



Sugar & Gur Weekly Research Report

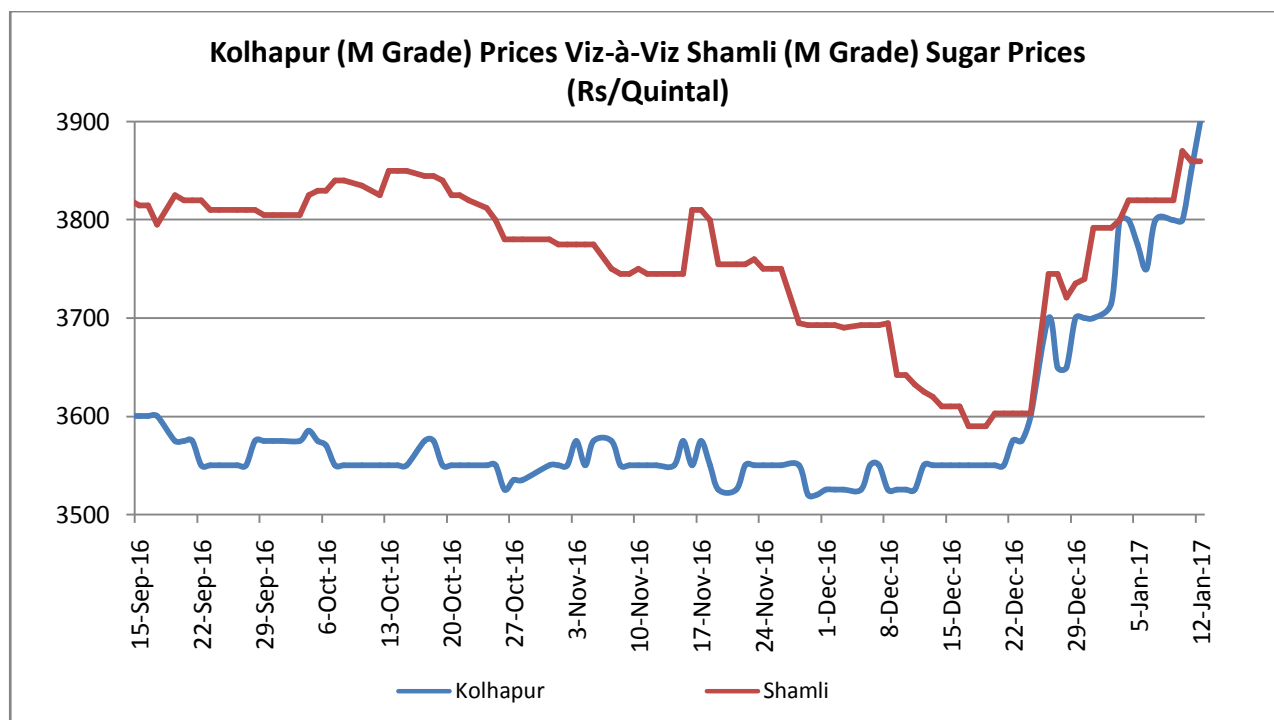
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Agriwatch Sweeteners Index
- ❖ Sugar Export/Import Scenario
- ❖ Sugar Export/Import Opportunity
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ Domestic Sugar Market Technical Analysis (Spot Market)
- ❖ International Sugar Market Summary
- ❖ International Market Highlight
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

Domestic Sugar Market Summary

Spot sugar prices noticed range –bound to firm tone during the week following good demand in the domestic market and reports of a sugar deficit this marketing year.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3817 per quintal this week compared to Rs 3748 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 1.26% from Rs 3794 per quintal last week to Rs 3842 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak as crushing operation is at its full swing during this period.

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 3750 - 3950 per quintal next week.

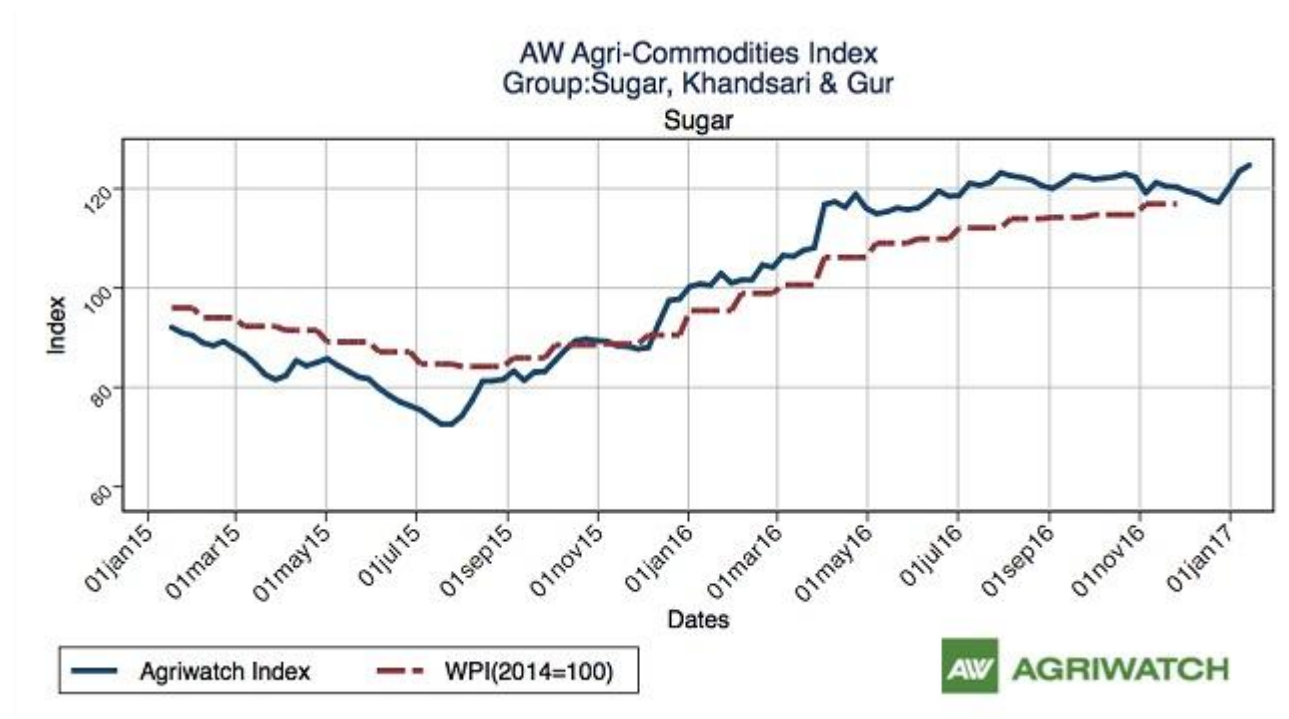
Domestic Market Highlights

Recent Updates

- As per the latest AW estimate, India is expected to produce 21.7 MT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017); wherein U.P, Maharashtra and Karnataka are expected to produce 78.89 MT, 51.40 MT and 26.80 MT of sugar respectively during the season.
- As per the latest notification of NCDEX, an additional special cash margin of 20% on long side will be imposed on all the running & yet to be launched contracts of sugar (M grade) w.e.f. 16th January, 2017.

Previous Updates

- India produced 80.90 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 80.56 lakh tonnes of production made during the corresponding interval last year.
- Sugar production in U.P rose by 52.48% as the state produced 27.40 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 17.97 lakh tonnes of production in 2015-16 (01st October, 2015 – 31st December, 2015).
- However, sugar production in the top most producing state of Maharashtra fell by 25.07% from 33.70 lakh tonnes in 2015-16 (01st October, 2015 – 31st December, 2015) to 25.25 lakh tonnes in 2016-17 (01st October, 2016 – 31st December, 2016).
- The third largest sugar producing state, Karnataka; had produced 15.60 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) which was 0.34 lakh tonnes lower than the sugar produced corresponding interval, last year. ISMA also expects the State to produce 31 lakh tonnes of sugar in 2016-17 compared to 40.5 lakh tonnes of production made in 2015-16.
- 20 sugar mills in Gujarat had produced 3.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 4.61 lakh tonnes of production made in 2015-16 (01st October, 2015 – 31st December, 2015).
- Sugar production in Tamil Nadu rose by 23.76% as the state produced 1.25 lakh tonnes of sugar during 2016-17 (till 31st December, 2016) compared to 1.01 lakh tonnes of production during corresponding period of last year.
- The combined sugar production of Andhra Pradesh & Telangana fell by 9.09% as the states produced 1.80 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 1.98 lakh tonnes of production in 2015-16 (01st October, 2015 – 31st December, 2015).
- 11 sugar mills in Bihar had produced 1.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) as against 1.37 lakh tonnes of production made by the same number of mills in 2015-16 (01st October, 2015 – 31st December, 2015).
- The combined sugar production made by Haryana, Punjab, M.P, Chhattisgarh and Uttarakhand stood at 4.45 lakh tonnes during 2016-17 (01st October, 2016 – 31st December, 2016) compared to 3.85 lakh tonnes in 2015-16 (01st October, 2015 – 31st December, 2015).
- Domestic sugar prices rose as there are cues that the Indian government could consider debt restructuring for the sugar sector.
- The government of Tamil Nadu has kept the State Advised Price (SAP) for sugarcane unchanged at Rs.2850/ton in 2016 -17 same as that of previous year. The Sugar industry including farmers and the mill owners are not happy of the same as the decision was taken without consulting them.
- The Punjab govt. had fixed cane SAP (State Advisory Price) of Rs 2900/ton (mid season) for the marketing year 2016-17 (01st October, 2016 – 30th September, 2017). While SAP for the other varieties has been fixed at Rs 3000/ton and Rs 2850/ton for the early variety and late season variety respectively.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– January 14, 2017


"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 rose by 1.11% to 124.09 during the week ending on January 14, 2017. 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 \$607.82 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$568.30 per ton.

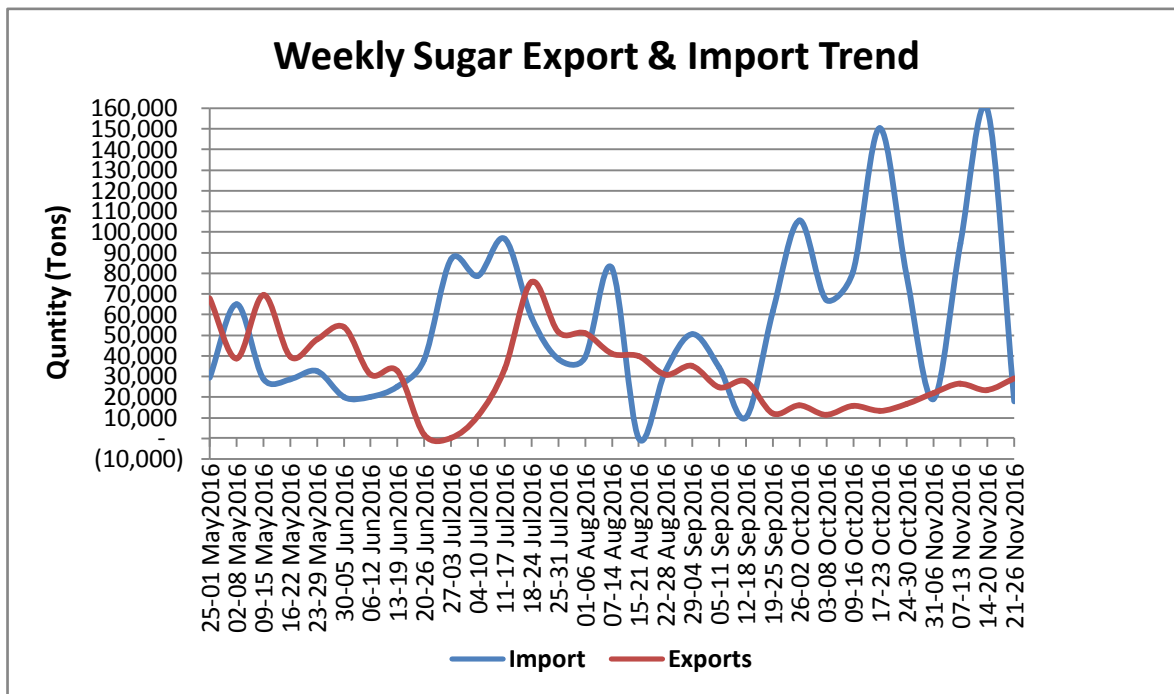
On International front, Brazil sugar FOB prices quoted at \$562.4/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.68.08) as on 13 Jan, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$562.4	NA/539.10	\$568.30

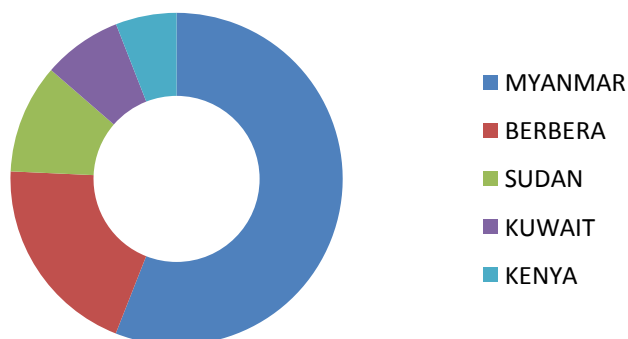
Sugar Import and Export Scenario

India exported 29.1 thousand tonnes of sugar during the week (21 -26 November, 2016), which was 23.3 thousand tonnes during the week before (14 -20 November, 2016), as per the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood at 17.7 thousand tonnes last week, which was 159.2 thousand tonnes the week before.

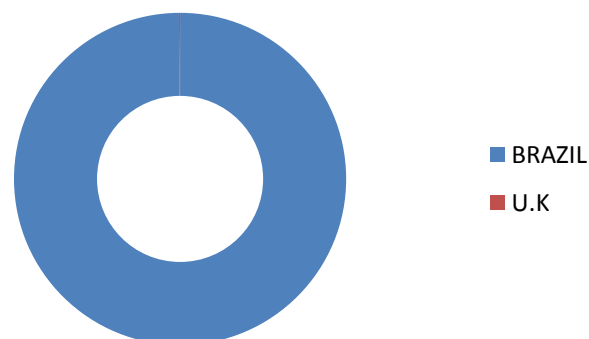


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes of sugar respectively during the week. On the other hand, India primarily imported around 17.7 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)

SUGAR (Mar Weekly Chart)



Technical Commentary:

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

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	3650	3700	3900	4000	4200
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Sell	Below 3900	3850	3825	3930

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3817/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3951 and Rs 3708 per quintal.

International Sugar Market Summary

International sugar prices noticed firm tone during the week as cane harvesting in Brazil's main C.S (centre-south) region winded up early during the season.

International Market Highlights

Recent Updates

- The Indonesian govt. allowed import permit for 1.5 MT of raw sugar in the first half of MY 2017 i.e. 01st January, 2017- 30th June, 2017.
- Brazil's raw sugar export rose by 0.72% as the country exported 2.09 MT of sugar (raw) in December, 2016 compared to 2.07 MT of sugar in November, 2016.

Previous Updates

- According to IKAR agriculture consultancy, Russia may produce 5.82 million tonnes of sugar in the 2016-17 marketing year which started on 1 August 2016. It produced 5.2 million tonnes of sugar during the previous season.
- According to the industry group Unica, Brazil center-south cane belt produced 1.13 million tonnes of sugar in the second half of November compared with 1.37 million tonnes in the previous two –week period.
- According to Sucden, global surplus of 1 MMT is expected in 2017/18 (Oct/Sep), backed by strong production in India. Sugar market will return to surplus after deficit of 5 MMT in 2015/16 and 2016/17. Global production is expected to rise to 134.5 MMM in 2017/18 from 125.3 MMT in 2016/17.
- Job Economia raised its Brazil's C.S sugar production forecast from 35 million tonnes to 35.6 million tonnes for 2016-17. However, the cane production forecast is revisited downwards (from 632 million tonnes to 618 million tonnes) indicating a greater diversion of sugarcane towards sugar production during 2016-17.
- The International Sugar Organization (ISO) revised its global sugar deficit forecast from 7.05 million tonnes to 6.19 million tonnes for 2016-17 (01st October, 2016 – 30th September, 2017).
- 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.
- Markey player, Licht predicted a global sugar supply deficit of 6.2 million tonnes in 2016-17 (October – September) compared to a deficit of 9.9 million tonnes in 2015-16 (October – September).

LIFFE (White Sugar Exchange)Future Market Sugar Scenario (Mar'17 Contract)

Technical Commentary

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 540.20 with a target of 526.12

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'17	540.20	526.12

ICE (Raw Sugar Exchange) 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: Sell at 20.75 with a target of 19.95

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	20.75	19.95

Mixed sentiments were recorded in spot gur market where prices rising in some markets while declined in others. Prices of Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market rose by Rs 61/quintal on back of lower arrival of the variety of gur during the week. Similarly, prices of Achhu (Average) variety of gur from Shimoga rose by Rs 60/quintal from Rs 3900/quintal to Rs 3960/quintal this week. On the other hand, prices of Balti variety of gur from Hapur fell by Rs75/ quintal from Rs 2845/quintal to Rs 2770/quintal this week.



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3073/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3173 and Rs 2963 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			6th Jan to 12th Jan 2017	30th Dec to 5th Jan 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3073	3012	61
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	26000	42000	-16000
	Muzaffarnagar	Khurpa (Fresh)	2887	2825	62
	Muzaffarnagar	Laddoo (Fresh)	3124	3088	36
	Muzaffarnagar	Rascut (Fresh)	2533	2520	13
	Hapur	Chaurasa	2715	2710	5
	Hapur	Balti	2770	2845	-75
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4466	4470	-4
	Belgaum	Mudde (Average)	3166	3240	-74
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3612	3558	54
	Gulbarga	Other (Average)	3623	3580	43
	Mahalingapura	Penti (Average)	3719	3691	28
	Mandya	Achhu (Medium)	3475	3510	-35
	Mandya	Kurikatu (Medium)	3450	3440	10
	Mandya	Other (Medium)	3375	3430	-55
	Mandya	Yellow (Medium)	3508	3550	-42
	Shimoga	Achhu (Average)	3960	3900	60

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			12-Jan-17	5-Jan-17	12-Dec-16	12-Jan-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3000	3048	3075	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	5000	NA
	Muzaffarnagar	Khurpa	2775	2888	2850	2325
	Muzaffarnagar	Laddoo	3050	3095	3075	2525
	Muzaffarnagar	Rascut	2575	2530	2463	2390
	Hapur	Chaurasa	2725	2750	Closed	2325
	Hapur	Balti	2750	2850	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4500	4500	4450	3600
	Belgaum	Mudde (Average)	NA	3200	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3680	3585	NA	NA
	Gulbarga	Other (Average)	NA	3640	3540	2560
	Mahalingapura	Penti (Average)	NA	3734	3603	2638
	Mandya	Achhu (Medium)	3450	3500	3300	2450
	Mandya	Kurikatu (Medium)	3400	3500	3150	2300
	Mandya	Other (Medium)	3300	3400	3200	2300
	Mandya	Yellow (Medium)	3450	3550	3300	2450
	Shimoga	Achhu (Average)	NA	3900	3900	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			6th Jan to 12th Jan 2017	30th Dec to 5th Jan 2017	
Delhi	Delhi	M-Grade	3867	3849	18
	Delhi	S-Grade	3847	3829	18
Uttar Pradesh	Khatauli	M-Grade	3883	3826	57
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	NA	3765	-
	Dhampur	S-Grade Ex-Mill	NA	3755	-
	Dhampur	L-Grade Ex-Mill	NA	3815	-
Maharashtra	Mumbai	M-Grade	4021	3923	98
	Mumbai	S-Grade	3802	3718	84
	Nagpur	M-Grade	3941	3883	58
	Nagpur	S-Grade	3854	3785	69
	Kolhapur	M-Grade	3816	3758	58
	Kolhapur	S-Grade	3729	3660	69
Assam	Guhawati	S-Grade	3989	3920	69
Meghalaya	Shillong	S-Grade	4049	3980	69
Andhra Pradesh	Vijayawada	M-Grade	4020	4006	14
	Vijayawada	S-Grade	3910	3903	7
West Bengal	Kolkata	M-Grade	4028	3977	51
Tamil Nadu	Chennai	S-Grade	3725	3960	-235
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	-
	Ambikapur	S-Grade (Without Duty)	NR	NR	-

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			12-Jan-17	5-Jan-17	12-Dec-16	12-Jan-16
Delhi	Delhi	M-Grade	3875	3850	3690	3180
	Delhi	S-Grade	3855	3830	3670	NA
Uttar Pradesh	Khatauli	M-Grade	3900	3870	3700	3175
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	NA	NA	3625	3010
	Dhampur	S-Grade Ex-Mill	NA	NA	3605	2990
	Dhampur	L-Grade Ex-Mill	NA	NA	3675	3060
Maharashtra	Mumbai	M-Grade	4060	3950	Closed	3256
	Mumbai	S-Grade	3832	3766	Closed	3146
	Nagpur	M-Grade	4025	3900	3650	3080
	Nagpur	S-Grade	3925	3800	3550	3000
	Kolhapur	M-Grade	3900	3775	3525	3050
	Kolhapur	S-Grade	3800	3675	3425	2950
Assam	Guhawati	S-Grade	4121	3994	3740	3258
Meghalaya	Shillong	S-Grade	4120	3995	3745	3270
Andhra Pradesh	Vijayawada	M-Grade	4020	4020	3860	3400
	Vijayawada	S-Grade	3910	3910	3760	3240
West Bengal	Kolkata	M-Grade	4040	3980	3810	3310
Tamil Nadu	Chennai	S-Grade	3750	3625	3450	3100
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	NA	2835
	Ambikapur	S-Grade (Without Duty)	NA	NA	NA	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	11-Jan-17	04-Jan-17	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	20.56	20.89	-0.33
	May-17	20.38	20.41	-0.03
	Jul-17	19.98	19.79	0.19
LIFFE Sugar (US \$/MT)	Mar-17	539.10	550.20	-11.1
	May-17	539.60	544.30	-4.7
	Aug-17	533.90	532.20	1.7

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