



Sugar & Gur Weekly Research Report

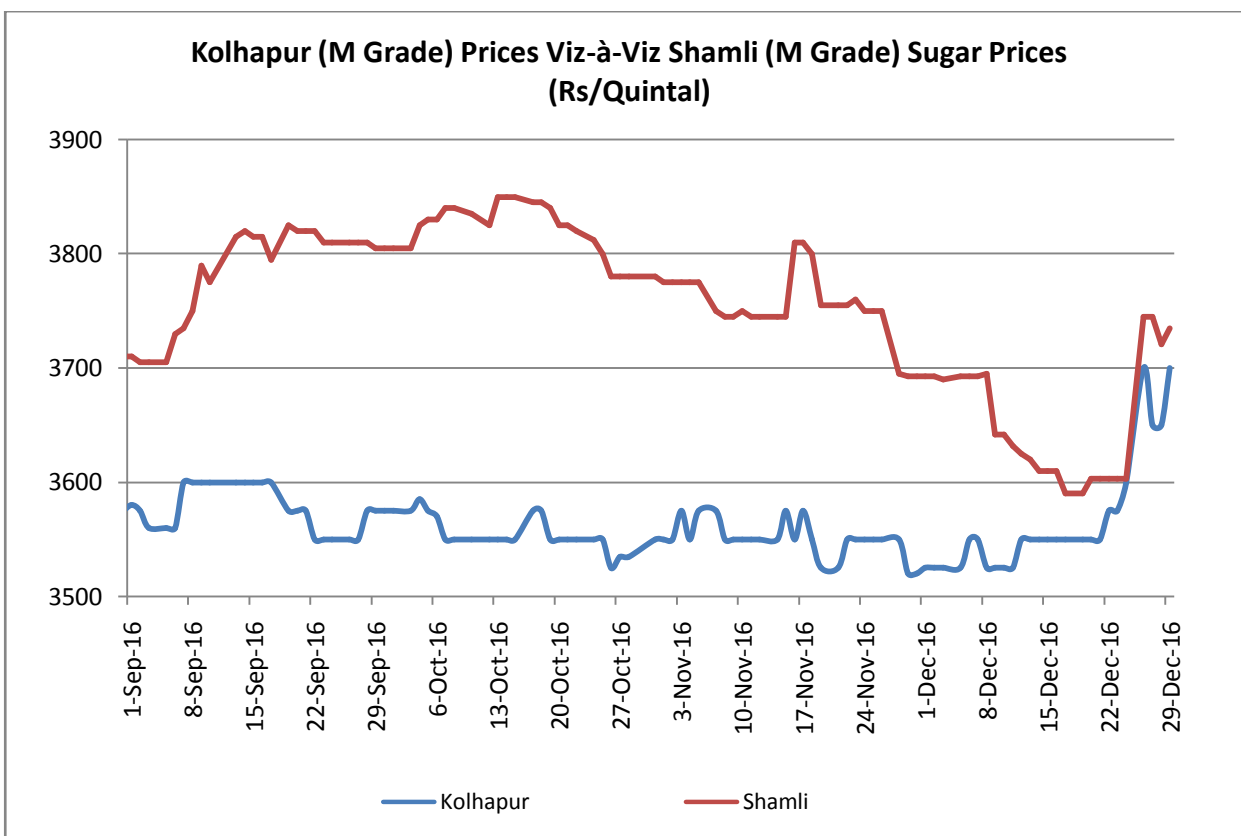
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Domestic Sugar Market Summary

Spot sugar prices noticed range –bound to firm tone during the week following good demand in the domestic market.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs3646 per quintal this week compared to Rs 3554 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 2.56% from Rs 3600 per quintal last week to Rs 3692 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak since crushing operations have already started in the country and is expected to pick up in the coming 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 3600 - 3800 per quintal next week.

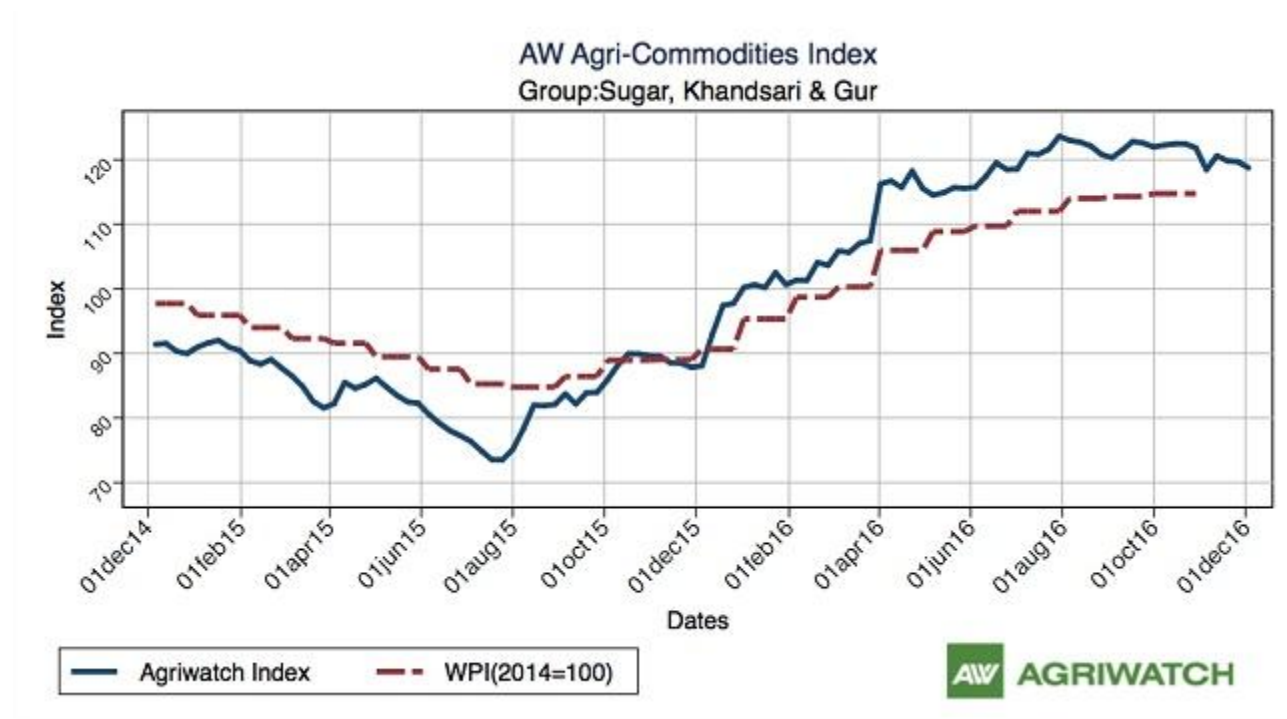
Domestic Market Highlights

Recent Updates

- The government of Tamil Nadu has kept the State Advised Price (SAP) for sugarcane unchanged at Rs.2850/ton in 2016 -17 same as that of previous year. The Sugar industry including farmers and the mill owners are not happy of the same as the decision was taken without consulting them.
- The Kolhapur division in Maharashtra state comprising Kolhapur and Sangli districts, which accounts for 40% of total sugar production in the state is expecting around 30% decline in sugar production this year. In 2016 -17 crushing is expected to decline to 175-180 lakh metric tonnes compared to 227 lakh metric tonnes in 2015 -16 following lack of sufficient rainfall.

Previous Updates

- According to the data released by the Indian Sugar Mills Association (ISMA), sugar mills in India produced 2.588 million tonnes of sugar, white value, in the first half of December compared to 2.458 million tonnes during the same period previous year and 1.954 million tonnes during the previous fortnight.
- Hundreds of sugarcane farmers in Marathwada are waiting for the first installment of their produce sent to sugar mills. Following demonetization, the mills are finding it difficult to pay the first installment of Rs.2300 per quintal to the farmers.
- India is likely to produce 23.4 million tonnes of sugar in 2016/17, down by around 7 per cent compared to previous year amid droughts in the top –producing western state of Maharashtra. However, it is likely to have surplus sugar in 2017-18 as farmers have increased acreage under sugar.
- Sugar production was reported at 27.41 lakh tonnes till November 30, 2016 in the current sugar season 2016 - 17 compared to 23.35 lakh tonnes of sugar during the same period previous year. As on 30, November 2015, 340 sugar mills were crushing sugarcane and 365 sugar mills were crushing sugarcane as on November 30, 2016.
- 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.
- 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. As per Indian Sugar Mills Association (ISMA), 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 corresponding period of previous year.
- 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 operations as on date, resulting in the fall in production.
- Indian sugar exports rose by 66% as the country exported 0.99 lakh tonnes of sugar in November, 2016 compared to 0.60 lakh tonnes of exports made in October, 2016. On the other hand, the country imported 2.90 lakh tonnes of sugar (mainly raw) in November compared to 3.76 lakh tonnes of imports in October, 2016.

Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– December 04, 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 0.78% to 118.74 during the week ending on December 04, 2016. Notably, the base for the Index is 2014 (= 100).

Sugar Import/Export Opportunity

Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$532.87 per ton.

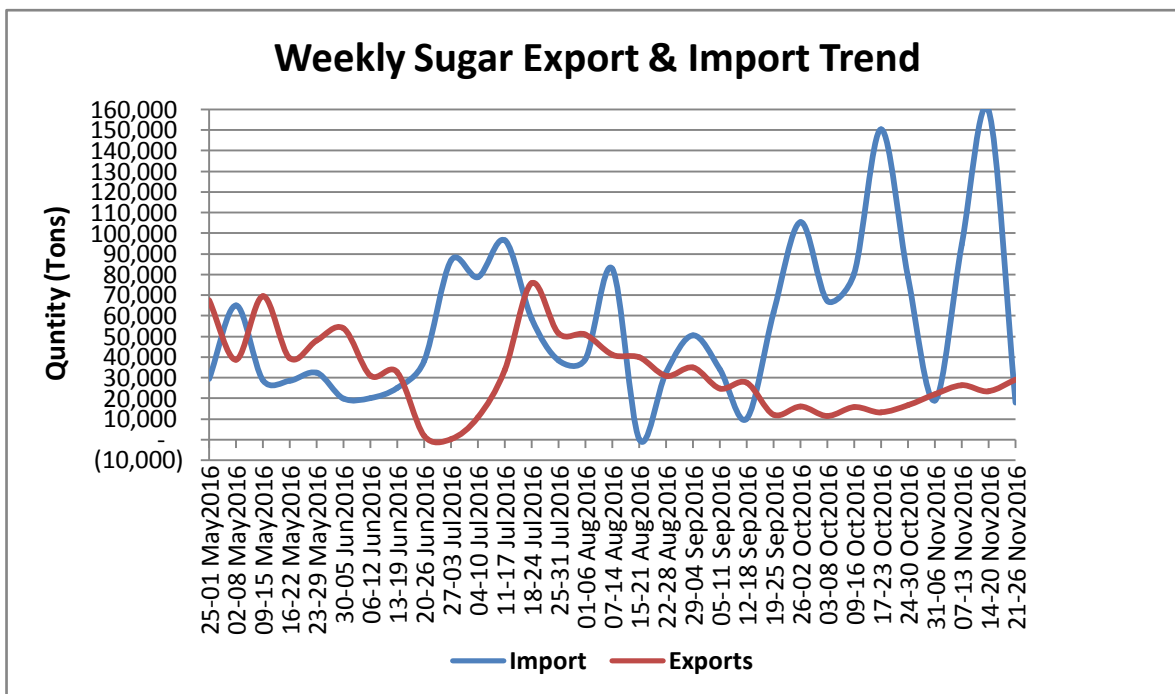
On International front, Brazil sugar FOB prices quoted at \$549.60/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.79) as on 16 Dec, 2016			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$549.60	NA/491.80	\$532.87

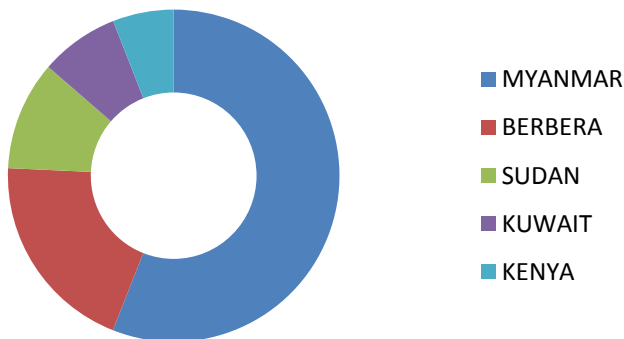
Sugar Import and Export Scenario

India exported 29.1 thousand tonnes of sugar during the 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.

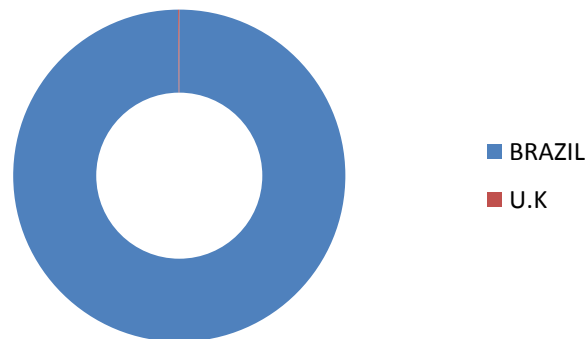


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3646/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3760 and Rs 3600 per quintal.

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

Previous Updates

- 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 the industry group Unica, Brazil center-south cane belt produced 1.13 million tonnes of sugar in the second half of November compared with 1.37 million tonnes in the previous two –week period.
- 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.
- 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).
- 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.
- 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).

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 500.00 with a target of 480.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'17	490.60	480.00



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 18.50 with a target of 18.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	18.16	17.80

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Rascut (Fresh) and Chaku Sukha(Cold) variety of gur from key Muzaffarnagar market fell by Rs 36 and Rs 31 per quintal to Rs 2485 and Rs 2965 per quintal this week. However, prices of Mudde (Average) variety of gur from Bangalore rose by Rs 153 per quintal from Rs 4317/quintal to Rs 4470/quintal this week.

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



- Prices of chaku variety of gur in key Muzaffarnagar market closed at Rs 2965/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) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			23th Dec to 29th Dec 2016	16th Dec to 22th Dec 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2965	2996	-31
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	50000	43000	7000
	Muzaffarnagar	Khurpa (Fresh)	2794	2756	38
	Muzaffarnagar	Laddoo (Fresh)	3030	3039	-9
	Muzaffarnagar	Rascut (Fresh)	2485	2521	-36
	Hapur	Chaurasa	2688	2688	0
	Hapur	Balti	2795	2758	37
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4470	4317	153
	Belgaum	Mudde (Average)	3300	3367	-67
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3556	3378	179
	Mahalingapura	Penti (Average)	3636	3633	3
	Mandya	Achhu (Medium)	3500	3508	-8
	Mandya	Kurikatu (Medium)	3400	3400	Unch
	Mandya	Other (Medium)	3360	3333	27
	Mandya	Yellow (Medium)	3500	3483	17
	Shimoga	Achhu (Average)	3733	3767	-33

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			29-Dec-16	22-Dec-16	29-Nov-16	29-Dec-15
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2975	2938	2988	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	6000	6000	NA
	Muzaffarnagar	Khurpa	2900	2750	2713	2788
	Muzaffarnagar	Laddoo	3075	3000	2925	2788
	Muzaffarnagar	Rascut	2500	2483	2458	2425
	Hapur	Chaurasa	2625	2813	2550	2400
	Hapur	Balti	2750	2850	2550	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4550	4450	4500	3550
	Belgaum	Mudde (Average)	3200	3400	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3700	NA	2590
	Mahalingapura	Penti (Average)	NA	3655	NA	2584
	Mandya	Achhu (Medium)	NA	3500	3250	2450
	Mandya	Kurikatu (Medium)	NA	3400	3100	2300
	Mandya	Other (Medium)	NA	3300	3100	2300
	Mandya	Yellow (Medium)	NA	3500	3200	2450
	Shimoga	Achhu (Average)	NA	4100	NA	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			23th Dec to 29th Dec 2016	16th Dec to 22th Dec 2016	
Delhi	Delhi	M-Grade	3773	3672	101
	Delhi	S-Grade	3753	3652	101
Uttar Pradesh	Khatauli	M-Grade	3753	3667	86
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3624	3603	21
	Dhampur	S-Grade Ex-Mill	3600	3596	4
	Dhampur	L-Grade Ex-Mill	3674	3653	21
Maharashtra	Mumbai	M-Grade	3858	3832	26
	Mumbai	S-Grade	3657	3598	59
	Nagpur	M-Grade	3771	3679	92
	Nagpur	S-Grade	3671	3579	92
	Kolhapur	M-Grade	3646	3554	92
	Kolhapur	S-Grade	3546	3454	92
Assam	Guhawati	S-Grade	3863	3770	93
Meghalaya	Shillong	S-Grade	3866	3774	92
Andhra Pradesh	Vijayawada	M-Grade	3947	3873	73
	Vijayawada	S-Grade	3837	3758	78
West Bengal	Kolkata	M-Grade	3902	3848	54
Tamil Nadu	Chennai	S-Grade	3472	3433	38
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			29-Dec-16	22-Dec-16	29-Nov-16	29-Dec-15
Delhi	Delhi	M-Grade	3770	3715	3750	3125
	Delhi	S-Grade	3750	3695	3730	NA
Uttar Pradesh	Khatauli	M-Grade	3762	3700	3755	3298
	Ramala	M-Grade	NA	NA	NA	2908
	Dhampur	M-Grade Ex-Mill	3720	3600	NA	NA
	Dhampur	S-Grade Ex-Mill	3600	3600	NA	NA
	Dhampur	L-Grade Ex-Mill	3770	3650	NA	NA
Maharashtra	Mumbai	M-Grade	3862	3832	3880	3166
	Mumbai	S-Grade	3676	3590	3620	3046
	Nagpur	M-Grade	3825	3700	3645	3050
	Nagpur	S-Grade	3725	3600	3545	3000
	Kolhapur	M-Grade	3700	3575	3520	3050
	Kolhapur	S-Grade	3600	3475	3420	2950
Assam	Guhawati	S-Grade	3918	3791	3735	3258
Meghalaya	Shillong	S-Grade	3920	3795	3740	3270
Andhra Pradesh	Vijayawada	M-Grade	4000	3890	3900	3300
	Vijayawada	S-Grade	3900	3760	3800	3100
West Bengal	Kolkata	M-Grade	3930	3855	3820	NA
Tamil Nadu	Chennai	S-Grade	3530	3400	3450	2925
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	2835
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	2835

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

International Sugar Prices (Weekly)				
	Contract Month	28-Dec-16	20-Dec-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	18.99	18.25	0.74
	May-17	18.74	18.06	0.68
	Jul-17	18.39	17.84	0.55
LIFFE Sugar (US \$/MT)	Mar-17	509.20	492.6	16.60
	May-17	503.80	489.9	13.90
	Aug-17	496.30	484.6	11.70

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