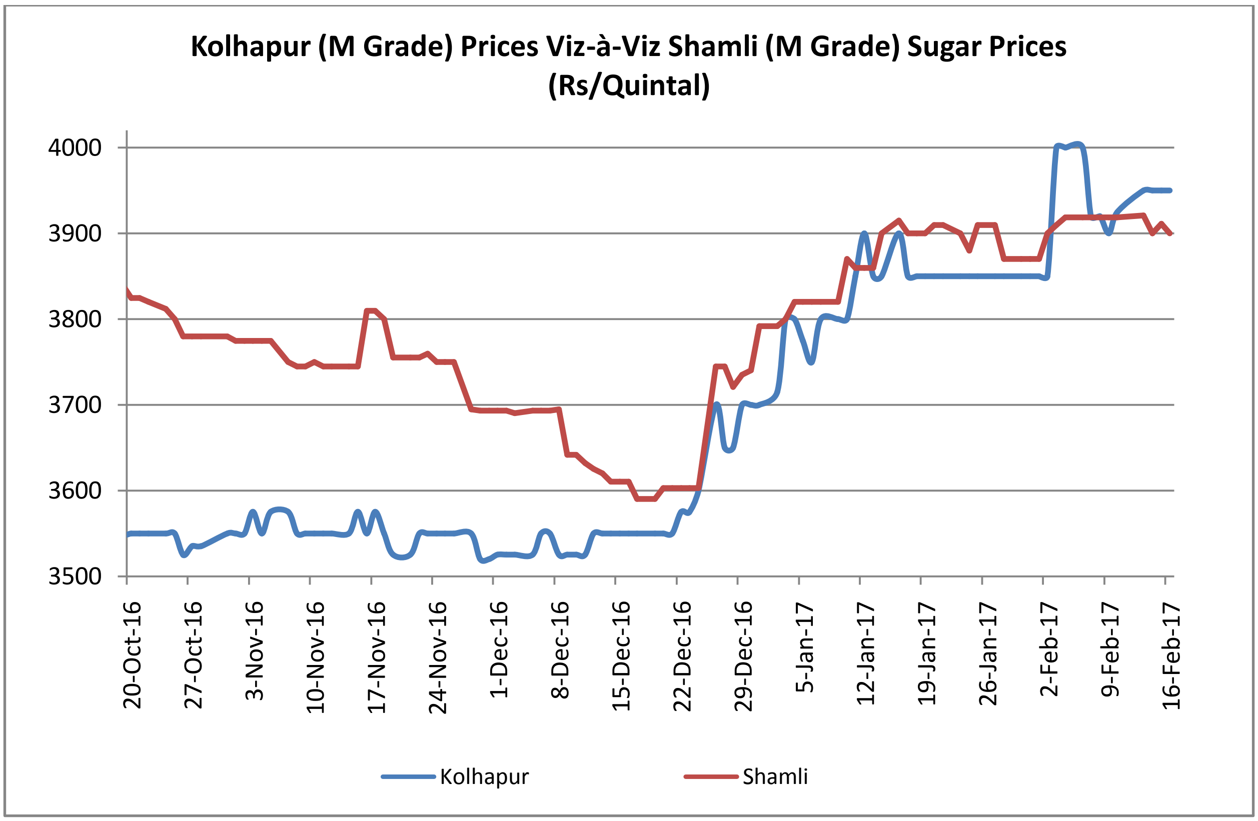
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar market remained dormant during the week following lower domestic demand on one hand and adequate stock position on the other.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3945 per quintal this week compared to Rs 3957 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.19% from Rs 3918 per quintal last week to Rs 3910 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 3700 - 3900 per quintal next week.

Domestic Market Highlights

Recent Updates

- Out of the total cane dues of Rs 13,100 crore; sugar millers in U.P had already paid Rs 10,000 crore of pending cane dues for current crushing season 2016-17 (01st October, 2016 – 30th September, 2017).

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.

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

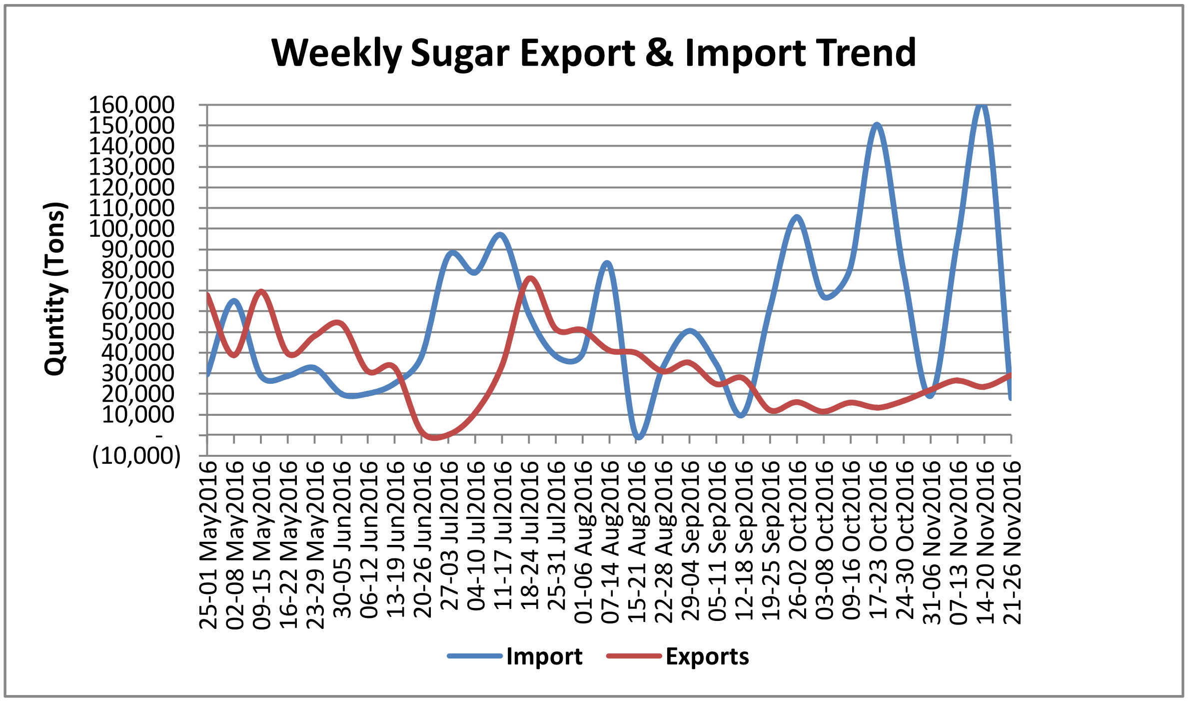
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $668.75 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $595.22 per ton.

On International front, Brazil sugar FOB prices quoted at $533.2/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

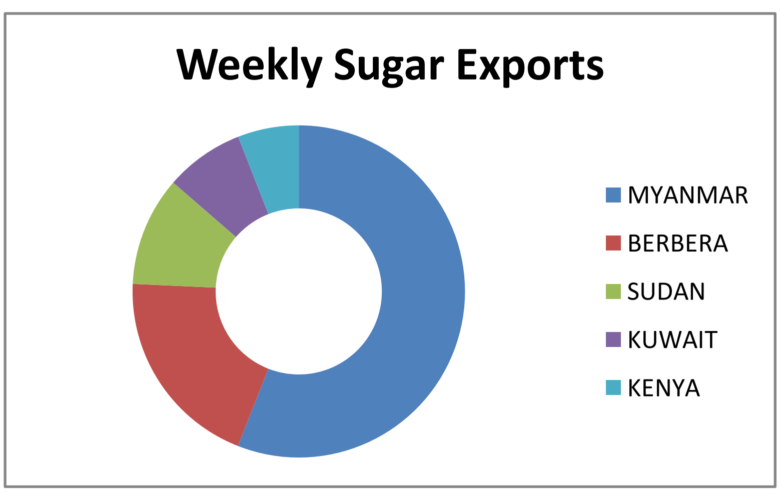
Indicative Sugar FOB Prices (USD/MT) ($=Rs. 66.95) as on 17 Feb, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$533.2	NA/553.50	$595.22

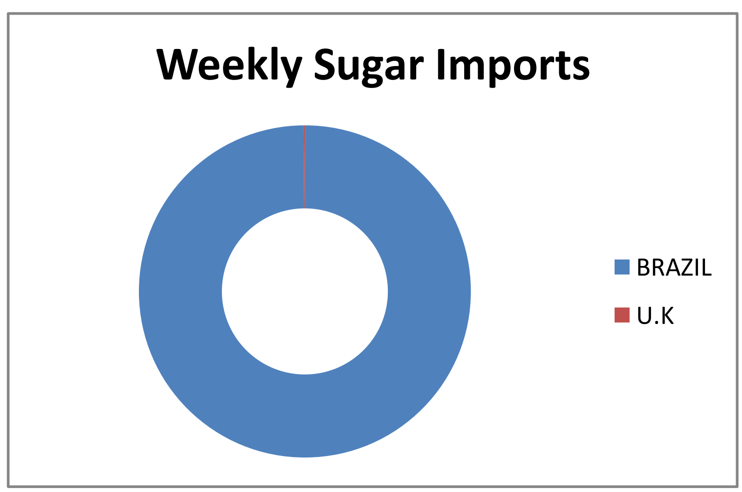
Sugar Import and Export Scenario

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	3600	3700	3868	4100	4200
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Sell**	Below 3880	3830	3805	3910

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3945/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 4010 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

- As per the latest UNICA report Brazil's main C.S region produced 0.01 MT of sugar in the second half of January, 2017 which was 68.57% lower than the sugar produced in the first half of January, 2017.
- Platts predicted Brazil's main centre south region to produce 597.3 MT of sugarcane in 2016-17 while the region is expected to produce 582 MT of cane in 2017-18.
- Agroconsult, Archer Consulting and FCStone projected Brazil's main centre south region to produce 595 MT, 586 MT and 597.4 MT of sugarcane respectively in 2017 -18 (01st April, 2017 – 31st March, 2018).
- Market player, Licht predicted a global sugar supply surplus of 2 MT in 2017-18 (October – September) following a bumper cane production in world's largest producer Brazil and favorable weather condition in other Asian countries.

Previous 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.
- 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.

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (May'17 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bullishness in the market.
  Strategy: Buy at 550.15 with a target of 563.82

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'17**	550.15	563.82

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 20.30 with a target of 19.98

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	19.98

Gur Market Scenario

Mixed sentiments were recorded in spot gur market where prices rose in some market while declined in others. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 367/quintal from Rs 3883/quintal to Rs 4250/quintal this week. Similarly, prices of Kurikatu (Medium) Balti variety of gur from Mandya rose by Rs 146/quintal to Rs 3363/quintal this week. On the other hand, Mudde (Average) variety of gur from Bangalore fell by Rs 100/quintal from Rs 4400/quintal to Rs 4300/quintal this week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3036/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3125 and Rs 2930 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			10th to 16th Feb.2017	03rd to 09th Feb.2017	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3036	3058	-22
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	46000	54000	-8000
	Muzaffarnagar	Khurpa (Fresh)	2866	2887	-21
	Muzaffarnagar	Laddoo (Fresh)	2980	3015	-35
	Muzaffarnagar	Rascut (Fresh)	2575	2608	-34
	Hapur	Chaursa	2738	2698	40
	Hapur	Balti	2753	2745	8
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4400	-100
	Belgaum	Mudde (Average)	3333	3300	33
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3513	3575	-62
	Gulbarga	Other (Average)	3635	3599	36
	Mahalingapura	Penti (Average)	3838	3799	39
	Mandya	Achhu (Medium)	3463	3358	104
	Mandya	Kurikatu (Medium)	3363	3217	146
	Mandya	Other (Medium)	3363	3267	96
	Mandya	Yellow (Medium)	3475	3358	117
	Shimoga	Achhu (Average)	4250	3883	367

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			16-Feb-17	9-Feb-17	16-Jan-17	16-Feb-16
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2975	3070	3105	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	8000	5000	NA
	Muzaffarnagar	Khurpa	2850	2888	2850	2378
	Muzaffarnagar	Laddoo	2988	2988	3088	2565
	Muzaffarnagar	Rascut	2563	2588	2513	2425
	Hapur	Chaursa	2713	2738	2725	2325
	Hapur	Balti	2725	2813	2751	2275
Maharashtra	Latur	Lal Variety	NA	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4300	4400	4500	3100
	Belgaum	Mudde (Average)	3400	3200	3300	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3545	NA	NA	NA
	Gulbarga	Other (Average)	3620	3620	3675	2540
	Mahalingapura	Penti (Average)	3845	NA	3673	2758
	Mandya	Achhu (Medium)	3500	3400	3450	2300
	Mandya	Kurikatu (Medium)	3400	3250	3400	2200
	Mandya	Other (Medium)	3400	3300	3300	2250
	Mandya	Yellow (Medium)	3500	3400	3450	2300
	Shimoga	Achhu (Average)	NA	4000	4200	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			10th to 16th Feb.2017	03rd to 09th Feb.2017	
Delhi	Delhi	M-Grade	3957	3961	-4
	Delhi	S-Grade	3937	3941	-4
Uttar Pradesh	Khatauli	M-Grade	3987	3969	19
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3898	3907	-9
	Dhampur	S-Grade Ex-Mill	3878	3887	-9
	Dhampur	L-Grade Ex-Mill	3948	3957	-9
Maharashtra	Mumbai	M-Grade	4230	4248	-18
	Mumbai	S-Grade	3979	3997	-18
	Nagpur	M-Grade	4070	4082	-12
	Nagpur	S-Grade	3970	3982	-12
	Kolhapur	M-Grade	3945	3957	-12
	Kolhapur	S-Grade	3845	3857	-12
Assam	Guhawati	S-Grade	4167	4178	-12
Meghalaya	Shillong	S-Grade	4165	4177	-12
Andhra Pradesh	Vijayawada	M-Grade	4216	4193	23
	Vijayawada	S-Grade	4116	4063	53
West Bengal	Kolkata	M-Grade	4122	4124	-2
Tamil Nadu	Chennai	S-Grade	3860	3840	20
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-
	Ambikapur	S-Grade (Without Duty)	NA	NA	-
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			**16-Feb-17**	**9-Feb-17**	**16-Jan-17**	**16-Feb-16**
Delhi	Delhi	M-Grade	3950	3925	3935	3260
	Delhi	S-Grade	3930	3905	3915	3230
Uttar Pradesh	Khatauli	M-Grade	3965	3960	3960	3188
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3890	3908	3900	3118
	Dhampur	S-Grade Ex-Mill	3870	3888	3880	3098
	Dhampur	L-Grade Ex-Mill	3940	3958	3950	3168
Maharashtra	Mumbai	M-Grade	4160	4266	4067	3366
	Mumbai	S-Grade	3952	4000	3870	3230
	Nagpur	M-Grade	4075	4025	4025	NA
	Nagpur	S-Grade	3975	3925	3925	NA
	Kolhapur	M-Grade	3950	3900	3900	3200
	Kolhapur	S-Grade	3850	3800	3800	3100
Assam	Guhawati	S-Grade	4172	4121	4121	3410
Meghalaya	Shillong	S-Grade	4170	4120	4120	3420
Andhra Pradesh	Vijayawada	M-Grade	4200	4240	4100	3440
	Vijayawada	S-Grade	4100	4140	3910	3280
West Bengal	Kolkata	M-Grade	4100	4150	4040	3350
Tamil Nadu	Chennai	S-Grade	3850	3870	3750	3050
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	NA	2835
	Ambikapur	S-Grade (Without Duty)	NA	NA	NA	2835
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**15-Feb-17**	**8-Feb-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**Mar-17**	20.48	20.76	**-0.28**
	May-17	20.43	20.73	**-0.30**
	Jul-17	20.16	20.43	**-0.27**
LIFFE Sugar (US $/MT)	**May-17**	553.50	550.90	**2.60**
	Aug-17	545.20	546.80	**-1.60**
	Oct-17	528.20	531.40	**-3.20**

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