



Sugar & Gur Monthly Research Report

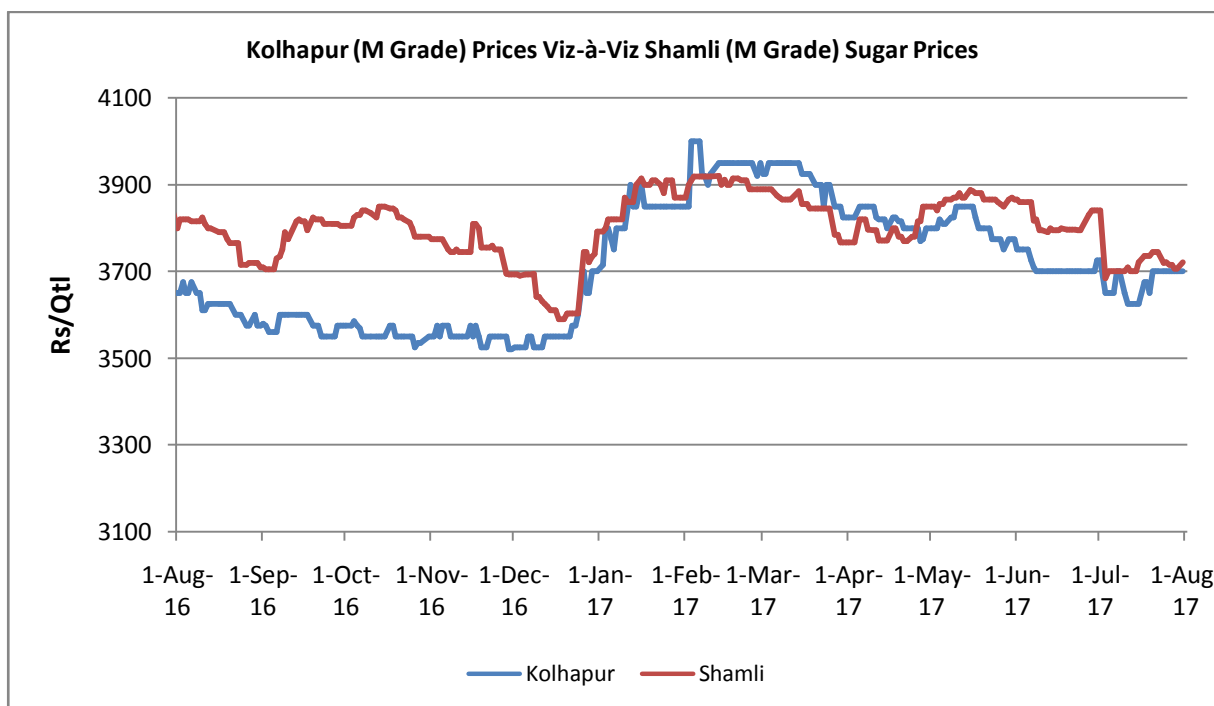
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Agriwatch Sweeteners Index
- ❖ Sugar Export/Import Opportunity
- ❖ Sugar Export/Import Scenario
- ❖ Domestic Sugar Market Technical Analysis - Future Market & Spot Market
- ❖ Sugar Domestic Balance Sheet
- ❖ Domestic Price Projection for next 5 months
- ❖ International Sugar Market Summary & Highlights
- ❖ International Market Technical Analysis (Future Market)
- ❖ International sugar price projection
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

Domestic Sugar Market Summary

Spot sugar prices traded steady to weak during the month of July amidst adequate supply and muted demand in the domestic spot market.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3673 per quintal in the month of July compared to Rs 3710 per quintal in the month of June. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 2.57% from Rs 3817 per quintal in the month of June to Rs 3719 per quintal in the month of July.



Price Outlook

Agriwatch predicts spot sugar prices to fall during the months ahead amidst adequate sugar supply in the market.

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 3500 - 3900 per quintal in the month of August.

Domestic Market Highlights

- Sugar millers in India owes a total of Rs 4,611 crore as the pending cane arrears for this MY i.e. 2016-17 (01st October, 2016 – 30th September, 2017). Out of which Uttar Pradesh, Gujarat, Tamil Nadu, Uttarakhand and Punjab owes Rs 2,535 crore, Rs 1,067 crore, Rs 494 crore, Rs 302 crore and Rs 127 crore respectively.
- According to the official figures, sugarcane has been sown on 49.15 lakh hectares as on July 28, 2017 across the country compared to 45.22 lakh hectares during the same period previous year
- ISMA predicted India to produce 251 LT of sugar next marketing year i.e. 2017 -18 (01st October, 2017 – 30th September, 2018), where in the top three producers U.P, Maharashtra and Karnataka are collectively expected to produce 198 LT of sugar during the period.
- With a view to control soaring sugar prices in future, the Indian govt. gave cues of allowing more duty free sugar import to the country and imposition of stock limit on sugar If need arises so.
- Owing to an expected increase in cane acreage (9.02 lakh hectares), the state government of Maharashtra had predicted the state to produce 73 lakh tonnes of sugar during 2017-18 (01st October, 2017 – 30th September, 2018).
- In order to curtail sugar imports from outside and to maintain domestic sugar prices, the Indian govt. raised import duty on sugar from 40% to 50%.
- With higher cane acreage this year and an expected increase in productivity too, the Rabobank predicted India's sugar production to rise to 26.7 million tonnes in 2017-18 (01st October, 2017 – 30th September, 2018).
- As per the industry estimates, Tamil Nadu is expected to produce 10-10.5 lakh tonnes of sugar during the current marketing year i.e. 2016-17 (01st October, 2016 – 30th September, 2017). However, production is expected to decline to somewhat around 6-7 lakh tonnes next marketing year i.e. 2017-18 due to falling cane acreage and productivity in the state.
- ICRA projected India to produce 24 MT of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) due to a good amount of rainfall received in major producing areas of Uttar Pradesh and Maharashtra during the season.
- The Indian govt. raised Fair & Remunerative Price (FRP) for sugarcane by 10.87% from Rs 2,300/ton in 2016-17 (01st October, 2016 – 30th September, 2017) to Rs 2,500/ton in 2017-18 (01st October, 2017 – 30th September, 2018). This could lead to a rise in sugar prices as well as the input cost for sugar production got increased.
- Rating agency, CRISIL predicts India to produce 25 MT of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) wherein; U.P and Maharashtra are expected to produce 9 and 7 million tonnes of sugar respectively in 2017-18.
- 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.

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 \$481.62 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$594.97 per ton.

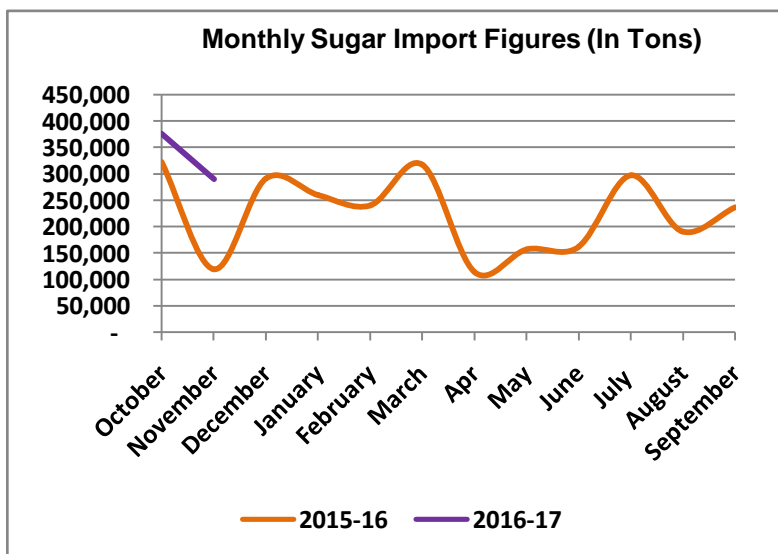
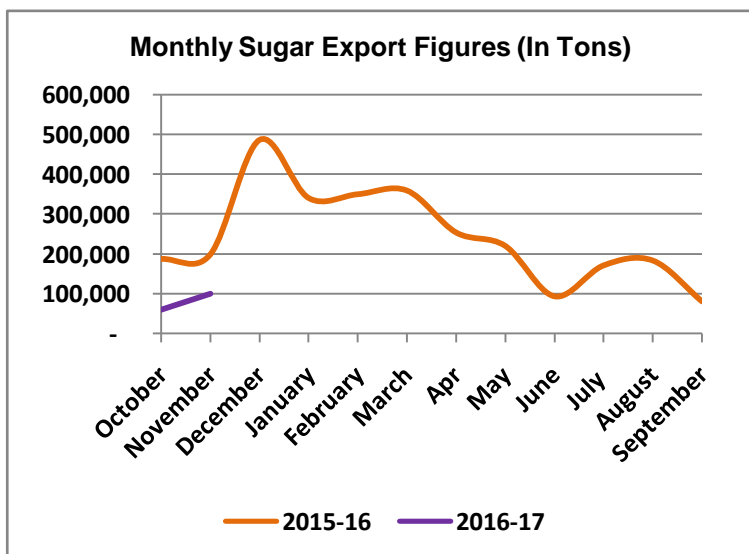
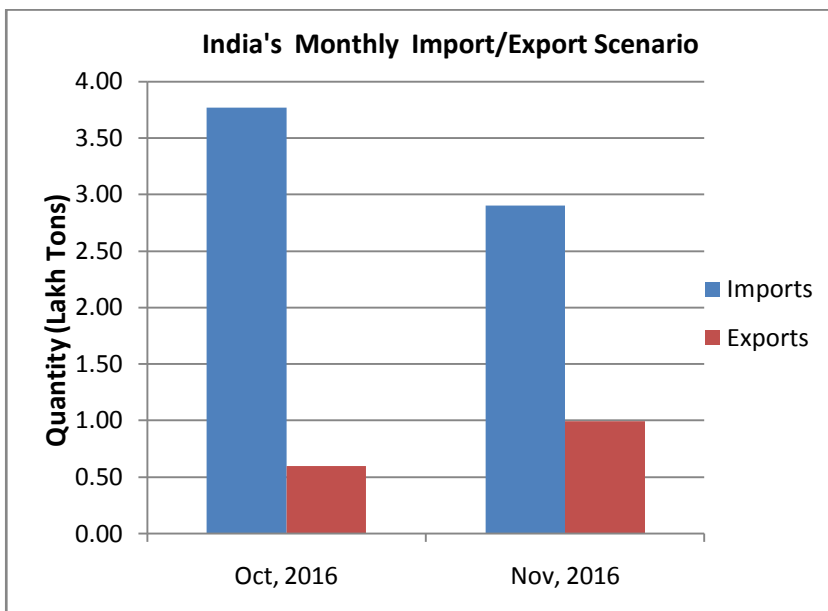
On International front, Brazil sugar FOB prices quoted at \$591.4 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.73) as on 03 Aug, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$591.4	NA/397.10	\$594.97

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 3673/quintal in the month of July.
- Next resistance and support level for the coming month has been seen at Rs 3775 and Rs 3580 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	56.37	139.74	78.38
B	Estimated sugar production	250.50	202.00	64.64	127.26	7.68	2.42
C	Imports	27.09	35.00	8.75	12.25	5.25	8.75
D	Estimated sugar availability (A + B + C)	338.50	298.24	134.63	195.88	152.66	89.55
E	Exports	29.26	19.86	5.96	7.94	1.99	3.97
G	Availability for domestic consumption (D - E)	309.24	278.38	128.67	187.94	150.68	85.58
H	Estimates sugar consumption	248.00	241.00	72.30	48.20	72.30	48.20
I	Carry out stock (G - H)	61.24	37.38	56.37	139.74	78.38	37.38

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

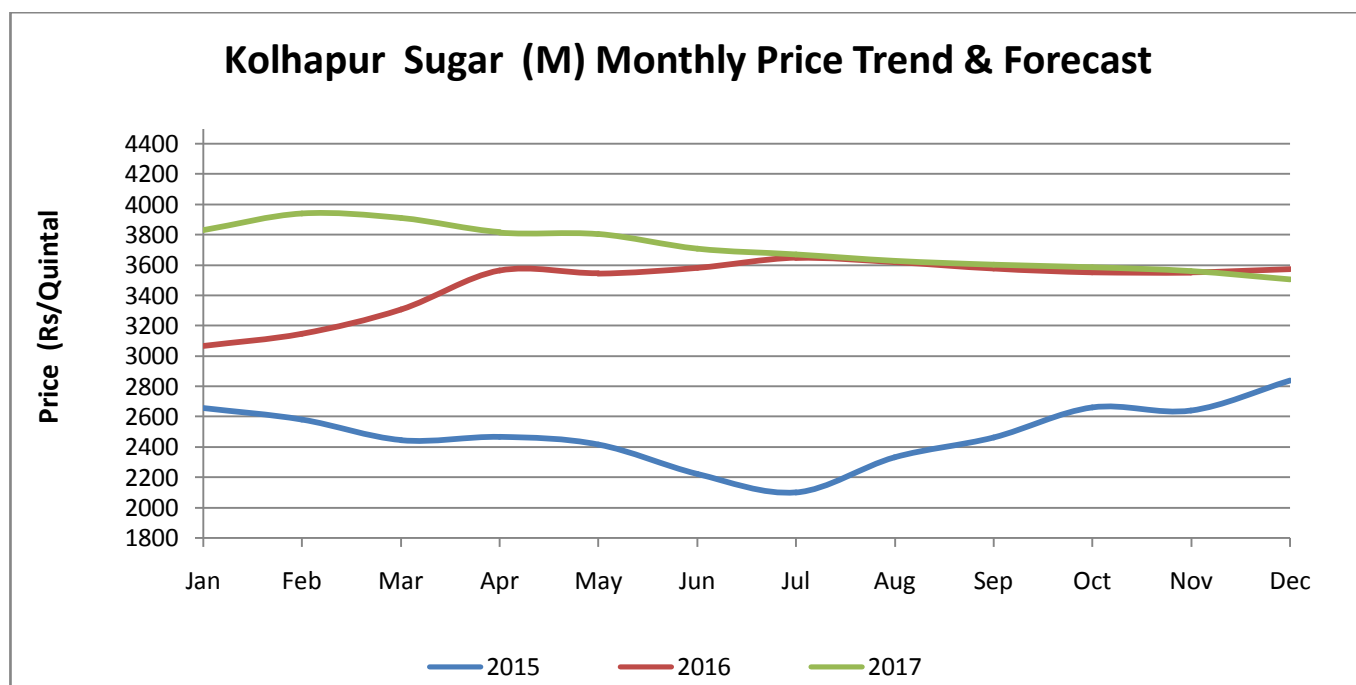
India's sugar production is expected to decline to 202 LT in 2016/17 as draught in major producers Maharashtra and Karnataka has negatively affected both the cane acreage and productivity in the two states resulting into a lower sugar production estimates for 2016-17. However, a higher sugar production in Uttar Pradesh this year (due to surge in cane area, yield and sugar recovery) had largely compensated for 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	Jul	3673
Projected Price	Aug	3629
	Sep	3603
	Oct	3585
	Nov	3560
	Dec	3506



Spot sugar (M- grade) prices at benchmark Kolhapur market settled at Rs 3710/quintal during the month of June amidst adequate sugar supply and muted domestic demand.

While, Agriwatch predicts prices to rise in the month of July as there could be shortage of supply due to non arrival of any new stock into the market In addition, summer seasonal demand and festive demand during the period could boost domestic sugar prices.

International Sugar Market Summary

International sugar prices noticed weak tone during the month of May as cane crushing is happening at full pace in top producer Brazil, resulting into a fall in prices.

International Market Highlights

- The Brazilian govt. reduced the federal tax on ethanol (PIS/Cofins) from 32.55 centavos per liter to 24 centavos per liter. With this move, international sugar prices are expected to rise in future as the Brazilian millers will divert more of their cane towards ethanol production instead of sugar.
- Brazil's raw sugar export fell by 17.11% as the country exported 2.18 MT of sugar (raw) in July, 2017 compared to 2.64 MT of exports made in June, 2017.
- As per the latest UNICA report, Brazil's main C.S region produced 3.10 MT of sugar in the first half of July, 2017 compared to 2.84 MT of sugar produced last year during the same interval.
- Owing to a favorable dry weather condition, the Indonesia govt. expects the country's white sugar production to rise by 13.6% from 2.2 MT in 2016 to 2.5 MT in 2017. The govt. also projects the country to produce 2.8 MT and 3.3 MT of white sugar in MY 2018 and 2019 respectively.
- Also, as per the govt. officials, Indonesia had issued import permit of 1.754 MT of raw sugar in the second half of year 2017 (July – December).
- On the back of destructive cyclone, Debbie, the Australian govt reduced its sugar production forecast for the country from 5.16 MT to 4.8 MT in 2017-18. Notably, the cyclone had hit the north east coast of Australia in March, 2017 which had resulted into a huge loss of sugarcane crop.
- Owing to a higher production estimate in India, Thailand and E.U, Sucden projected the world sugar production to rise to 183 MT in 2017-18 with a global sugar surplus of 3.5 MT during the same period. It also projected Brazil's main centre south region to produce 34.9 MT of sugar in 2017-18 (01st April, 2017 – 31st March, 2018) compared to 35.6 MT of sugar production in 2016-17 (01st April, 2016 – 31st March, 2017).
- The International Sugar Organization (ISO) predicted a global sugar surplus of 3 million tonnes in 2017-18 (October – September), while the year 2016-17 is projected to undergo a deficit of 5.9 million tonnes.
- Due to a fall in global sugar prices Copersucar reduced Brazil's C.S sugar production forecast from 36 MT to 35.5 MT for 2017-18. According to the organization, fall in sugar prices will induce the local millers to divert more of their cane towards production of ethanol.
- INTL FCStone predicts Brazil's C.S region to crush 588 MT of sugarcane in MY 2017-18 (April, 2017 – 31st March, 2018) to produce 35.6 MT of sugar there on.
- Due to an expected fall in sugar production in Brazil's C.S region this year; industry body, UNICA predicts the region's exports to fall down by 1.41% from 28.28 MT in 2016-17 to 27.88 MT in 2017-18.

LIFFE Future Market Sugar Scenario (Oct'17 Contract)


Source: Reuters Eikon

As on **04 Aug, 2017**, prices of Refined Sugar London exchange traded at \$390.10 per ton. On monthly chart, \$377.03 per ton is the immediate support level; breach of the mentioned level would take the prices down to \$356.73 per ton.

On the upper side, \$408.61 and \$437.93 per ton are the next resistance levels.

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



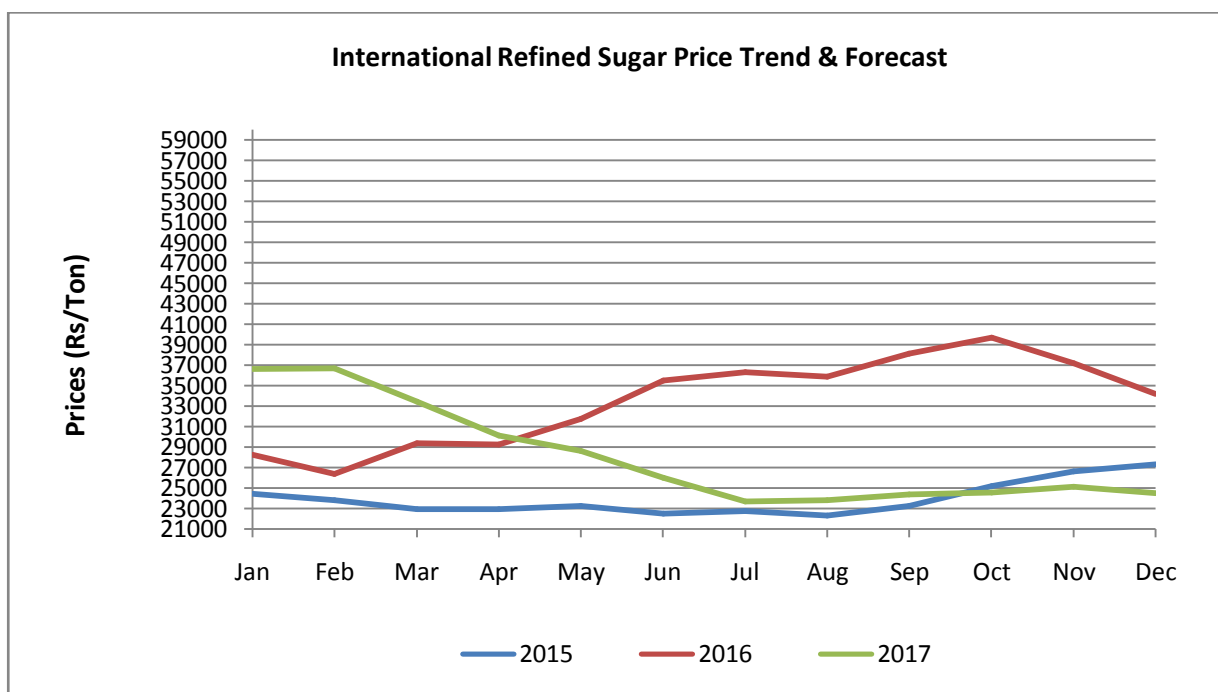
Source: Reuters Eikon

As on **04 Aug, 2017**, ICE Raw sugar prices settled at 14.36 cents per lbs. On monthly chart, 13.14 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 12.45 cent per lbs.

On the upper side, 15.37 and 16.17 cents per lbs are the resistance levels.

International Refined Sugar Price Projection

		(Rs/Ton)
Current Average Price	Jun	26021
Projected Price	Jul	23654
	Aug	23807
	Sep	24384
	Oct	24564
	Nov	25126



International refined sugar prices traded weak during the month of June and is expected to fall further in the month of July as the main sugar producing nation, Brazil is expecting a huge cane crop this year 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 Penti (Average) variety of gur from Mahalingapura rose by Rs 234/quintal from Rs 3426/quintal in the month of June to Rs 3659/quintal during the month of July. However, prices of Kurikatu (Medium) and Yellow (Medium) variety of gur from Mandya fell by Rs 222/quintal and Rs 220/quintal to Rs 3496/quintal and Rs 3667/quintal during the month of July.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 3363/quintal for the month of July
- Next resistance and support level for the coming month has been seen at Rs 3490 and Rs 3170 per quintal.

Spot Jaggery (Gur) Prices Scenario (Monthly)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			July,17	June,17	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3362	3268	93
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	5550	-
	Muzaffarnagar	Khurpa (Fresh)	3184	3131	53
	Muzaffarnagar	Laddoo (Fresh)	3400	3408	-8
	Muzaffarnagar	Rascut (Fresh)	2821	2748	73
	Hapur	Chaurasa	NA	3250	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NR	-
Karnataka	Bangalore	Mudde (Average)	4856	4948	-92
	Belgaum	Mudde (Average)	3594	3495	99
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3483	3366	117
	Gulbarga	Other (Average)	3568	3601	-33
	Mahalingapura	Penti (Average)	3659	3426	234
	Mandya	Achhu (Medium)	3708	3892	-184
	Mandya	Kurikatu (Medium)	3496	3718	-222
	Mandya	Other (Medium)	3442	3618	-176
	Mandya	Yellow (Medium)	3667	3887	-220
	Shimoga	Achhu (Average)	4517	4552	-36

Spot Sugar Price Scenario (Monthly)

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			July,17	June,17	
Delhi	Delhi	M-Grade	3788	3863	-75
	Delhi	S-Grade	3768	3843	-75
Uttar Pradesh	Khatauli	M-Grade	3799	3853	-54
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3695	3775	-79
	Dhampur	S-Grade Ex-Mill	3675	3755	-79
	Dhampur	L-Grade Ex-Mill	3745	3825	-79
Maharashtra	Mumbai	M-Grade	3923	4006	-84
	Mumbai	S-Grade	3777	3847	-70
	Nagpur	M-Grade	3797	3835	-38
	Nagpur	S-Grade	3736	3781	-45
	Kolhapur	M-Grade	3672	3710	-38
	Kolhapur	S-Grade	3611	3656	-45
Assam	Guhawati	S-Grade	3929	3974	-45
Meghalaya	Shillong	S-Grade	3931	3976	-45
Andhra Pradesh	Vijayawada	M-Grade	3946	4122	-176
	Vijayawada	S-Grade	3890	4064	-174
West Bengal	Kolkata	M-Grade	4102	4022	81
Tamil Nadu	Chennai	S-Grade	3819	3734	85
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-Jul-17	30-Jun-17	Change
ICE Sugar #11 (US Cent/lb)	Oct-17	14.37	13.30	1.07
	Mar-17	15.09	13.50	1.59
	May-17	15.27	14.19	1.08
LIFFE Sugar (US \$/MT)	Oct-17	389.80	399.70	-9.90
	Dec-17	397.10	384.20	12.90
	Mar-17	406.10	384.90	21.20

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	2017-18
India (FRP)	1298	1391	1450	1700	2100	2200	2300	2300	2550
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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