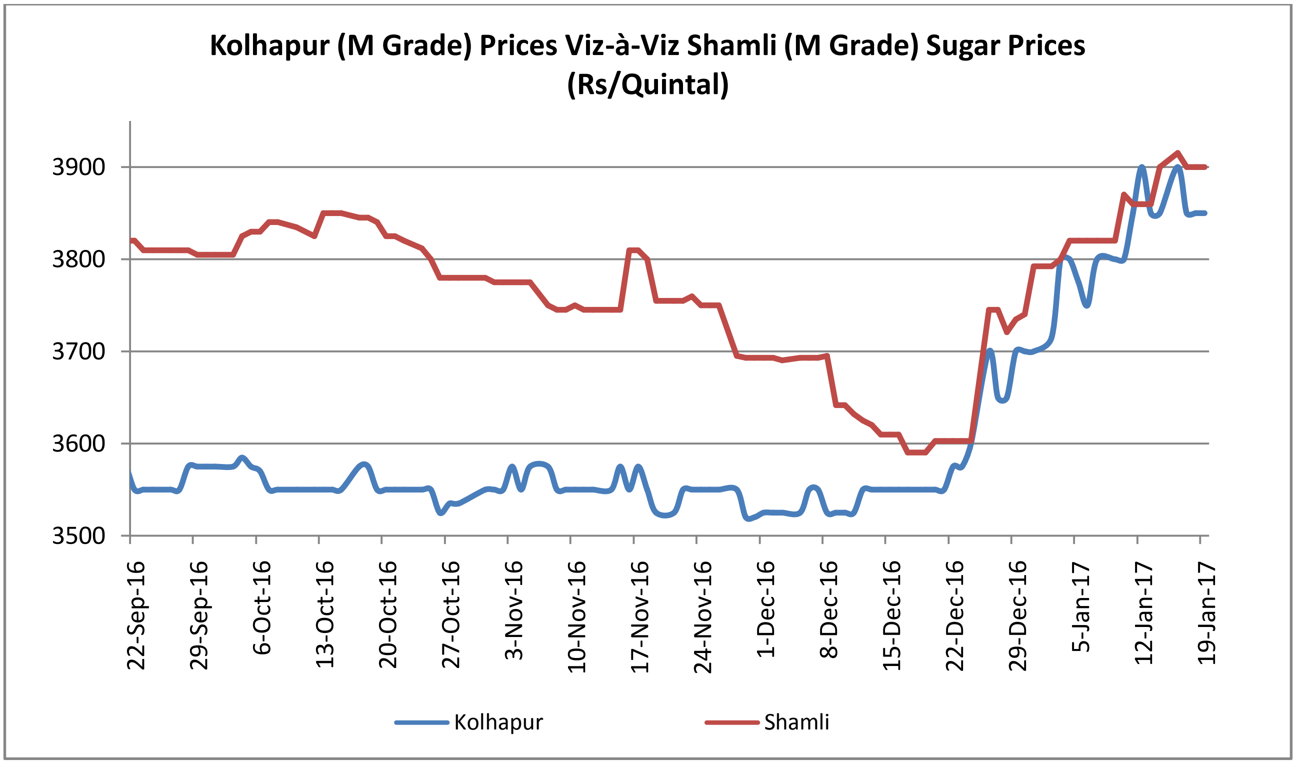
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices rose up during the week following strong demand in the domestic market and reports of a sugar deficit this marketing year.

Notably, the average price for sugar ‘M’ grade in key Kolhapur market settled at Rs 3858 per quintal this week compared to Rs 3817 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 1.41% from Rs 3842 per quintal last week to Rs 3896 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 3750 - 3950 per quintal next week.

Domestic Market Highlights

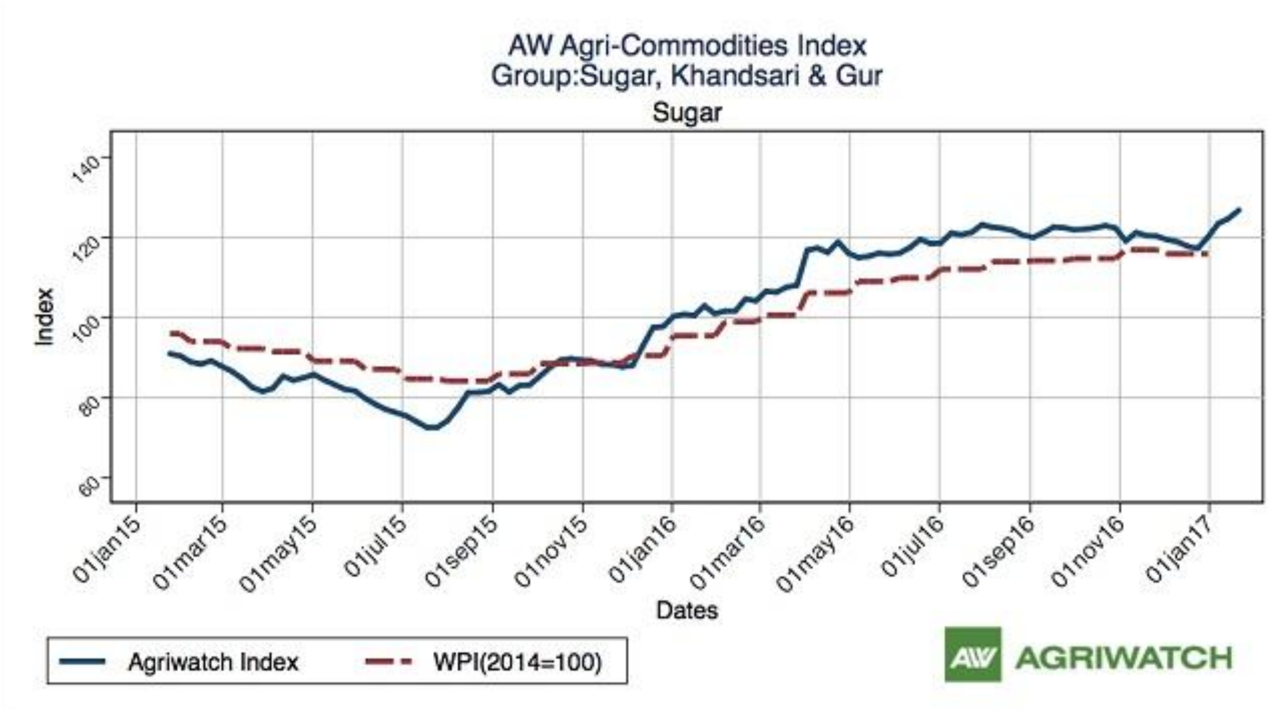
Recent Updates

- India's sugar production fell by 5.35% as the country produced 104.80 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 15th January, 2017) compared to 110.72 lakh tonnes of production in 2015-16 (01st October, 2015 – 15th January, 2016).
- 149 sugar mills in Maharashtra had produced 31.43 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 15th January, 2017) which was 28.23% lower than the sugar produced last year during the corresponding period.
- 116 sugar mills in U.P produced 35.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 15th January, 2017) while the same number of mills produced 27.07 lakh tonnes of sugar in 2015-16 (01st October, 2015 – 15th January, 2016).
- Sugar production in Karnataka fell by 12.53% as the state produced 18.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 15th January, 2017) compared to 21.15 lakh tonnes of production in 2015-16 (01st October, 2015 – 15th January, 2016).
- Tamil Nadu produced 2.50 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 15th January, 2017) which was 56.25% higher than the sugar produced last year during the corresponding period.
- Late commencement of crushing operation in Gujarat resulted into a fall in sugar production from 5.70 lakh tonnes in 2015-16 (01st October, 2015 – 15th January, 2016) to 4.70 lakh tonnes in 2016-17 (01st October, 2016 – 15th January, 2017).
- Andhra Pradesh & Telangana together produced 2.80 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 15th January, 2017) which was 14.37% lower than the sugar produced last year during the corresponding period.
- Bihar, Uttarakhand, Punjab & Haryana too produced 7.42 lakh tonnes of sugar altogether compared to 6.55 lakh tonnes of production last year till 15th January.
- The combined sugar production of M.P & Chhattisgarh stood at 1.80 lakh tonnes in 2016-17 (ill 15th January, 2017) which was 28.57% higher than the sugar produced in 2015-16 (till 15th January, 2016).

Previous Updates

- As per the latest AW estimate, India is expected to produce 21.7 MMT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017); wherein U.P, Maharashtra and Karnataka are expected to produce 78.89 LT, 51.40 LT and 26.80 LT of sugar respectively during the season.
- As per the latest notification of NCDEX, an additional special cash margin of 20% on long side will be imposed on all the running & yet to be launched contracts of sugar (M grade) w.e.f. 16th January, 2017.
- Domestic sugar prices rose as there are cues that the Indian government could consider debt restructuring for the sugar sector.
- 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 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.

Agriwatch Sweeteners (Sugar, Gur &Khandsari) Index– January 21, 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 1.52% to 125.97 during the week ending on January 21, 2017. Notably, the base for the Index is 2014 (= 100).

Sugar Import/Export Opportunity

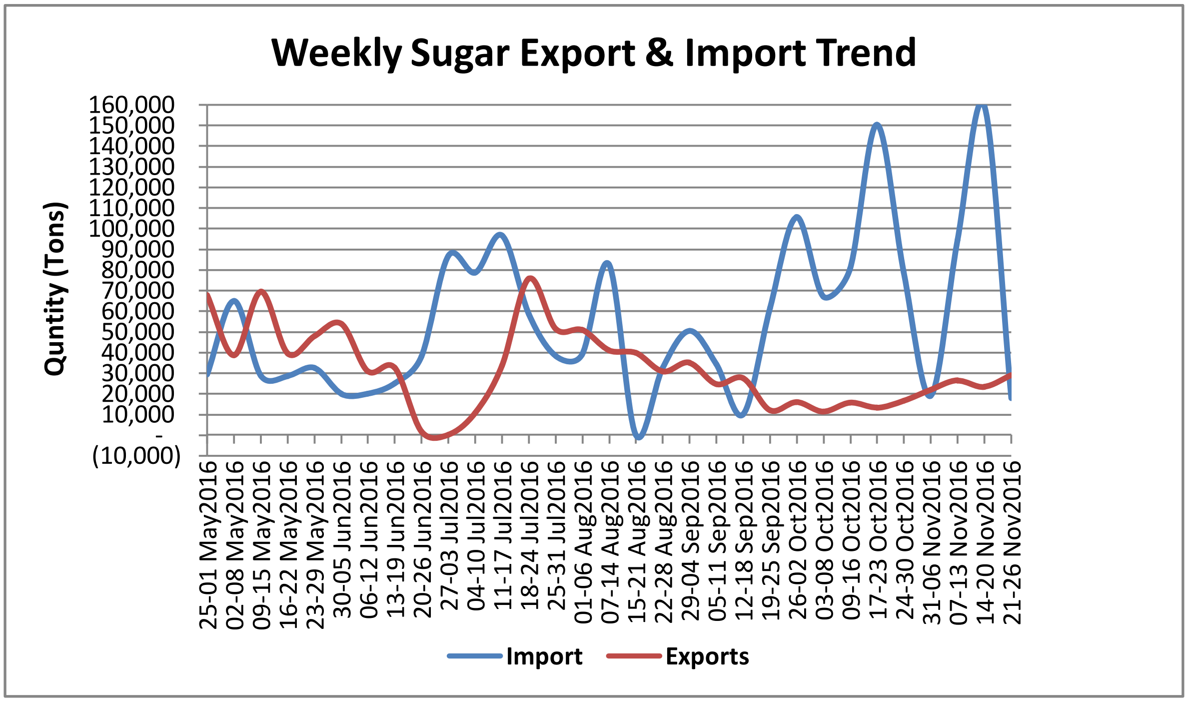
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $663.18 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $572.69 per ton.

On International front, Brazil sugar FOB prices quoted at $530.7/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

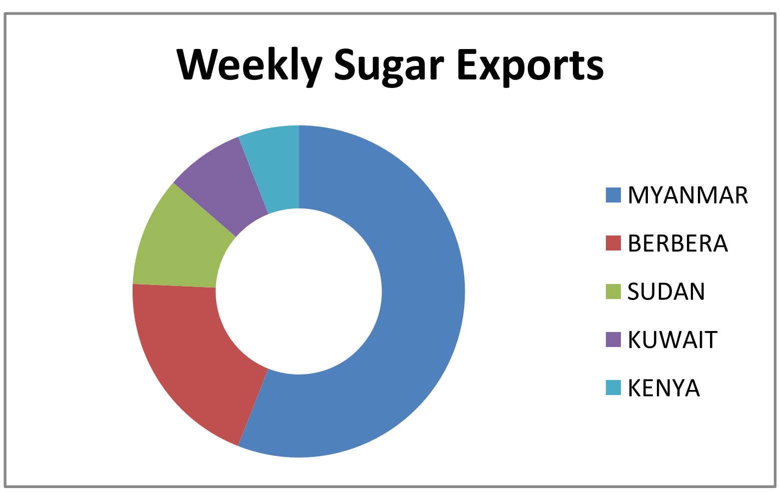
Indicative Sugar FOB Prices (USD/MT) ($=Rs.68.10) as on 20 Jan, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$530.7	NA/530.70	$572.69

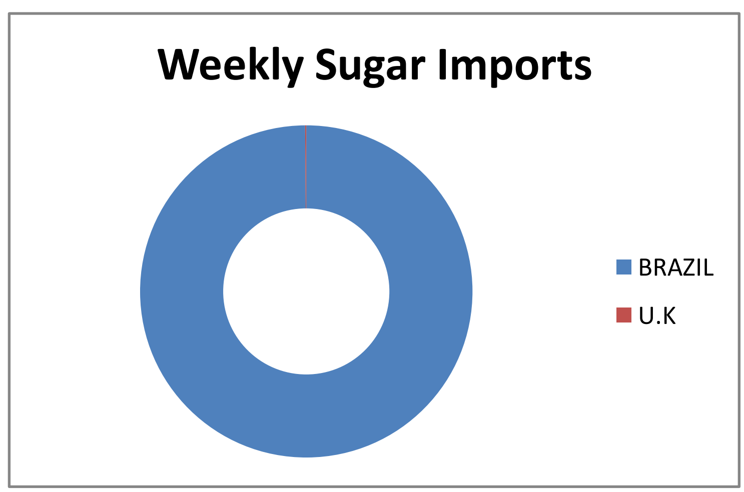
Sugar Import and Export Scenario

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.





Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (Mar Weekly Chart)

Technical Commentary:

- Sugar prices, volume and O.I declined indicating consolidation 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	3835	4050	4200
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Sell**	Below 3850	3800	3775	3880

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3858/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3951 and Rs 3805 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

Recent Updates

- Brazil's main C.S region crushed 0.13 MMT of sugar in the second half of December 2016 which was 67.27% lower than the sugar crushed last year during the same period.

Previous Updates

- The Indonesian govt. allowed import permit for1.5 MT of raw sugar in the first half of MY 2017 i.e. 01st January, 2017- 30th June, 2017.
- Brazil's raw sugar export rose by 0.72% as the country exported 2.09 MT of sugar (raw) in December, 2016 compared to 2.07 MT of sugar in November, 2016.
- 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 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.
- 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 530.20 with a target of 524.19

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Mar'17**	530.20	524.19

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

Technical Commentary:

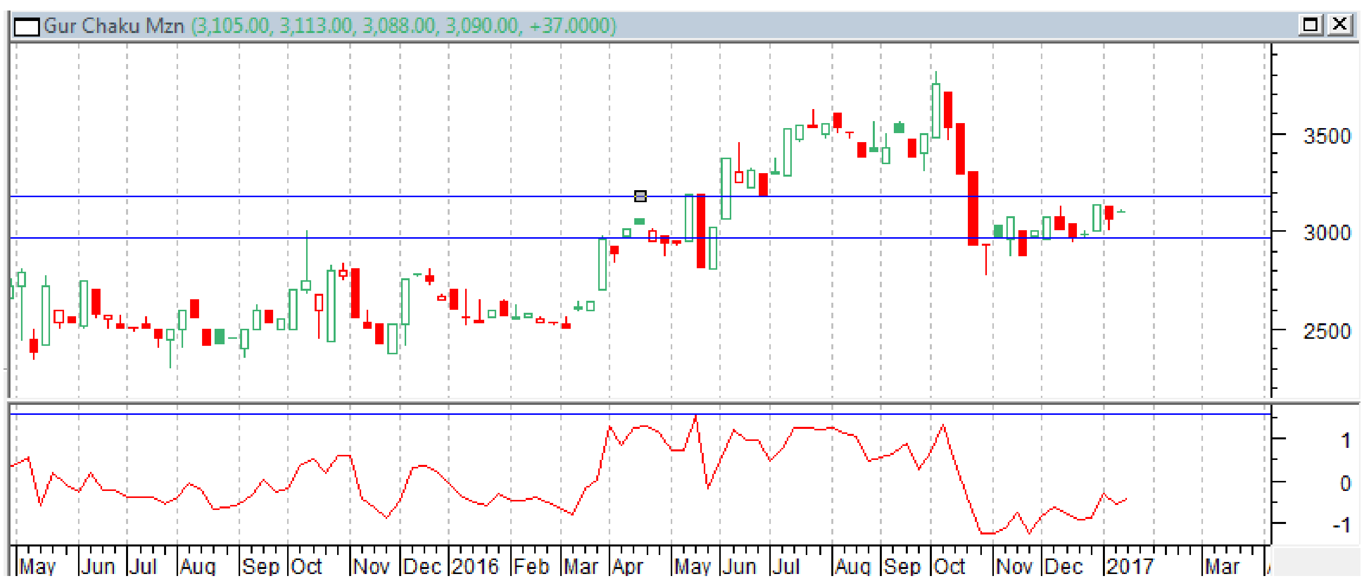
- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market.
  Strategy: Sell at 20.10 with a target of 19.83

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	20.10	19.83

Gur Market Scenario

Mixed sentiments were recorded in spot gur market where prices rising in some markets while declined in others. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 240/quintal from Rs 3960/quintal to Rs 4200/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 184/quintal to Rs 3350/quintal this week. However, prices of Kurikatu (Medium) variety of gur from Mandya fell by Rs 110/quintal from Rs 3450/quintal to Rs 3340/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3081/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3180 and Rs 2964 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			13th Jan to 19th Jan 2017	6th Jan to 12th Jan 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3081	3073	8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	30000	26000	4000
	Muzaffarnagar	Khurpa (Fresh)	2871	2887	-16
	Muzaffarnagar	Laddoo (Fresh)	3088	3124	-36
	Muzaffarnagar	Rascut (Fresh)	2533	2533	Unch
	Hapur	Chaursa	2745	2715	30
	Hapur	Balti	2770	2770	Unch
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4530	4466	64
	Belgaum	Mudde (Average)	3350	3166	184
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3569	3612	-43
	Gulbarga	Other (Average)	3662	3623	39
	Mahalingapura	Penti (Average)	3716	3719	-3
	Mandya	Achhu (Medium)	3420	3475	-55
	Mandya	Kurikatu (Medium)	3340	3450	-110
	Mandya	Other (Medium)	3330	3375	-45
	Mandya	Yellow (Medium)	3420	3508	-88
	Shimoga	Achhu (Average)	4200	3960	240

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**19-Jan-17**	**12-Jan-17**	**19-Dec-16**	**19-Jan-16**
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3090	3000	3038	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	4000	9000	NA
	Muzaffarnagar	Khurpa	2938	2775	2725	2425
	Muzaffarnagar	Laddoo	3080	3050	3078	2578
	Muzaffarnagar	Rascut	2563	2575	2500	2410
	Hapur	Chaursa	2775	2725	Closed	2338
	Hapur	Balti	2800	2750	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4650	4500	4250	3650
	Belgaum	Mudde (Average)	3400	NA	NA	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3575	3680	NA	NA
	Gulbarga	Other (Average)	NA	NA	3550	2515
	Mahalingapura	Penti (Average)	NA	NA	3596	2656
	Mandya	Achhu (Medium)	3400	3450	3500	2350
	Mandya	Kurikatu (Medium)	3300	3400	3400	2300
	Mandya	Other (Medium)	3350	3300	3350	2200
	Mandya	Yellow (Medium)	3400	3450	3500	2350
	Shimoga	Achhu (Average)	NA	NA	3700	2900

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			13th Jan to 19th Jan 2017	6th Jan to 12th Jan 2017	
Delhi	Delhi	M-Grade	3924	3867	57
	Delhi	S-Grade	3904	3847	57
Uttar Pradesh	Khatauli	M-Grade	3941	3883	58
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3900	NA	-
	Dhampur	S-Grade Ex-Mill	3880	NA	-
	Dhampur	L-Grade Ex-Mill	3950	NA	-
Maharashtra	Mumbai	M-Grade	4077	4021	56
	Mumbai	S-Grade	3861	3802	59
	Nagpur	M-Grade	3985	3941	44
	Nagpur	S-Grade	3885	3854	31
	Kolhapur	M-Grade	3860	3816	44
	Kolhapur	S-Grade	3760	3729	31
Assam	Guhawati	S-Grade	4080	3989	91
Meghalaya	Shillong	S-Grade	4080	4049	31
Andhra Pradesh	Vijayawada	M-Grade	4073	4020	53
	Vijayawada	S-Grade	3910	3910	Unch
West Bengal	Kolkata	M-Grade	4061	4028	33
Tamil Nadu	Chennai	S-Grade	3750	3725	25
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			**19-Jan-17**	**12-Jan-17**	**19-Dec-16**	**19-Jan-16**
Delhi	Delhi	M-Grade	3915	3875	3670	3200
	Delhi	S-Grade	3895	3855	3650	3170
Uttar Pradesh	Khatauli	M-Grade	3950	3900	3642	3220
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3900	NA	3600	3060
	Dhampur	S-Grade Ex-Mill	3880	NA	3580	3040
	Dhampur	L-Grade Ex-Mill	3950	NA	3650	3110
Maharashtra	Mumbai	M-Grade	4090	4060	3832	3282
	Mumbai	S-Grade	3866	3832	3609	3160
	Nagpur	M-Grade	3975	4025	3675	3120
	Nagpur	S-Grade	3875	3925	3575	3050
	Kolhapur	M-Grade	3850	3900	3550	3100
	Kolhapur	S-Grade	3750	3800	3450	3000
Assam	Guhawati	S-Grade	4070	4121	3766	3309
Meghalaya	Shillong	S-Grade	4070	4120	3770	3320
Andhra Pradesh	Vijayawada	M-Grade	4100	4020	3850	3400
	Vijayawada	S-Grade	3910	3910	3750	3240
West Bengal	Kolkata	M-Grade	4070	4040	3850	NA
Tamil Nadu	Chennai	S-Grade	3750	3750	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	**18-Jan-17**	**11-Jan-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**Mar-17**	20.98	20.56	**0.42**
	May-17	20.80	20.38	**0.42**
	Jul-17	20.36	19.98	**0.38**
LIFFE Sugar (US $/MT)	**Mar-17**	542.50	539.10	**3.40**
	May-17	544.70	539.60	**5.10**
	Aug-17	540.00	533.90	**6.10**

*****