Sugar Monthly Report

April 2018

Sugar & Gur Monthly Research Report

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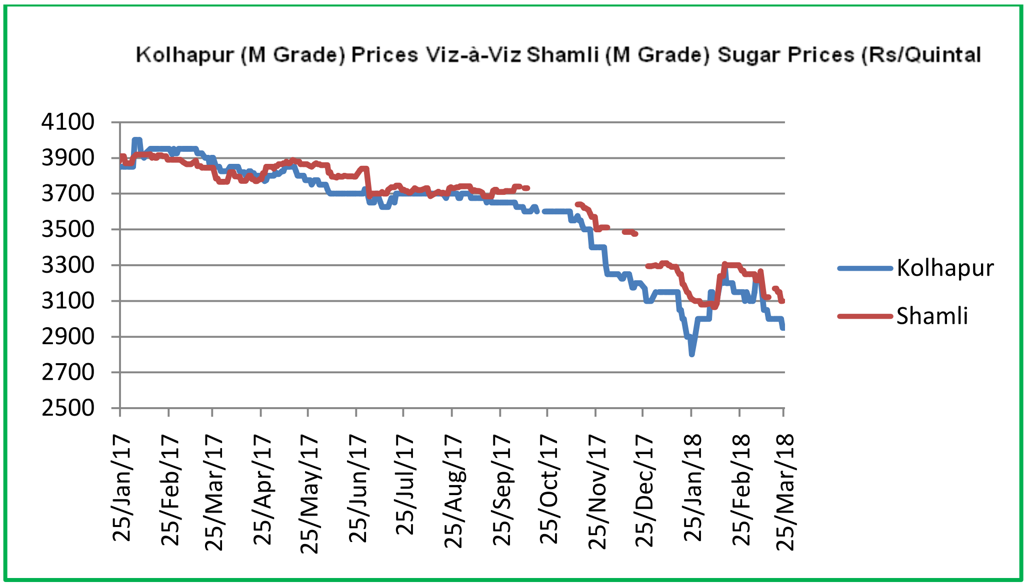
Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded weak during the month following subdued domestic demand from stockiest and bulk consumers.

Notably, the average price for sugar ‘M’ grade in key Kolhapur market settled at Rs 3047 per quintal this month compared to Rs 3134 per quintal the previous month. Similarly, spot sugar prices for the same variety/grade in Shamli district was Rs 3159 per quintal this month.



Price Outlook:

Agriwatch predicts spot sugar prices to fell in the month ahead as market is expected to get supplied with excessive sugar with the onset of crushing season in India.

Price Projection for the Next Month

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2800 –Rs 3400 per quintal for next month.

Domestic Market Highlights

Recent Updates

- Sugar output increased 49 per cent to 28.18 million tonne (MT) so far in 2017-18 marketing year, but mills are unable to make cane payment to growers owing to low prices, industry body ISMA said on last week.
- Dues owed to sugarcane farmers by mills may touch a record Rs.17,000 crore by the end of March amid falling prices, the Indian Sugar Mills Association (Isma) said.

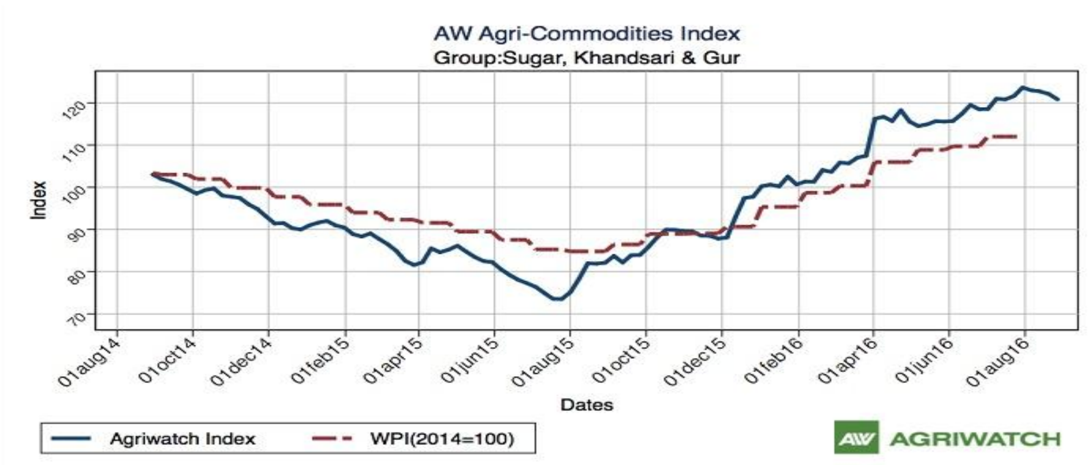
- SUGAR surplus could swell to 5.3 million tonnes as production for the 2017/18 crop year is set to surge to a record 30.3 million tonnes as output rises from the top two producing states, the Western India Sugar Mills Association (WISMA) said.

- Sugar production in Maharashtra is set for a new record for crushing season 2017-18 at 10.6 million tonnes (mt), due to a sharp increase in cane yield across the state's major growing regions. It was 4.2 mt previous season.
- Sugar carryover stock of nearly 4 million tonnes and this year's estimated production of 29.5 million tonnes, India's sugar availability is likely to remain at 33.5 million tonnes. Against 25 million tonnes of annual consumption, India's sugar surplus is estimated at 8.5 million tonnes which stands equivalent to nearly 4 months of the whole country's consumption.
- The government last month allowed export of two million tonnes of sugar until the end of the 2017-18 marketing year, in order to clear surplus stocks and improve cash flow to millers for making payment to sugarcane farmers. The government has also allowed export of white sugar till September 2018 under the Duty Free Import Authorisation (DFIA) scheme, under which exporters are allowed to import sugar at zero duty within three years.
- Uttar Pradesh has clocked record sugar production of almost 9 million tonnes (mt) in the ongoing crushing season even as sugarcane arrears have piled up to Rs 96 billion.
- India's sugar production in the current season is set to touch a record 30 million tonnes, surprising both the industry and the government, with the two biggest producing states of the sweetener reporting bumper output.
- As on March 21, 2018, out of total cane dues payment of Rs 55,553 crore for 2017-18 season, an amount of Rs 41,654 crore has been cleared and Rs 13,899 crore is pending," Minister of State for Food C R Chaudhary said.
- One Quintal of sugar that cost Rs 4200 in March last year has come down to Rs 3200 -3300 per Qtl in the retail market. Industry sources said the price will further go down in next couple of months as arrival of this season's sugar begins.
- Sugar market continued its weak trend on selling pressure. Prices at Vashi declined by Rs 10-20.
- The government last month scrapped export duty of raw and refined sugar to boost shipments as the country is all set to produce record 29.5 million tonnes of the sweetener in the current 2017-18 marketing season.
- According to trade sources, the abolition of sugar export tax would help push out just 100,000-150,000 tonnes of sugar- mostly to neighbouring Bangladesh and Nepal.
- Domestically, ex-mill prices in most places have dropped to around Rs 2,900-3,000 per quintal, while the total cost of production is somewhere around Rs 3,000-3,500 per quintal. This means that for every quintal of sugarcane crushed, the mills are losing around Rs 400-500.
- Out of 523 sugar mills in the country, 106 mills have already shut their operations, of which 31 are in Maharashtra, 48 are in Karnataka, 5 are in Uttar Pradesh, 9 are in Tamil Nadu, 7 are in Andhra Pradesh & Telangana, and 6 mills in other states.
- The Indian Sugar Mills Association (ISMA) said that the sugar industry in the country had produced 230.5 lakh tonnes of sugar between October 1, 2017, and February 28, 2018, as against 162.45 lakh tonnes during the same period last year, up by 42 percent.
- Larger sugar production in the current sugar season as also expected in the next season (2018-19), there is a need to be export at least 1.5 million tonne in the current season itself over the next 6-7 months. This

will give extra cash flows to the sugar mills, which in turn, will improve cane price payments to the sugarcane farmers and will reduce the cane price arrears, said Indian Sugar Mills' Association (ISMA) in a release last week. Sources said that Sugar mills owed nearly Rs.14,000 crore to farmers at the end of January in the ongoing marketing season.

- Cane crushing in Maharashtra as on last month already touched 760.93 lakh tonnes, with the corresponding sugar output at 83.64 lakh tonnes even with a lower recovery of 10.99 per cent. Moreover, all 185 mills in the state are still running.
- Based on current trends, domestic sugar production for sugar year 2017-18 is anticipated to increase by at least 33% to around 27 million MT (as against its earlier estimate of 26 million MT), although an even higher production cannot be ruled out at this stage. The consumption is expected to increase to around 25 million MT in sugar marketing year 2017-18 from 24.5 million MT in sugar marketing year 2016-17.

Agriwatch Sweeteners (Sugar, Gur and Khandsari) Index- August 28 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2954 /quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2900 per quintal respectively.
- Relative Strengths Indicator is moving in neutral region which indicate range bound movement.

Domestic Sugar Market Technical Analysis (Future Market)

Sugar

Technical Commentary:
- Sugar pricess closed slightly lower this month has compared to previous month.
- Candlestick pattern show fall in prices.
- Sugar prices decreased while volume and O.I decreased for the day
- MACD signal line and center line denotes bearish crossover.

Strategy: wait

Intraday Supports & Resistances			**S2**	**S1**	**PCP**	**R1**	**R2**
Sugar	NCDEX	Mar	3050	3100	3051	3300	3500
Intraday Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Wait**	-	-	-	-

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts

Sugar Domestic Balance sheet

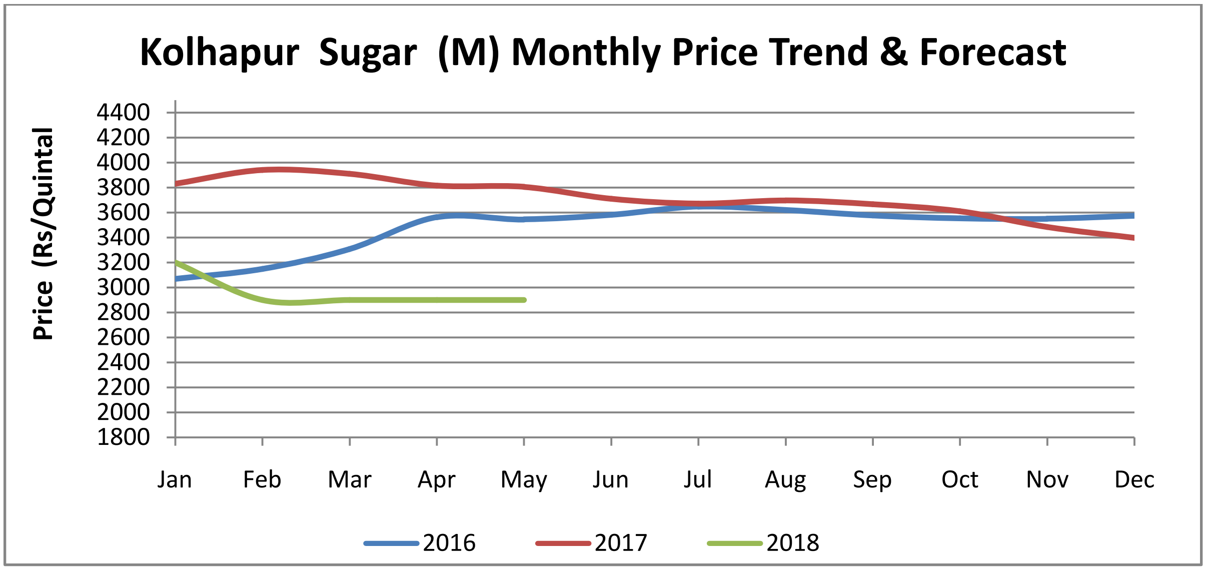
	Qty in Lakh Tons	2016-17*	2017-18*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	61.24	33.38	33.38	37.65	144.80	80.78
B	Estimated sugar production	202.00	252.00	80.64	158.76	9.58	3.02
C	Imports	35.00	25.00	6.25	8.75	3.75	6.25
D	Estimated sugar availability (A + B + C)	298.24	310.38	120.27	205.16	158.12	90.06
E	Exports	19.86	26.40	7.92	10.56	2.64	5.28
G	Availability for domestic consumption (D - E)	278.38	283.98	112.35	194.60	155.48	84.78
H	Estimates sugar consumption	245.00	249.00	74.70	49.80	74.70	49.80
I	Carry out stock (G - H)	**33.38**	**34.98**	37.65	144.80	80.78	**34.98**

Notes-

- As per the Agriwatch estimate, India's sugar production is expected to rise to 242 LT in 2017/18 as the country is expecting a good cane crop this marketing year particularly from the state of Maharashtra (which suffered hard last year due to drought). Agriwatch is expecting Maharashtra to produce 72 LT of sugar in 2017-18 (01st October, 2017 -30th September, 2018).
- In addition, Uttar Pradesh is also expected to produce a large quantity of sugar this year too due to a surge in cane area, yield and sugar recovery. Agriwatch is expecting U.P to produce 97 LT of sugar in 2017-18 (01st October, 2017 -30th September, 2018); while Karnataka is expected to produce 18 LT of sugar during the same duration.
- On the other hand, sugar domestic consumption is expected to rise to 241.00 lakh tonnes in 2017-18 (01st October, 2017 – 30th September, 2018).
- At the same time, with a higher domestic sugar production and an urge to earn more foreign exchange, the country's exports are expected to rise from 19.86 LT in 2016-17 to 26.40 LT in 2017-18.

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

		(Rs/Qtl)
Current Average Price	Jan	3100
Projected Price	Feb	2900
	Mar	2900
	Apr	2900
	May	2900
	Jun	3200



International Market Highlights

- The International Sugar Organization last month raised its forecast for a projected global sugar surplus in 2017-18 (October/September) to 5.15 million tonnes, up from a previous forecast of 5.03 million. The upward revision was driven by lower than previously anticipated consumption of 173.55 million tonnes for 2017-18, down from a prior forecast of 174.41 million andglobal sugar production was seen at 178.70 million tonnes, slightly down from a previous forecast of 179.45 million, the ISO said in a quarterly report. 3800
- Brazilian sugar mills looking to grow the world's first variety of genetically modified (GM) sugarcane have planted an initial area of 400 hectares (988 acres), according to the research firm behind the project. Developed by Centro de Tecnologia Canavieira (CTC) with Bt (Bacillus thuringiensis) genes that make it resistant to the cane borer, around 100 mills are working with the GM cane, company Chief Executive Gustavo Leite told Reuters.
- According to EIA data analyzed by the Renewable Fuels Association, ethanol production averaged 1.039 million barrels per day (b/d)—or 43.64 million gallons daily. That is down 10,000 b/d from the week before. The four-week average for ethanol production decreased slightly to 1.043 million b/d for an annualized rate of 15.99 billion gallons.
- Stocks of ethanol were 22.8 million barrels. That is a sizeable 4.2% decrease from last week and the largest weekly draw since mid-August 2014. There were zero imports recorded for the 16th week in a row. Average weekly gasoline demand softened by 1.2% to 386.7 million gallons (9.208 million barrels) daily. This is equivalent to 141.16 billion gallons annualized. Refiner/blender input of ethanol slipped 1.7% to 900,000 b/d, equivalent to 13.80 billion gallons annualized. The ethanol content in gasoline supplied to the market averaged 9.77%, down marginally from 9.82% the previous week.
- Brazil's center-south sugarcane crush for the 2017-18 harvest was 1.79% down from April 2017 to March 16, 2018, compared to the same period a year ago, totaling 588.470 million tons, said the Union of Sugarcane Industry (Unica).

- Total Brazil's ethanol production reached 25.661 billion liters, up 1.33% from a year before, with 10.445 billion liters in anhydrous ethanol (-1.22%) and 15.216 billion liters of hydrous ethanol (+3.16%). Meanwhile, sugar production rose by 1.49%, totaling 35.885 million tons.
- May raw sugar fell 0.10 cents, or 0.8 percent, to 12.55 cents per lb by 1228 GMT after dipping to a low of 12.50 cents, the weakest for the front month since February 2016. Dealers said funds were continuing to build a large net short position against the backdrop of rising production in Asia, particularly India, Pakistan and Thailand.
- Availability of white sugar from Central America and the European Union on the market has pushed front-month sugar futures prices to a premium, despite a looming global supply glut.
- Raw-sugar futures in New York are down 17 percent this year to 12.65 cents a pound. That's the biggest loss among the 22 components of the Bloomberg Commodity Index.
- Mexico crushed 2.248 million mt of sugarcane in week 18 of the 2017-18 season that began on November 6, a 0.4% decrease compared with the crush in the same week in 2016-17, according to government data. The sugarcane yield in the most recent week averaged 68.48 mt/ha, down 0.34% from a 68.81 mt/ha average in the same week last year, data from agriculture ministry branch SAGARPA showed.
- U.S. cane sugar production is increased 10,000 short tons, raw value (STRV) to 4.021 million based on a processor report from Texas. Re-export imports for 2017/18 are increased by 150,000 STRV to 400,000 based on pace to date. Exports for 2017/18 are increased by 50,000 STRV to 150,000. Ending stocks for 2017/18 are residually projected at 1.953 million STRV, implying a stocks-to-use ratio of 15.5 percent, up from last month's 14.6 percent.
- Ethiopian Sugar Corporation (ESC) bought 100,000 metric tons of sugar this past November.A few months later, in February, ESC announced its intention to buy an additional 100,000 metric tons.Bids for this tender are due March 20 and the shipment delivery date is June - August.
- Brazilian sugar mills looking to grow the world's first variety of genetically modified (GM) sugarcane have planted an initial area of 400 hectares (988 acres), according to the research firm behind the project. Developed by Centro de Tecnologia Canavieira (CTC) with Bt (Bacillus thuringiensis) genes that make it resistant to the cane borer, around 100 mills are working with the GM cane, company Chief Executive Gustavo Leite told Reuters.

International Sugar Futures Price Projection

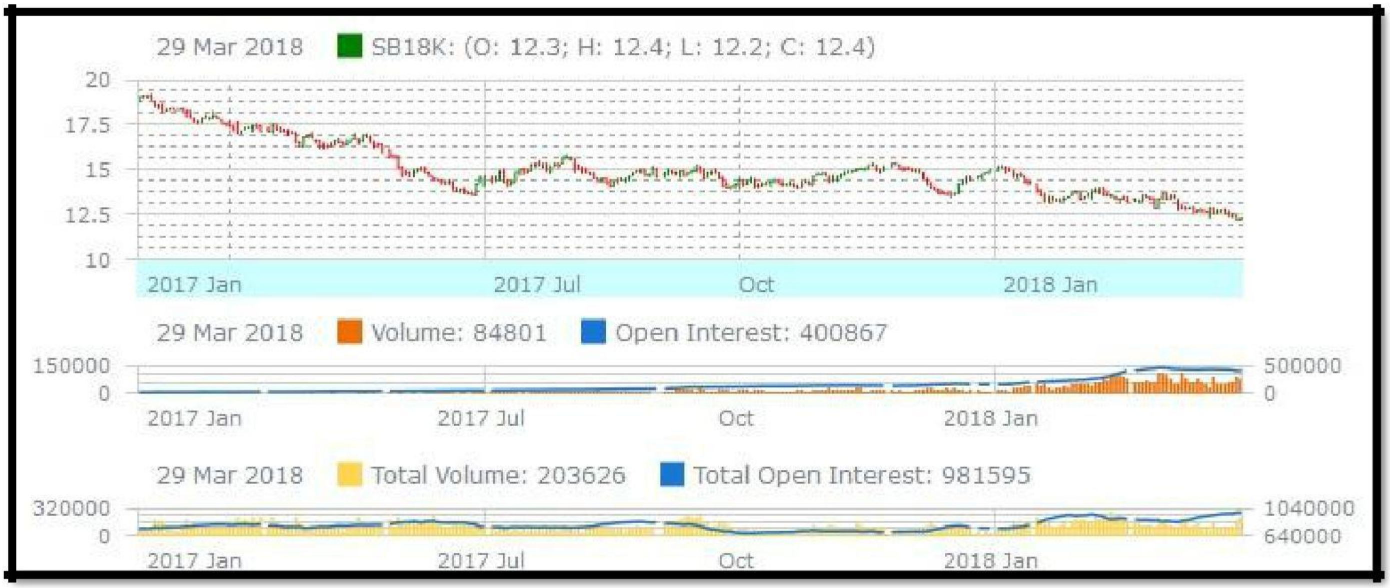
LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'18 Contract)

Technical Commentary

- LIFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 350,T1 360

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next month**
LIFFE Sugar (US $/MT)	**Mar'18**	351	340-360

ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)



Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market. Strategy: sell below 13.00 with a target of 14.00

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next month**
ICE Sugar #11 (US Cent/lb)	**Mar'18**	12.4	11-14

Gur Market Scenario

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs2178 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2800 and Rs 2300 per quintal respectively.

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	**Centre**	**Variety**	**Average Prices (Rs/Qtl)**		**Change**
Sugar			**March,18**	**February,18**	
Delhi	Delhi	M-Grade	3185	3366	-181
	Delhi	S-Grade	3165	3346	-181
Uttar Pradesh	Khatauli	M-Grade	3200	3399	-198
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3103	3161	-58
	Dhampur	S-Grade Ex-Mill	3083	3141	-58
	Dhampur	L-Grade Ex-Mill	3153	3211	-58
Maharashtra	Mumbai	M-Grade	3367	3422	-55
	Mumbai	S-Grade	3144	3178	-34
	Nagpur	M-Grade	3172	3260	-88
	Nagpur	S-Grade	3061	3160	-99
	Kolhapur	M-Grade	3047	3135	-88
	Kolhapur	S-Grade	2936	3035	-99
Assam	Guhawati	S-Grade	3244	3344	-101

Meghalaya	Shillong	S-Grade	3256	3355	**-99**
Andhra Pradesh	Vijayawada	M-Grade	3563	3664	**-101**
	Vijayawada	S-Grade	3503	3604	**-101**
West Bengal	Kolkata	M-Grade	3358	3662	**-304**
Tamil Nadu	Chennai	S-Grade	3345	3500	**-155**
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 Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	**Centre**	**Variety**	**Prices (Rs/Qtl)**		**Change**
Jaggery(Gur)			**March,18**	**February,18**	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2479	2559	**-80**
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	135000	179500	**-44500**
	Muzaffarnagar	Khurpa (Fresh)	2190	2542	**-352**
	Muzaffarnagar	Laddoo (Fresh)	2401	2548	**-147**
	Muzaffarnagar	Rascut (Fresh)	2047	2154	**-107**
	Hapur	Chaursa	2126	2244	**-118**
	Hapur	Balti	2127	2219	**-91**
Maharashtra	Latur	Lal Variety	NA	NA	**-**
Karnataka	Bangalore	Mudde (Average)	4422	4691	**-269**
	Belgaum	Mudde (Average)	3350	3389	**-39**
	Belthangadi	Yellow (Average)	NA	NA	**-**
	Bijapur	Achhu	2723	2534	**189**
	Gulbarga	Other (Average)	3576	3078	**498**
	Mahalingapura	Penti (Average)	3239	3311	**-72**
	Mandya	Achhu (Medium)	3627	3334	**293**
	Mandya	Kurikatu (Medium)	3332	3018	**314**
	Mandya	Other (Medium)	3346	3045	**301**
	Mandya	Yellow (Medium)	3607	3291	**317**
	Shimoga	Achhu (Average)	3864	3700	**164**

International Sugar Prices (Monthly)				
	Contract Month	**30-Mar-18**	**27-Feb-18**	**Change**
ICE Sugar #11 (US Cent/lb)	**18-May**	12.35	12.87	**-0.52**
	18-Jul	12.46	13.03	**-0.57**
	18-Oct	12.87	13.40	**-0.53**
LIFFE Sugar (US $/MT)	**18-May**	351.20	350.50	**0.70**
	18-Aug	342.80	349.00	**-6.20**
	18-Oct	341.00	352.80	**-11.80**