Sugar & Gur Weekly Research Report

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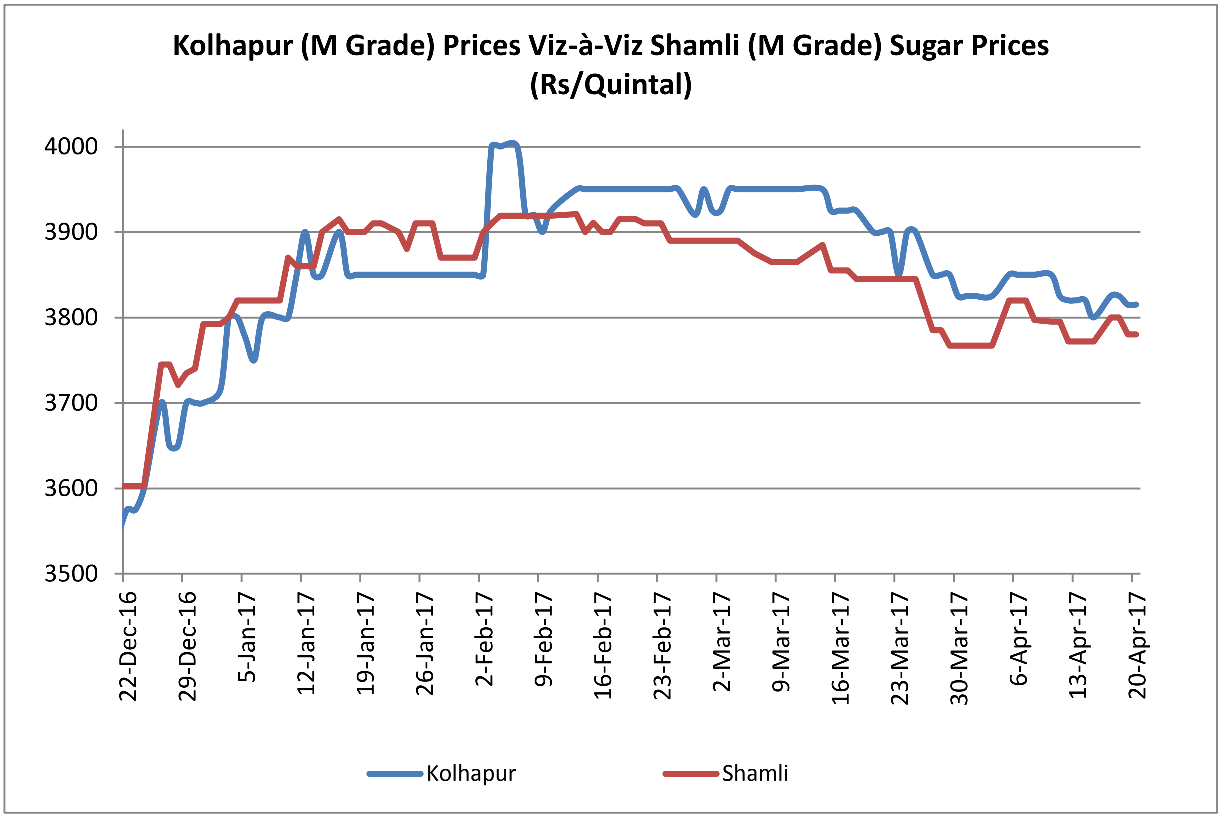
Domestic Sugar Market Summary

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 3817 per quintal this week compared to Rs 3836 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.21% to Rs 3784 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

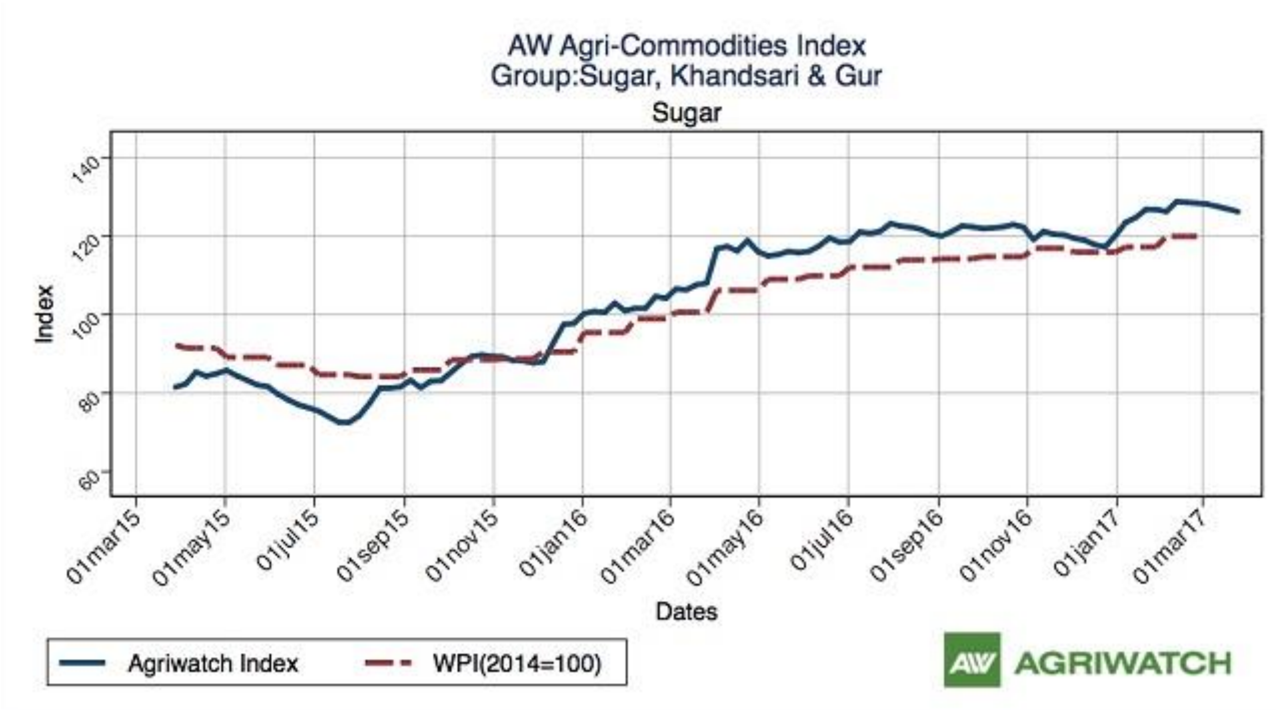
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3750 - 3900 per quintal next week.

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 12th of June, 2017.Notably, the govt. estimates India to produce 22.5 MT of sugar this marketing year i.e. 2016-17 (01st October, 2016 – 30th 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 28th February, 2017.
- Rating agency, ICRA projected India to produce 20.3 MT of sugar in 2016-17 (01st October, 2016 – 30th 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 (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).
- 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).

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. 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

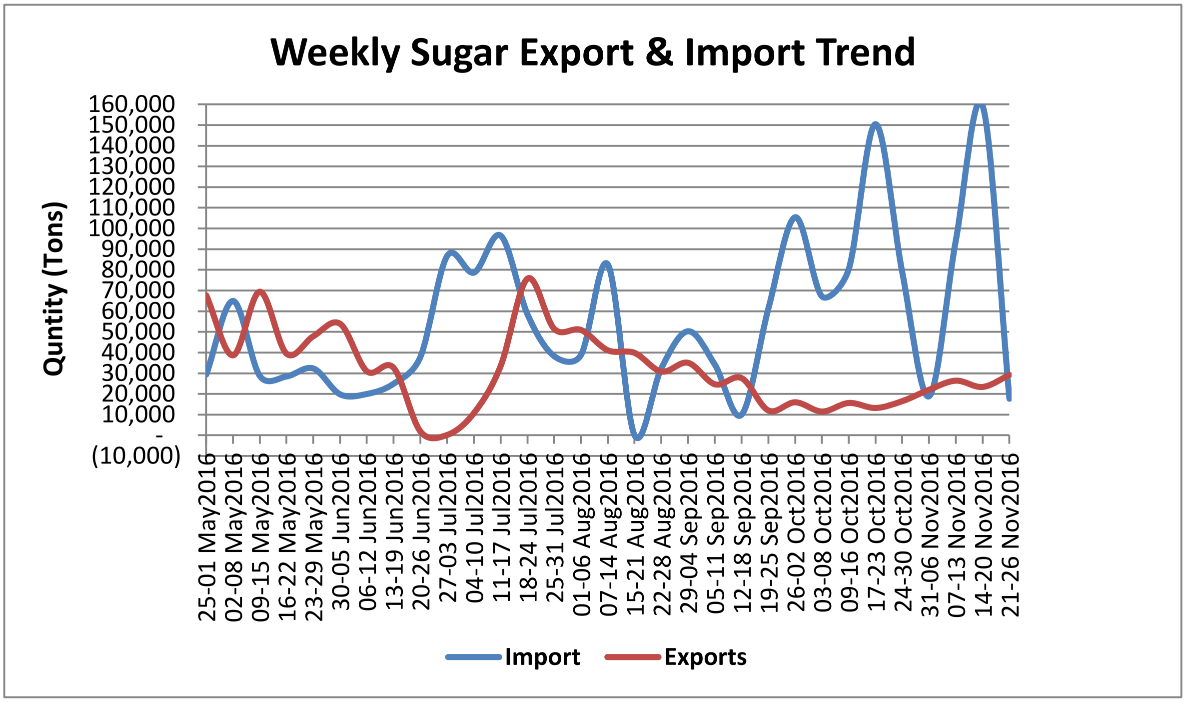
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $552.45 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $604.33 per ton.

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:

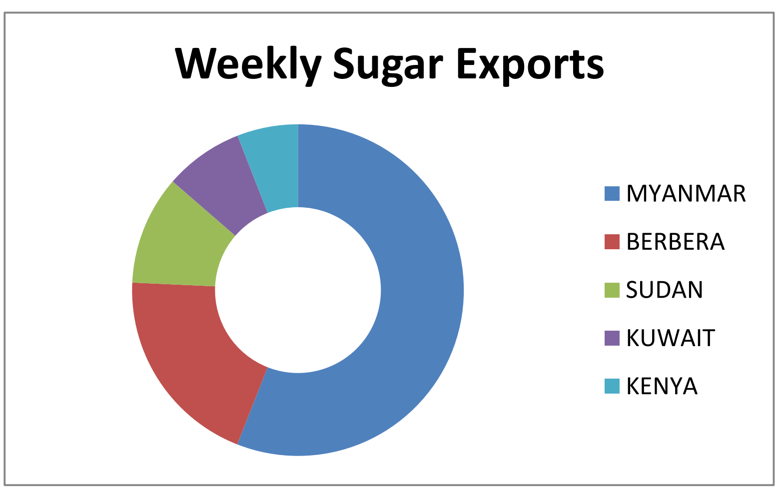
Indicative Sugar FOB Prices (USD/MT) ($=Rs. 64.63) as on 21 Apr, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$476.8	NA/470.30	$604.33

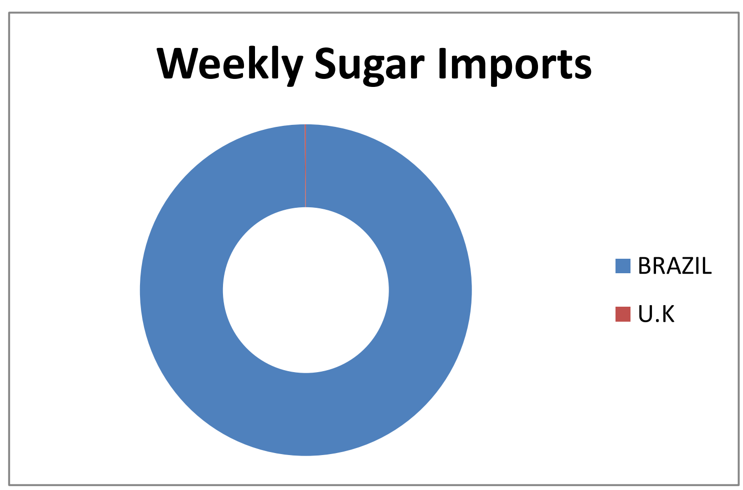
Sugar Import and Export Scenario

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 (May Weekly Chart)

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: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	3500	3600	3720	3900	3970
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	**Sell**	Below 3720	3670	3645	3750

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3817/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3851 and Rs 3799 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 main centre south region produced 0.27 MT of sugar in the second half of March, 2017 which was 0.20 MT higher than the sugar produced in the first half of the month.

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.
- 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.

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 Mudde (Average) variety of gur from Bangalore rose by Rs 150/quintal from Rs 4550/quintal to Rs 4700/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum rose by Rs 125/quintal to Rs 3650/quintal this week. On the other hand, prices of Penti (Average variety of gur from Mahalingapura fell by Rs 144/quintal from Rs 3750/quintal to Rs 3606/quintal this week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3073/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3125 and Rs 3000 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			14th to 20th Apr .2017	07th to 13th Apr .2017	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3073	3022	51
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	35000	32500	2500
	Muzaffarnagar	Khurpa (Fresh)	2726	2608	118
	Muzaffarnagar	Laddoo (Fresh)	2940	2903	38
	Muzaffarnagar	Rascut (Fresh)	2298	2304	-6
	Hapur	Chaursa	2670	2585	85
	Hapur	Balti	2685	2603	82
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4700	4550	150
	Belgaum	Mudde (Average)	3650	3525	125
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3383	3475	-92
	Gulbarga	Other (Average)	3486	3420	66
	Mahalingapura	Penti (Average)	3606	3750	-144
	Mandya	Achhu (Medium)	4225	4225	Unch
	Mandya	Kurikatu (Medium)	3950	3900	50
	Mandya	Other (Medium)	3863	3913	-50
	Mandya	Yellow (Medium)	4038	4088	-50
	Shimoga	Achhu (Average)	4967	4883	83

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**20-Apr-17**	**13-Apr-17**	**20-Mar-17**	**20-Apr-16**
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3088	3038	3008	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	3500	8000	NA
	Muzaffarnagar	Khurpa	2650	2700	2750	2625
	Muzaffarnagar	Laddoo	2900	2950	2975	3018
	Muzaffarnagar	Rascut	2278	2300	2528	2525
	Hapur	Chaursa	2650	2700	2750	2750
	Hapur	Balti	2700	2663	2700	2725
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4800	4550	4900	3750
	Belgaum	Mudde (Average)	3700	3500	3400	2800
	Belthangadi	Yellow (Average)	NA	NA	NA	3600
	Bijapur	Achhu	NA	NA	3415	NA
	Gulbarga	Other (Average)	NA	3350	3460	3650
	Mahalingapura	Penti (Average)	3434	3459	3769	3439
	Mandya	Achhu (Medium)	4250	4200	4150	3450
	Mandya	Kurikatu (Medium)	4000	3900	3900	2800
	Mandya	Other (Medium)	3600	3950	3850	2900
	Mandya	Yellow (Medium)	3750	3950	4100	3300
	Shimoga	Achhu (Average)	NA	5100	4300	3500

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			14th to 20th Apr .2017	07th to 13th Apr .2017	
Delhi	Delhi	M-Grade	3833	3843	-10
	Delhi	S-Grade	3813	3823	-10
Uttar Pradesh	Khatauli	M-Grade	3814	3817	-4
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3731	3729	2
	Dhampur	S-Grade Ex-Mill	3711	3709	2
	Dhampur	L-Grade Ex-Mill	3781	3779	2
Maharashtra	Mumbai	M-Grade	4222	4279	-58
	Mumbai	S-Grade	3986	4007	-21
	Nagpur	M-Grade	3942	3961	-19
	Nagpur	S-Grade	3891	3925	-34
	Kolhapur	M-Grade	3817	3836	-19
	Kolhapur	S-Grade	3766	3800	-34
Assam	Guhawati	S-Grade	4086	4121	-35
Meghalaya	Shillong	S-Grade	4086	4120	-34
Andhra Pradesh	Vijayawada	M-Grade	4180	4180	Unch
	Vijayawada	S-Grade	4160	4160	Unch
West Bengal	Kolkata	M-Grade	4013	3978	35
Tamil Nadu	Chennai	S-Grade	3750	3758	-8
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			**20-Apr-17**	**13-Apr-17**	**20-Mar-17**	**20-Apr-16**
Delhi	Delhi	M-Grade	3830	3820	3880	3700
	Delhi	S-Grade	3810	3800	3860	3680
Uttar Pradesh	Khatauli	M-Grade	3805	3802	3890	NA
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3737	3720	3830	NA
	Dhampur	S-Grade Ex-Mill	3717	3700	3810	NA
	Dhampur	L-Grade Ex-Mill	3787	3770	3880	NA
Maharashtra	Mumbai	M-Grade	4240	4276	4170	3766
	Mumbai	S-Grade	3970	3996	4010	3670
	Nagpur	M-Grade	3940	3945	4025	NR
	Nagpur	S-Grade	3885	3925	3950	NR
	Kolhapur	M-Grade	3815	3820	3900	3600
	Kolhapur	S-Grade	3760	3800	3825	3500
Assam	Guhawati	S-Grade	4080	4121	4146	3816
Meghalaya	Shillong	S-Grade	4080	4120	4145	3820
Andhra Pradesh	Vijayawada	M-Grade	4180	4180	4180	4000
	Vijayawada	S-Grade	4160	4160	4160	3840
West Bengal	Kolkata	M-Grade	NA	3980	4100	NA
Tamil Nadu	Chennai	S-Grade	3750	3750	3800	3550
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	3035
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	3035
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	**19-Apr-17**	**12-Apr-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**May-17**	16.42	16.7	**-0.28**
	Jul-17	16.52	16.74	**-0.22**
	Oct-17	16.71	16.87	**-0.16**
LIFFE Sugar (US $/MT)	**17-Aug**	469.3	472.6	**-3.30**
	17-Oct	457	458.7	**-1.70**
	17-Dec	453	454.4	**-1.40**

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