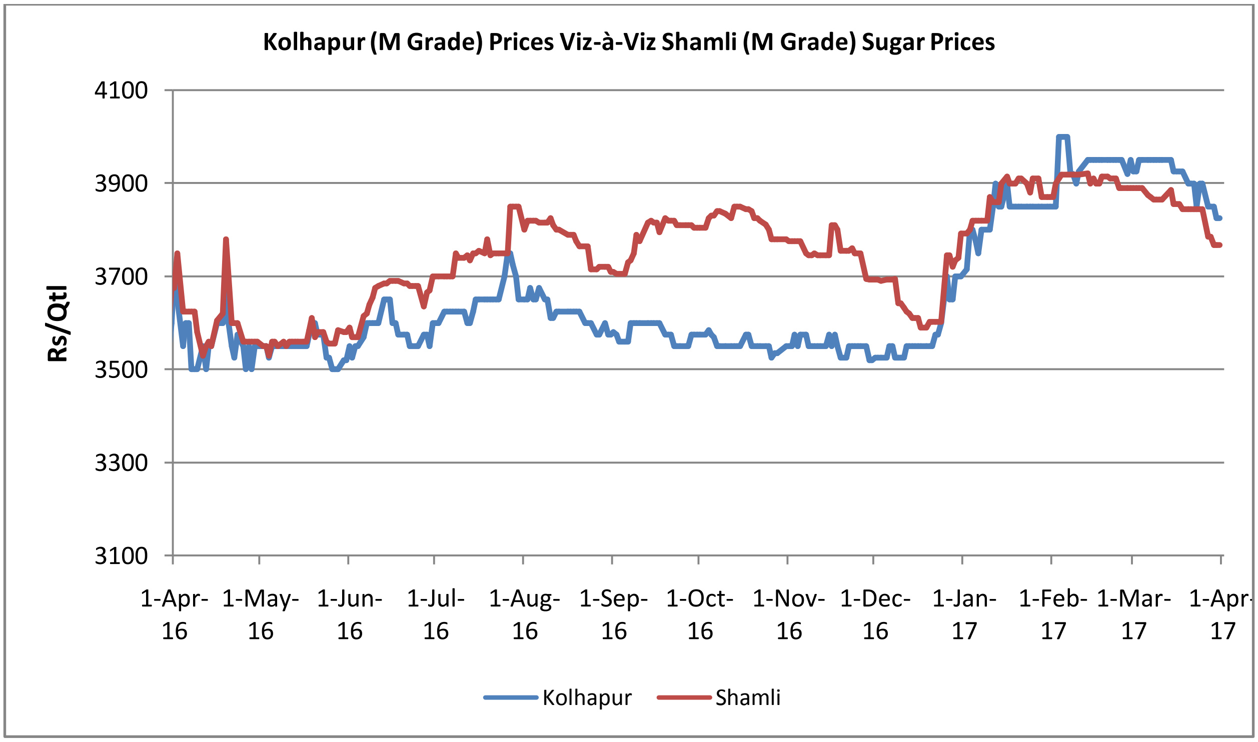
Sugar & Gur Monthly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices traded steady to weak during the month of March amidst persistent supplies from millers on one hand and selective buying from stockiest and bulk consumers on the other.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3910 per quintal in the month of March compared to Rs 3941 per quintal in the month of February. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 2% from Rs 3906 per quintal in the month of February to Rs 3846 per quintal in the month of March.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak in April as market is already loaded with ample sugar stock during this period of time.

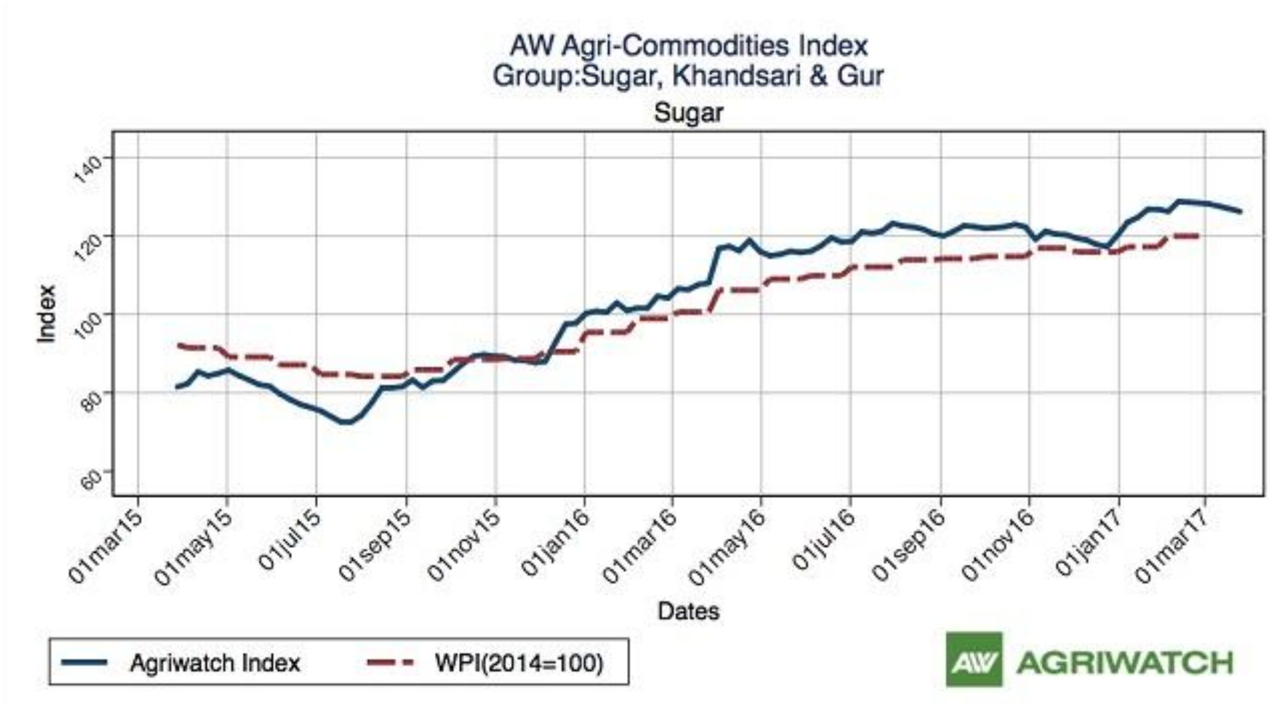
Price Projection for the Next Month

According to Agriwatch, the spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3700 - 4100 per quintal in the month of March.

Domestic Market Highlights

- According to the latest government report, sugar mills in India owes a total of Rs 12,270 crore (for the year 2016-17, 2015-16, 2014-15 and earlier sugar seasons) pending cane arrears to the Indian farmers till 28th February, 2017.
- Rating agency, ICRA projected India to produce 20.3 MT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017) while domestic sugar consumption is expected to lie at 24 MT in 2016-17.
- Agriwatch predicts India to produce 19.5 MT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017) due to a lower cane output in drought hit areas of Maharashtra & Karnataka along with a greater diversion of cane for 2017/18 planting in these areas. AW projects Maharashtra, U.P and Karnataka to produce 43 LT, 85 LT and 22 LT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017)
- However, as per the latest ISMA estimate, India is expected to produce 20.3 MT of sugar in MY 2016-17 (01st October, 2016 – 30th September, 2017).
- India produced 162.45 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 18.54% lower than the sugar produced last year during the corresponding period.
- Sugar production in Maharashtra fell down by 41.70% as the state produced 41.15 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) compared to 70.58 LT of production made in 2015-16 (01st October, 2015 – 28th February, 2016).
- 107 sugar mills in U.P had produced 62.46 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 8.95 LT higher than the sugar produced last year in 2015-16 (01st October, 2015 – 28th February, 2016).
- Karnataka sugar production fell by 43.29% as the state produced 20.50 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) compared to 36.15 LT of production made last year during the corresponding period.
- 38 sugar mills in Tamil Nadu produced 6.90 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 30.68% higher than the sugar produced by the same number of mills last year (till 28th February, 2016).
- The combined sugar production of Andhra Pradesh & Telangana fell by 2.21 LT as the states produced 4.30 LT of sugar in 2016-17 (till 28th February, 2017) compared to a sugar production of 6.51 LT made in 2015-16 (till 28th February, 2016).
- Sugar production in Gujarat fell by 12.95% as the state produced 8 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) compared to 9.19 LT of production made in 2015-16 (01st October, 2015 – 28th February, 2016).
- Bihar produced 4.30 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 4.23% lower than the sugar produced last year in in 2015-16 (01st October, 2015 – 28th February, 2016).
- Uttarakhand, Punjab, Haryana and M.P & Chhattisgarh produced 2.45 LT, 4.50 LT, 3.75 LT and 3.70 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017).

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– Mar 25, 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 fell by 0.44% to 125.31 during the week ending on March 25, 2017. Notably, the base for the Index is 2014 (= 100).

Sugar Import/Export Opportunity

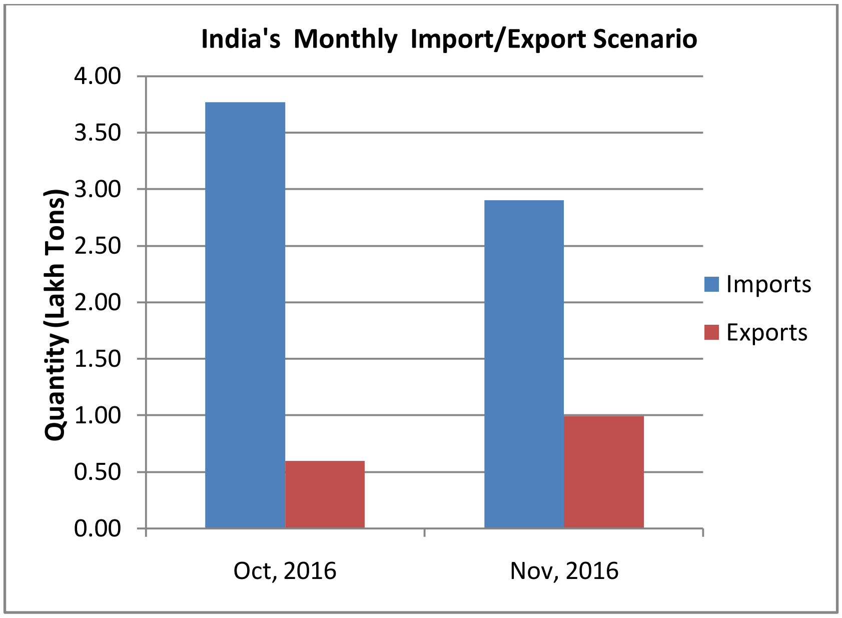
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $558.95 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $606.35 per ton.

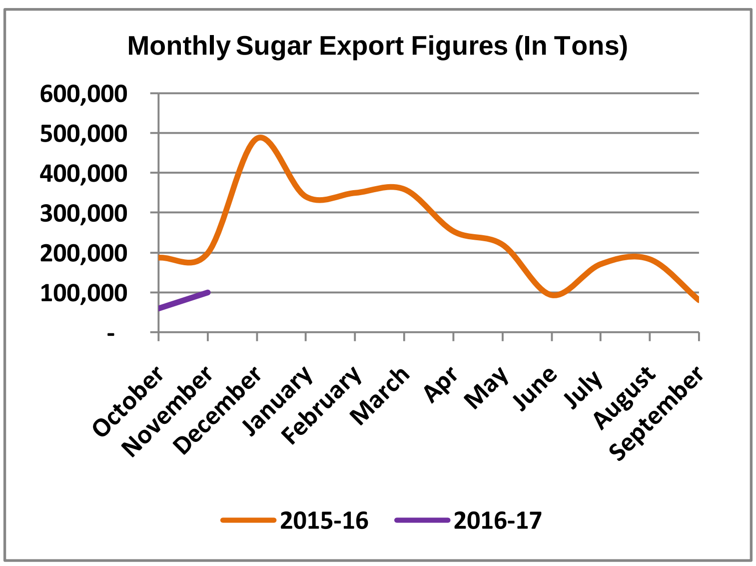
On International front, Brazil sugar FOB prices quoted at $479.00 Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

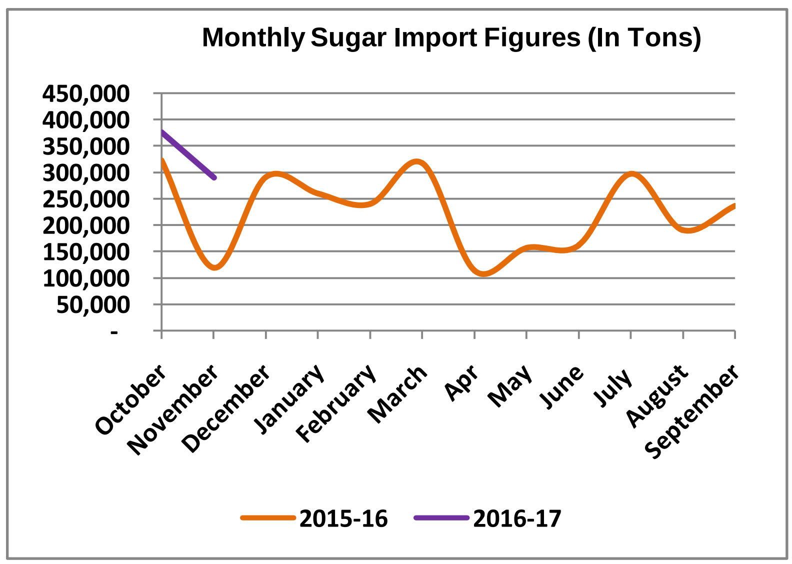
Indicative Sugar FOB Prices (USD/MT) ($=Rs. 64.84) as on 31 Mar, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$479.00	NA/498.80	$606.35

Sugar Import and Export Scenario

India exported 0.99 lakh tons of sugar while imported 2.90 lakh tons of sugar in November, 2016. However, the country exported and imported 0.60 lakh tons and 3.76 lakh tons of sugar respectively last month in October, 2016.







An y-o-y comparison shows that the country's sugar imports rose by 143% from 1.19 lakh tons last year; while exports fell by 50% from 1.98 lakh tons in November, 2015 Notably, Myanmar, Somalia and Sudan were amongst the top sugar importing nations from India, who imported 38.8 thousand tons, 10 thousand tons and 7.8 thousand tons of sugar respectively in the month of November, 2016.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR Continuous Chart (C1)

Technical Commentary:

- Sugar prices, volume and O.I decreased indicating consolidation in the market.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes neutral hovering.

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Strategy: We advise market participants to Sell.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	3400	3500	3778	4020	4141
Intraday Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	C1 Chart	**Sell**	Below 3800	3700	3650	3850

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

- Spot sugar prices at benchmark Kolhapur market closed at Rs 3910/quintal in the month of March.

- Next resistance and support level for the coming month has been seen at Rs 4010 and Rs 3705 per quintal.

Sugar Domestic Balance Sheet

(Lakh Ton)

		2015-16	2016-17*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	60.91	61.24	61.24	54.13	133.09	71.46
B	Estimated sugar production	250.50	195.00	62.40	122.85	7.41	2.34
C	Imports	27.09	35.00	8.75	12.25	5.25	8.75
D	Estimated sugar availability (A + B + C)	338.50	291.24	132.39	189.23	145.75	82.55
E	Exports	29.26	19.86	5.96	7.94	1.99	3.97
G	Availability for domestic consumption (D - E)	309.24	271.38	126.43	181.29	143.76	78.58
H	Estimates sugar consumption	248.00	241.00	72.30	48.20	72.30	48.20
I	Carry out stock (G - H)	**61.24**	**30.38**	54.13	133.09	71.46	**30.38**

Note: Indian sugar marketing year begins from October – September**.**

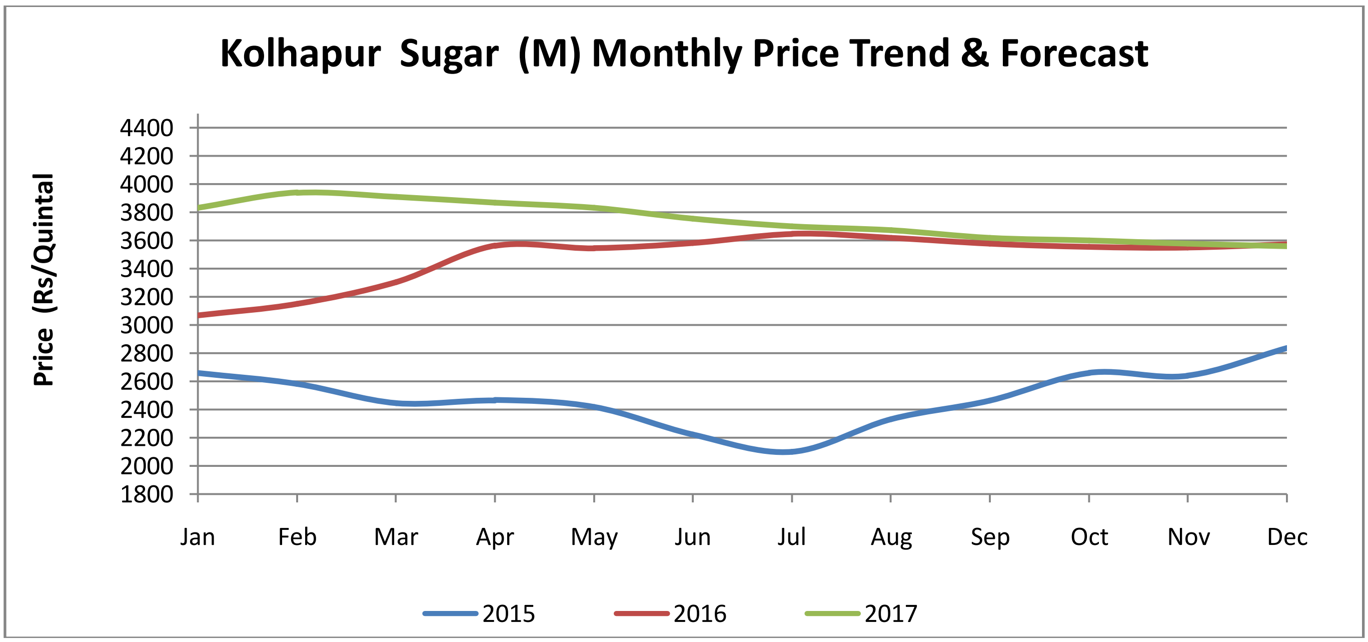
India's sugar production is expected to decline to 195 LT in 2016/17 as draught in major producers Maharashtra and Karnataka has negatively affected both the cane acreage and productivity in the two states resulting into a lower sugar production estimates for 2016-17. However, an expected surge in cane area, yield and sugar recovery in Uttar Pradesh is expected to offset the losses incurred in Maharashtra and Karnataka.

This fall in production estimate (which also means lower sugar availability in the domestic market) basically gave rise to the domestic sugar prices in India.

On the other hand, sugar domestic consumption is expected to decline to 241.00 lakh tonnes in 2016-17 (01st October, 2016 – 30th September, 2017).

Domestic Sugar (M- grade) Price Projection (Kolhapur Market) for next 5 months

		(Rs/Quintal)
Current Average Price	Mar	3910
Projected Price	Apr	3871
	May	3832
	Jun	3756
	Jul	3703
	Aug	3673



Spot sugar (M- grade) prices at benchmark Kolhapur market settled at Rs 3910/quintal during the month of March amidst adequate sugar supply and muted domestic demand.

And Agriwatch predicts prices to trade steady to weak in the months ahead as well because the market at the moment is already loaded with sufficient sugar stock to cater the domestic demand. In addition to that, the recent announcement made by the govt. to allow duty free import of 5 lakh tonnes of raw sugar (till 12th of June, 2017) further landed support to the fall in prices.

And then after that, an expected bumper sugar production next crushing season (2017-18) further supports a fall in domestic prices.

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

- As per the latest UNICA report, Brazil's main C.S region crushed 3.26 MT of sugarcane in the first half of March, 2017 in order to obtain 0.07 MT of sugar thereon.
- Brazil's raw sugar exports fell by 13.5% as the country exported 1.54 MT of raw sugar in February, 2017 compared to 1.78 MT of exports made in January, 2017.
- Market player FCStone, reduced it sugarcane production forecast for Brazil's main centre south region (from 590.8 MT to 588.8 MT) citing an expected lower yield from the old cane fields in MY 2017-18(April – March).
- The International Sugar Organization (ISO) predicted a global sugar deficit of 5.87 MT in 2016-17 (October – September).
- Platts predicted Brazil's main centre south region to produce 597.3 MT of sugarcane in 2016-17 while the region is expected to produce 582 MT of cane in 2017-18.
- Agroconsult, Archer Consulting and FCStone projected Brazil's main centre south region to produce 595 MT, 586 MT and 597.4 MT of sugarcane respectively in 2017 -18 (01st April, 2017 – 31st March, 2018).
- Market player, Licht predicted a global sugar supply surplus of 2 MT in 2017-18 (October – September) following a bumper cane production in world's largest producer Brazil and favorable weather condition in other Asian countries.
- Datagro predicted Brazil's main C.S region to churn 612 MT of sugarcane in 2017-18 (01st April, 2017 – 31st March, 2018) to produce 36.8 MT of sugar there on. However, for 2016-1718 (01st April, 2017 – 31st March, 2018) the organization predicted a cane crop and sugar production of 605.5 MT and 35.62 MT respectively.
- Brazil exported 1.78 million tonnes of raw sugar in January, 2017 which was 14.73% lower than the sugar exported the previous month in December, 2016.
- According to the Agriculture Ministry officials, sugar output in Iran is estimated to exceed 1.52 million tons by the end of the current fiscal year. Domestic demand for sugar is around 2.2 million tons and another 700,000 tons needs to be imported.
- The Indonesian govt. allowed import permit for1.5 MT of raw sugar in the first half of MY 2017 i.e. 01st January, 2017- 30th June, 2017.
- 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 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.

LIFFE Future Market Sugar Scenario (May'17 Contract)

Source: Reuters Eikon

As on **<u>05 Apr, 2017,</u>** prices of Refined Sugar London exchange traded at $464.3 per ton. On monthly chart, $448.5 per ton is the immediate support level; breach of the mentioned level would take the prices down to $439.2 per ton.

On the upper side, $503.6 and $518.8 per ton are the next resistance levels.

ICE Raw Sugar Future Market Scenario (May'17 Contract)

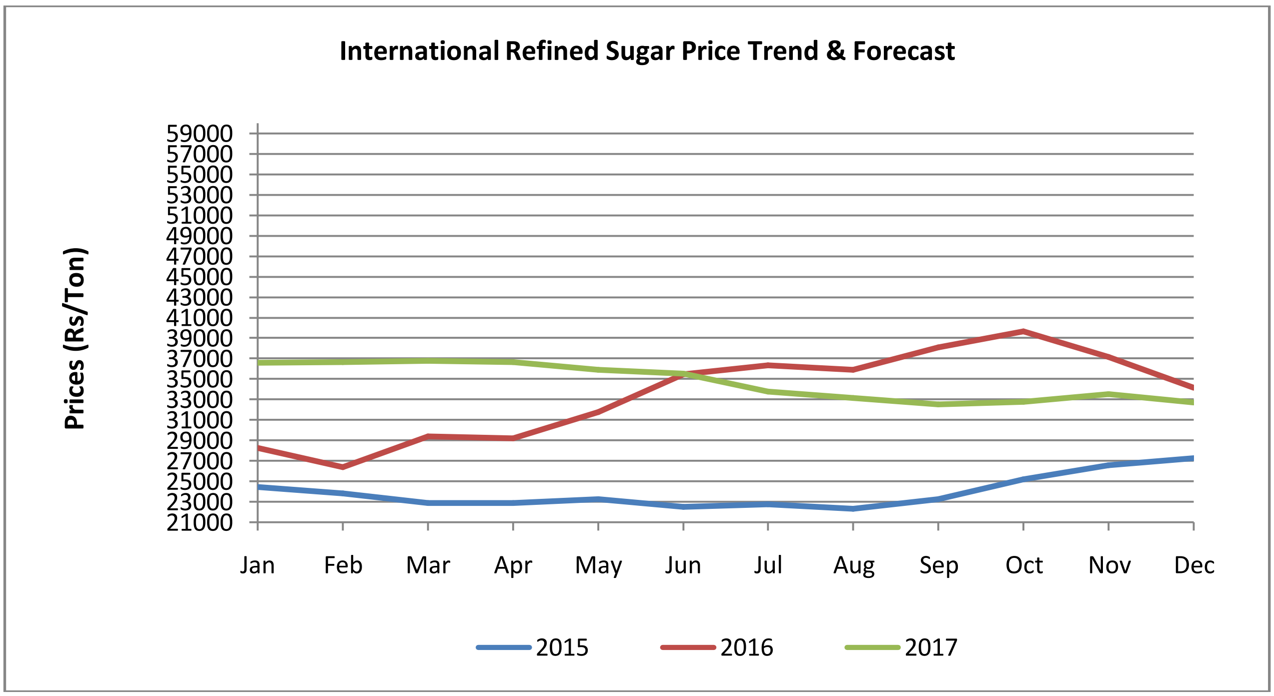
Source: Reuters Eikon

As on **<u>05 Apr, 2017,</u>** ICE Raw sugar prices settled at 16.16 cents per lbs. On monthly chart, 15.46 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 14.78 cent per lbs.

On the upper side, 17.39 and 18.18 cents per lbs are the resistance levels.

International Refined Sugar Price Projection

		(Rs/Ton)
Current Average Price	Feb	36684
Projected Price	Mar	36766
	Apr	36634
	May	35887
	Jun	35510
	Jul	33809

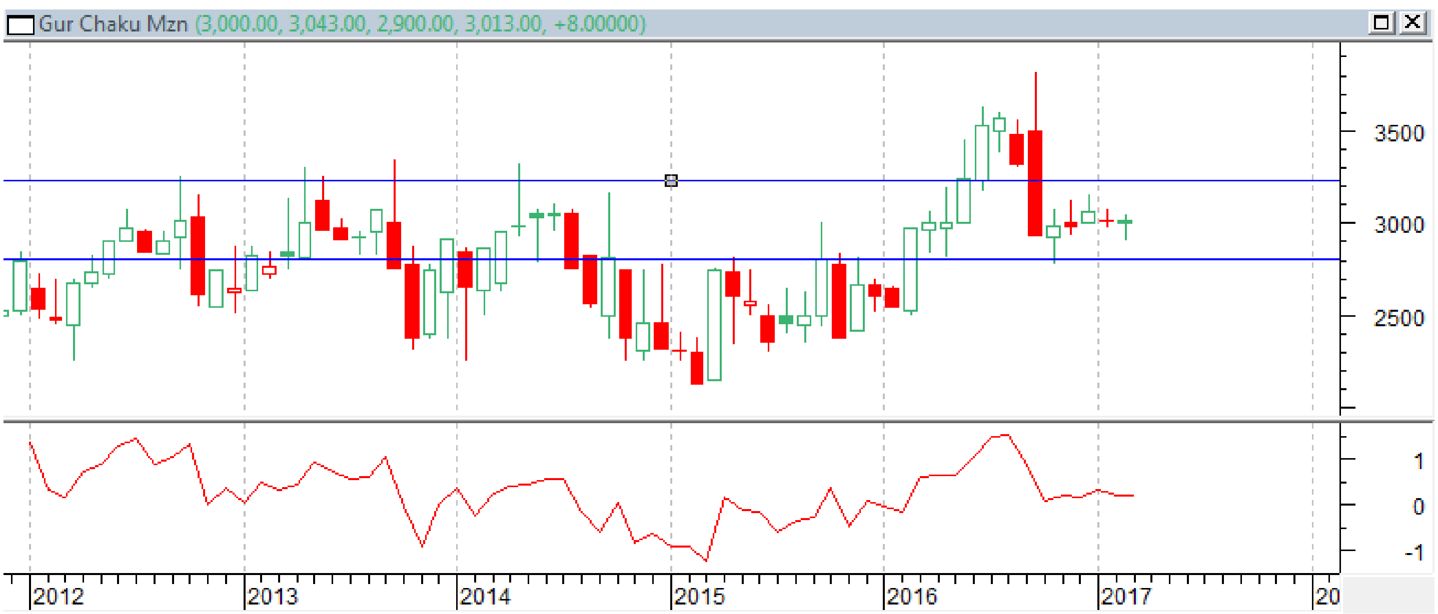


International refined sugar prices are expected to trade steady to weak during the next 5 months as the main producing nation, Brazil is expecting a huge cane crop this year too which will certainly increase sugar availability in the international market leading to a fall in prices.

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some market while declining in others. Prices of Achhu (Medium) variety of gur from Mandya rose by Rs 515/quintal from Rs 3463/quintal to Rs 3978/quintal during the month of March. Similarly, prices of Mudde (Average) variety of gur from Bangalore rose by Rs 412/quintal to Rs 4754/quintal during the month. On the other hand, prices of Rascut (Fresh) and Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market fell by Rs 94 and Rs 45 per quintal to Rs 2482/quintal and Rs 2989/quintal respectively.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 2981/quintal for the month of March.
- Next resistance and support level for the coming month has been seen at Rs 3234 and Rs 2805 per quintal.

Spot Jaggery (Gur) Prices Scenario (Monthly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			Mar,17	Feb,17	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2989	3034	-45
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	182000	210000	-28000
	Muzaffarnagar	Khurpa (Fresh)	2745	2819	-75
	Muzaffarnagar	Laddoo (Fresh)	2970	2963	7
	Muzaffarnagar	Rascut (Fresh)	2482	2576	-94
	Hapur	Chaursa	2699	2704	-5
	Hapur	Balti	2693	2724	-31
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4754	4342	412
	Belgaum	Mudde (Average)	3491	3381	110
	Belthangadi	Yellow (Average)	NA	NR	-
	Bijapur	Achhu	3467	3499	-32
	Gulbarga	Other (Average)	3463	3553	-90
	Mahalingapura	Penti (Average)	3784	3802	-18
	Mandya	Achhu (Medium)	3978	3463	515
	Mandya	Kurikatu (Medium)	3633	3333	300
	Mandya	Other (Medium)	3652	3350	302
	Mandya	Yellow (Medium)	3798	3458	340
	Shimoga	Achhu (Average)	4234	3971	263

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	**Centre**	**Variety**	**Average Prices (Rs/Qtl)**		**Change**
Sugar			**Mar,17**	**Feb,17**	
Delhi	Delhi	M-Grade	3884	3947	**-63**
	Delhi	S-Grade	3864	3927	**-63**
Uttar Pradesh	Khatauli	M-Grade	3883	3969	**-86**
	Ramala	M-Grade	NA	NA	**-**
	Dhampur	M-Grade Ex-Mill	3829	3893	**-64**
	Dhampur	S-Grade Ex-Mill	3809	3873	**-64**
	Dhampur	L-Grade Ex-Mill	3879	3943	**-64**
Maharashtra	Mumbai	M-Grade	4238	4244	**-6**
	Mumbai	S-Grade	4008	3988	**20**
	Nagpur	M-Grade	4031	4065	**-34**
	Nagpur	S-Grade	3941	3965	**-24**
	Kolhapur	M-Grade	3906	3940	**-34**
	Kolhapur	S-Grade	3816	3840	**-24**
Assam	Guhawati	S-Grade	4137	4161	**-24**
Meghalaya	Shillong	S-Grade	4136	4160	**-24**
Andhra Pradesh	Vijayawada	M-Grade	4182	4193	**-11**
	Vijayawada	S-Grade	4115	4076	**39**
West Bengal	Kolkata	M-Grade	4061	4099	**-38**
Tamil Nadu	Chennai	S-Grade	3806	3842	**-36**
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)					

International Sugar Prices (Monthly)				
	Contract Month	**30-Mar-17**	**28-Feb-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**May-17**	16.81	19.09	**-2.28**
	Jul-17	16.94	19.15	**-2.21**
	Oct-17	17.19	19.01	**-1.82**
LIFFE Sugar (US $/MT)	**May-17**	479.00	496.50	**-17.50**
	Aug-17	476.70	493.00	**-16.30**
	Oct-17	466.30	528.20	**-61.90**

Total India & State wise Sugarcane Price (Rs/Ton)

State	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
India (FRP)	1298	1391	1450	1700	2100	2200	2300	2300
UP	2300	2050	2400	2800	2800	2800	2800	3050
Maharashtra	2264	2000	1800-2050	2100-2500	2360	-	-	2375
Punjab	2080	2120	2200	2400	2800	2850	2800-2950	2900
Haryana	2450	2150	2210	2710	2950	3050	3000-3100	
Gujarat	2450	1500-1700	-	2500	-	-	-	
Andhra Pradesh	1885	1800-2000	2000	2500	2600	-	2360-2400	
Karnataka	2400	1740	2000	2400	2500	2500	2300 - 2625	2300-3050
Tamil Nadu	1663	1948	2100	2350	2550	2650	2850	2850

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