



# Sugar & Gur Weekly Research Report

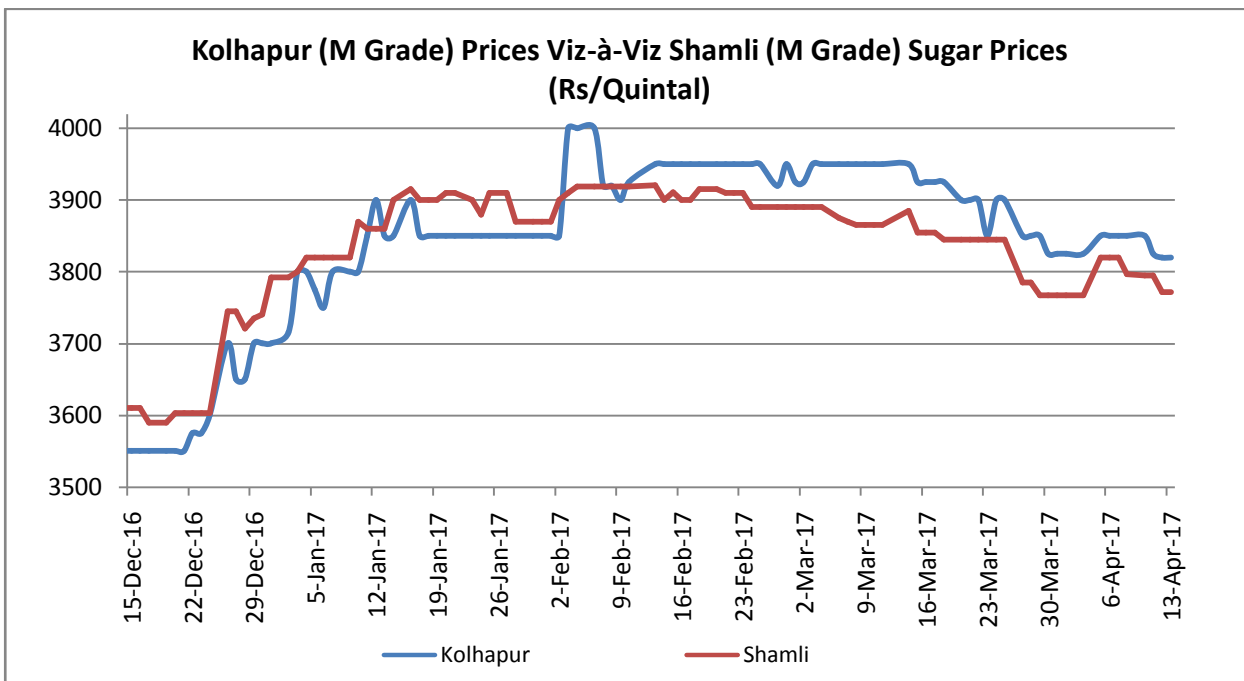
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### Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amidst adequate supply and muted demand in the domestic spot market. In addition, the recent announcement made by the govt. to allow duty free import of 5 lakh tonnes of raw sugar further landed support to the fall in prices.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3836 per quintal this week compared to Rs 3835 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.10% to Rs 3792 per quintal this week.



### Price Outlook:

Agriwatch predicts spot sugar prices to trade steady to weak as market is loaded with ample stock at this period of time.

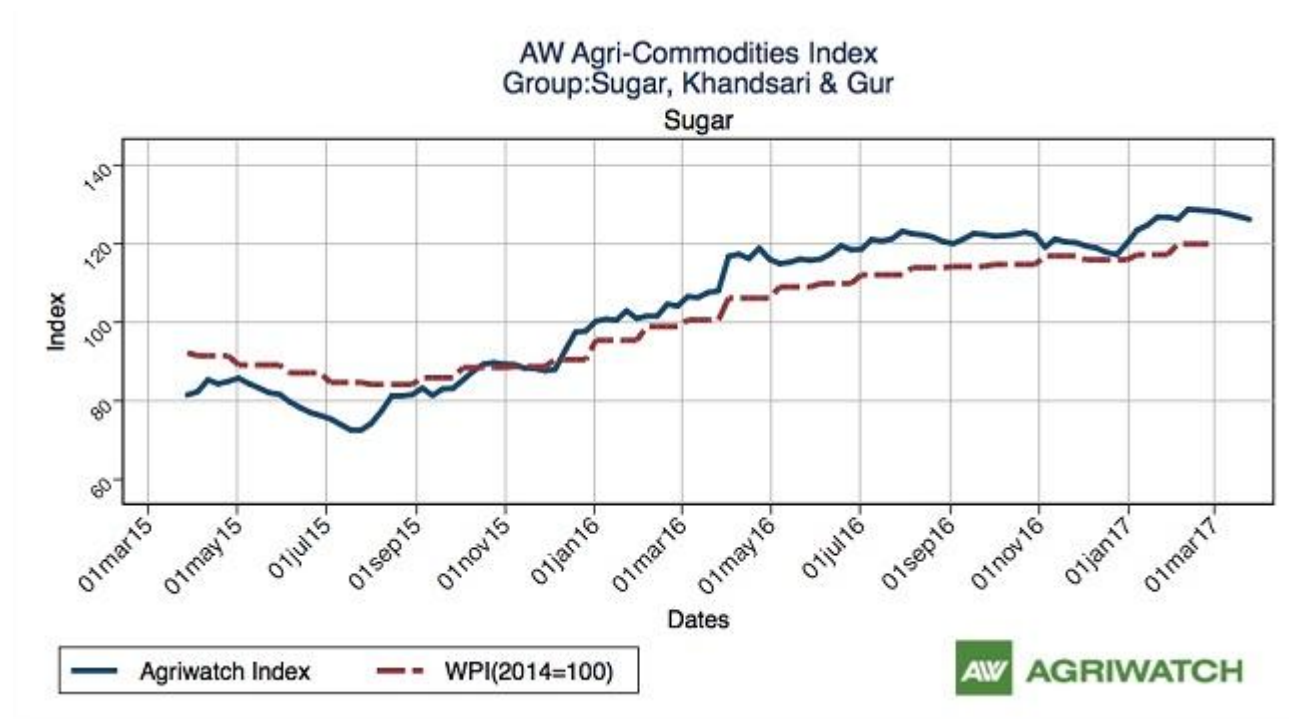
### Price Projection for the Next Week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3750 - 3900 per quintal next week.

## Domestic Market Highlights

### Previous Updates

- To balance the mismatch between the country's sugar production and consumption level, the Indian govt. allowed duty free import of 5 lakh tonnes of raw sugar till 12<sup>th</sup> of June, 2017. Notably, the govt. estimates India to produce 22.5 MT of sugar this marketing year i.e. 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017) while AW predicts sugar production of 19.5 MT during the same period.
- According to the latest government report, sugar mills in India owes a total of Rs 12,270 crore (for the year 2016-17, 2015-16, 2014-15 and earlier sugar seasons) pending cane arrears to the Indian farmers till 28<sup>th</sup> February, 2017.
- Rating agency, ICRA projected India to produce 20.3 MT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017) while domestic sugar consumption is expected to lie at 24 MT in 2016-17.
- Agriwatch predicts India to produce 19.5 MT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017)
- However, as per the latest ISMA estimate, India is expected to produce 20.3 MT of sugar in MY 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017).
- India produced 162.45 LT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> February, 2017) compared to 70.58 LT of production made in 2015-16 (01<sup>st</sup> October, 2015 – 28<sup>th</sup> February, 2016).
- 107 sugar mills in U.P had produced 62.46 LT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> February, 2017) which was 8.95 LT higher than the sugar produced last year in 2015-16 (01<sup>st</sup> October, 2015 – 28<sup>th</sup> February, 2016).
- Karnataka sugar production fell by 43.29% as the state produced 20.50 LT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> February, 2017) which was 30.68% higher than the sugar produced by the same number of mills last year (till 28<sup>th</sup> 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 28<sup>th</sup> February, 2017) compared to a sugar production of 6.51 LT made in 2015-16 (till 28<sup>th</sup> February, 2016).
- Sugar production in Gujarat fell by 12.95% as the state produced 8 LT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> February, 2017) compared to 9.19 LT of production made in 2015-16 (01<sup>st</sup> October, 2015 – 28<sup>th</sup> February, 2016).
- Bihar produced 4.30 LT of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 28<sup>th</sup> February, 2017) which was 4.23% lower than the sugar produced last year in 2015-16 (01<sup>st</sup> October, 2015 – 28<sup>th</sup> February, 2016).

**Agriwatch Sweeteners (Sugar, Gur & Khandsari) Index– March 25, 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 fell by 0.44% to 125.31 during the week ending on March 25, 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 \$552.45 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$612.56 per ton.

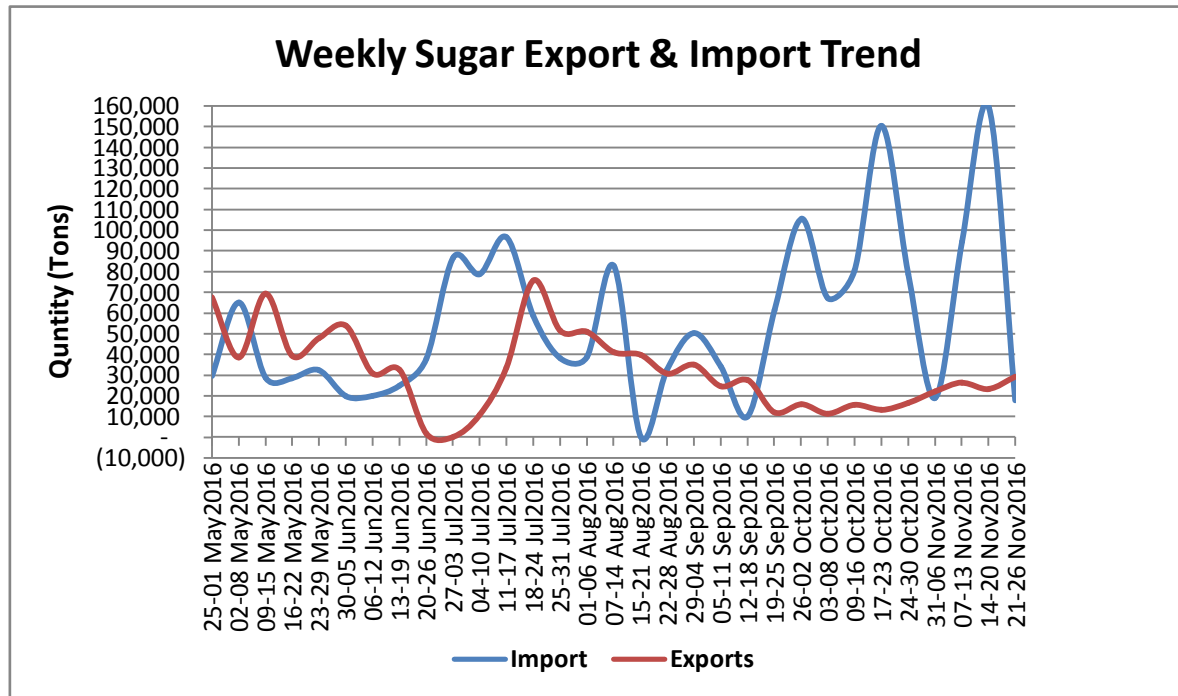
On International front, Brazil sugar FOB prices quoted at \$476.8 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs. 64.32) as on 14 Apr, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$476.8	NA/470.30	\$612.56

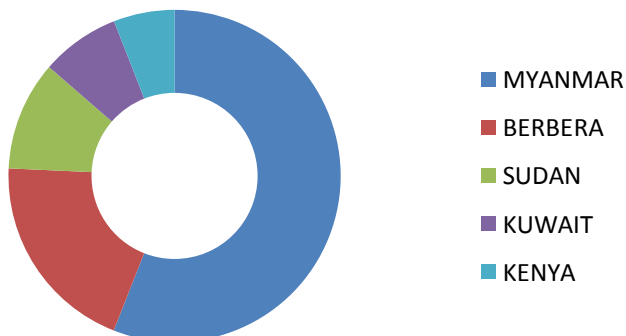
### Sugar Import and Export Scenario

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.

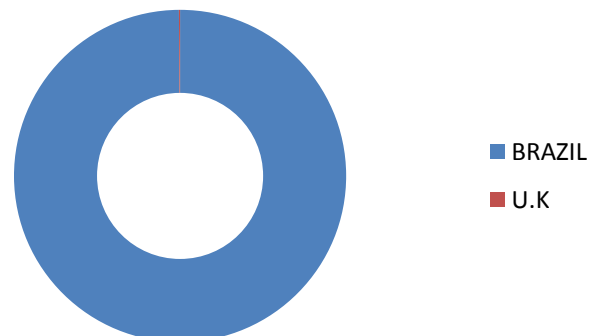


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes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

SUGARM 1705(NCSMAK7)2017/04/09 - Weekly

O 3779.00 H 3788.00 L 3681.00 C 3752.00 V 870 I 0 -8 -0.21%


**Technical Commentary:**

- Sugar prices and volume decreased during the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bullish crossover.

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3500	3600	3752	3900	3970
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 3750	3800	3825	3720

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 3836/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3905 and Rs 3793 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

- Brazil raw sugar exports fell by 25.7% as the country exported 1.14 MT of raw sugar in March, 2017 compared to 1.54 MT of exports made in February, 2017.
- As per the latest UNICA report, Brazil's main C.S region crushed 3.26 MT of sugarcane in the first half of March, 2017 in order to obtain 0.07 MT of sugar thereon.
- Market player FCStone, reduced its 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 (01<sup>st</sup> April, 2017 – 31<sup>st</sup> 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 (01<sup>st</sup> April, 2017 – 31<sup>st</sup> March, 2018) to produce 36.8 MT of sugar there on. However, for 2016-17 (01<sup>st</sup> April, 2017 – 31<sup>st</sup> 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 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.
- 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.



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

**Technical Commentary**

- LIFE future market trends downward for the week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 478.0 with a target of 466.25

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'17	478.0	466.25

### 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 16.60 with a target of 16.20

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'17	16.60	16.20

### Gur Market Scenario

Mixed sentiments were recorded in spot gur market where prices rises in some market while declined in others. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 133/quintal from Rs 4750/quintal to Rs 4883/quintal. Similarly, prices of Achhu (Medium) variety of gur from Mandya rose by Rs 75/quintal to Rs 4225/quintal this week. However, prices of Khurpa (Fresh) and Laddoo (Fresh) variety of gur from Muzaffarnagar fell by Rs 58 and Rs 81 per quintal to Rs 2608 and Rs 2903 per quintal respectively.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3021/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3057 and Rs 3000 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			07th to 13th Apr .2017	31th to 6th Apr .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3022	3021	1
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	32500	31000	1500
	Muzaffarnagar	Khurpa (Fresh)	2608	2665	-58
	Muzaffarnagar	Laddoo (Fresh)	2903	2984	-81
	Muzaffarnagar	Rascut (Fresh)	2304	2380	-76
	Hapur	Chaurasa	2585	2613	-28
	Hapur	Balti	2603	2656	-54
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4550	4688	-138
	Belgaum	Mudde (Average)	3525	3533	-8
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3475	3500	-25
	Gulbarga	Other (Average)	3420	3578	-158
	Mahalingapura	Penti (Average)	3750	3730	20
	Mandya	Achhu (Medium)	4225	4150	75
	Mandya	Kurikatu (Medium)	3900	3900	Unch
	Mandya	Other (Medium)	3913	3900	13
	Mandya	Yellow (Medium)	4088	4100	-13
	Shimoga	Achhu (Average)	4883	4750	133

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			13-Apr-17	6-Apr-17	13-Mar-17	13-Apr-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3038	3025	2918	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3500	4000	6000	NA
	Muzaffarnagar	Khurpa	2700	2600	2663	2813
	Muzaffarnagar	Laddoo	2950	2900	2893	2950
	Muzaffarnagar	Rascut	2300	2313	2343	2525
	Hapur	Chaurasa	2700	2563	2650	2650
	Hapur	Balti	2663	2600	2625	2675
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	NA	4550	4900	3750
	Belgaum	Mudde (Average)	3500	3500	3600	2600
	Belthangadi	Yellow (Average)	NA	NA	NA	3000
	Bijapur	Achhu	NA	3535	3500	NA
	Gulbarga	Other (Average)	3350	3855	3470	3820
	Mahalingapura	Penti (Average)	NA	3771	3760	3428
	Mandya	Achhu (Medium)	4200	NA	3950	3200
	Mandya	Kurikatu (Medium)	3900	NA	3500	2750
	Mandya	Other (Medium)	3950	NA	3600	2850
	Mandya	Yellow (Medium)	3950	NA	3900	3000
	Shimoga	Achhu (Average)	NA	4850	4500	3200

**Spot Sugar Prices Scenario (Weekly)**

<b>Spot Sugar Prices Scenario (Weekly) (Average)</b>					
<b>Commodity</b>	<b>Centre</b>	<b>Variety</b>	<b>Average Prices (Rs/Qtl)</b>		<b>Change</b>
<b>Sugar</b>			<b>07th to 13th Apr .2017</b>	<b>31th to 6th Apr .2017</b>	
<b>Delhi</b>	Delhi	M-Grade	3843	3835	8
	Delhi	S-Grade	3823	3815	8
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3817	3826	-9
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3729	3748	-19
	Dhampur	S-Grade Ex-Mill	3709	3728	-19
	Dhampur	L-Grade Ex-Mill	3779	3798	-19
<b>Maharashtra</b>	Mumbai	M-Grade	4279	4277	3
	Mumbai	S-Grade	4007	4006	1
	Nagpur	M-Grade	3961	3960	1
	Nagpur	S-Grade	3925	3905	20
	Kolhapur	M-Grade	3836	3835	1
	Kolhapur	S-Grade	3800	3780	20
<b>Assam</b>	Guhawati	S-Grade	4121	4101	20
<b>Meghalaya</b>	Shillong	S-Grade	4120	4100	20
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	4180	4180	Unch
	Vijayawada	S-Grade	4160	4160	Unch
<b>West Bengal</b>	Kolkata	M-Grade	3978	4021	-44
<b>Tamil Nadu</b>	Chennai	S-Grade	3758	3775	-17
<b>Chattisgarh</b>	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			13-Apr-17	6-Apr-17	13-Mar-17	13-Apr-16
Delhi	Delhi	M-Grade	3820	3850	3910	3580
	Delhi	S-Grade	3800	3830	3890	3560
Uttar Pradesh	Khatauli	M-Grade	3802	3850	3910	3625
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3720	3737	3835	3575
	Dhampur	S-Grade Ex-Mill	3700	3717	3815	3555
	Dhampur	L-Grade Ex-Mill	3770	3787	3885	3625
Maharashtra	Mumbai	M-Grade	4276	4286	4272	3736
	Mumbai	S-Grade	3996	4012	4016	3660
	Nagpur	M-Grade	3945	3975	4075	NA
	Nagpur	S-Grade	3925	3925	3975	NA
	Kolhapur	M-Grade	3820	3850	3950	3550
	Kolhapur	S-Grade	3800	3800	3850	3400
Assam	Guhawati	S-Grade	4121	4121	4172	3715
Meghalaya	Shillong	S-Grade	4120	4120	4170	3720
Andhra Pradesh	Vijayawada	M-Grade	4180	4180	4200	4000
	Vijayawada	S-Grade	4160	4160	4100	3840
West Bengal	Kolkata	M-Grade	3980	4025	4050	3710
Tamil Nadu	Chennai	S-Grade	3750	3775	3825	3600
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	3030
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	3030

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)



International Sugar Prices (Weekly)				
	Contract Month	12-Apr-17	5-Apr-17	Change
ICE Sugar #11 (US Cent/lb)	May-17	16.70	16.10	0.60
	Jul-17	16.74	16.24	0.50
	Oct-17	16.87	16.52	0.35
LIFFE Sugar (US \$/MT)	17-Aug	472.6	459.70	12.90
	17-Oct	458.7	450.20	8.50
	17-Dec	454.4	447.60	6.80

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