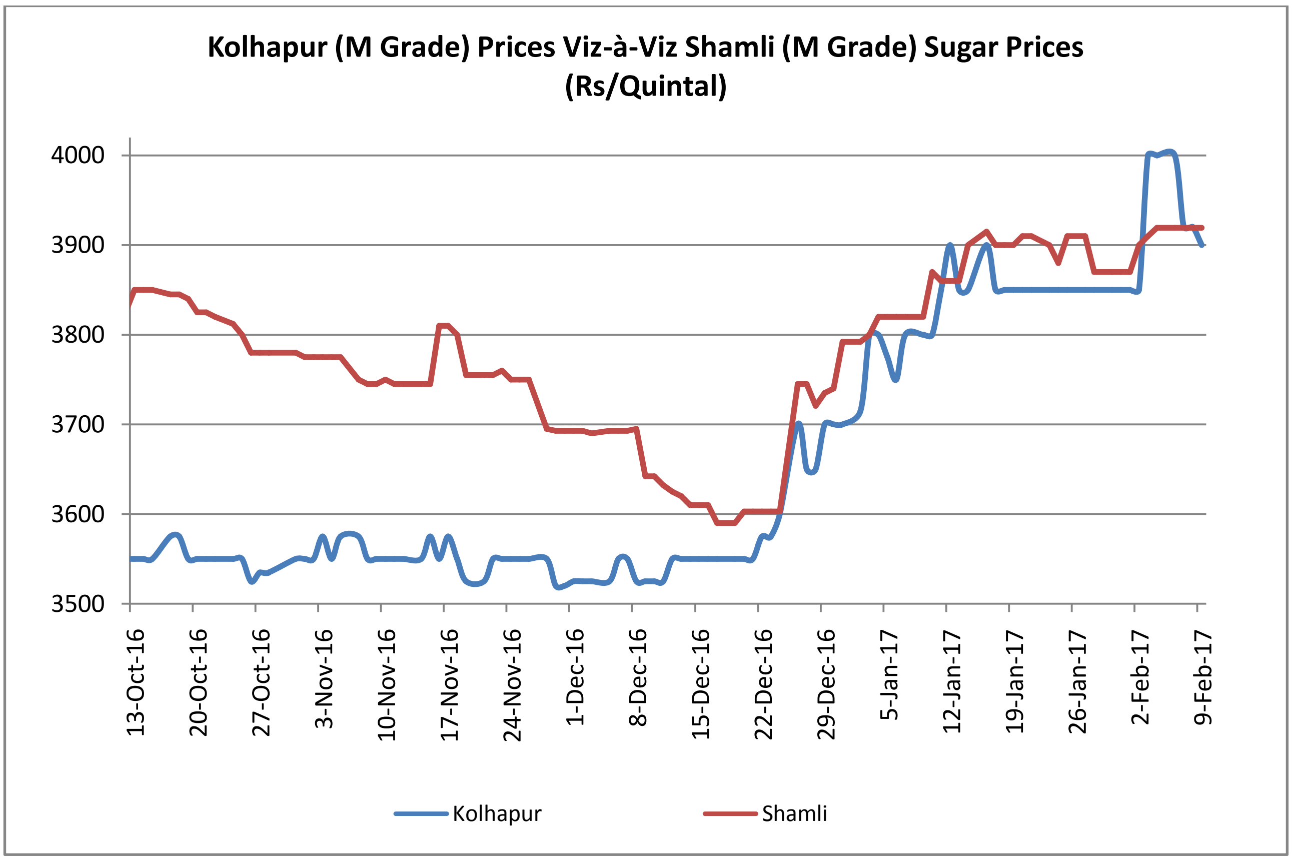
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar market remained buoyant during the week following tight supply and high domestic demand from bulk consumer and stockiest. In addition, reports of a lower sugar production estimate this marketing year had further landed support to the surge in prices.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3957 per quintal this week compared to Rs 3850 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 0.92% from Rs 3882 per quintal last week to Rs 3918 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

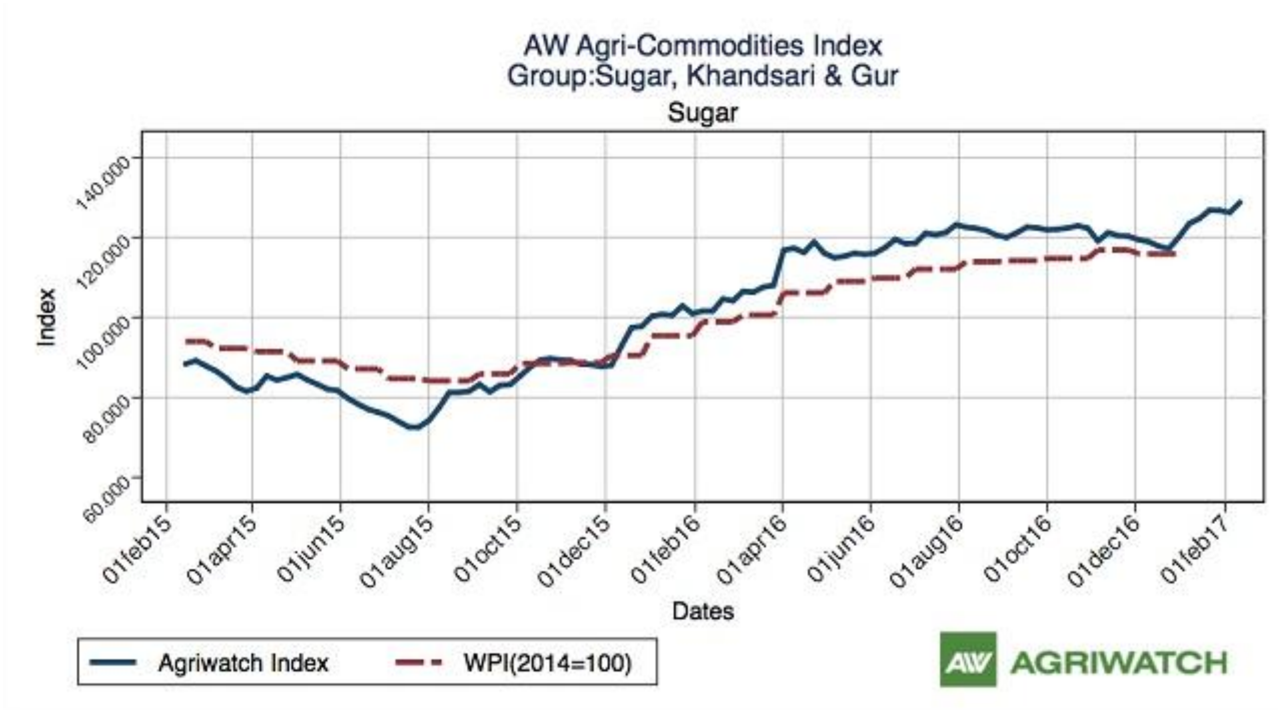
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3750 - 3950 per quintal next week.

Domestic Market Highlights

Previous Updates

- India produced 128.55 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) which was 9.98% lower than the sugar produced last year in 2015 -16 (01st October, 2015 – 31st January, 2016).
- Higher cane acreage and better recovery rate caused U.P to produce 45.59 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) compared to 35.94 LT of production made in 2015 -16 (01st October, 2015 – 31st January, 2016).
- 58 sugar mills in Maharashtra produced 36.76 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) which was 32.14% lower than the sugar produced last year during the corresponding period.
- Sugar production in Karnataka fell by 24.78% as the state produced 20.25 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) compared to 26.92 LT of sugar produced in 2015 -16 (01st October, 2015 – 31st January, 2016).
- 36 sugar mills in Tamil Nadu produced 3.50 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) which was 0.84 LT more than the sugar produced last year by approximately the same number of mills in the state.
- Gujarat's sugar production fell by 17.74% as the state produced 5.75 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) compared to 6.99 LT of production made in 2015 -16 (01st October, 2015 – 31st January, 2016).
- The combined sugar production of Andhra Pradesh & Telangana lies at 3.50 LT for 2016-17 (01st October, 2016 – 31st January, 2017) which was 14.63% lower than the production made in 2015 -16 (01st October, 2015 – 31st January, 2016).
- Bihar and Punjab each produced 3.00 LT of sugar in MY 2016-17 (01st October, 2016 – 31st January, 2017) while Uttarakhand and Haryana produced 1.73 LT and 2.6 LT of sugar respectively during the same period.
- M.P & Chhattisgarh too combinedly produced 2.60 LT of sugar in 2016-17 (01st October, 2016 – 31st January, 2017) which was 36.84% higher than the sugar produced last year during the corresponding period.
- As per the second advance estimate of ISMA, India is projected to produce 213 LT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017). The govt. of India also projected the country to produce 225 LT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017).However, as per the latest advance estimate by AW, India is projected to produce 210 LT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017) wherein U.P, Maharashtra and Karnataka are expected to produce 81.4 LT, 48.5 LT and 23.4 LT of sugar respectively.
- Currently the Centre pays a subsidy of Rs.18.5/kg for people to get sugar at Rs.13.5/kg at ration shops which costs the Centre annually Rs.4500 crore for 30 states. In the upcoming budget, there will be a likely reduction in the subsidy given by the Centre. States may have to bear major share of the sugar subsidy if sugar is to be sold under public distribution system at cheaper rates.
- 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.

Agriwatch Sweeteners (Sugar, Gur &Khandsari) Index– February 11, 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 1.85% to 127.89 during the week ending on February 11, 2017. Notably, the base for the Index is 2014 (= 100).

Sugar Import/Export Opportunity

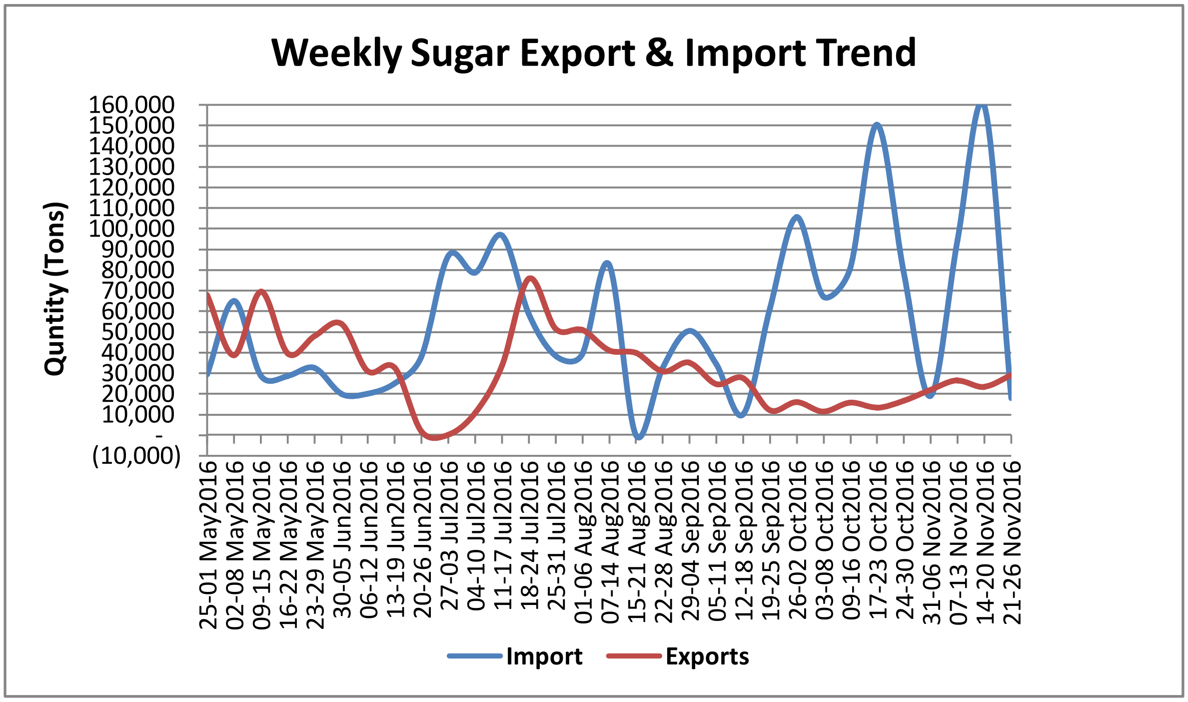
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $677.72 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $596.46 per ton.

On International front, Brazil sugar FOB prices quoted at $536.9/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

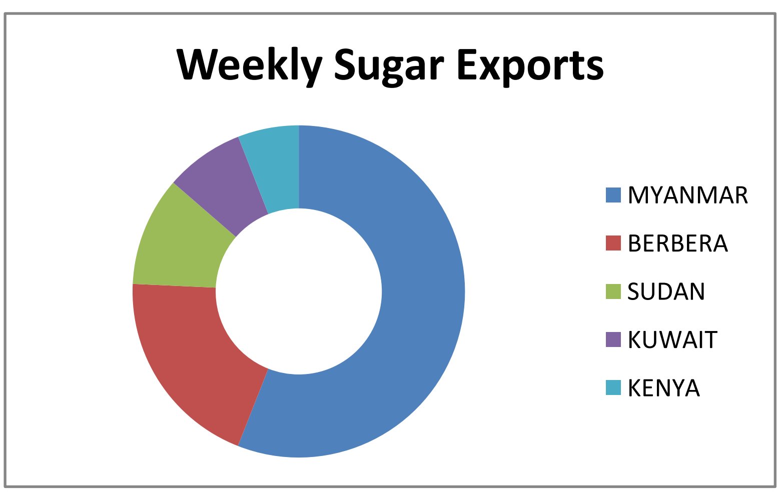
Indicative Sugar FOB Prices (USD/MT) ($=Rs.67.01) as on 10 Feb, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$536.9	NA/544.40	$596.46

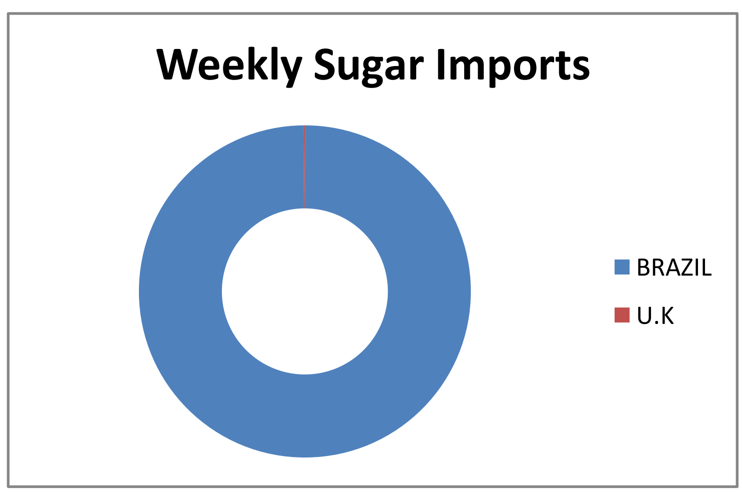
Sugar Import and Export Scenario

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 and volume decreased while O.I surged for the week.
- 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	3700	3800	3895	4100	4200
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Sell**	Below 4000	3950	3925	4030

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3957/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 4037 and Rs 3852 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

- Datagro predicted Brazil's main C.S region to churn 612 MT of sugarcane in 2017-18 (01st April, 2017 – 31st March, 2018) to produce 36.8 MT of sugar there on. However, for 2016-1718 (01st April, 2017 – 31st March, 2018) the organization predicted a cane crop and sugar production of 605.5 MT and 35.62 MT respectively.
- Brazil exported 1.78 million tonnes of raw sugar in January, 2017 which was 14.73% lower than the sugar exported the previous month in December, 2016.

Previous Updates

- Brazil's main C.S region crushed 0.04 MT of sugar in the first half of January, 2017 which was 34.62% higher than the sugar crushed during corresponding interval last year.
- 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.
- 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.
- 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 535.4 with a target of 527.6

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Mar’17**	545.4	527.6

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: Buy at 20.70 with a target of 21.50

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	20.70	21.50

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with prices rising in some market while declining in others. Prices of Penti (Average) variety of gur from Mahalingapura rose by Rs 77/quintal from Rs 3723/quintal to Rs 3799/quintal. Similarly, prices of Achhu (Average) variety of gur from Shimoga rose by Rs 50/quintal to Rs 3883/quintal this week. On the other hand, prices of Chaursa and Balti variety of gur from Hapur fell by Rs 119 and Rs 96 per quintal to Rs 2698 and Rs 2745 per quintal respectively. Prices of Mudde (Average) variety of gur too fell by Rs 133/quintal to Rs 3300 per quintal during the week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3058/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3125 and Rs 2975 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			3rd Feb 2017 to 9th Feb 2017	28th Jan 2017 to 02nd Feb 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3058	3070	-12
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	54000	36000	18000
	Muzaffarnagar	Khurpa (Fresh)	2887	2929	-42
	Muzaffarnagar	Laddoo (Fresh)	3015	3080	-65
	Muzaffarnagar	Rascut (Fresh)	2608	2634	-26
	Hapur	Chaursa	2698	2817	-119
	Hapur	Balti	2745	2842	-96
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	3300	3433	-133
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3575	3539	36
	Gulbarga	Other (Average)	3599	3531	68
	Mahalingapura	Penti (Average)	3799	3723	77
	Mandya	Achhu (Medium)	3358	3350	8
	Mandya	Kurikatu (Medium)	3217	3200	17
	Mandya	Other (Medium)	3267	3240	27
	Mandya	Yellow (Medium)	3358	3350	8
	Shimoga	Achhu (Average)	3883	3833	50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**9-Feb-17**	**2-Feb-17**	**9-Jan-17**	**9-Feb-16**
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3070	3038	3125	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	6000	4000	NA
	Muzaffarnagar	Khurpa	2888	2893	2980	2488
	Muzaffarnagar	Laddoo	2988	3038	3175	2555
	Muzaffarnagar	Rascut	2588	2590	2530	2440
	Hapur	Chaursa	2738	2788	Closed	2350
	Hapur	Balti	2813	2800	Closed	2288
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4400	4400	4500	3100
	Belgaum	Mudde (Average)	3200	3400	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3435	3600	NA
	Gulbarga	Other (Average)	3620	3450	3680	2550
	Mahalingapura	Penti (Average)	3848	3792	3722	2597
	Mandya	Achhu (Medium)	3400	3350	3500	2300
	Mandya	Kurikatu (Medium)	3250	3200	3500	2200
	Mandya	Other (Medium)	3300	3200	3400	2250
	Mandya	Yellow (Medium)	3400	3350	3550	2300
	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			3rd Feb 2017 to 9th Feb 2017	28th Jan 2017 to 02nd Feb 2017	
Delhi	Delhi	M-Grade	3961	3913	48
	Delhi	S-Grade	3941	3893	48
Uttar Pradesh	Khatauli	M-Grade	3969	3909	60
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3907	3867	40
	Dhampur	S-Grade Ex-Mill	3887	3847	40
	Dhampur	L-Grade Ex-Mill	3957	3917	40
Maharashtra	Mumbai	M-Grade	4248	4167	81
	Mumbai	S-Grade	3997	3909	88
	Nagpur	M-Grade	4082	3975	107
	Nagpur	S-Grade	3982	3875	107
	Kolhapur	M-Grade	3957	3850	107
	Kolhapur	S-Grade	3857	3750	107
Assam	Guhawati	S-Grade	4178	4070	108
Meghalaya	Shillong	S-Grade	4177	4070	107
Andhra Pradesh	Vijayawada	M-Grade	4193	4100	93
	Vijayawada	S-Grade	4063	3910	153
West Bengal	Kolkata	M-Grade	4124	4050	74
Tamil Nadu	Chennai	S-Grade	3840	3750	90
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			**9-Feb-17**	**2-Feb-17**	**9-Jan-17**	**9-Feb-16**
Delhi	Delhi	M-Grade	3925	3925	3900	3180
	Delhi	S-Grade	3905	3905	3880	NA
Uttar Pradesh	Khatauli	M-Grade	3960	3965	3887	3300
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3908	3875	NA	NA
	Dhampur	S-Grade Ex-Mill	3888	3855	NA	NA
	Dhampur	L-Grade Ex-Mill	3958	3925	NA	NA
Maharashtra	Mumbai	M-Grade	4266	4158	4006	3330
	Mumbai	S-Grade	4000	3942	3800	3180
	Nagpur	M-Grade	4025	3975	3925	NA
	Nagpur	S-Grade	3925	3875	3825	NA
	Kolhapur	M-Grade	3900	3850	3800	3100
	Kolhapur	S-Grade	3800	3750	3700	3000
Assam	Guhawati	S-Grade	4121	4070	4019	3309
Meghalaya	Shillong	S-Grade	4120	4070	4020	3320
Andhra Pradesh	Vijayawada	M-Grade	4240	4100	4020	3420
	Vijayawada	S-Grade	4140	3910	3910	3260
West Bengal	Kolkata	M-Grade	4150	4050	4050	3250
Tamil Nadu	Chennai	S-Grade	3870	3750	3725	2975
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NA	2835
	Ambikapur	S-Grade (Without Duty)	NR	NR	NA	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**8-Feb-17**	**1-Feb-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**Mar-17**	20.76	20.45	**0.31**
	May-17	20.73	20.46	**0.27**
	Jul-17	20.43	20.20	**0.23**
LIFFE Sugar (US $/MT)	**Mar-17**	514.30	540.00	**-25.70**
	May-17	550.90	544.20	**6.70**
	Aug-17	546.80	540.10	**6.70**

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