

Daily International Sugar Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 05 May 2017

ICE Sugar 11 Price Outlook Summary

	ICE Sugar 11 July'17 USc/Lb	LIFFE Sugar 5 Aug'17 USD/MT	Brazil FOB Raw Sugar USD/MT	Brazil FOB Refined Sugar USD/MT	India Muzaffar Nagar M30 Sugar Spot INR/Qtl
4 May 2017					
Closing Price	15.37	442.5	345.5	439.00	3897.1
Change	-0.4	-7.70	-0.8	-0.75	4.00

Fundamental Summary		Critical Price drivers	Price Direction
		Deliberation on higher sugar tariff in China	Downward
		Global sugar production +3.2 mln ton in 17/18 Vs -6.6 mln ton deficit in 16/17 (TG estimate)	Downward
		Brazil SS 17/18 harvest to start in full swing May 17 onwards	Downward
		Deliberation of higher tariff on ethanol import in Brazil	Upward

Next 10 Trading days	Price Outlook Summary	Prices are likely to find support above USc 15.10 and trade higher towards USc 17.20 in the coming 3-5 sessions.
	Direction	Positive
	Price Range	15.10 to 17.20

ICE Sugar 11 Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	July'17	Bought	15.70	May 04	16.80	Below 15.00

Strategy Review

May'17	Bought	15.30	May 04	15.80	Below 14.70
--------	--------	-------	--------	-------	-------------

Traders may consider above mentioned strategies.

Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
ICE Sugar 11, 1M	2011 to Till Date	61.69%	USD 152
	Apr 2017	100.00%	USD 513

Fundamental Analysis

- ❖ Sugar July'17 futures during last session traded amid favorable crop weather in Brazil for ongoing harvest supporting global production upward. Finally market closed at 15.37 cents/lb down by 0.40 cents than previous close.
- ❖ Market is trading in narrow band from 15.1 to 16.5 cents/lb on projected good supply from Brazil in one hand and weather risk premium building up on the other. Though probability of El Nino is close to 50% as per latest climate prediction center NOAA US, any variation in coming month would be watched very closely by trade participants and same might reflect in raw sugar finding support at ~ 15 cents/lb.
- ❖ India has allowed partial subsidy on sugar (10% of earlier) under "Antyodaya Yojna" for poorest of poor families. On account of this, Govt will purchase 3 lakh ton sugar to supply at subsidized rate @ 13.50/kg. Incremental demand in market due to this will be minimal compared to 28 lakh ton of purchase under PDS earlier.
- ❖ China is considering special import duties to support domestic producers and to curb illegal import. Beijing is set to make its ruling anti dumping probe on 22nd May to investigate the cheaper import against higher cane cost to crush in local mills. This decision would stabilize local sugar rates in China however higher tariff likely to result in lesser import than anticipated denting prospects of export from other countries with subdued price in international market moving forward.
- ❖ Coming to EU, with EU Sugar quotas likely to end in Oct 1st 2017, producers are projected to sell surplus sugar in international market resulting in incremental sugar available for trade keeping price on subdued notes moving forward.

Daily International Sugar Price Outlook and Strategy

Decision enabling market analysis & price outlook



- ❖ According to USDA estimate, European Union is likely to become net exporter in next season as sugar production in MY 2017/18 projected to be 18.6 mln ton up from 16.5 mln ton in 2016-17. Further added EU market will take a turn by ending 50 year old EU sugar quota production system on 1st Oct 2017. Next sugar season may likely to come with strong production numbers and market presumes to be on bearish trade on above account.
- ❖ On the other hand from Brazil Agriculture minister is seeking higher tariff on ethanol import from US in view of 5 fold increase in import ~ 720 mln litres mostly from US corn based ethanol. Demand for hike in tariff is 20% which shall restrict import and rise in domestic price due to squeeze in supply locally. This could otherwise result in marginal diversion of cane towards ethanol production. Though talk are being deliberated, its early to have any impact on market at immediate level.
- ❖ Coming to Thailand, as per Thai Sugar Millers Corporation in SS 16/17 it produced 10 mln ton of sugar from cane output of 93 mln ton due to higher recovery compared to similar cane production in previous year (sugar prod 9.8 mln ton). With the fulfillment of their local demand, govt and private millers have wider room to export excess sugar produce moving forward.

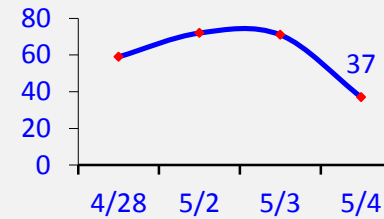
implied by equal length of Oct-Nov'16 bearish trend and bottom line of the bearish channel supporting the view of trend change.

- ❖ Prices have corrected 61.8% of the 2015-16 bull market in the last 7 months.
- ❖ On downside, USc 15.10 region can act as immediate support.
- ❖ On upside, USc 16.50 can act as an immediate resistance followed by USc 17.20.

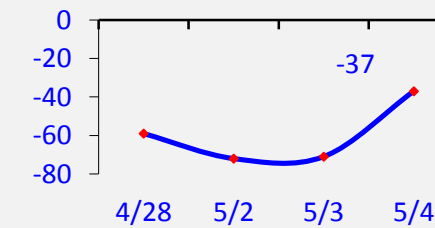
Concisely, Prices are likely to find support above USc 15.10 and trade higher towards USc 17.20 in the coming 3-5 sessions.

Mini Charts

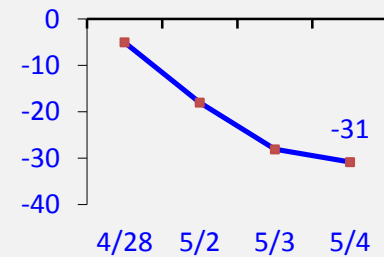
Sugar M Spread (INR/Qtl)
Jul'17-May'17(spread)



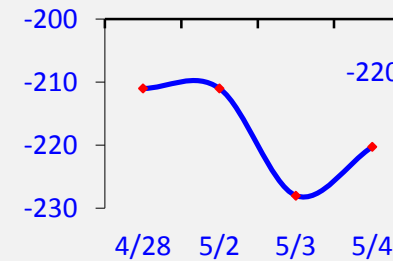
Sugar M Spread (INR/Qtl)
Oct'17- Jul'17 (spread)



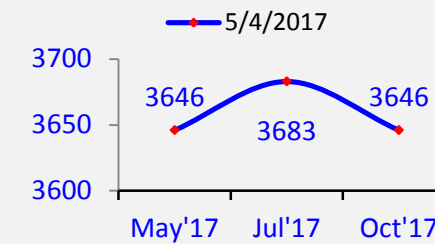
SugarM300 Spot Spread (Kolhapur-Muzaffarnagar) (INR/Qtl)



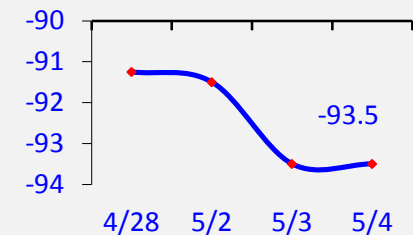
SugarM30 Spread(Spot-Future)
Kolhapur (INR/Qtl)



Sugar M200 Forward Curve (INR/Qtl)

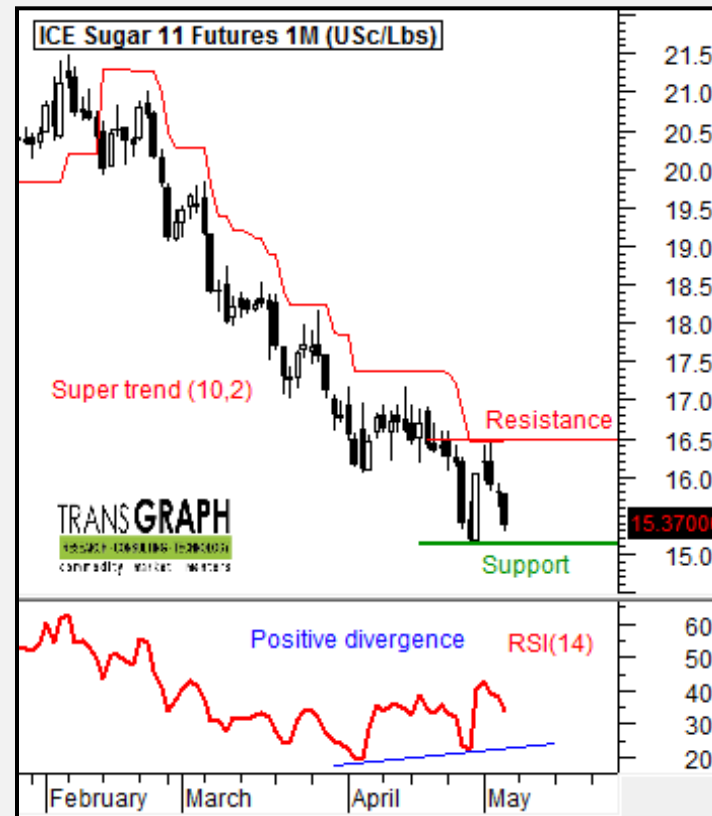


Brazil Refined-Raw Spread (USD/MT)
Oct'17- Jul'17 (spread)



Technical Outlook: ICE Sugar 11 July'17

- ❖ ICE Sugar No. 11 July'17 futures prices have traded with bearish momentum after Doji formation and closed at USc 15.37 in the last session.
- ❖ Prices are experiencing selling pressure after finding resistance below "Super Trend(10,2), indicating that underlying bearish trend intact.
- ❖ However, the daily momentum oscillator RSI(14) witnessing positive divergence while price made Bullish engulfing formation indicating potential short term reversal in price trend.
- ❖ Prices are recovering from clustered support region of USc 15.30 levels

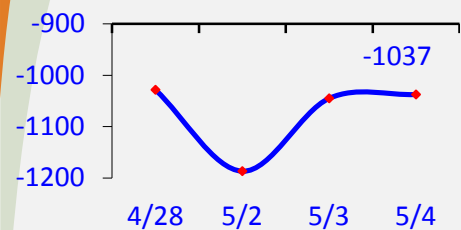


Daily International Sugar Price Outlook and Strategy

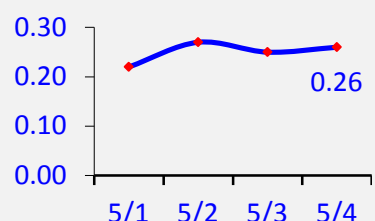
Decision enabling market analysis & price outlook



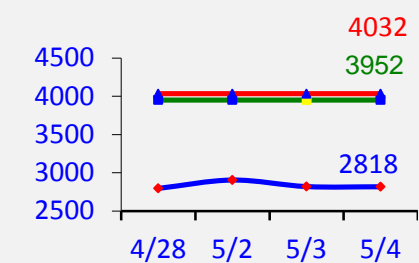
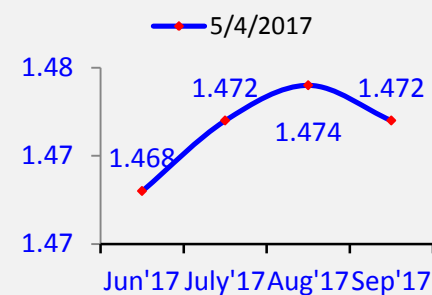
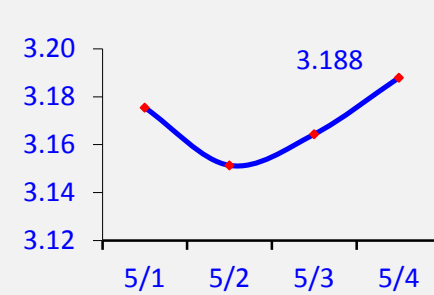
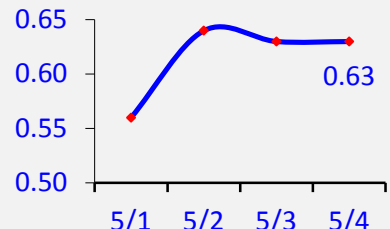
Difference (Refined M-30-Landed from Brazil(INR/Qtl)



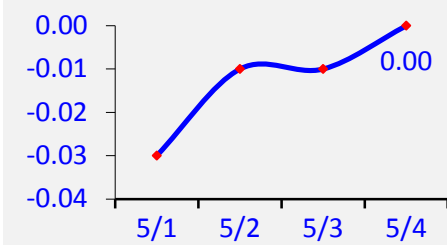
ICE Sugar-11 Spread (USc/lb) Oct'17- Jul'17 (spread)



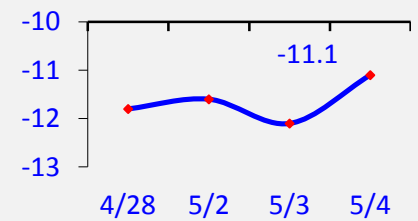
ICE Sugar-11 Spread (USc/lb) Mar'18- Oct'17 (spread)



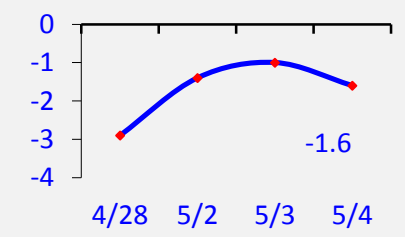
ICE Sugar-11 Spread (USc/lb) May'18- Mar'18 (spread)



LIFFE - 5 Sugar Spread (USD/MT) Oct'17 - Aug'17 (spread)



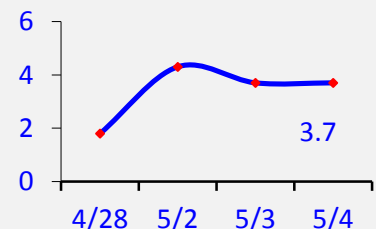
LIFFE - 5 Sugar Spread 14(USD/MT) Dec'17- Oct'17 (spread)



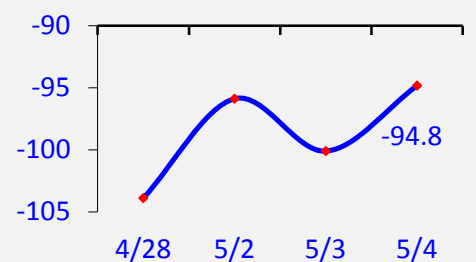
Market Prices

Exchange	Contract	4 May 2017				Change	Previous Close
		Open	High	Low	Close		
NCDEX Sugar M INR/Qtl	May'17	3650	3650	3626	3646	9	3637
	Jul'17	3685	3719	3660	3683	-25	3708
ICE Sugar 11 USc/Lb	July'17	15.77	15.79	15.28	15.37	-0.40	15.77
	Oct'17	16.01	16.03	15.54	15.63	-0.39	16.02
LIFFE Sugar 5 USD/MT	Aug'17	450.2	451.1	441.6	442.5	-7.7	450.20
	Oct'17	438	438.7	430.1	431.4	-6.7	438.10

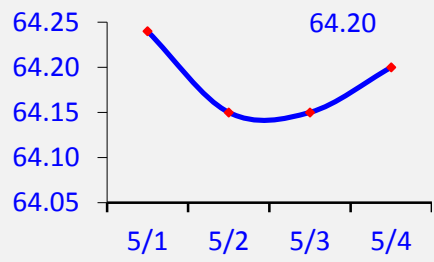
LIFFE - 5 Sugar Spread (\$/ton) Mar'18-Dec'17 (spread)



ICE -LIFFE Future Spread



USD/INR



USD/BRLI

CBOT Ethanol (USD/gallon)

Sugar S-30,M-30 & Brazil Refined Sugar prices

Market	Commodity	4 May 2017	3 May 2017	Change	% Change
Brazil	FOB Raw Sugar USD/MT	345.5	346.25	-0.75	-0.22%

Daily International Sugar Price Outlook and Strategy

Decision enabling market analysis & price outlook



Market	Commodity	4 May 2017	3 May 2017	Change	% Change
Brazil	FOB Refined Sugar USD/MT	439	439.75	-0.75	-0.17%
Black Sea	C&F Raw Sugar USD/MT	374.5	376.5	-2.00	-0.53%
ISA	Daily Sugar USc/lb	16.15	16.27	-0.12	-0.74%
ISA	15 – Day Average price USc/Lb	16.34	16.38	-0.04	-0.24%
India Muzaffar nagar	Gur Chaku INR/40Kg	3153.63	3118.25	35.38	1.13%
India Muzaffar nagar	Sugar M30 INR/Qtl	3897.1	3893.1	4.00	0.10%
India Mumbai	Sugar M30 INR/Qtl	4032	4032	0.00	0.00%
India Kolhapur	Sugar M30 INR/Qtl	3866.25	3865	1.25	0.03%
India Kanpur	Sugar M30 INR/Qtl	4055	4041	14.00	0.35%
India North	Mawana Ex-Mil Sugar M30 INR/Qtl	3676	3660	16.00	0.44%
India North	Dourala Ex-Mil Sugar M30 INR/Qtl	3660	3650	10.00	0.27%
India North	Simbhaoli Ex-Mil Sugar M30 INR/Qtl	3690	3685	5.00	0.14%
India North	Shamli Ex-Mil Sugar M30 INR/Qtl	3705	3705	0.00	0.00%
India North	Khatouli Ex-Mil Sugar M30 INR/Qtl	3690	3685	5.00	0.14%
India Mumbai	Sugar S30 INR/Qtl	3952	3952	0	0.0%
India Kolhapur	Sugar S30 INR/Qtl	3800	3790	10	0.26%

Currency	04 May 2017	03 May 2017	Change	% Change
Dollar Index	98.797	99.209	-0.412	-0.42
EURUSD	1.0984	1.0882	0.0102	0.94
GBPUSD	1.292	1.2863	0.01	0.44
USDJPY	112.45	112.73	-0.28	-0.25
USDBRL	3.188	3.1644	0.02	0.75
USDTHB	34.61	34.54	0.07	0.20
USDINR	64.2	64.15	0.05	0.08
USDCNY	6.8959	6.8968	0.00	-0.01
USDIDR	13326	13303	23.00	0.17
USDMYR	4.326	4.317	0.01	0.21

Our Extensive coverage of Sugar, Plantation and Dairy

Report	Coverage #	Price Outlook & Strategies
Daily ICE Sugar Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	US.SUGAR 11.ICE
Daily ICE COCOA Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	US.COCOA.ICE
Daily NCDEX Sugar Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.SUGARM.NCDEX,
Weekly Indian Sugar Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2W, 6W	IN.SUGAR.KOLAHPUR, IN.SUGAR.MUZZAFARNAGAR, IN.GUR.MUZZAFARNAGAR
Bi-weekly AP COCOA Market Intelligence	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.COCOA.AP
Bi-weekly Kerala COCOA Market Intelligence	NU, FA, WA, PI, TA, PS, PO, FF, MP, 6W,2M	IN.COCOA.KERALA

Daily International Sugar Price Outlook and Strategy

Decision enabling market analysis & price outlook



Bi-weekly Milk and Milk Products Market Intelligence	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.SMP.DELHI, IN.SMP.MH, EU.SMP, AU/NZ.SMP, EU. BUTTER,AU/NZ. BUTTER
Monthly Sugar Price Outlook	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	US.SUGAR.ICE, IN.SUGAR.KOLAHPUR, IN.SUGAR. MUZZAFARNAGAR
Monthly Ethanol Price Outlook	FA, PI, WA, PO, MI, FF, 2M	IN.RECTIFIED SPRIT. UP, IN. ENA. UP, IN.MOLASSES
Monthly Indian Dairy Industry Insights	Industry Analysis, MI, FA	IN.MILK

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

LEGAL INFORMATION

This document is the whole property of TransGraph Consulting Private Limited, Hyderabad, India (hereafter "TransGraph").

The following acts are strictly prohibited:

- Reproduction and/or forwarding for sale or any other uses
- Posting on any communication medium
- Transmittal via the Internet

Terms of usage

Upon receipt of this document either directly or indirectly, it is understood that the user will and must fully comply with the other terms and conditions of TransGraph. By accepting this document the user agrees to be bound by the foregoing limitations. This publication is prepared by TransGraph and protected by copyright laws. Unless otherwise noted in the Service Agreement, the entire contents of this publication are copyrighted by TransGraph, and may not be reproduced, stored in another retrieval system, posted on any communication medium, or transmitted in any form or by any means without prior written consent of TransGraph. Unauthorized reproduction or distribution of this publication, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent necessary to protect the rights of TransGraph. The information and opinions contained in this report have been obtained from sources TransGraph believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any assets (commodities, currencies, etc) or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient; they are subject to change without any notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any views expressed reflect the current views of the analysts, which do not necessarily correspond to the opinions of TransGraph or its affiliates. Opinions expressed may differ from views set out in other documents, including research, published by TransGraph. Any reference to past performance should not be taken as an indication of future performance. No member in the public related to TransGraph accepts any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report.

Analyst Certification

Each analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the analyst's views about any and all of the factors and assets (commodities, currencies, etc) named in this report, and (ii) no part of the analyst's compensation is directly or indirectly, related to the execution of the specific recommendations or views expressed herein.

Errors and Omissions Excepted (E&OE)

Copyright © TransGraph Consulting Private Limited, Hyderabad, India.

Talk to us on: **+91-40-46619999**

Research Queries: services@transgraph.com

Sales: mktg@transgraph.com

TransRisk software: demo@transgraph.com

More info: www.transgraph.com | www.transrisk.net

TransGraph Consulting Private Limited

6C/A, Melange Towers, Sy.No.80-84, Hitech City, Hyderabad – 500081, India