

Sugar & Gur Weekly Research Report

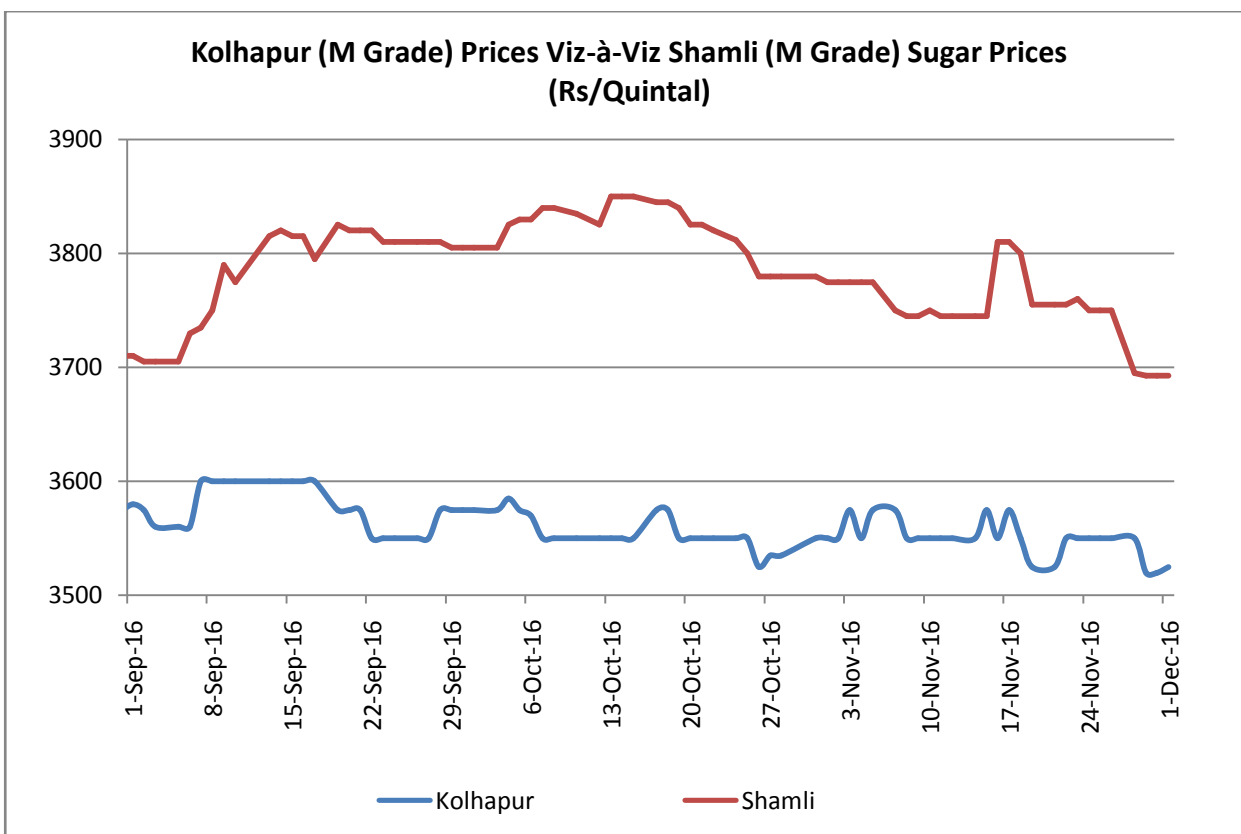
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Domestic Sugar Market Summary

Spot sugar prices declined during the week following persistent supplies from mills (due to beginning of crushing operation) and paling domestic demand within the country.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs3536 per quintal this week compared to Rs 3542 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 1.33% from Rs 3763 per quintal last week to Rs 3712 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak since crushing operation had already started in the country and is expected to flow in full swing in few more weeks

Price Projection for the Next Week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3500 - 3600 per quintal next week.

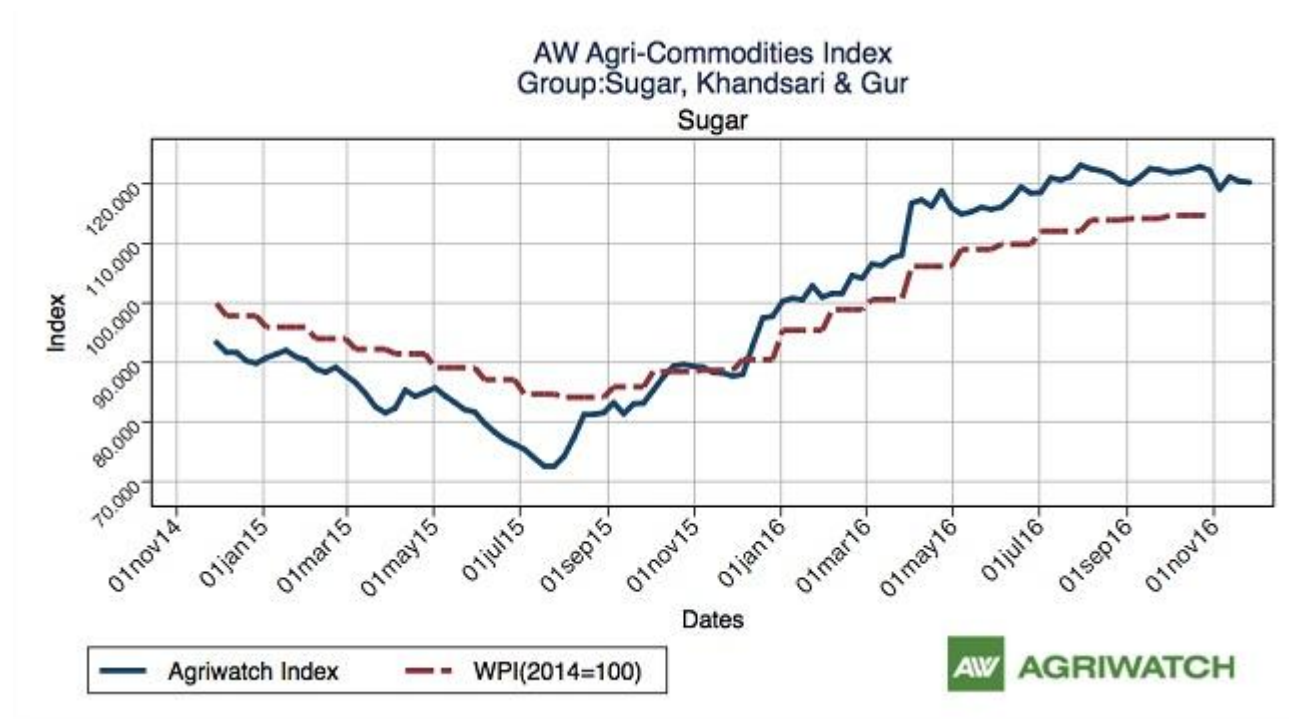
Domestic Market Highlights

Recent Updates

- The Punjab govt. had fixed cane SAP (State Advisory Price) of Rs 2900/ton (mid season) for the marketing year 2016-17 (01st October, 2016 – 30th September, 2017). While SAP for the other varieties has been fixed at Rs 3000/ton and Rs 2850/ton for the early variety and late season variety respectively.
- Indian sugar exports rose by 25% as the country exported 29.11 thousand tonnes of sugar for the week ending 26th November, 2016 compared to 23.3 thousand tonnes of sugar exported a week before.

Previous Updates

- As per recent estimates by ISMA, Indian sugar output increased by 2% to 7.87 lakh metric tonnes compared to previous year, following early crushing in states like Uttar Pradesh and Karnataka. Sugar mills have produced 15,000 tonnes more till November 15 this year at 7.87 lakh tonnes compared to 7.72 lakh tonnes in the same period previous year according to Indian Sugar Mills Association (ISMA).
- Maharashtra sugar production fell by 74.01% as the state produced 1.12 lakh tonnes of sugar in 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 4.31 lakh tonnes of production during the corresponding period last year. Notably, lesser number of mills started their crushing operation till date resulting into the fall in production.
- 55 sugar mills in U.P produced 1.93 lakh tonnes of sugar in 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 0.15 lakh tonnes of production (made by 6 mills) last year during the same interval.
- An early commencement of crushing operation this season resulted into a sugar production of 3.76 lakh tonnes in Karnataka (till 15th November, 2016) compared to 1.6 lakh tonnes of production in 2015-16 (till 15th November, 2015). Notably, 38 sugar mills participated in the crushing operation so far compared to 30 sugar mills last year during the corresponding period.
- 4 sugar mills in Tamil Nadu produced 0.30 lakh tonnes of sugar 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 0.40 lakh tonnes of sugar production in 2015 – 16 (01st October, 2015 – 15th November, 2015).
- While, the combined sugar production in Andhra Pradesh & Telangana remained unchanged at 0.05 lakh tonnes in 2016 – 17 (01st October, 2016 – 15th November, 2016) which was the same in 2015 – 16 (01st October, 2015 – 15th November, 2015).
- Sugar production in Gujarat fell by 48.76% as the state produced 0.62 lakh tonnes of sugar in 2016 – 17 (01st October, 2016 – 15th November, 2016) compared to 1.21 lakh tonnes of production last year in 2015 – 16 (01st October, 2015 – 15th November, 2015).
- The U.P govt. announced a cane SAP (State Advisory Price) of Rs 3050/ton for the general variety of cane having an average recovery rate of 9.5 per cent. On the other hand, SAP for the early variety of cane has also been increased from Rs 2900/ton to Rs 3150/ton for 2016-17.
- The Karnataka govt. had fixed a cane SAP ranging from Rs 2,300 to Rs 3050 per ton for MY 2016-17 (01st October, 2016 – 30th September, 2017). Notably, the SAP has been fixed as Rs 2300/ton for 9.5% recovery, Rs 2550/ton for 10.5% recovery, Rs 2800/ton for 11.5% recovery and Rs 3050/ton for 12.5% recovery rate of cane.

Agriwatch Sweeteners (Sugar, Gur &Khandsari) Index– November 26, 2016


"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 0.11% to 119.67 during the week ending on November 26, 2016. 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 \$637.82 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$523.31 per ton.

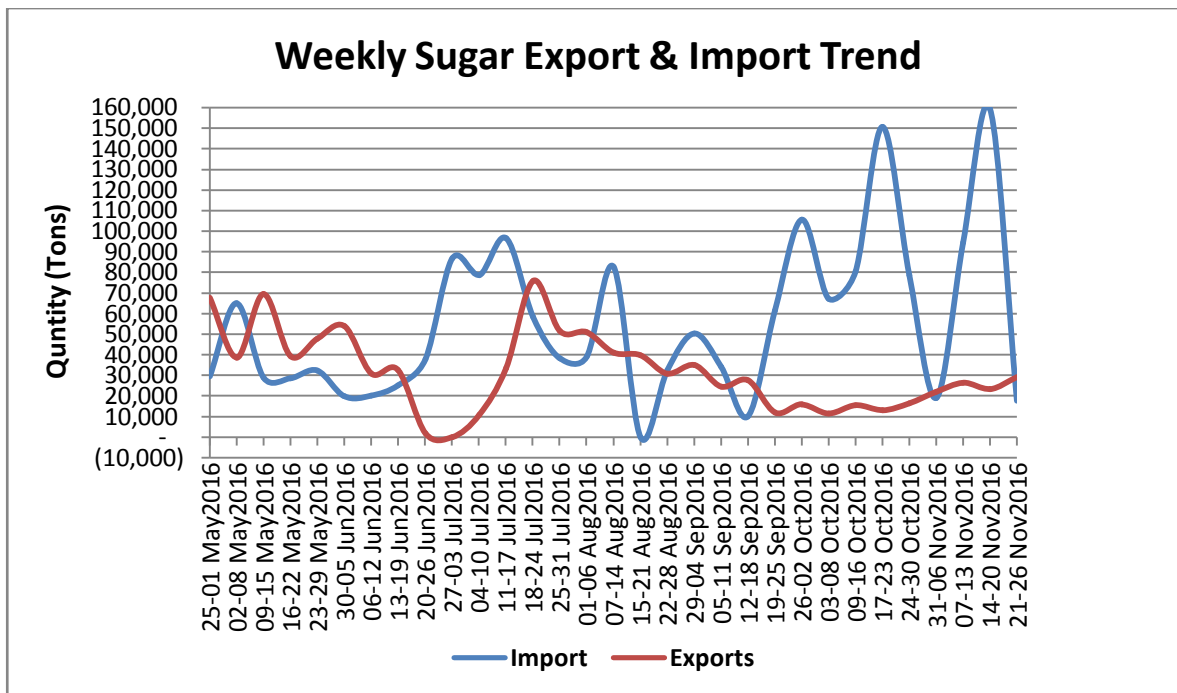
On International front, Brazil sugar FOB prices quoted at \$515.3/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.68.33) as on 02 Dec, 2016			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$515.3	\$615.55/526.40	\$523.31

Sugar Import and Export Scenario

India exported 29.1 thousand tonnes of sugar last week (21 -26 November, 2016), which was 23.3 thousand tonnes during the week before (14 -20 November, 2016), as per the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood at 17.7 thousand tonnes last week, which was 159.2 thousand tonnes the week before.

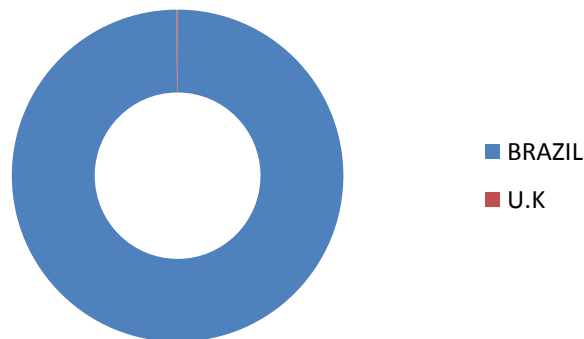


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes of sugar respectively during the week. On the other hand, India primarily imported around 17.7 thousand tonnes of sugar (mostly raw) from Brazil during the same period.

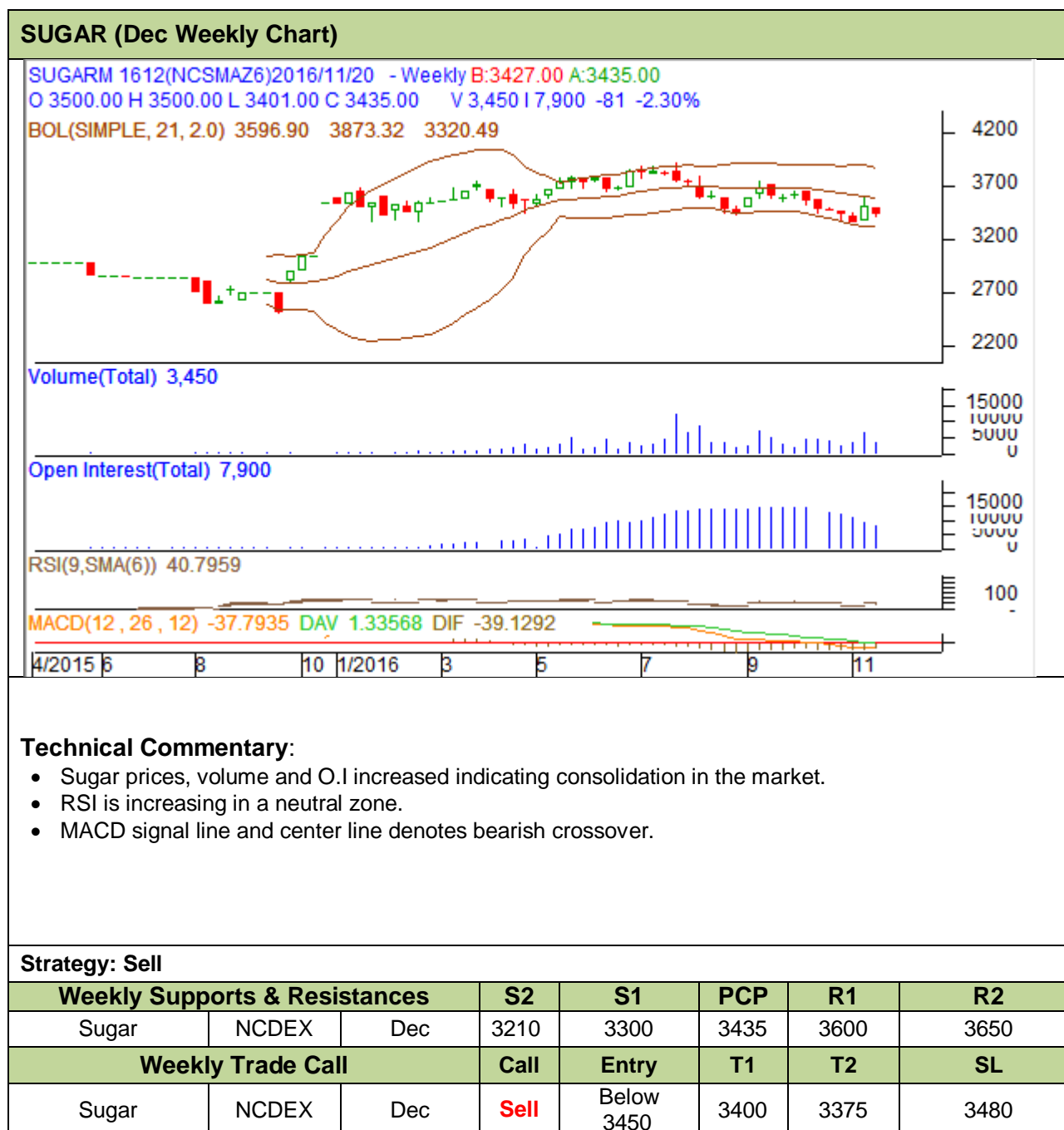
Weekly Sugar Exports



Weekly Sugar Imports



Domestic Sugar Market Technical Analysis (Future Market)



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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3542/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3583 and Rs 3500 per quintal.

International Sugar Market Summary

International sugar prices rose slightly this week as cane harvesting in Brazil's main C.S (centre-south) region winded up early during the season.

International Market Highlights

Recent Updates

- Brazil's raw sugar exports rose by 11.47% as the country exported 2.07 million tonnes of sugar (raw) in November, 2016 compared to 1.86 million tonnes of exports made in the month of October, 2016. An y-o-y comparison also show that the country's sugar exports rose by 3.53% from 2 million tonnes in November, 2015.
- As per the latest UNICA report, Brazil's main C.S region crushed 1.37 million tonnes of sugar in the first half of November, 2016 compared to 1.20 million tonnes of sugar crushed last year during the corresponding period.
- Markey player, Licht predicted a global sugar supply deficit of 6.2 million tonnes in 2016-17 (October – September) compared to a deficit of 9.9 million tonnes in 2015-16 (October – September).
- Sucden projected a global sugar supply surplus of 2 million tonnes in 2017-18 (October – September) following an expected production surge during the MY 2017-18. At the same time, the organization also projected a global sugar deficit of 5 million tonnes in 2016-17.

Previous Updates

- Job Economia raised its Brazil's C.S sugar production forecast from 35 million tonnes to 35.6 million tonnes for 2016-17. However, the cane production forecast is revisited downwards (from 632 million tonnes to 618 million tonnes) indicating a greater diversion of sugarcane towards sugar production during 2016-17.
- The International Sugar Organization (ISO) revised its global sugar deficit forecast from 7.05 million tonnes to 6.19 million tonnes for 2016-17 (01st October, 2016 – 30th September, 2017).
- Datagro predicted Brazil's C.S region to crush 597 million tonnes of cane this year in 2016 – 17 (01st October, 2016 – 30th September, 2017) to produce 34.1 million tonnes of sugar there on. However, the region's 2017 – 18 cane crop is expected to decline (580 -610 million tonnes) even under good weather condition due to the lower investment and upkeep done in field during the recent years. Meanwhile, sugar production in the region could rise to 36.1 - 36.4 million tonnes in 2017 – 18 owing to a greater diversion of cane towards sugar production during the period.
- Following the tender for shipment of high polarization sugar, the Thai Cane and Sugar Corp (TCSC) had sold approximately 1.08 lakh tonnes of sugar meant for delivery in 2017 and 2018.
- As per the USDA report, Australia, the third largest sugar exporter in the world, is projected to churn around 35 million tonnes of sugarcane in 2016-17 to produce 5.1 million tonnes of sugar thereon.
- As per the government officials of Thailand, sugarcane output in the country is expected to fall to 91 million tonnes in 2016 -17 compared to 94.05 million tonnes in 2015-16. At the same time, sugar production is also projected to fall during the year (from 9.7 million tonnes to 9.3 million tonnes) as the severe drought not only lowered the cane production in the country but also adversely affected the sugar recovery rate.
- Platts Kingsman predicted a global sugar supply deficit of 6.45 MT in 2016-17 (October, 2016 – September, 2017) amidst a lower cane production estimate in top producer, Brazil.

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'17 Contract)



Technical Commentary

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 515.0 with a target of 507.8

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'17	515.0	507.8

ICE (Raw Sugar Exchange) Future Market Scenario (Mar'17 Contract)



Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market.

Strategy: Sell at 19.35 with a target of 19.07

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	19.35	19.28

Gur Market Scenario

Spot gur market mainly remained dormant with prices falling in majority of the markets. Prices of Mudde (Average) variety of gur from Bangalore fell by Rs 160/quintal from Rs 4650/quintal to Rs 4490/quintal this week. Similarly, prices of ChakuSukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs 27/quintal to Rs 2960/quintal despite witnessing a fall in arrivals. However, prices of Chaursa and Balti variety of gur from Hapur rose by Rs 12 and Rs 11 per quintal to Rs 2550 and Rs 2556 per quintal respectively.

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



- Prices of chakuvvariety of gur in key Muzaffarnagar market closed at Rs 2988/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3065 and Rs 2920 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			25th Nov to 01st Dec 2016	18th Nov to 24th Nov 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2960	2988	-27
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	34000	48000	-14000
	Muzaffarnagar	Khurpa (Fresh)	2718	2745	-28
	Muzaffarnagar	Laddoo (Fresh)	2933	2978	-45
	Muzaffarnagar	Rascut (Fresh)	2462	2516	-55
	Hapur	Chaurasa	2550	2539	12
	Hapur	Balti	2556	2545	11
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4490	4650	-160
	Belgaum	Mudde (Average)	NA	3433	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3648	3618	30
	Mahalingapura	Penti (Average)	3522	3538	-16
	Mandya	Achhu (Medium)	3250	3283	-33
	Mandya	Kurikatu (Medium)	3120	3183	-63
	Mandya	Other (Medium)	3120	3167	-47
	Mandya	Yellow (Medium)	3200	3242	-42
	Shimoga	Achhu (Average)	3875	3900	-25

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			1-Dec-16	24-Nov-16	1-Nov-16	1-Dec-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3005	2975	Closed	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	8000	Closed	NA
	Muzaffarnagar	Khurpa	2788	2725	Closed	2200
	Muzaffarnagar	Laddoo	2925	3053	Closed	2563
	Muzaffarnagar	Rascut	2450	2475	Closed	2313
	Hapur	Chaurasa	2563	2538	2488	2250
	Hapur	Balti	2563	2550	2550	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	NA	4650	NA	3600
	Belgaum	Mudde (Average)	3200	3400	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3620	NA	2650
	Mahalingapura	Penti (Average)	NA	3555	NA	2387
	Mandya	Achhu (Medium)	NA	3300	NA	2550
	Mandya	Kurikatu (Medium)	NA	3150	NA	2300
	Mandya	Other (Medium)	NA	3200	NA	2300
	Mandya	Yellow (Medium)	NA	3250	NA	2550
	Shimoga	Achhu (Average)	NA	3900	NA	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			25th Nov to 01st Dec 2016	18th Nov to 24th Nov 2016	
Delhi	Delhi	M-Grade	3743	3779	-36
	Delhi	S-Grade	3723	3759	-36
Uttar Pradesh	Khatauli	M-Grade	3766	3845	-79
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3690	3712	-22
	Dhampur	S-Grade Ex-Mill	3670	3692	-22
	Dhampur	L-Grade Ex-Mill	3740	3762	-22
Maharashtra	Mumbai	M-Grade	3911	3960	-49
	Mumbai	S-Grade	3620	3630	-10
	Nagpur	M-Grade	3661	3667	-6
	Nagpur	S-Grade	3561	3567	-6
	Kolhapur	M-Grade	3536	3542	-6
	Kolhapur	S-Grade	3436	3442	-6
Assam	Guhawati	S-Grade	3751	3757	-6
Meghalaya	Shillong	S-Grade	3756	3762	-6
Andhra Pradesh	Vijayawada	M-Grade	3903	3920	-17
	Vijayawada	S-Grade	3803	3820	-17
West Bengal	Kolkata	M-Grade	3827	3917	-90
Tamil Nadu	Chennai	S-Grade	3450	3454	-4
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 Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			1-Dec-16	24-Nov-16	01-Nov-16	1-Dec-15
Delhi	Delhi	M-Grade	3750	3750	Closed	2800
	Delhi	S-Grade	3730	3730	Closed	NA
Uttar Pradesh	Khatauli	M-Grade	3755	3800	Closed	2882
	Ramala	M-Grade	NA	NA	Closed	NA
	Dhampur	M-Grade Ex-Mill	3670	3710	Closed	2713
	Dhampur	S-Grade Ex-Mill	3650	3690	Closed	2693
	Dhampur	L-Grade Ex-Mill	3720	3760	Closed	2763
Maharashtra	Mumbai	M-Grade	3852	3960	Closed	2840
	Mumbai	S-Grade	3616	3626	Closed	2736
	Nagpur	M-Grade	3650	3675	3675	NA
	Nagpur	S-Grade	3550	3575	3575	2648
	Kolhapur	M-Grade	3525	3550	3550	2600
	Kolhapur	S-Grade	3425	3450	3450	2525
Assam	Guhawati	S-Grade	3740	3766	3766	2827
Meghalaya	Shillong	S-Grade	3745	3770	3770	2845
Andhra Pradesh	Vijayawada	M-Grade	3880	3920	3980	2960
	Vijayawada	S-Grade	3780	3820	3860	2800
West Bengal	Kolkata	M-Grade	3840	NA	3900	NA
Tamil Nadu	Chennai	S-Grade	3450	3450	3500	2725
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	NA
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	NA

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)



International Sugar Prices (Weekly)				
	Contract Month	30-Nov-16	23-Nov-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	19.81	19.58	0.23
	May-17	19.27	19.08	0.19
	Jul-17	18.66	18.55	0.11
LIFFE Sugar (US \$/MT)	Mar-17	526.4	522.40	4.00
	May-17	520.1	516.70	3.40
	Aug-17	508.1	505.90	2.20

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