarily imported around 18.9 thousand tonnes of sugar (mostly raw) from Brazil during the same period.

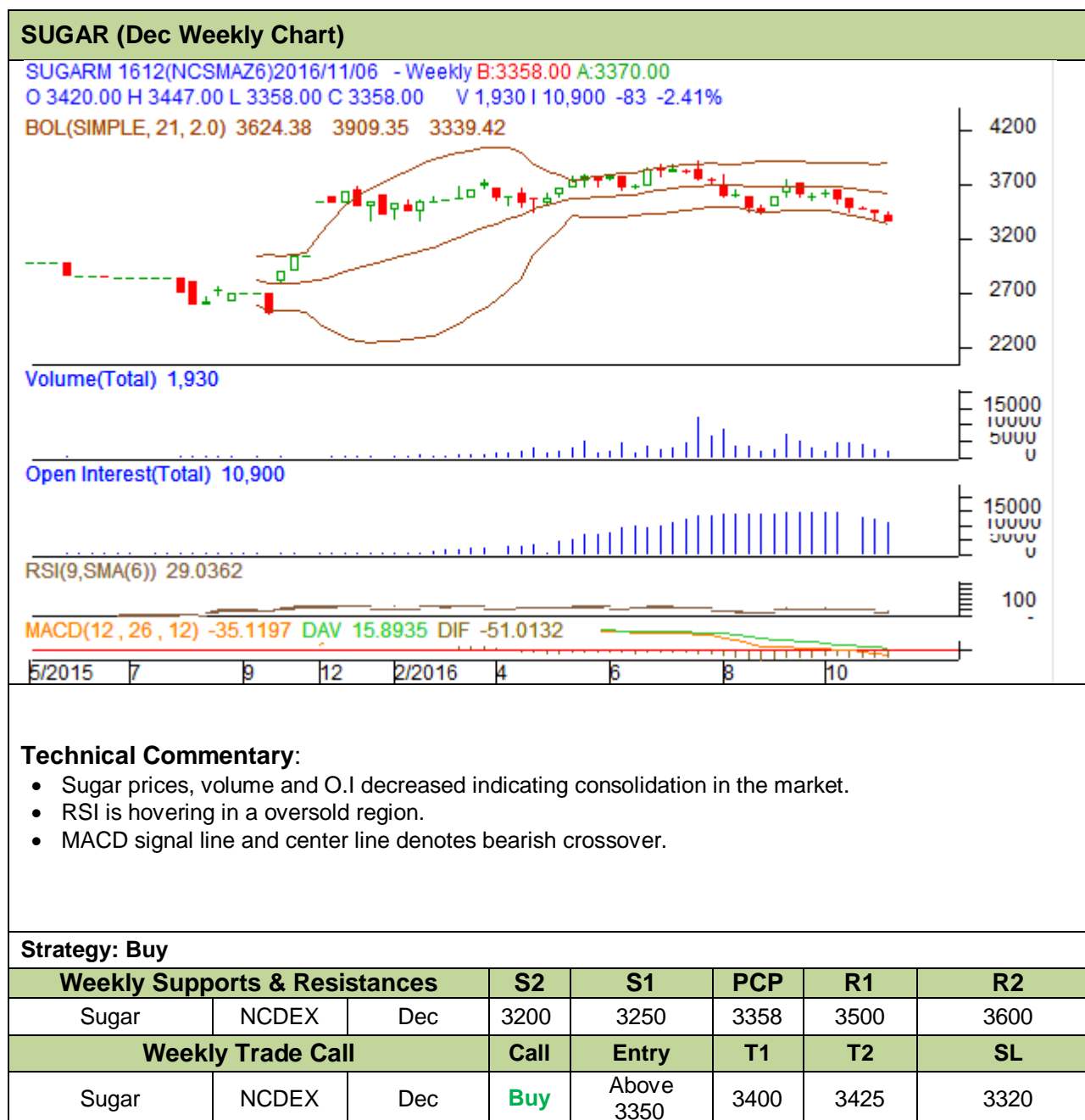
Weekly Sugar Exports



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 3558/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3628 and Rs 3506 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. A 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 (01st October, 2016 – 30th 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 (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.
- 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 571.8 with a target of 563.74

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'16	571.8	563.74

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 21.09

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	21.09

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Khurpa (Fresh) and ChakuSukha(Cold) variety of gur from key Muzaffarnagar market rose by Rs 158 and Rs 112 per quintal to Rs 2821 and Rs 2972 per quintal this week. However, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 280/quintal from Rs 4150/quintal to Rs 3870/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 2981/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3298 and Rs 2708 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			04th Nov to 10th Nov 2016	28th Oct to 3rd Nov 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2972	2860	112
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	41000	19000	22000
	Muzaffarnagar	Khurpa (Fresh)	2821	2663	158
	Muzaffarnagar	Laddoo (Fresh)	3084	3013	72
	Muzaffarnagar	Rascut (Fresh)	2521	2503	18
	Hapur	Chaurasa	2605	2534	71
	Hapur	Balti	2600	2569	31
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	3400	3400	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3677	3713	-36
	Mahalingapura	Penti (Average)	3489	NA	-
	Mandya	Achhu (Medium)	3467	3425	42
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3233	3050	183
	Mandya	Yellow (Medium)	3317	3400	-83
	Shimoga	Achhu (Average)	3870	4150	-280

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			10-Nov-16	3-Nov-16	10-Oct-16	10-Nov-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3028	2775	3713	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	6000	8000	NA
	Muzaffarnagar	Khurpa	2850	2688	3128	2405
	Muzaffarnagar	Laddoo	3078	3000	3500	2553
	Muzaffarnagar	Rascut	2528	2658	2875	2303
	Hapur	Chaurasa	2575	2550	Closed	2375
	Hapur	Balti	2600	2525	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4650	4650	NA	NA
	Belgaum	Mudde (Average)	3500	3400	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3680	3675	NA	NA
	Mahalingapura	Penti (Average)	3552	NA	NA	NA
	Mandya	Achhu (Medium)	3450	3400	NA	2400
	Mandya	Kurikatu (Medium)	3300	3300	NA	2200
	Mandya	Other (Medium)	3300	3000	NA	2250
	Mandya	Yellow (Medium)	3300	3400	NA	2350
	Shimoga	Achhu (Average)	3800	NA	NA	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			04th Nov to 10th Nov 2016	28th Oct to 3rd Nov 2016	
Delhi	Delhi	M-Grade	3790	3812	-22
	Delhi	S-Grade	3770	3792	-22
Uttar Pradesh	Khatauli	M-Grade	3886	3958	-72
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3745	3756	-11
	Dhampur	S-Grade Ex-Mill	3725	3736	-11
	Dhampur	L-Grade Ex-Mill	3795	3806	-11
Maharashtra	Mumbai	M-Grade	3896	3901	-5
	Mumbai	S-Grade	3629	3649	-19
	Nagpur	M-Grade	3685	3683	2
	Nagpur	S-Grade	3585	3583	2
	Kolhapur	M-Grade	3560	3558	2
	Kolhapur	S-Grade	3460	3458	2
Assam	Guhawati	S-Grade	3776	3774	2
Meghalaya	Shillong	S-Grade	3780	3778	2
Andhra Pradesh	Vijayawada	M-Grade	3960	3980	-20
	Vijayawada	S-Grade	3847	3860	-13
West Bengal	Kolkata	M-Grade	3873	3873	Unch
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			10-Nov-16	3-Nov-16	10-Oct-16	10-Nov-15
Delhi	Delhi	M-Grade	3780	3810	3840	NA
	Delhi	S-Grade	3760	3790	3820	NA
Uttar Pradesh	Khatauli	M-Grade	3882	3960	4000	2952
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3740	3750	3825	2720
	Dhampur	S-Grade Ex-Mill	3720	3730	3805	2700
	Dhampur	L-Grade Ex-Mill	3790	3800	3875	2770
Maharashtra	Mumbai	M-Grade	3896	3896	3896	2872
	Mumbai	S-Grade	3630	3630	3660	2746
	Nagpur	M-Grade	3675	3700	3675	2900
	Nagpur	S-Grade	3575	3600	3575	2800
	Kolhapur	M-Grade	3550	3575	3550	2625
	Kolhapur	S-Grade	3450	3475	3450	2525
Assam	Guhawati	S-Grade	3766	3791	3766	2827
Meghalaya	Shillong	S-Grade	3770	3795	3770	2845
Andhra Pradesh	Vijayawada	M-Grade	3920	3980	3980	3000
	Vijayawada	S-Grade	3820	3860	3860	2840
West Bengal	Kolkata	M-Grade	3860	NA	NA	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	9-Nov-16	2-Nov-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	22.11	21.70	0.41
	May-17	21.55	21.16	0.39
	Jul-17	20.85	20.53	0.32
LIFFE Sugar (US \$/MT)	Dec-16	582.30	574.00	8.30
	Mar-17	577.70	569.90	7.80
	May-17	570.50	562.50	8.00

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