
Sugar & Gur Monthly Research Report

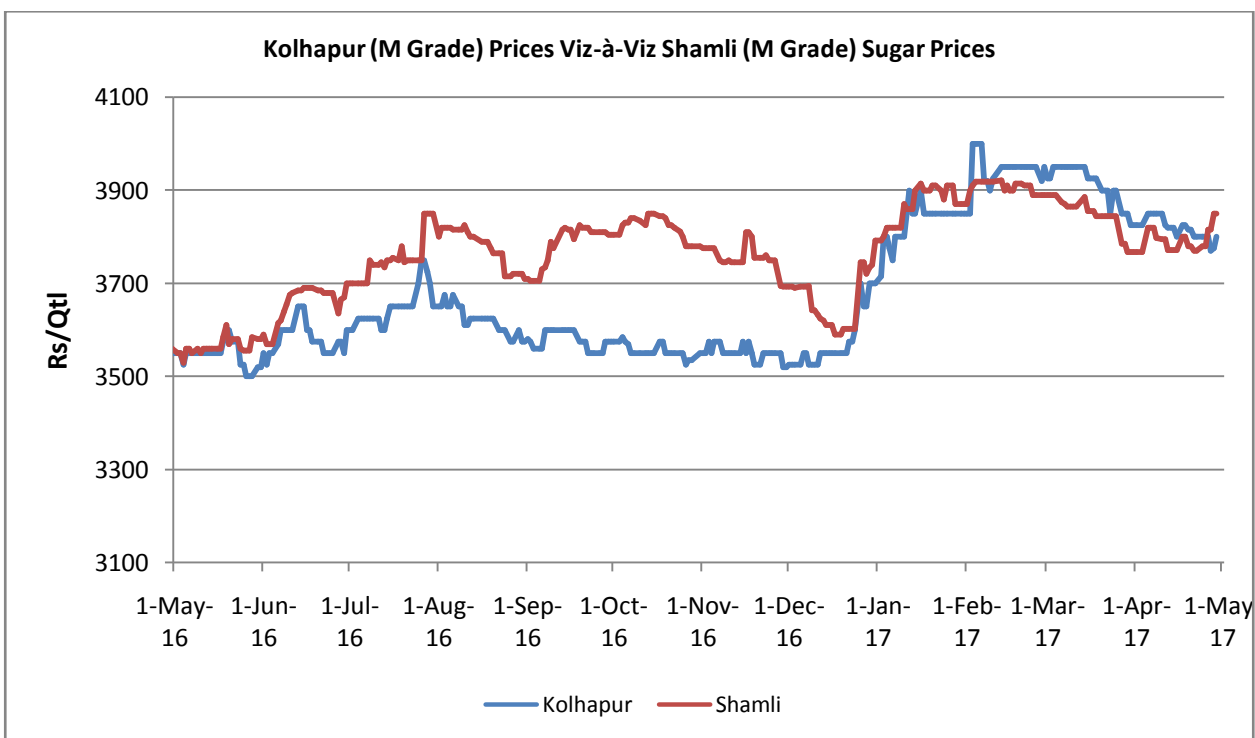
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Domestic Sugar Market Summary

Spot sugar prices traded steady to weak during the month of April amidst adequate supply and muted demand in the domestic spot market. In addition, the announcement made by the govt. to allow duty free import of raw sugar further landed support to the fall in prices.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3817 per quintal in the month of April compared to Rs 3910 per quintal in the month of March. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 1.35% from Rs 3846 per quintal in the month of March to Rs 3794 per quintal in the month of April.



Price Outlook:

Agriwatch predicts spot sugar prices to rise during the months ahead as crushing operation almost came to an end for the current season (2016-17) which could affect sugar stock availability within the country.

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 May.

Domestic Market Highlights

- To balance the mismatch between the country's sugar production and consumption level, the Indian govt. allowed duty free import of 5 lakh tonnes of raw sugar in the country. Out of the total quantity, 3 lakh tonnes of quota has been allocated to the mills in south, 1.5 lakh tonnes to the mills in west and 0.5 lakh tonnes to the mills in east. Notably, the govt. estimates India to produce 22.5 MT of sugar this marketing year i.e. 2016-17 (01st October, 2016 – 30th September, 2017) while AW predicts sugar production of 19.5 MT during the same period.
- In a move to ensure sugar availability within the country and to avoid hoarding, the Indian govt. extended the duration for imposing stock limit on sugar. Notably, the limit has now been stretched by another six months to 29th April, 2017 – 28th October, 2017; while the quantity of stock limit remains the same as 1,000 tonnes for traders in West Bengal and 500 tonnes for all the others.
- Owing to the recovery from drought and an increase in cane recovery rate especially in state like Uttar Pradesh, Licht predicts India to produce 24.4 MT of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) compared to 20.3 MT of production projected in 2016-17 (01st October, 2016 – 30th September, 2017).
- ISMA had revised India's sugar production forecast from 20.3 MT to 20.2 MT for 2016-17 (01st October, 2016 – 30th September, 2017).
- U.P had produced 86 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 21st April, 2017) which is the highest production figure achieved till date by the state. Further, the state is expected to produce even more sugar in the coming days as approximately 39 sugar mills are still operating for the current crushing year.
- Sugarcane area in main growing region of Kolhapur (Maharashtra) rose by 9.09% from 1.32 lakh hectares in 2016-17 to 1.44 lakh hectares in 2017-18.
- 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)

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 \$530.18 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$608.44 per ton.

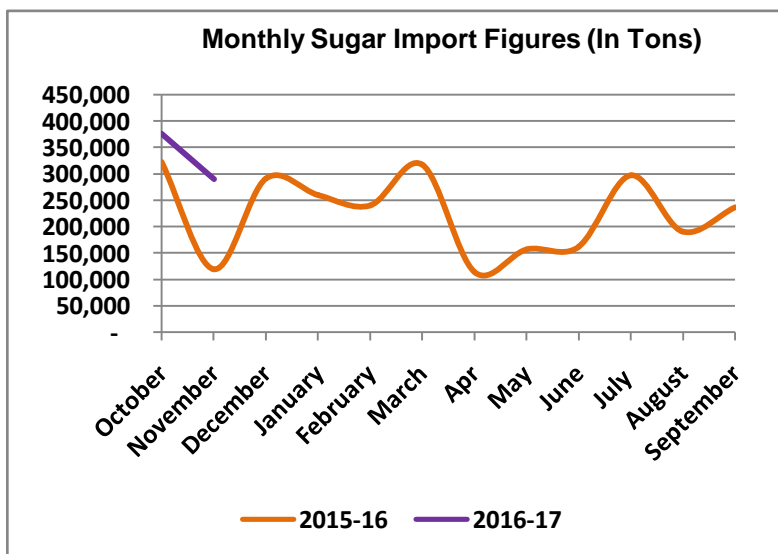
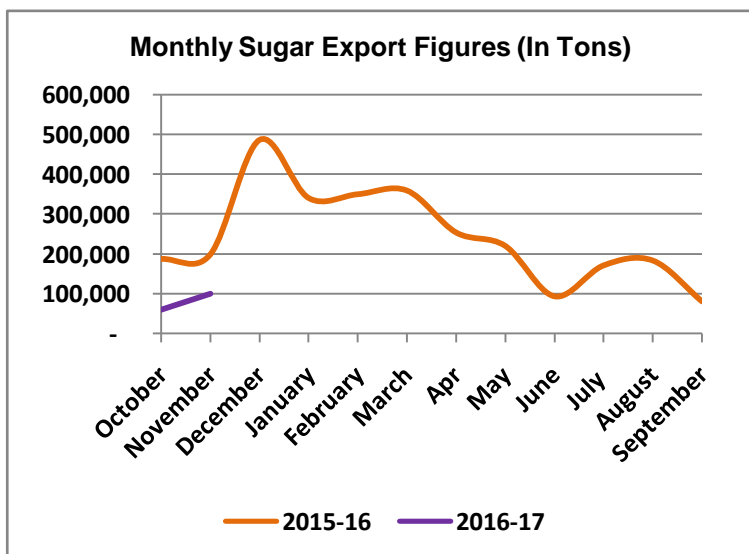
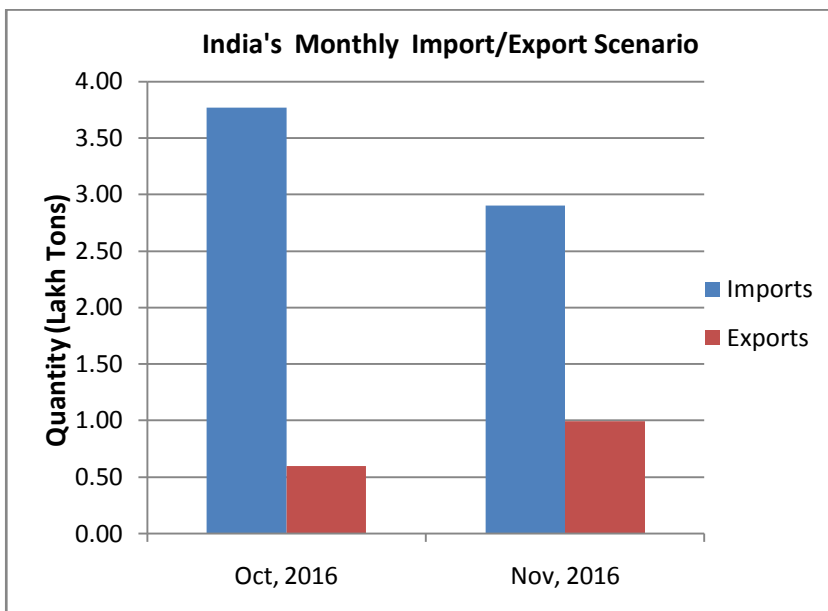
On International front, Brazil sugar FOB prices quoted at \$504.21 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs. 64.21) as on 03 May, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$504.21	NA/459.50	\$608.44

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)


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


- Spot sugar prices at benchmark Kolhapur market closed at Rs 3817/quintal in the month of April.
- Next resistance and support level for the coming month has been seen at Rs 3930 and Rs 3718 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.

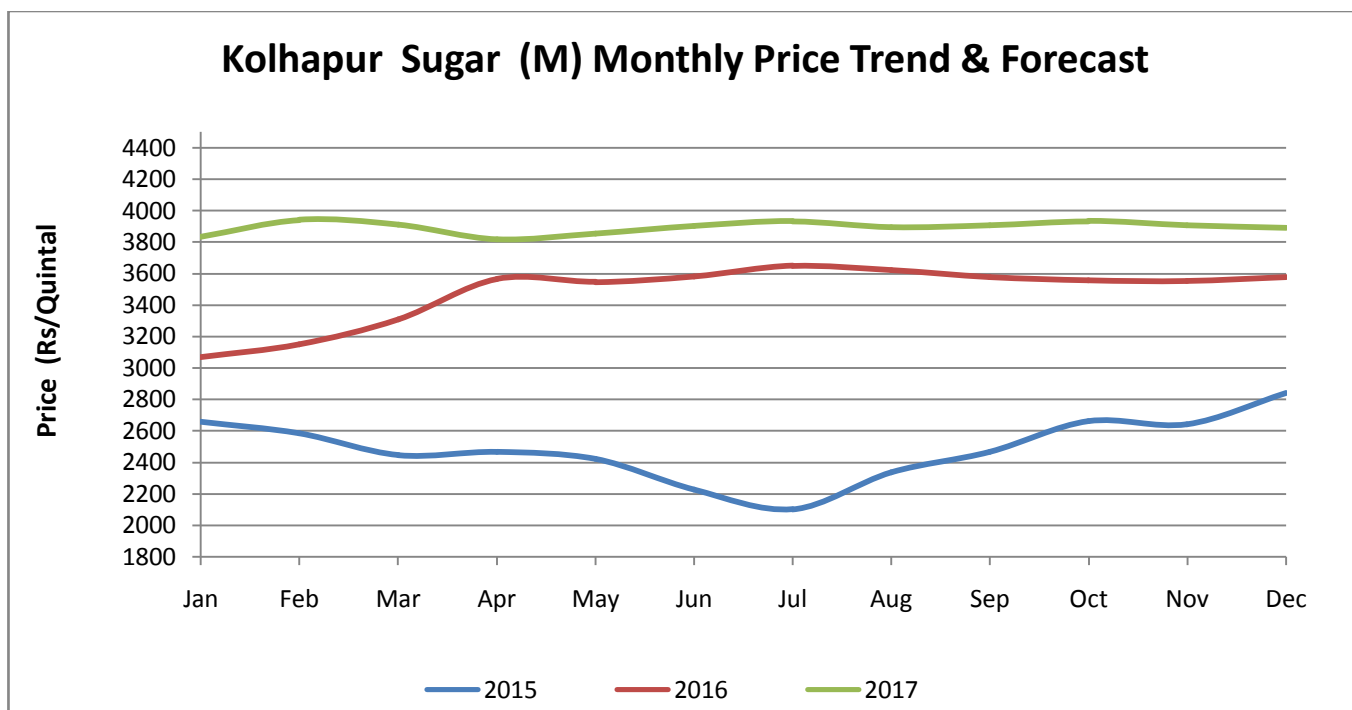
India's sugar production is expected to decline to 195 LT in 2016/17 as draught in major producers Maharashtra and Karnataka has negatively affected both the cane acreage and productivity in the two states resulting into a lower sugar production estimates for 2016-17. However, an expected surge in cane 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	Apr	3817
Projected Price	May	3855
	Jun	3901
	Jul	3933
	Aug	3893
	Sep	3906



Spot sugar (M- grade) prices at benchmark Kolhapur market settled at Rs 3817/quintal during the month of April amidst adequate sugar supply and muted domestic demand.

While, Agriwatch predicts prices to rise in the month of May, June and July as India will almost be done with the sugar crushing (season 2016-17) during that period resulting into non arrival of any new stock into the market. In addition, it is the time when summer seasonal demand is at its high which will further boost the domestic sugar demand, again resulting into rise in prices.

International Sugar Market Summary

International sugar prices noticed weak trend during the month of April due to ample sugar production forecast worldwide and a fall in demand.

International Market Highlights

- Market player, F. O Licht predicts world sugar production to rise by 7.57% from 176.9 MT in 2016-17 to 190.3 MT in 2017-18. This rise has been attributed to an increased production estimate in India, Thailand and European Union (E.U)
- While, an end to European sugar quota could lead European Union (E.U) to produce 18.4 MT of sugar in 2017-18 compared to 15.4 MT of production made in 2016-17 (as per the projection made by Licht).
- However, the largest sugar producing country, Brazil (center-south) is expected to produce 35.9 MT of sugar in 2017-18 which is only 0.84% higher than the sugar produced in 2016-17.
- UNICA predicts Brazil's main C.S region to crush 585 MT of sugarcane in 2017-18 (April – March) which is 3.65% lower than the sugarcane crushed during the season 2016-17.
- Brazil's main centre south region produced 0.27 MT of sugar in the second half of March, 2017 which was 0.20 MT higher than the sugar produced in the first half of the month.
- Brazil raw sugar exports fell by 25.7% as the country exported 1.14 MT of raw sugar in March, 2017 compared to 1.54 MT of exports made in February, 2017.
- Market player FCStone, reduced its 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).
- 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 2016-17 (01st April, 2017 – 31st March, 2018) the organization predicted a cane crop and sugar production of 605.5 MT and 35.62 MT respectively.

LIFFE Future Market Sugar Scenario (Aug'17 Contract)


Source: Reuters Eikon

As on **03 May, 2017**, prices of Refined Sugar London exchange traded at \$450.1 per ton. On monthly chart, \$443.37 per ton is the immediate support level; breach of the mentioned level would take the prices down to \$422.83 per ton.

On the upper side, \$480.6 and \$501.79 per ton are the next resistance levels.

Monthly SBc1 4/30/2012 - 8/31/2017 (NYC)

BarOHLC, SBc1, 5/31/2017, 16.20, 16.49, 15.59, 15.73, -0.15, (-0.94%), CndL, SBc1, 5/31/2017, 16.20, 16.49, 15.59, 15.73, -0.15, (-0.94%)

Price
US\$
Lbs

15.73
15.73

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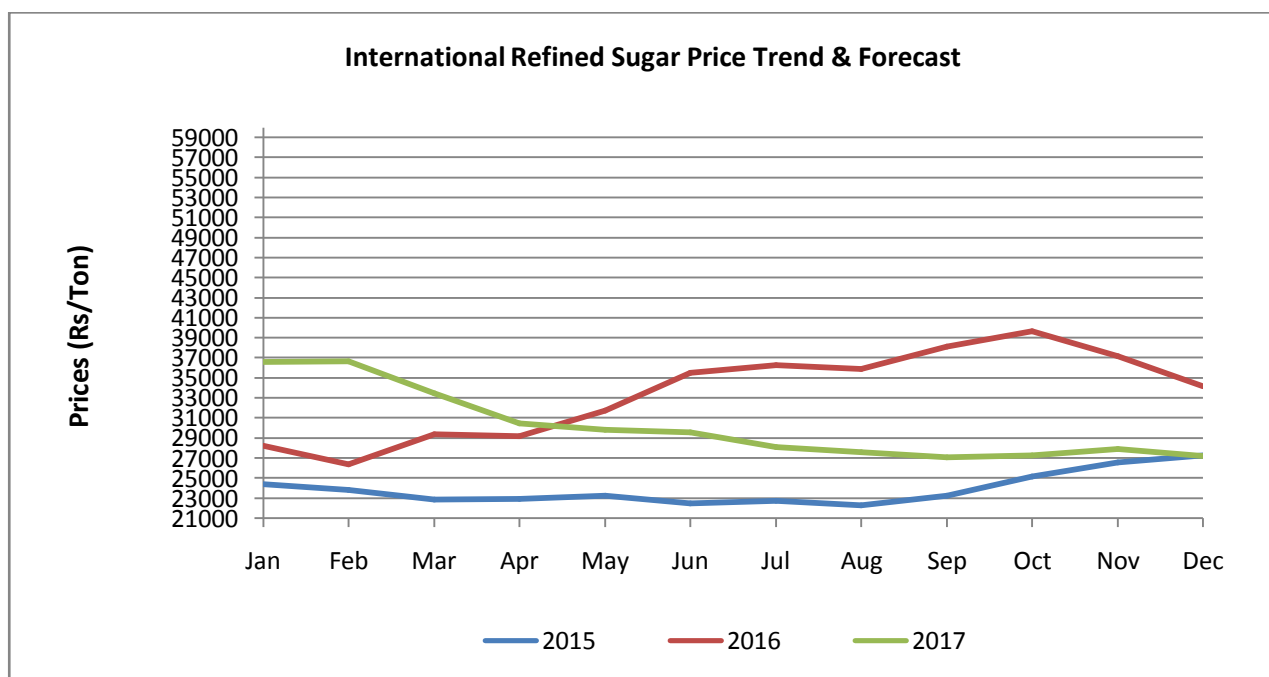
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2012 2013 2014 2015 2016 2017

As on **03 May, 2017**, ICE Raw sugar prices settled at 15.73 cents per lbs. On monthly chart, 15.39 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 14.85 cent per lbs.

On the upper side, 16.52 and 16.91cents per lbs are the resistance levels.

International Refined Sugar Price Projection

		(Rs/Ton)
Current Average Price	Mar	33443
Projected Price	Apr	30488
	May	29867
	Jun	29553
	Jul	28137
	Aug	27575



International refined sugar prices traded weak during the month of April and is expected to remain so for the next five to six 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 Kurikatu (Medium) variety of gur from Mandya rose by Rs 321/quintal from Rs 3633/quintal in the month of March to Rs 3953/quintal during the month of April, 2017. Similarly, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 109/quintal to Rs 3600/quintal during the month of April.

On the other hand, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 179/quintal from Rs 3784/quintal in March to Rs 3605/quintal in April. Similarly, prices of Rascut (Fresh) variety of gur from key Muzaffarnagar market fell by Rs 164/quintal to Rs 2318/quintal in the month of April.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3059/quintal for the month of April.
- Next resistance and support level for the coming month has been seen at Rs 3239 and Rs 2933 per quintal.

Spot Jaggery (Gur) Prices Scenario (Monthly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			Apr,17	Mar,17	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3060	2989	71
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	114000	182000	-68000
	Muzaffarnagar	Khurpa (Fresh)	2729	2745	-16
	Muzaffarnagar	Laddoo (Fresh)	2990	2970	20
	Muzaffarnagar	Rascut (Fresh)	2318	2482	-164
	Hapur	Chaurasa	2656	2699	-43
	Hapur	Balti	2674	2693	-18
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4691	4754	-63
	Belgaum	Mudde (Average)	3600	3491	109
	Belthangadi	Yellow (Average)	NR	NA	-
	Bijapur	Achhu	3387	3467	-80
	Gulbarga	Other (Average)	3526	3463	63
	Mahalingapura	Penti (Average)	3605	3784	-179
	Mandya	Achhu (Medium)	4234	3978	256
	Mandya	Kurikatu (Medium)	3953	3633	321
	Mandya	Other (Medium)	3872	3652	220
	Mandya	Yellow (Medium)	4111	3798	313
	Shimoga	Achhu (Average)	4827	4550	277

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			Apr,17	Mar,17	
Delhi	Delhi	M-Grade	3838	3884	-46
	Delhi	S-Grade	3818	3864	-46
Uttar Pradesh	Khatauli	M-Grade	3827	3883	-57
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3751	3829	-78
	Dhampur	S-Grade Ex-Mill	3731	3809	-78
	Dhampur	L-Grade Ex-Mill	3801	3879	-78
Maharashtra	Mumbai	M-Grade	4249	4238	12
	Mumbai	S-Grade	3985	4008	-23
	Nagpur	M-Grade	3942	4031	-89
	Nagpur	S-Grade	3892	3941	-49
	Kolhapur	M-Grade	3817	3906	-89
	Kolhapur	S-Grade	3767	3816	-49
Assam	Guhawati	S-Grade	4087	4137	-50
Meghalaya	Shillong	S-Grade	4087	4136	-49
Andhra Pradesh	Vijayawada	M-Grade	4172	4182	-11
	Vijayawada	S-Grade	4148	4115	32
West Bengal	Kolkata	M-Grade	4021	4061	-40
Tamil Nadu	Chennai	S-Grade	3755	3806	-51
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	28-Apr-17	30-Mar-17	Change
ICE Sugar #11 (US Cent/lb)	May-17	16.04	16.81	-0.77
	Jul-17	16.13	16.94	-0.81
	Oct-17	16.32	17.19	-0.87
LIFFE Sugar (US \$/MT)	Aug-17	459.50	479.00	-19.50
	Oct-17	447.70	476.70	-29.00
	Dec-17	444.80	466.30	-21.50

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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