



Sugar & Gur Weekly Research Report

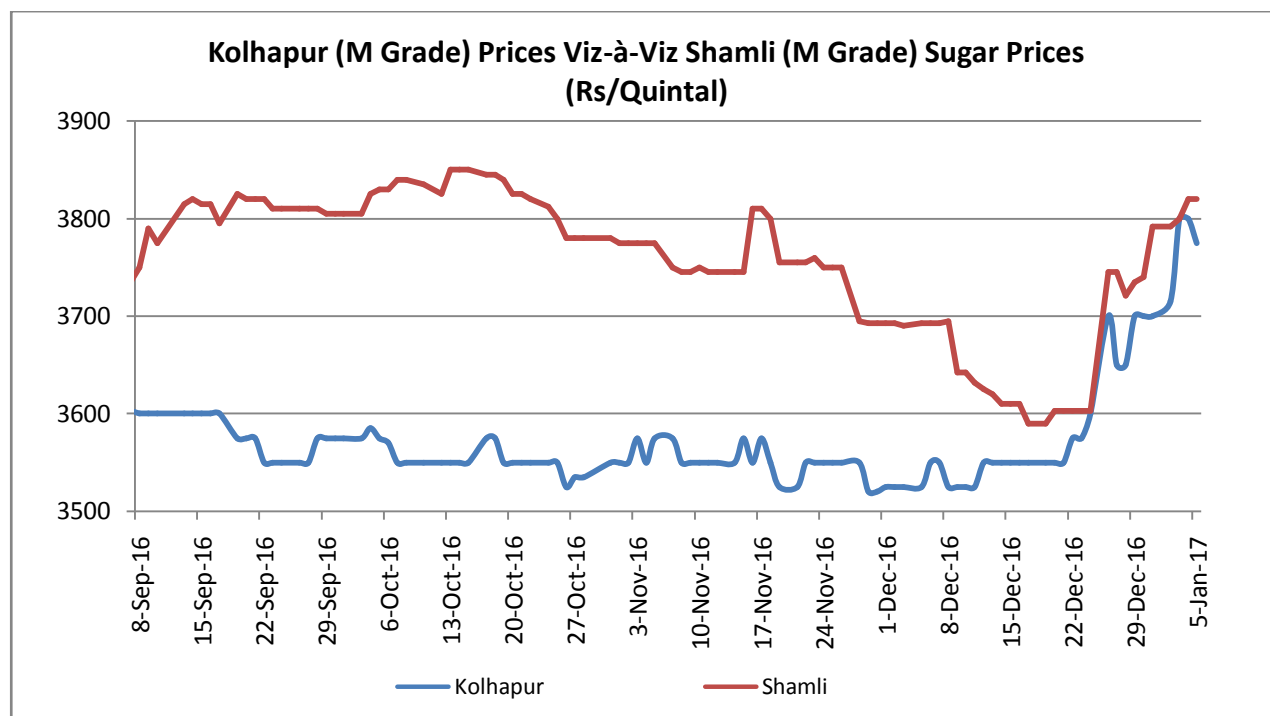
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Domestic Sugar Market Summary

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 Rs 3748 per quintal this week compared to Rs 3646 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 2.76% from Rs 3692 per quintal last week to Rs 3794 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak as crushing operation is at its full swing during this period.

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 3675 - 3800 per quintal next week.

Domestic Market Highlights

Recent Updates

- India produced 80.90 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 80.56 lakh tonnes of production made during the corresponding interval last year.
- Sugar production in U.P rose by 52.48% as the state produced 27.40 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 17.97 lakh tonnes of production in 2015-16 (01st October, 2015 – 31st December, 2015).
- However, sugar production in the top most producing state of Maharashtra fell by 25.07% from 33.70 lakh tonnes in 2015-16 (01st October, 2015 – 31st December, 2015) to 25.25 lakh tonnes in 2016-17 (01st October, 2016 – 31st December, 2016).
- The third largest sugar producing state, Karnataka; had produced 15.60 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) which was 0.34 lakh tonnes lower than the sugar produced corresponding interval, last year .ISMA also expects the State to produce 31 lakh tonnes of sugar in 2016-17 compared to 40.5 lakh tonnes of production made in 2015-16.
- 20 sugar mills in Gujarat had produced 3.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) compared to 4.61 lakh tonnes of production made in 2015-16 (01st October, 2015 – 31st December, 2015).
- Sugar production in Tamil Nadu rose by 23.76% as the state produced 1.25 lakh tonnes of sugar during 2016-17 (till 31st December, 2016) compared to 1.01 lakh tonnes of production during corresponding period of last year.
- The combined sugar production of Andhra Pradesh & Telangana fell by 9.09% as the states produced 1.80 lakh tonnes of sugar in 2016-17(01st October, 2016 – 31st December, 2016) compared to 1.98 lakh tonnes of production in 2015-s16 (01st October, 2015 – 31st December, 2015).
- 11 sugar mills in Bihar had produced 1.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 31st December, 2016) as against 1.37 lakh tonnes of production made by the same number of mills in 2015-16 (01st October, 2015 – 31st December, 2015).
- The combined sugar production made by Haryana, Punjab, M.P, Chhattisgarh and Uttarakhand stood at 4.45 lakh tonnes during 2016-17 (01st October, 2016 – 31st December, 2016) compared to 3.85 lakh tonnes in 2015-16 (01st October, 2015 – 31st December, 2015).
- Domestic sugar prices rose as there are cues that the Indian government could consider debt restructuring for the sugar sector.

Previous 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.
- 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.
- 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.

Agriwatch Sweeteners (Sugar, Gur &Khandsari) Index– January 07, 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 rose by 2.72% to 122.73 during the week ending on January 07, 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 \$607.82 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.

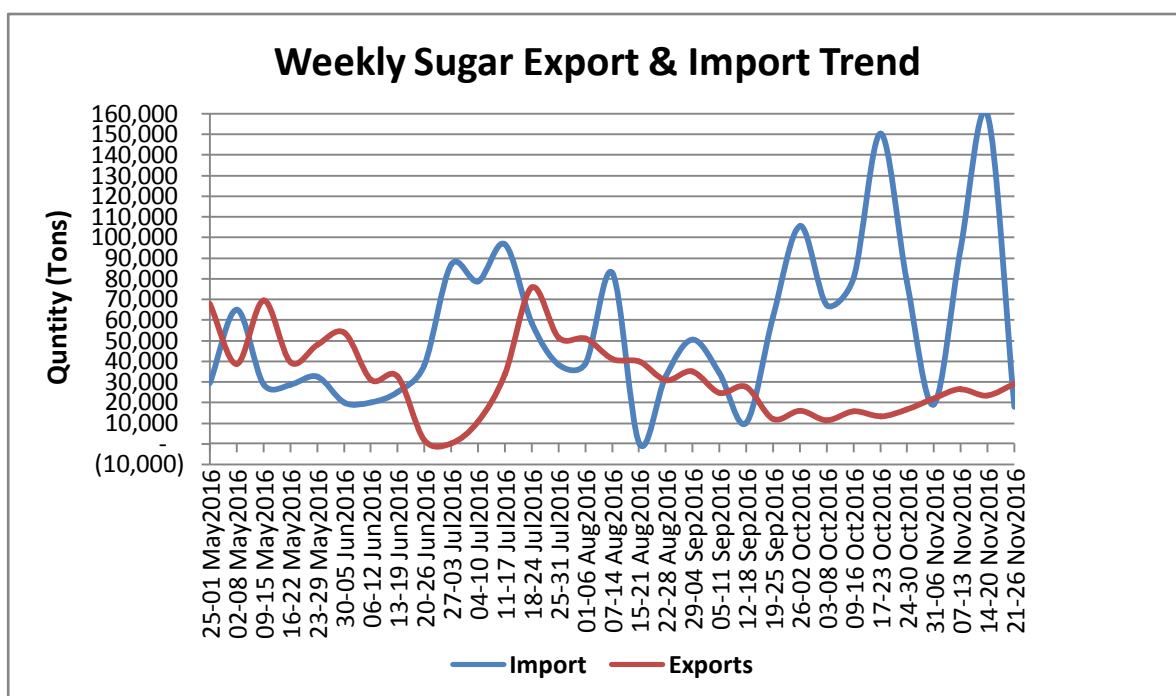
On International front, Brazil sugar FOB prices quoted at \$562.4/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.67.95) as on 06 Jan, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$562.4	NA/550.20	\$559.23

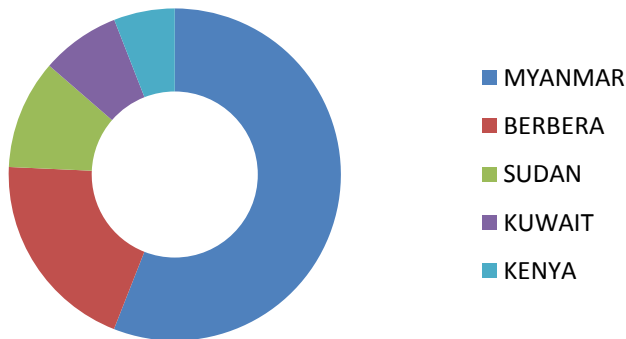
Sugar Import and Export Scenario

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.

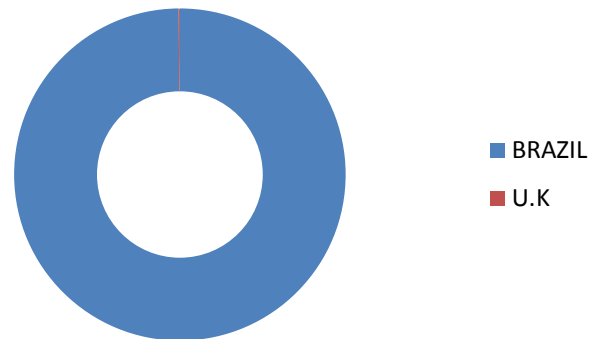


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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)

SUGAR (Mar Weekly Chart)



Technical Commentary:

- Sugar prices, volume and O.I increased indicating long build up in the market.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bullish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Mar	3650	3700	3823	3900	4000
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Mar	Sell	Below 3830	3780	3755	3860

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 3748/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3838 and Rs 3690 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 Sudden, 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 during the corresponding periodlast year.
- 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 upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 547.2 with a target of 564.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'17	547.2	564.6

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



Technical Commentary:

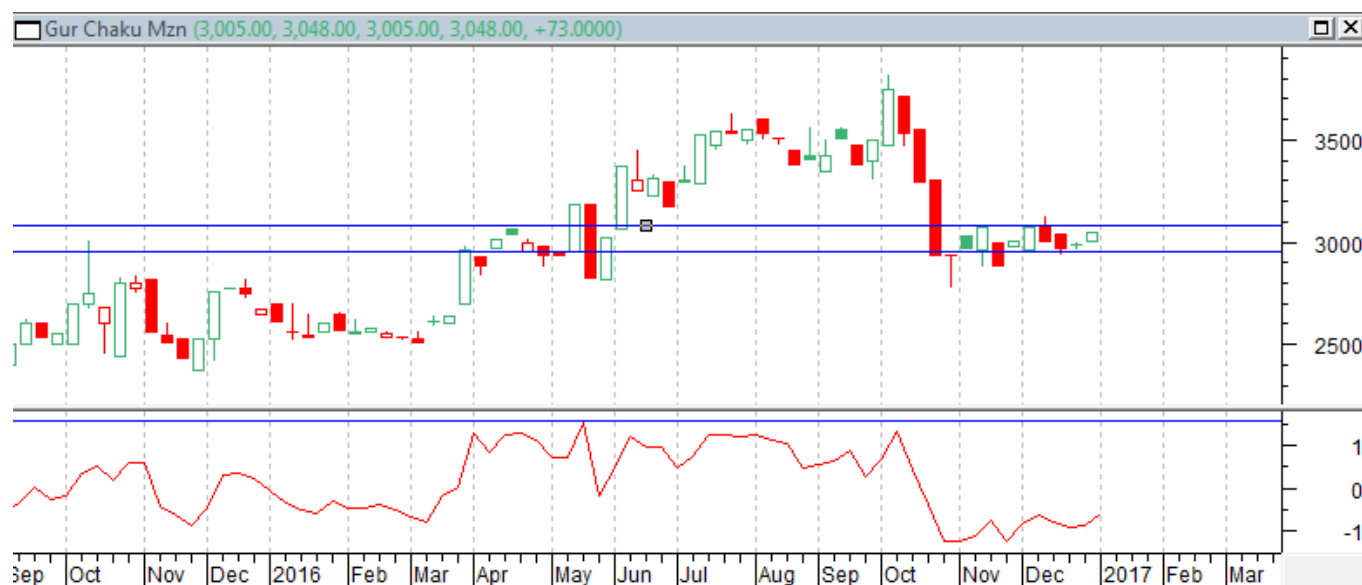
- ICE raw sugar futures trend upward for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 21.00 with a target of 21.68

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	21.00	21.68

Gur Market Scenario

Spot gur market mainly remained buoyant with price rising in almost all the major markets during the week. Prices of Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market rose by Rs 47/quintal on back of lower arrival of the variety of gur during the week. Similarly, prices of Achhu (Average) variety of gur from Shimoga rose by Rs 167/quintal from Rs 3733/quintal to Rs 3900/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3013/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3081 and Rs 2957 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			30th Dec to 5th Jan 2017	23rd Dec to 29th Dec 2016	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3012	2965	47
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	42000	50000	-8000
	Muzaffarnagar	Khurpa (Fresh)	2825	2794	31
	Muzaffarnagar	Laddoo (Fresh)	3088	3030	58
	Muzaffarnagar	Rascut (Fresh)	2520	2485	35
	Hapur	Chaurasa	2710	2688	22
	Hapur	Balti	2845	2795	50
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4470	4470	Unch
	Belgaum	Mudde (Average)	3240	3300	-60
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3558	NA	-
	Gulbarga	Other (Average)	3580	3556	24
	Mahalingapura	Penti (Average)	3691	3636	55
	Mandya	Achhu (Medium)	3510	3500	10
	Mandya	Kurikatu (Medium)	3440	3400	40
	Mandya	Other (Medium)	3430	3360	70
	Mandya	Yellow (Medium)	3550	3500	50
	Shimoga	Achhu (Average)	3900	3733	167

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			5-Jan-17	29-Dec-16	5-Dec-16	5-Jan-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3048	2975	2963	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	8000	8000	NA
	Muzaffarnagar	Khurpa	2888	2900	2750	2413
	Muzaffarnagar	Laddoo	3095	3075	3053	2625
	Muzaffarnagar	Rascut	2530	2500	2450	2400
	Hapur	Chaurasa	2750	2625	Closed	2350
	Hapur	Balti	2850	2750	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4500	4550	4450	3600
	Belgaum	Mudde (Average)	3200	3200	3500	2500
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3640	NA	3500	2560
	Mahalingapura	Penti (Average)	3734	NA	NA	2731
	Mandya	Achhu (Medium)	NA	NA	3300	2450
	Mandya	Kurikatu (Medium)	NA	NA	3150	2300
	Mandya	Other (Medium)	NA	NA	3150	2300
	Mandya	Yellow (Medium)	NA	NA	3300	2450
	Shimoga	Achhu (Average)	NA	NA	3900	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			30th Dec to 5th Jan 2017	23rd Dec to 29th Dec 2016	
Delhi	Delhi	M-Grade	3849	3773	76
	Delhi	S-Grade	3829	3753	76
Uttar Pradesh	Khatauli	M-Grade	3826	3753	73
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3765	3624	141
	Dhampur	S-Grade Ex-Mill	3755	3600	155
	Dhampur	L-Grade Ex-Mill	3815	3674	141
Maharashtra	Mumbai	M-Grade	3923	3858	65
	Mumbai	S-Grade	3718	3657	61
	Nagpur	M-Grade	3883	3771	112
	Nagpur	S-Grade	3785	3671	114
	Kolhapur	M-Grade	3758	3646	112
	Kolhapur	S-Grade	3660	3546	114
Assam	Guhawati	S-Grade	3920	3863	57
Meghalaya	Shillong	S-Grade	3980	3866	114
Andhra Pradesh	Vijayawada	M-Grade	4006	3947	59
	Vijayawada	S-Grade	3903	3837	66
West Bengal	Kolkata	M-Grade	3977	3902	75
Tamil Nadu	Chennai	S-Grade	3960	3472	488
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			5-Jan-17	29-Dec-16	5-Dec-16	5-Jan-16
Delhi	Delhi	M-Grade	3850	3770	3740	3200
	Delhi	S-Grade	3830	3750	3720	NA
Uttar Pradesh	Khatauli	M-Grade	3870	3762	3755	3130
	Ramala	M-Grade	NA	NA	NA	2998
	Dhampur	M-Grade Ex-Mill	3800	3720	NA	3108
	Dhampur	S-Grade Ex-Mill	3800	3700	NA	3088
	Dhampur	L-Grade Ex-Mill	3850	3770	NA	3158
Maharashtra	Mumbai	M-Grade	3950	3862	3836	3282
	Mumbai	S-Grade	3766	3676	3612	3156
	Nagpur	M-Grade	3900	3825	3650	3080
	Nagpur	S-Grade	3800	3725	3550	2970
	Kolhapur	M-Grade	3775	3700	3525	3050
	Kolhapur	S-Grade	3675	3600	3425	2950
Assam	Guhawati	S-Grade	3935	3918	3740	3258
Meghalaya	Shillong	S-Grade	3995	3920	3745	3270
Andhra Pradesh	Vijayawada	M-Grade	4020	4000	3880	3400
	Vijayawada	S-Grade	3910	3900	3780	3200
West Bengal	Kolkata	M-Grade	3980	3930	3800	3290
Tamil Nadu	Chennai	S-Grade	3625	3530	3450	3100
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	04-Jan-17	28-Dec-16	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	20.89	18.99	1.90
	May-17	20.41	18.74	1.67
	Jul-17	19.79	18.39	1.40
LIFFE Sugar (US \$/MT)	Mar-17	550.20	509.20	41.00
	May-17	544.30	503.80	40.50
	Aug-17	532.20	496.30	35.90

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