

# Sugar & Gur Weekly Research Report

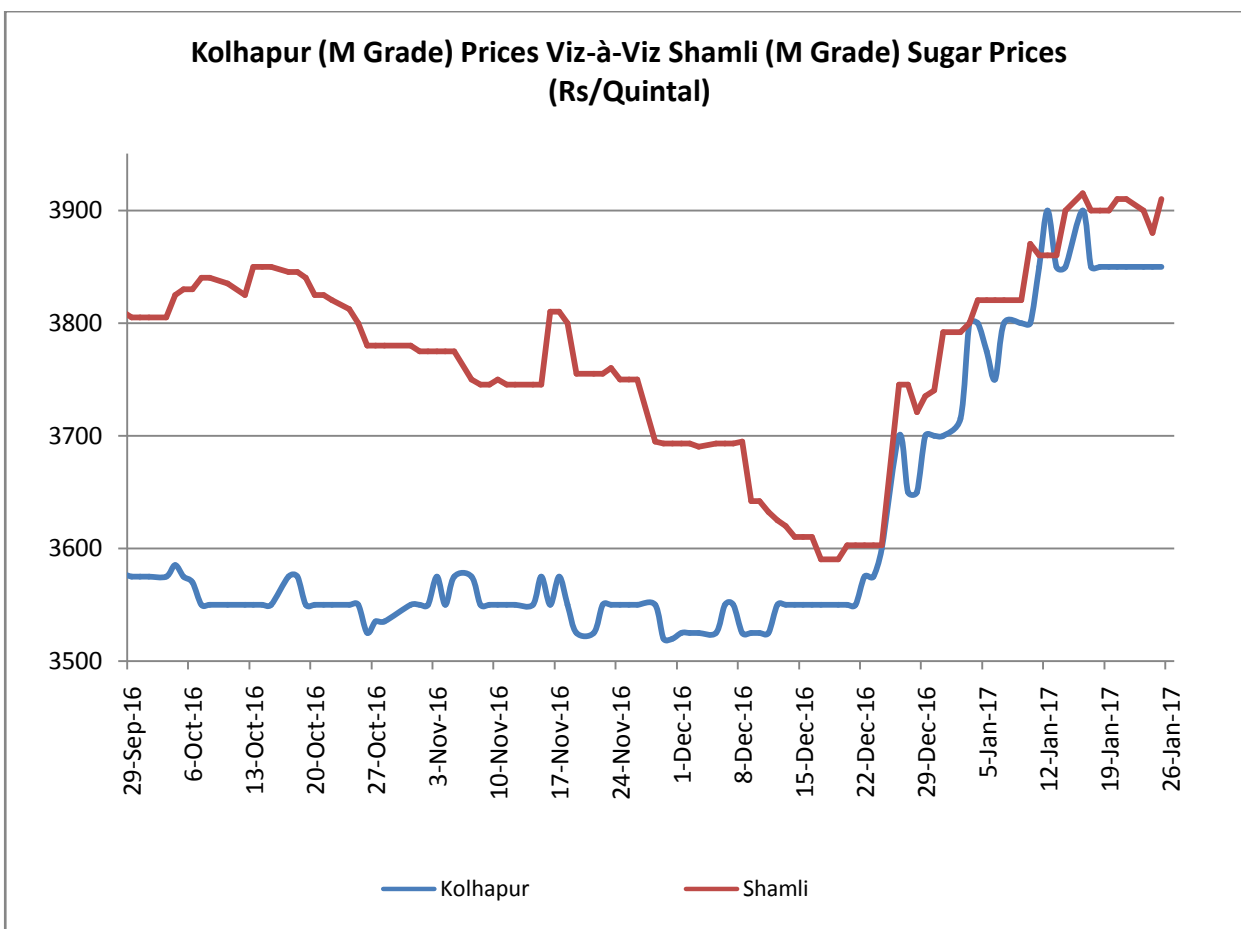
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### Domestic Sugar Market Summary

Spot sugar prices traded steady to firm 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 3850 per quintal this week compared to Rs 3858 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.16% from Rs 3896 per quintal last week to Rs 3902 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

### Previous Updates

- India's sugar production fell by 5.35% as the country produced 104.80 lakh tonnes of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> January, 2017) compared to 110.72 lakh tonnes of production in 2015-16 (01<sup>st</sup> October, 2015 – 15<sup>th</sup> January, 2016).
- 149 sugar mills in Maharashtra had produced 31.43 lakh tonnes of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> January, 2017) while the same number of mills produced 27.07 lakh tonnes of sugar in 2015-16 (01<sup>st</sup> October, 2015 – 15<sup>th</sup> January, 2016).
- Sugar production in Karnataka fell by 12.53% as the state produced 18.50 lakh tonnes of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> January, 2017) compared to 21.15 lakh tonnes of production in 2015-16 (01<sup>st</sup> October, 2015 – 15<sup>th</sup> January, 2016).
- Tamil Nadu produced 2.50 lakh tonnes of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> 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 (01<sup>st</sup> October, 2015 – 15<sup>th</sup> January, 2016) to 4.70 lakh tonnes in 2016-17 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> January, 2017).
- Andhra Pradesh & Telangana together produced 2.80 lakh tonnes of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 15<sup>th</sup> 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 15<sup>th</sup> January.
- The combined sugar production of M.P & Chhattisgarh stood at 1.80 lakh tonnes in 2016-17 (till 15<sup>th</sup> January, 2017) which was 28.57% higher than the sugar produced in 2015-16 (till 15<sup>th</sup> January, 2016).
- As per the latest AW estimate, India is expected to produce 21.7 MMT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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. 16<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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 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](http://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 0.03% to 126.01 during the week ending on January 28, 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 \$667.82 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$570.38 per ton.

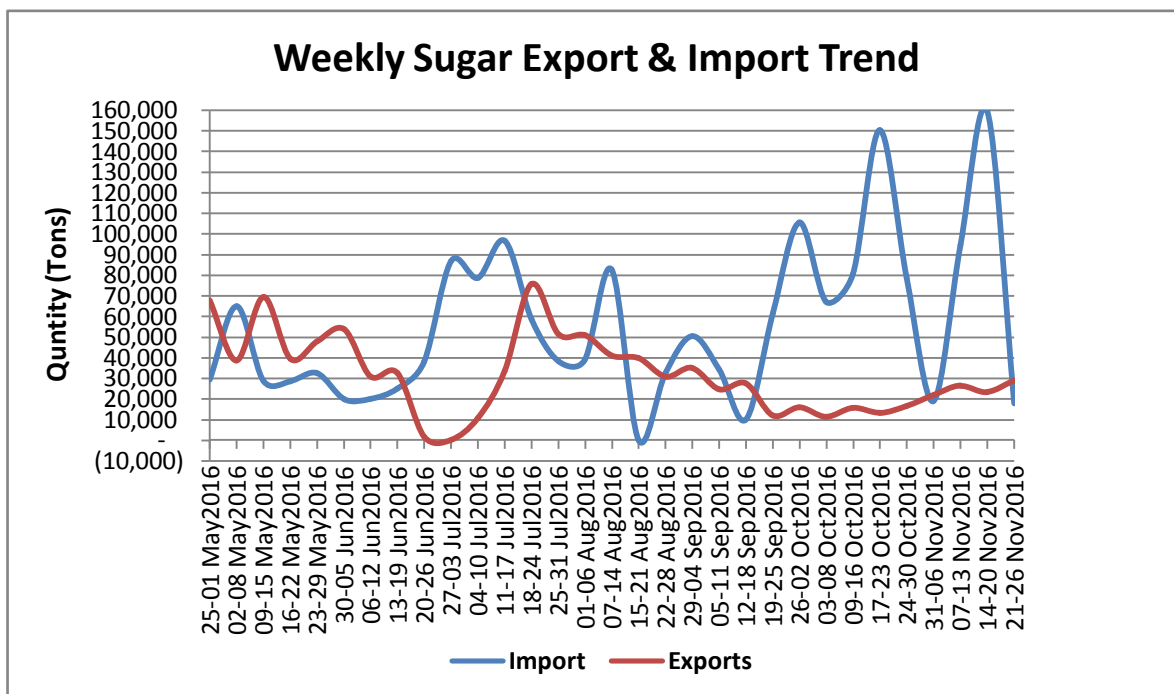
On International front, Brazil sugar FOB prices quoted at \$537.5/ Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.68.20) as on 27 Jan, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$537.5	NA/537.30	\$570.38

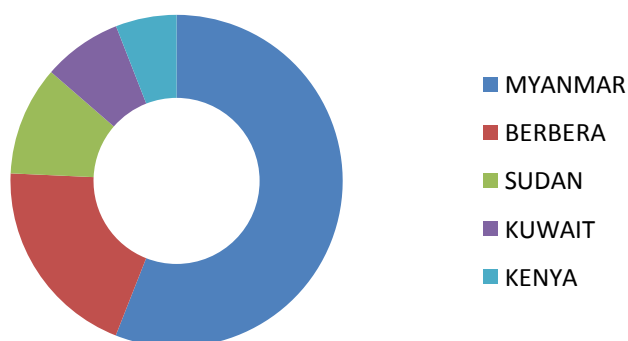
### Sugar Import and Export Scenario

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.

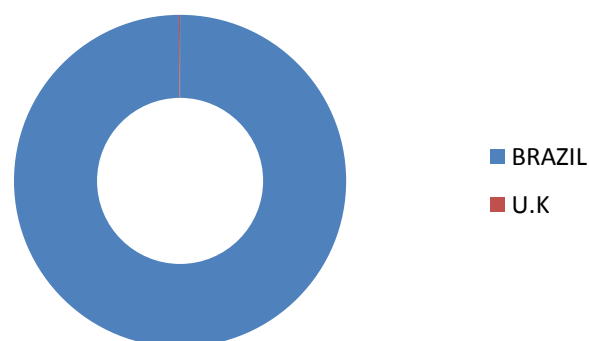


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3850/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

- According to the Agriculture Ministry officials, sugar output in Iran is estimated to exceed 1.52 million tons by the end of the current fiscal year. Domestic demand for sugar is around 2.2 million tons and another 700,000 tons needs to be imported.

### Previous 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.
- The Indonesian govt. allowed import permit for 1.5 MT of raw sugar in the first half of MY 2017 i.e. 01<sup>st</sup> January, 2017- 30<sup>th</sup> 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 upward for the week.
  - The last candlestick depicts bullishness in the market.
- Strategy: Sell at 536.4 with a target of 524.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'17	536.4	524.2



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



#### Technical Commentary:

- ICE raw sugar futures trend upward for the week.
  - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 20.30 with a target of 19.94

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	20.30	19.94

## Gur Market Scenario

Mixed sentiments were recorded in spot gur market where prices rising in some markets while declined in others. Prices of Balti variety of gur from Hapur rose by Rs 130/quintal from Rs 2770/quintal to Rs 2900/quintal this week. Similarly, prices of Khurpa (Fresh) variety of gur from key Muzaffarnagar market rose by Rs 92/quintal to Rs 2871/quintal during the week. However, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 233/quintal from Rs 4200/quintal to Rs 3967/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3097/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3185 and Rs 2963 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			20th Dec to 27th Dec 2016	13th Jan to 19th Jan 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3105	3081	24
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	43000	30000	13000
	Muzaffarnagar	Khurpa (Fresh)	2963	2871	92
	Muzaffarnagar	Laddoo (Fresh)	3129	3088	41
	Muzaffarnagar	Rascut (Fresh)	2576	2533	43
	Hapur	Chaurasa	2831	2745	86
	Hapur	Balti	2900	2770	130
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4567	4530	37
	Belgaum	Mudde (Average)	3320	3350	-30
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3539	3569	-30
	Gulbarga	Other (Average)	3661	3662	-1
	Mahalingapura	Penti (Average)	3775	3716	59
	Mandya	Achhu (Medium)	3390	3420	-30
	Mandya	Kurikatu (Medium)	3300	3340	-40
	Mandya	Other (Medium)	3300	3330	-30
	Mandya	Yellow (Medium)	3390	3420	-30
	Shimoga	Achhu (Average)	3967	4200	-233

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			27-Jan-17	20-Jan-17	27-Dec-16	27-Jan-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3150	3125	2963	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	4000	8000	NA
	Muzaffarnagar	Khurpa	2963	2950	2775	2418
	Muzaffarnagar	Laddoo	3150	3100	3013	2540
	Muzaffarnagar	Rascut	2638	2553	2488	2423
	Hapur	Chaurasa	NA	2775	2588	2413
	Hapur	Balti	NA	2825	2725	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4400	4650	4450	3550
	Belgaum	Mudde (Average)	3400	3400	NA	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3300	NA	NA
	Gulbarga	Other (Average)	NA	3640	3680	2550
	Mahalingapura	Penti (Average)	NA	3822	3625	2600
	Mandya	Achhu (Medium)	NA	3350	3500	2300
	Mandya	Kurikatu (Medium)	NA	3300	3400	2200
	Mandya	Other (Medium)	NA	3300	3350	2250
	Mandya	Yellow (Medium)	NA	3350	3500	2300
	Shimoga	Achhu (Average)	NA	3900	3700	2800

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			20th Dec to 27th Dec 2016	13th Jan to 19th Jan 2017	
Delhi	Delhi	M-Grade	3943	3924	19
	Delhi	S-Grade	3923	3904	19
Uttar Pradesh	Khatauli	M-Grade	3934	3941	-7
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3881	3900	-19
	Dhampur	S-Grade Ex-Mill	3861	3880	-19
	Dhampur	L-Grade Ex-Mill	3931	3950	-19
Maharashtra	Mumbai	M-Grade	4125	4077	48
	Mumbai	S-Grade	3880	3861	19
	Nagpur	M-Grade	3975	3985	-10
	Nagpur	S-Grade	3875	3885	-10
	Kolhapur	M-Grade	3850	3860	-10
	Kolhapur	S-Grade	3750	3760	-10
Assam	Guhawati	S-Grade	4070	4080	-10
Meghalaya	Shillong	S-Grade	4070	4080	-10
Andhra Pradesh	Vijayawada	M-Grade	4100	4073	27
	Vijayawada	S-Grade	3910	3910	Unch
West Bengal	Kolkata	M-Grade	4042	4061	-19
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
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			27-Jan-17	20-Jan-17	27-Dec-16	27-Jan-16
Delhi	Delhi	M-Grade	3940	3950	3800	3150
	Delhi	S-Grade	3920	3930	3780	3135
Uttar Pradesh	Khatauli	M-Grade	3940	3935	3765	3152
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3865	3900	3600	3000
	Dhampur	S-Grade Ex-Mill	3845	3880	3580	2980
	Dhampur	L-Grade Ex-Mill	3915	3950	3650	3050
Maharashtra	Mumbai	M-Grade	4160	4090	3856	3286
	Mumbai	S-Grade	3896	3862	3676	3156
	Nagpur	M-Grade	3975	3975	3775	NA
	Nagpur	S-Grade	3875	3875	3675	NA
	Kolhapur	M-Grade	3850	3850	3650	3050
	Kolhapur	S-Grade	3750	3750	3550	2950
Assam	Guhawati	S-Grade	4070	4070	3867	3258
Meghalaya	Shillong	S-Grade	4070	4070	3870	3270
Andhra Pradesh	Vijayawada	M-Grade	4100	4100	4000	3400
	Vijayawada	S-Grade	3910	3910	3900	3240
West Bengal	Kolkata	M-Grade	4060	4050	3950	3240
Tamil Nadu	Chennai	S-Grade	3750	3750	3475	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	26-Jan-17	18-Jan-17	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	20.36	20.98	-0.62
	May-17	20.36	20.80	-0.44
	Jul-17	20.10	20.36	-0.26
LIFFE Sugar (US \$/MT)	Mar-17	537.30	542.50	-5.20
	May-17	541.50	544.70	-3.20
	Aug-17	538.10	540.00	-1.90

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