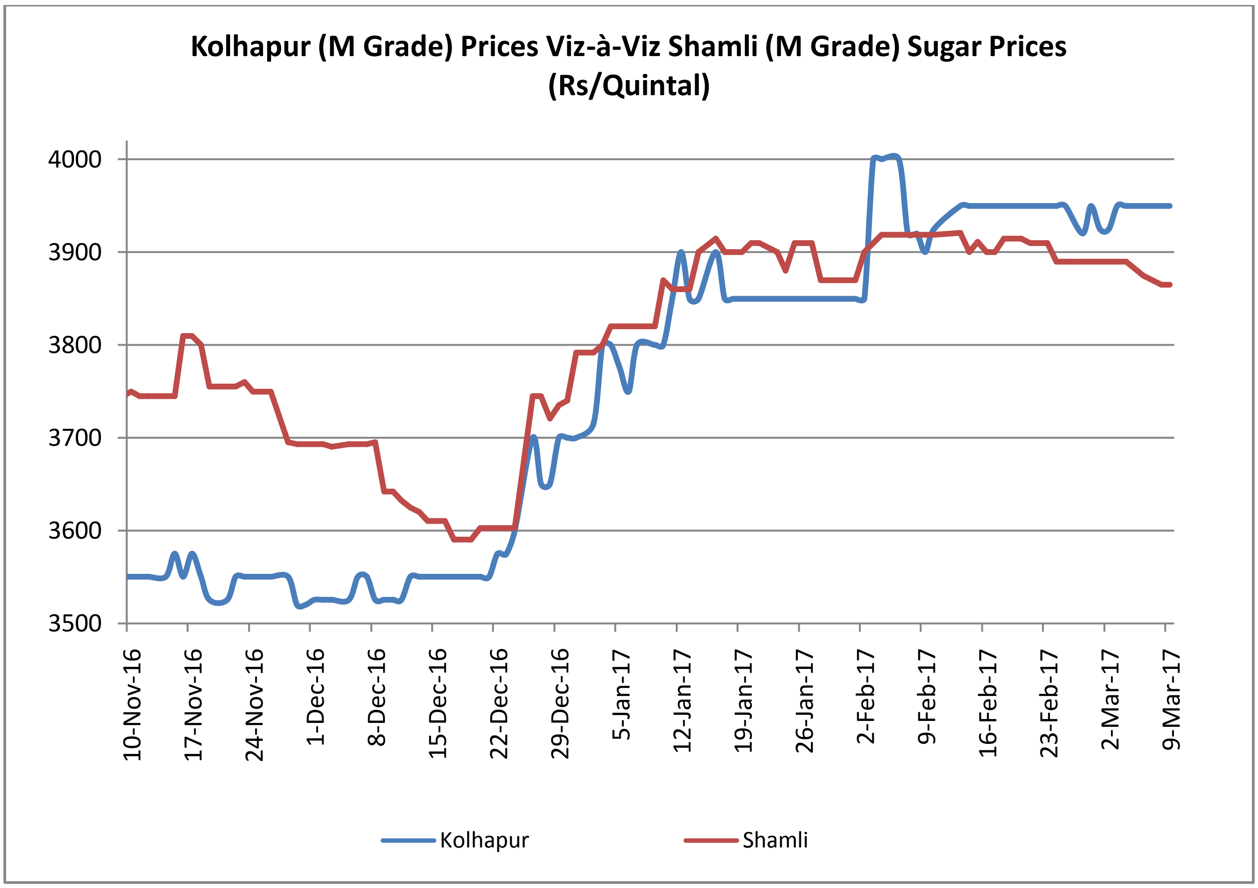
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices fell down during the week amidst persistent supplies from millers on one hand and selective buying from stockiest and bulk consumers 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 3937 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district fell by 0.36% to Rs 3876 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak as market is loaded with ample stock during this time 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 3825 - 3970 per quintal next week.

Domestic Market Highlights

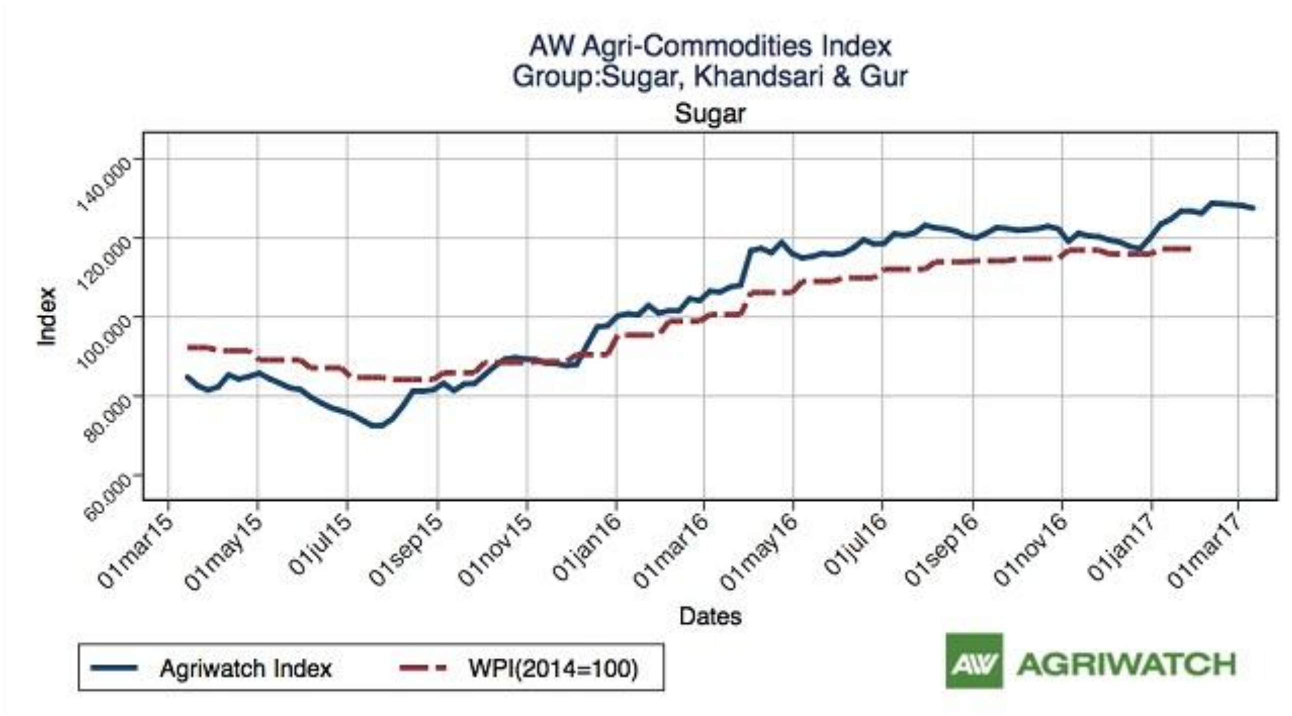
Recent Updates

- Agriwatch predicts India to produce 19.5 MT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017) due to a lower cane output in drought hit areas of Maharashtra & Karnataka along with a greater diversion of cane for 2017/18 planting in these areas. AW projects Maharashtra, U.P and Karnataka to produce 43 LT, 85 LT and 22 LT of sugar in 2016-17 (01st October, 2016 – 30th September, 2017)
- However, as per the latest ISMA estimate, India is expected to produce 20.3 MT of sugar in MY 2016-17 (01st October, 2016 – 30th September, 2017).

Previous Updates

- India produced 162.45 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 18.54% lower than the sugar produced last year during the corresponding period.
- Sugar production in Maharashtra fell down by 41.70% as the state produced 41.15 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) compared to 70.58 LT of production made in 2015-16 (01st October, 2015 – 28th February, 2016).
- 107 sugar mills in U.P had produced 62.46 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 8.95 LT higher than the sugar produced last year in 2015-16 (01st October, 2015 – 28th February, 2016).
- Karnataka sugar production fell by 43.29% as the state produced 20.50 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) compared to 36.15 LT of production made last year during the corresponding period.
- 38 sugar mills in Tamil Nadu produced 6.90 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 30.68% higher than the sugar produced by the same number of mills last year (till 28th February, 2016).
- The combined sugar production of Andhra Pradesh & Telangana fell by 2.21 LT as the states produced 4.30 LT of sugar in 2016-17 (till 28th February, 2017) compared to a sugar production of 6.51 LT made in 2015-16 (till 28th February, 2016).
- Sugar production in Gujarat fell by 12.95% as the state produced 8 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) compared to 9.19 LT of production made in 2015-16 (01st October, 2015 – 28th February, 2016).
- Bihar produced 4.30 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017) which was 4.23% lower than the sugar produced last year in in 2015-16 (01st October, 2015 – 28th February, 2016).
- Uttarakhand, Punjab, Haryana and M.P & Chhattisgarh produced 2.45 LT, 4.50 LT, 3.75 LT and 3.70 LT of sugar in 2016-17 (01st October, 2016 – 28th February, 2017).

Agriwatch Sweeteners (Sugar, Gur &Khandsari) Index– March 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 fell by 0.48% to 126.48 during the week ending on March 11, 2017. Notably, the base for the Index is 2014 (= 100).

Sugar Import/Export Opportunity

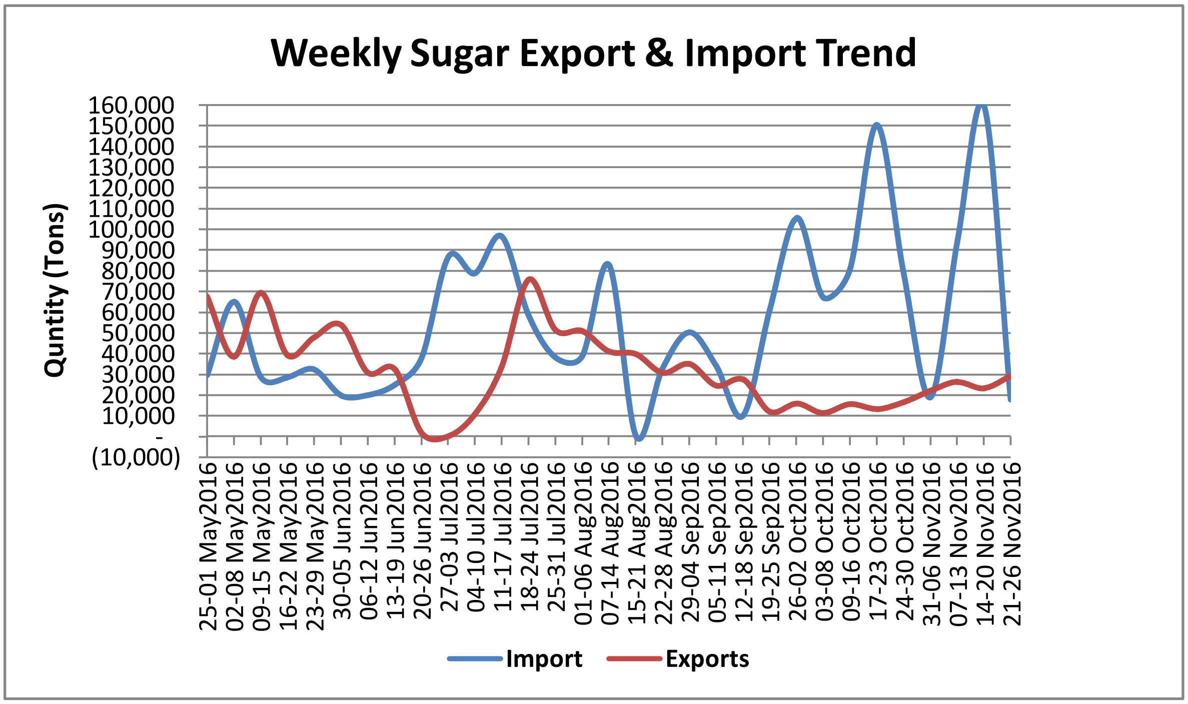
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $595.75 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $597.57 per ton.

On International front, Brazil sugar FOB prices quoted at $509.9 Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

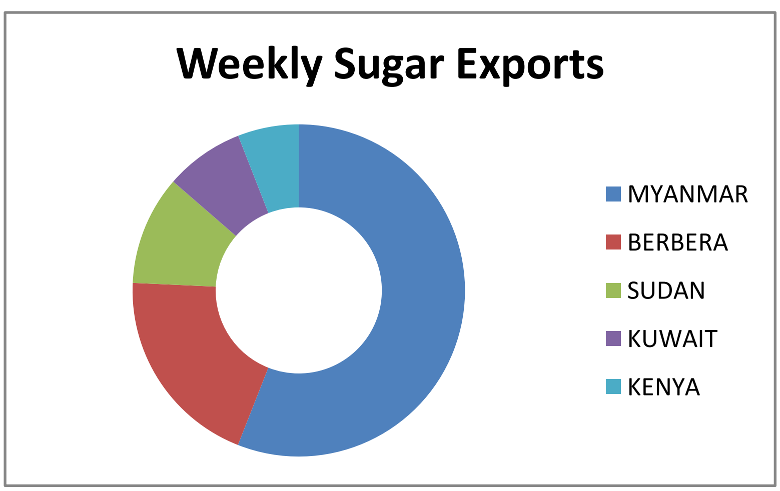
Indicative Sugar FOB Prices (USD/MT) ($=Rs. 66.77) as on 10 Mar, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$509.9	NA/520.70	$597.57

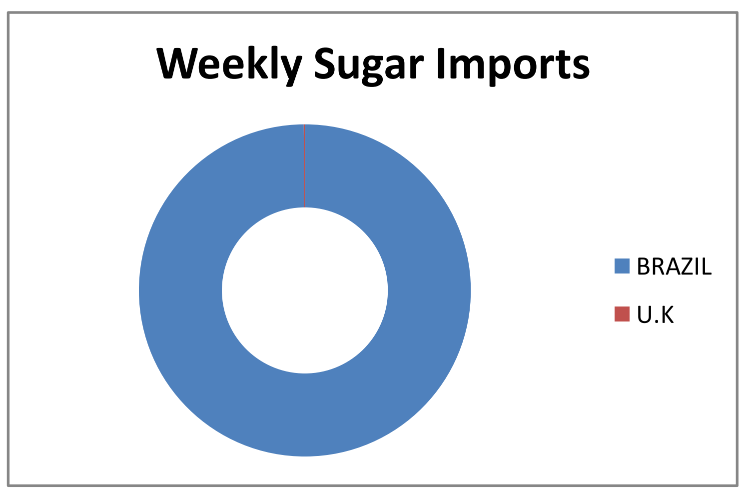
Sugar Import and Export Scenario

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 decreased indicating consolidation during 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	3500	3600	3675	3800	3900
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Mar	**Sell**	Below 3700	3650	3625	3730

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 4000 and Rs 3900 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 raw sugar exports fell by 13.5% as the country exported 1.54 MT of raw sugar in February, 2017 compared to 1.78 MT of exports made in January, 2017.

Previous Updates

- As per the latest UNICA report, Brazil's main centre south region crushed 0.91 MT of sugarcane in the first half of February, 2017 to obtain 0.01 MT of sugar there on. While, the region in total produced 35.27 MT of sugar in 2016-17 (01st April, 2016 – 15th February, 2017) which was 15.26% higher than the sugar produced last year during the corresponding period.
- Market player FCStone, reduced it sugarcane production forecast for Brazil's main centre south region (from 590.8 MT to 588.8 MT) citing an expected lower yield from the old cane fields in MY 2017-18(April – March).
- The International Sugar Organization (ISO) predicted a global sugar deficit of 5.87 MT in 2016-17 (October – September).
- 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.

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 508.2 with a target of 496.2

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**May'17**	508.2	496.2

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

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market.
  Strategy: Sell at 17.90 with a target of 17.59

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	17.90	17.59

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with prices rising in some market while declining in others. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 517/quintal from Rs 3950/quintal to Rs 4467/quintal during the week. Similarly, prices of Mudde (Average) variety of gur from Bangalore rose by Rs 275/quintal to Rs 4600/quintal this week. On the other hand, prices of Mudde (Average) variety of gur from Belgaum fell by Rs 87/quintal from Rs 3467/quintal to Rs 3380/quintal this week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2973/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3055 and Rs 2880 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			3rd to 09th Mar .2017	24th to 2nd Mar.2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2973	2998	-26
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	57000	55000	2000
	Muzaffarnagar	Khurpa (Fresh)	2661	2701	-40
	Muzaffarnagar	Laddoo (Fresh)	2880	2895	-16
	Muzaffarnagar	Rascut (Fresh)	2468	2510	-41
	Hapur	Chaursa	2623	2635	-12
	Hapur	Balti	2605	2625	-20
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4600	4325	275
	Belgaum	Mudde (Average)	3380	3467	-87
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3417	3480	-63
	Gulbarga	Other (Average)	3438	3558	-120
	Mahalingapura	Penti (Average)	3807	3755	53
	Mandya	Achhu (Medium)	3883	3650	233
	Mandya	Kurikatu (Medium)	3500	3470	30
	Mandya	Other (Medium)	3492	3470	22
	Mandya	Yellow (Medium)	3650	3600	50
	Shimoga	Achhu (Average)	4467	3950	517

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			9-Mar-17	2-Mar-17	9-Feb-17	9-Mar-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2980	2950	3070	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	8000	NA
	Muzaffarnagar	Khurpa	2695	2688	2888	2310
	Muzaffarnagar	Laddoo	2938	2880	2988	2470
	Muzaffarnagar	Rascut	2500	2450	2588	2388
	Hapur	Chaursa	2638	2613	2738	2325
	Hapur	Balti	2613	2600	2813	2250
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4900	4300	4400	2950
	Belgaum	Mudde (Average)	3400	3400	3200	2400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3500	NA	NA	NA
	Gulbarga	Other (Average)	3470	3640	3620	NA
	Mahalingapura	Penti (Average)	NA	3777	NA	NA
	Mandya	Achhu (Medium)	3850	3850	3400	2450
	Mandya	Kurikatu (Medium)	3500	3500	3250	2200
	Mandya	Other (Medium)	3500	3500	3300	2300
	Mandya	Yellow (Medium)	3650	3650	3400	2300
	Shimoga	Achhu (Average)	NA	4000	4000	3050

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			3rd to 09th Mar .2017	24th to 2nd Mar.2017	
Delhi	Delhi	M-Grade	3919	3943	-24
	Delhi	S-Grade	3899	3923	-24
Uttar Pradesh	Khatauli	M-Grade	3922	3962	-40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3848	3873	-25
	Dhampur	S-Grade Ex-Mill	3828	3853	-25
	Dhampur	L-Grade Ex-Mill	3898	3923	-25
Maharashtra	Mumbai	M-Grade	4258	4276	-18
	Mumbai	S-Grade	4026	4018	7
	Nagpur	M-Grade	4075	4055	20
	Nagpur	S-Grade	3975	3955	20
	Kolhapur	M-Grade	3950	3930	20
	Kolhapur	S-Grade	3850	3830	20
Assam	Guhawati	S-Grade	4172	4151	20
Meghalaya	Shillong	S-Grade	4170	4150	20
Andhra Pradesh	Vijayawada	M-Grade	4200	4200	Unch
	Vijayawada	S-Grade	4100	4100	Unch
West Bengal	Kolkata	M-Grade	4053	4057	-4
Tamil Nadu	Chennai	S-Grade	3842	3867	-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			**9-Mar-17**	**2-Mar-17**	**9-Feb-17**	**9-Mar-16**
Delhi	Delhi	M-Grade	3900	3935	3925	3355
	Delhi	S-Grade	3880	3915	3905	3335
Uttar Pradesh	Khatauli	M-Grade	3887	3965	3960	3260
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3845	3875	3908	3185
	Dhampur	S-Grade Ex-Mill	3825	3855	3888	3165
	Dhampur	L-Grade Ex-Mill	3895	3925	3958	3235
Maharashtra	Mumbai	M-Grade	4260	4276	4266	3390
	Mumbai	S-Grade	4026	4016	4000	3300
	Nagpur	M-Grade	4075	4050	4025	NR
	Nagpur	S-Grade	3975	3950	3925	NR
	Kolhapur	M-Grade	3950	3925	3900	3200
	Kolhapur	S-Grade	3850	3825	3800	3100
Assam	Guhawati	S-Grade	4172	4146	4121	3410
Meghalaya	Shillong	S-Grade	4170	4145	4120	3420
Andhra Pradesh	Vijayawada	M-Grade	4200	4200	4240	3450
	Vijayawada	S-Grade	4100	4100	4140	3290
West Bengal	Kolkata	M-Grade	4060	4065	4150	NA
Tamil Nadu	Chennai	S-Grade	3825	3875	3870	3100
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	3025
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	3025
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**8-Mar-17**	**1-Mar-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**May-17**	18.40	19.52	**-1.12**
	Jul-17	18.38	19.48	**-1.10**
	Oct-17	18.51	19.34	**-0.83**
LIFFE Sugar (US $/MT)	**May-17**	520.70	539.4	**-18.70**
	Aug-17	512.50	529.3	**-16.80**
	Oct-17	497.50	513.9	**-16.40**

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