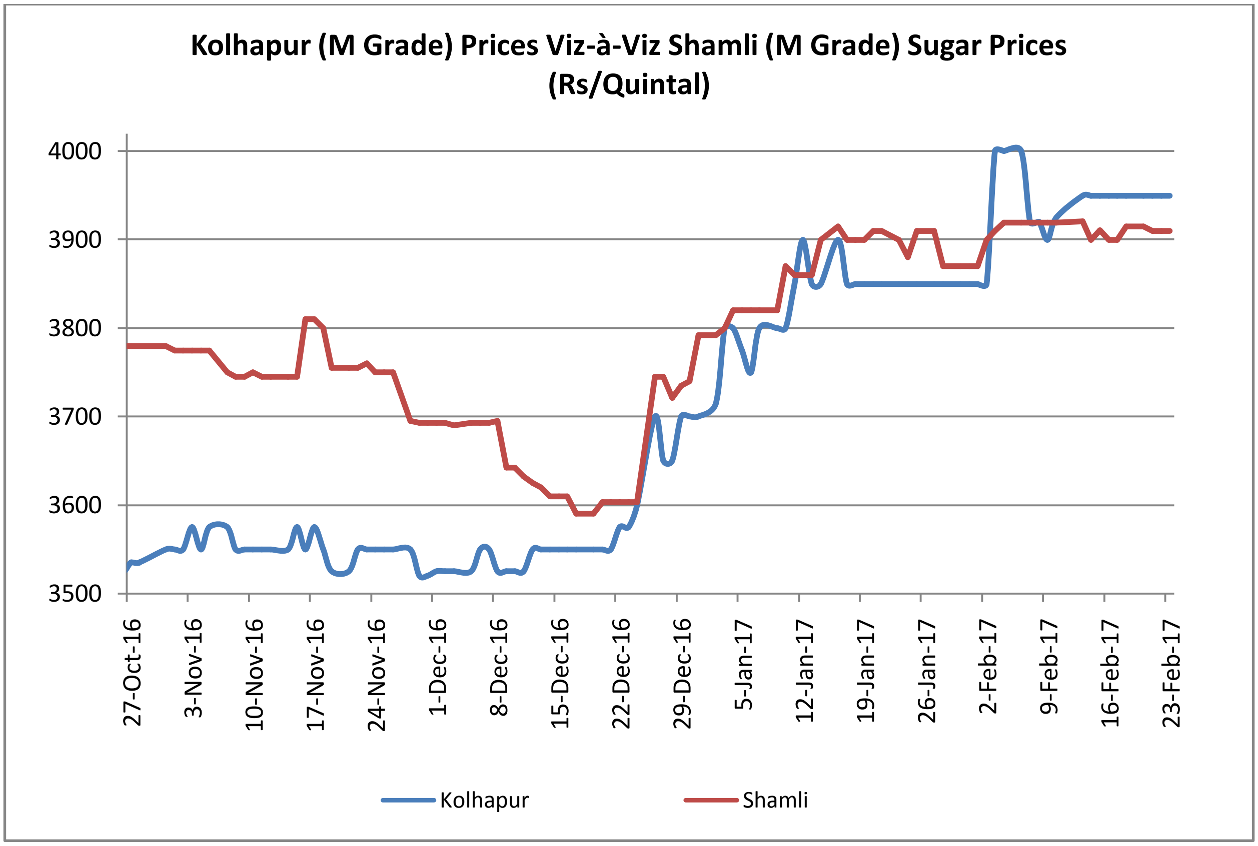
Sugar & Gur Weekly Research Report

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 3950 per quintal this week compared to Rs 3945 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district remained unchanged at 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

- Indian sugar production fell by 15.36% as the country produced 146.72 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) compared to 173.34 LT of production made in 2015-16 (01st October, 2015 – 15th February, 2016).
- 153 sugar mills in Maharashtra produced 39.73 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) which was 22.97 LT lower than the sugar produced last year during the corresponding period.
- Sugar production in U.P rose by 18.55% as the state produced 54 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) compared to 45.55 LT of sugar produced in 2015-16 (01st October, 2015 – 15th February, 2016).
- Karnataka produced 20.25 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) which was 37.33% lower than the sugar produced last year during the corresponding period.
- The combined sugar production of Andhra Pradesh & Telangana fell by 27.27% as the states produced 4 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) compared to 5.50 LT of production in 2015-16 (01st October, 2015 – 15th February, 2016).
- 37 sugar mills in Tamil Nadu produced 5.10 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) which was 27.50% higher than the sugar produced by approximately the same number of mills last year.
- Bihar produced 3.75 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) which was 0.12 LT lower than the sugar produced last year during the corresponding period,
- Sugar production in Punjab rose by 7.04% as the state produced 3.80 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) compared to 3.55 LT of production made in 2015-16 (01st October, 2015 – 15th February, 2016).
- 19 sugar mills in Gujarat produced 7.00 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) which was 13.37% lower than the sugar produced by the same number of mills last year in 2015 -16 (01st October, 2015 – 15th February, 2016).
- Madhya Pradesh & Chhattisgarh combinedly produced 3.30 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) compared to 2.80 LT of production made in 2015 -16 (01st October, 2015 – 15th February, 2016).
- Haryana produced 3.20 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) which was 0.20 LT higher than the sugar produced last year during the corresponding period.
- Sugar production in Uttarakhand rose by 20% as the state produced 2.10 LT of sugar in 2016-17 (01st October, 2016 – 15th February, 2017) compared to 1.75 LT of production in 2015 -16 (01st October, 2015 – 15th February, 2016).

Previous 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).
- 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.

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

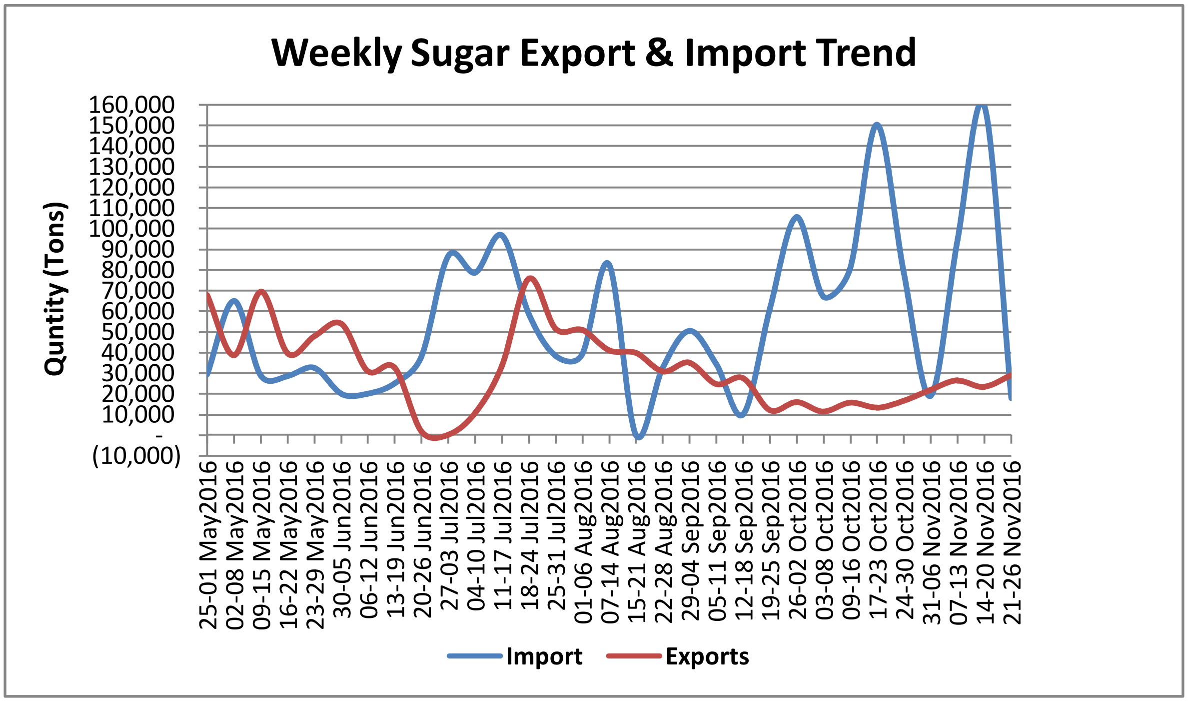
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $661.64 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $596.95 per ton.

On International front, Brazil sugar FOB prices quoted at $548.6/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

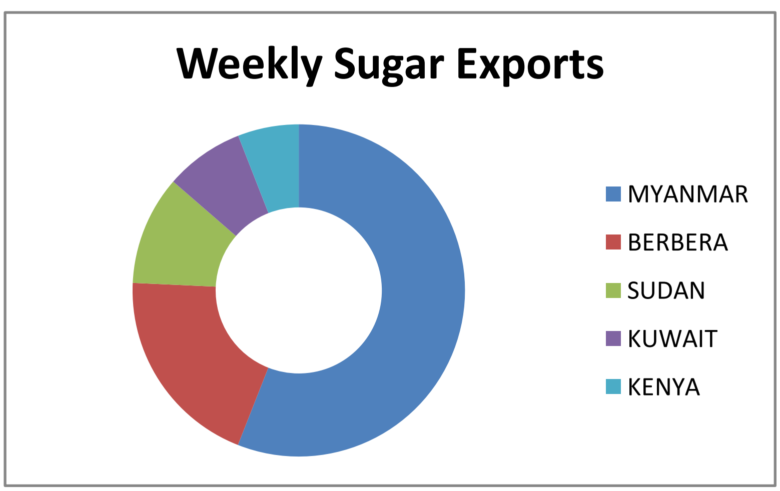
Indicative Sugar FOB Prices (USD/MT) ($=Rs. 66.84) as on 24 Feb, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$548.6	NA/548.60	$596.95

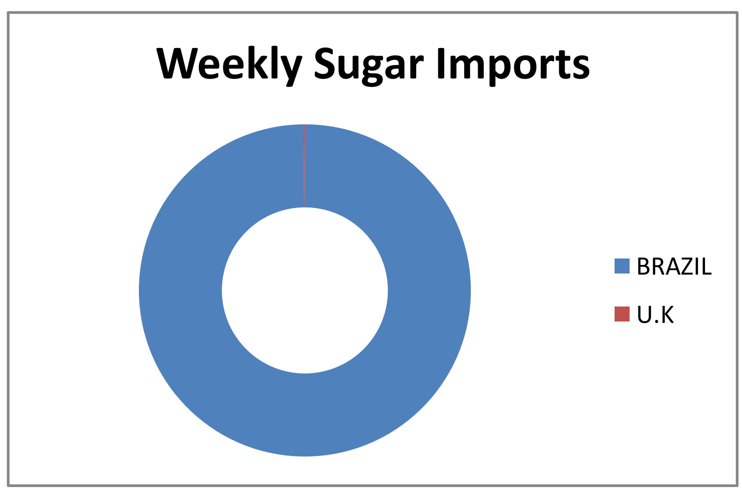
Sugar Import and Export Scenario

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 O.I decreased while volume surged up 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	3807	3900	4070
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Sell**	Below 3810	3760	3735	3840

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3950/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

Previous 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.
- 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 downward for the week.
- The last candlestick depicts bearishness in the market.
  Strategy: Sell at 546.75 with a target of 537.71

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'17**	546.75	537.71

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 20.08 with a target of 19.74

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	20.08	19.74

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with prices rising in some market while declining in others. Prices of Achhu (Medium) variety of gur from Mandya rose by Rs 118/quintal from Rs 3463/quintal to Rs 3580/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 107/quintal to Rs 3440/quintal this week.On the other hand, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 317/quintal from Rs 4250/quintal to Rs 3933/quintal this week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3027/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3064 and Rs 2972 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			17th to 23th Feb.2017	10th to 16th Feb.2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3027	3036	-9
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	56000	46000	10000
	Muzaffarnagar	Khurpa (Fresh)	2765	2866	-101
	Muzaffarnagar	Laddoo (Fresh)	2915	2980	-65
	Muzaffarnagar	Rascut (Fresh)	2571	2575	-4
	Hapur	Chaursa	2666	2738	-72
	Hapur	Balti	2685	2753	-68
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3440	3333	107
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3496	3513	-18
	Gulbarga	Other (Average)	3483	3635	-152
	Mahalingapura	Penti (Average)	3789	3838	-49
	Mandya	Achhu (Medium)	3580	3463	118
	Mandya	Kurikatu (Medium)	3430	3363	68
	Mandya	Other (Medium)	3430	3363	68
	Mandya	Yellow (Medium)	3550	3475	75
	Shimoga	Achhu (Average)	3933	4250	-317

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			23-Feb-17	16-Feb-17	23-Jan-17	23-Feb-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3003	2975	3053	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	10000	NA
	Muzaffarnagar	Khurpa	2700	2850	2965	2365
	Muzaffarnagar	Laddoo	2888	2988	3128	2500
	Muzaffarnagar	Rascut	2625	2563	2578	2375
	Hapur	Chaursa	2625	2713	2775	2250
	Hapur	Balti	2650	2725	2826	2225
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4300	4300	4650	3100
	Belgaum	Mudde (Average)	3400	3400	3200	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3600	3545	3655	NA
	Gulbarga	Other (Average)	3450	3620	3675	2510
	Mahalingapura	Penti (Average)	NA	3845	3746	2830
	Mandya	Achhu (Medium)	NA	3500	3400	2400
	Mandya	Kurikatu (Medium)	NA	3400	3300	2200
	Mandya	Other (Medium)	NA	3400	3300	2300
	Mandya	Yellow (Medium)	NA	3500	3400	2400
	Shimoga	Achhu (Average)	NA	4000	4000	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			17th to 23th Feb.2017	10th to 16th Feb.2017	
Delhi	Delhi	M-Grade	3938	3957	-19
	Delhi	S-Grade	3918	3937	-19
Uttar Pradesh	Khatauli	M-Grade	3976	3987	-12
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3898	3898	1
	Dhampur	S-Grade Ex-Mill	3878	3878	1
	Dhampur	L-Grade Ex-Mill	3948	3948	1
Maharashtra	Mumbai	M-Grade	4269	4230	39
	Mumbai	S-Grade	3993	3979	14
	Nagpur	M-Grade	4075	4070	5
	Nagpur	S-Grade	3975	3970	5
	Kolhapur	M-Grade	3950	3945	5
	Kolhapur	S-Grade	3850	3845	5
Assam	Guhawati	S-Grade	4172	4167	5
Meghalaya	Shillong	S-Grade	4170	4165	5
Andhra Pradesh	Vijayawada	M-Grade	4200	4216	-16
	Vijayawada	S-Grade	4100	4116	-16
West Bengal	Kolkata	M-Grade	4103	4122	-19
Tamil Nadu	Chennai	S-Grade	3846	3860	-14
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			23-Feb-17	16-Feb-17	23-Jan-17	23-Feb-16
Delhi	Delhi	M-Grade	3940	3950	3940	3230
	Delhi	S-Grade	3920	3930	3920	3210
Uttar Pradesh	Khatauli	M-Grade	3970	3965	3925	3275
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3900	3890	3890	3200
	Dhampur	S-Grade Ex-Mill	3880	3870	3870	3180
	Dhampur	L-Grade Ex-Mill	3950	3940	3940	3250
Maharashtra	Mumbai	M-Grade	4276	4160	4100	3340
	Mumbai	S-Grade	4006	3952	3876	3216
	Nagpur	M-Grade	4075	4075	3975	NA
	Nagpur	S-Grade	3975	3975	3875	NA
	Kolhapur	M-Grade	3950	3950	3850	3150
	Kolhapur	S-Grade	3850	3850	3750	3050
Assam	Guhawati	S-Grade	4172	4172	4070	3360
Meghalaya	Shillong	S-Grade	4170	4170	4070	3370
Andhra Pradesh	Vijayawada	M-Grade	4200	4200	4100	3440
	Vijayawada	S-Grade	4100	4100	3910	3280
West Bengal	Kolkata	M-Grade	4060	4100	4030	3325
Tamil Nadu	Chennai	S-Grade	3850	3850	3750	3050
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	22-Feb-17	15-Feb-17	Change
ICE Sugar #11 (US Cent/lb)	Mar-17	20.71	20.48	0.23
	May-17	20.68	20.43	0.25
	Jul-17	20.41	20.16	0.25
LIFFE Sugar (US $/MT)	May-17	560.50	553.50	7.00
	Aug-17	551.60	545.20	6.40
	Oct-17	533.50	528.20	5.30

*****