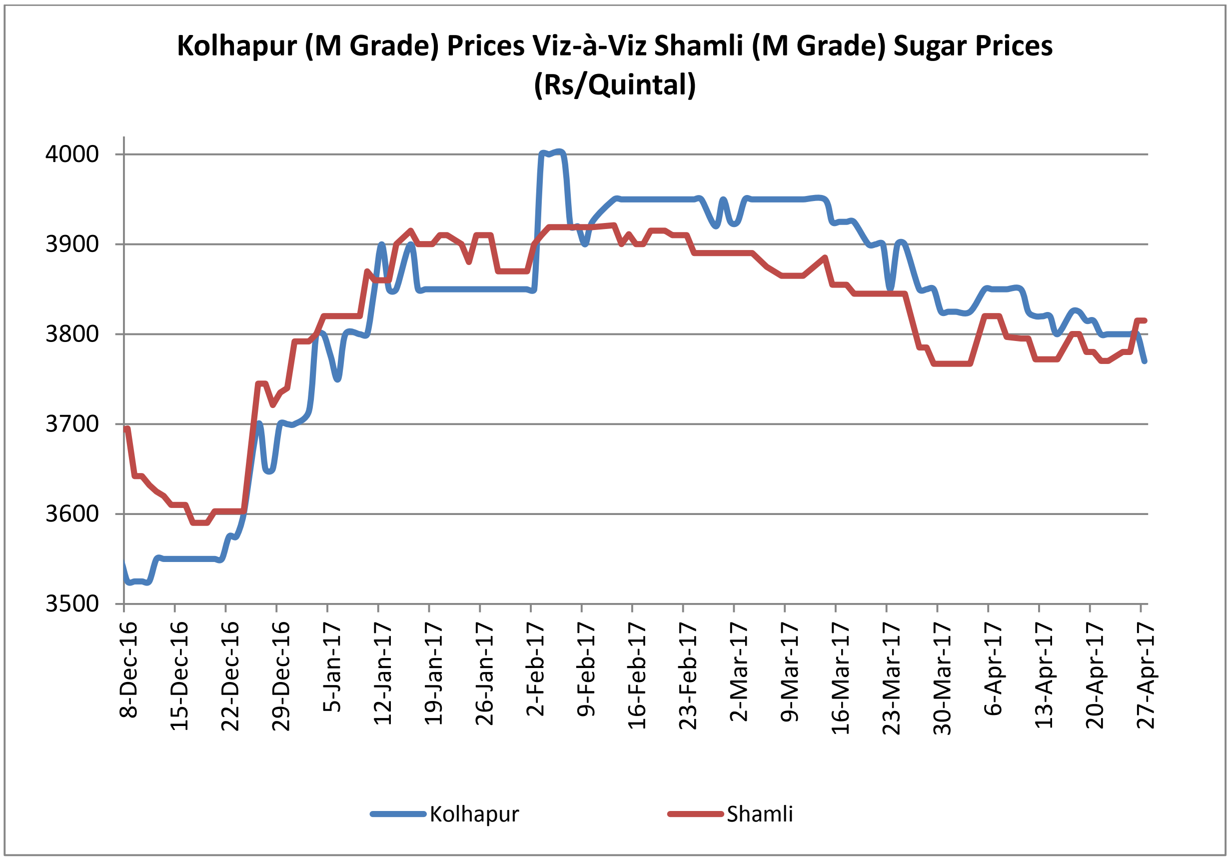
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices traded steady to weak amidst sufficient sugar supply and muted domestic demand. Furthermore, the recent announcement made by the govt. to allow an additional duty free import quota for 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 3795 per quintal this week compared to Rs 3817 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.11% to Rs 3788 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 3700 - 3850 per quintal next week.

Domestic Market Highlights

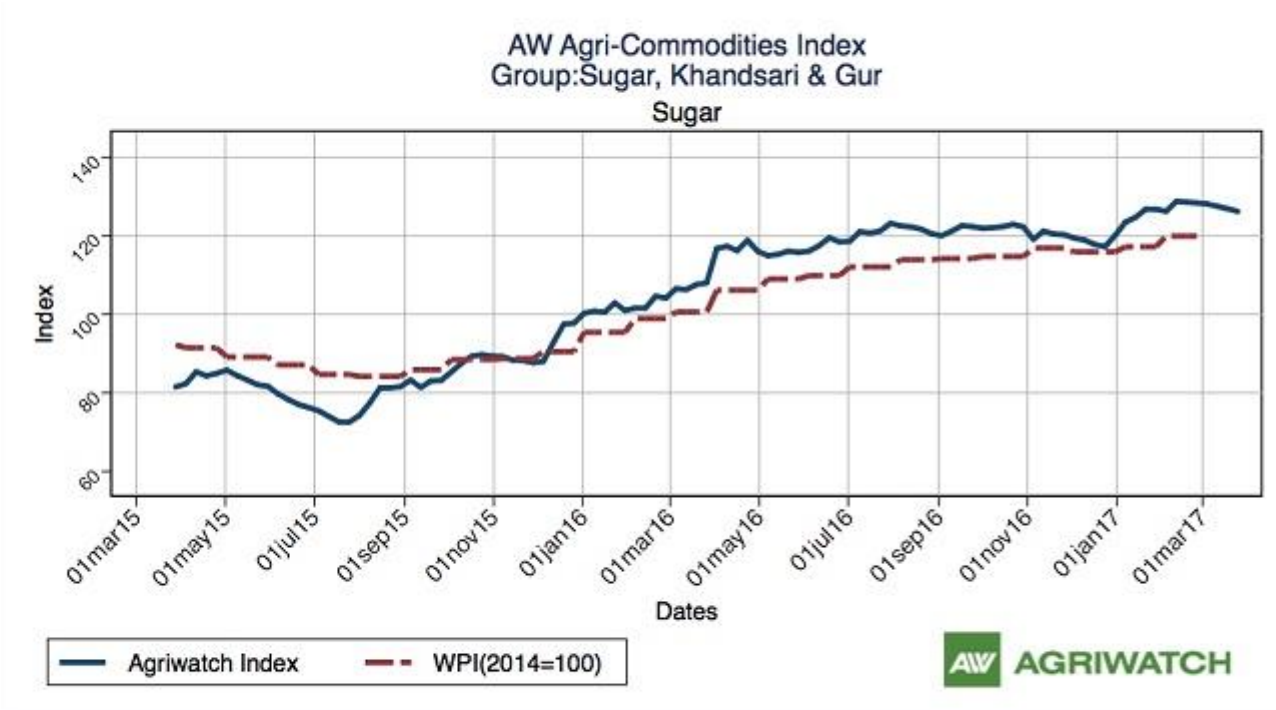
Recent Updates

- The Indian govt. allowed duty free import quota for five lakh tonnes of raw sugar in the country. Out of the total quantity, 3 lakh tonnes of quota has been allocated to the mills in south, 1.5 lakh tonnes to the mills in west and 0.5 lakh tonnes to the mills in east.
- In a move to ensure sugar availability within the country and to avoid hoarding, the Indian govt. extended the duration for imposing stock limit on sugar. Notably, the limit has now been stretched by another six months to 29th April, 2017 – 28th October, 2017; while the quantity of stock limit remains the same as 1,000 tonnes for traders in West Bengal and 500 tonnes for all the others.
- Owing to the recovery from drought and an increase in cane recovery rate especially in state like Uttar Pradesh, Licht predicts India to produce 24.4 MT of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) compared to 20.3 MT of production projected in 2016-17 (01st October, 2016 – 30th September, 2017).
- ISMA had revised India's sugar production forecast from 20.3 MT to 20.2 MT for 2016-17 (01st October, 2016 – 30th September, 2017).
- U.P had produced 86 lakh tonnes of sugar in 2016-17 (01st October, 2016 – 21st April, 2017) which is the highest production figure achieved till date by the state. Further, the state is expected to produce even more sugar in the coming days as approximately 39 sugar mills are still operating for the current crushing year.
- Sugarcane area in main growing region of Kolhapur (Maharashtra) rose by 9.09% from 1.32 lakh hectares in 2016-17 to 1.44 lakh hectares in 2017-18.

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)

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

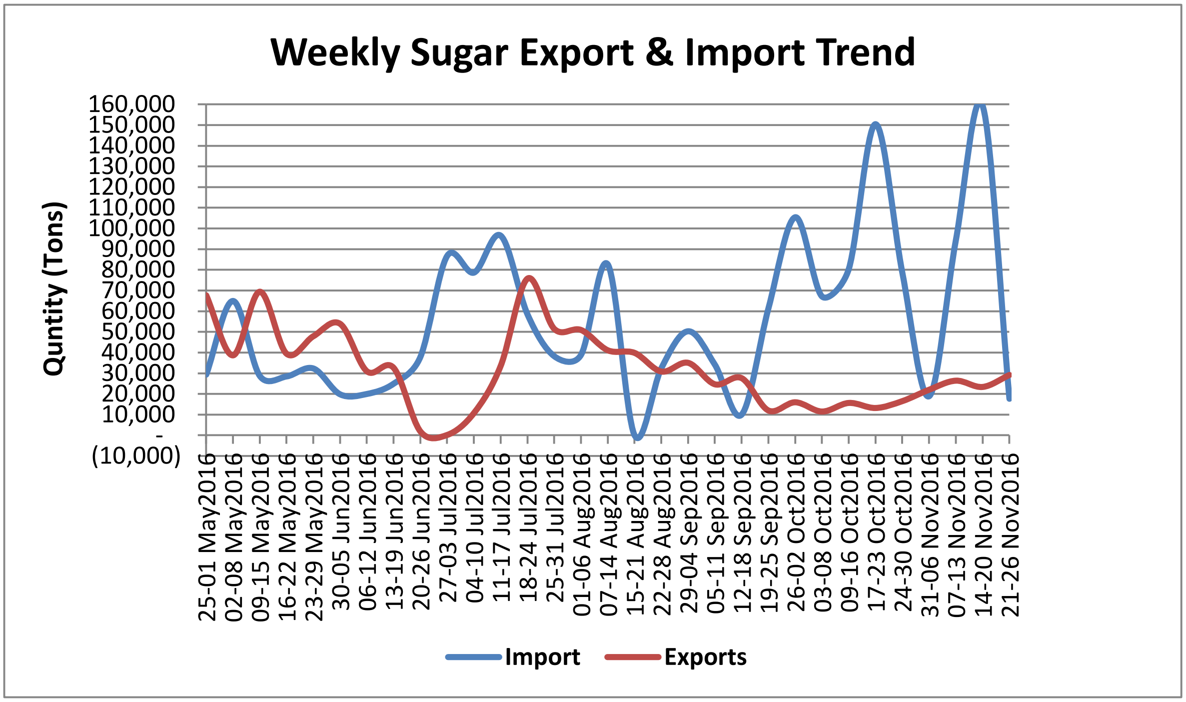
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $552.45 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $604.43 per ton.

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:

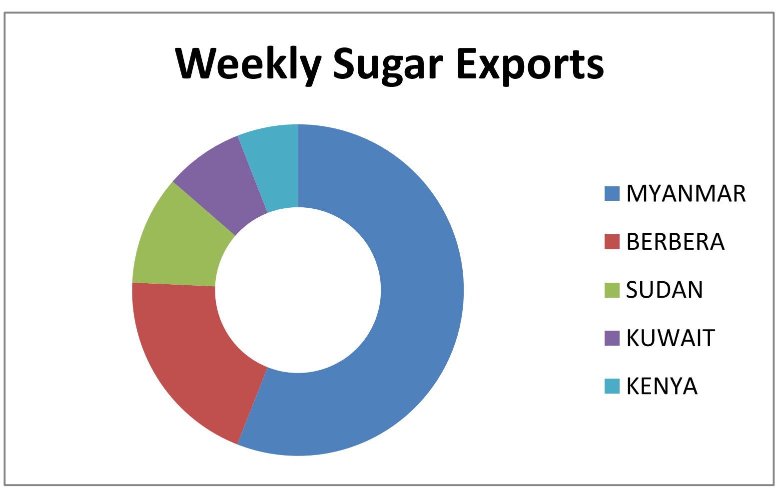
Indicative Sugar FOB Prices (USD/MT) ($=Rs. 64.11) as on 28 Apr, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$476.8	NA/470.30	$604.43

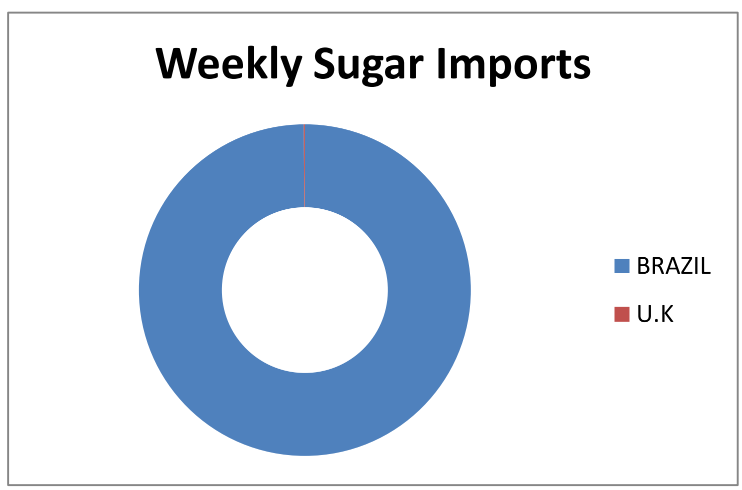
Sugar Import and Export Scenario

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 decreased while volume and O.I increased for 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	3400	3500	3659	3800	3900
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	May	Buy	Above 3650	3700	3725	3620

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 weak trend during the week due to ample sugar production forecast worldwide and a fall in demand.

International Market Highlights

Recent Updates

- Market player, F. O Licht predicts world sugar production to rise by 7.57% from 176.9 MT in 2016-17 to 190.3 MT in 2017-18. This rise has been attributed to an increased production estimate in India, Thailand and European Union (E.U)
- While, an end to European sugar quota could lead European Union (E.U) to produce 18.4 MT of sugar in 2017-18 compared to 15.4 MT of production made in 2016-17 (as per the projection made by Licht).
- However, the largest sugar producing country, Brazil (center-south) is expected to produce 35.9 MT of sugar in 2017-18 which is only 0.84% higher than the sugar produced in 2016-17.
- UNICA predicts Brazil's main C.S region to crush 585 MT of sugarcane in 2017-18 (April – March) which is 3.65% lower than the sugarcane crushed during the season 2016-17.

Previous 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.
- 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).
- 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.

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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

Spot gur market mainly remained buoyant with price rising in most of the major trading markets except one or two. Prices of Mudde (Average) variety of gur from Bangalore rose by Rs 175/quintal from Rs 4700/quintal to Rs 4875/quintal this week. Similarly, prices of Yellow (Medium) variety of gur from Mandya rose by Rs 153/quintal to Rs 4190/quintal this week. However, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 242/quintal from Rs 4967/quintal to Rs 4725/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)			21th to 27th Apr .2017	14th to 20th Apr .2017	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3088	3073	15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	13500	35000	-21500
	Muzaffarnagar	Khurpa (Fresh)	2800	2726	74
	Muzaffarnagar	Laddoo (Fresh)	3062	2940	121
	Muzaffarnagar	Rascut (Fresh)	2297	2298	-1
	Hapur	Chaursa	2715	2670	45
	Hapur	Balti	2730	2685	45
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4875	4700	175
	Belgaum	Mudde (Average)	3660	3650	10
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3332	3383	-51
	Gulbarga	Other (Average)	3599	3486	113
	Mahalingapura	Penti (Average)	3491	3606	-116
	Mandya	Achhu (Medium)	4283	4225	58
	Mandya	Kurikatu (Medium)	4000	3950	50
	Mandya	Other (Medium)	3883	3863	21
	Mandya	Yellow (Medium)	4190	4038	153
	Shimoga	Achhu (Average)	4725	4967	-242

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			27-Apr-17	20-Apr-17	27-Mar-17	27-Apr-16
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3088	3088	3003	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	3000	10000	NA
	Muzaffarnagar	Khurpa	2938	2650	2788	2700
	Muzaffarnagar	Laddoo	3175	2900	3018	2938
	Muzaffarnagar	Rascut	2310	2278	2450	2575
	Hapur	Chaursa	2750	2650	2750	2750
	Hapur	Balti	2750	2700	2750	2750
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	NA	4800	4780	4000
	Belgaum	Mudde (Average)	3700	3700	3700	2800
	Belthangadi	Yellow (Average)	NA	NA	NA	3750
	Bijapur	Achhu	3300	3380	3500	NA
	Gulbarga	Other (Average)	NA	3675	3550	3640
	Mahalingapura	Penti (Average)	NA	3434	3730	3482
	Mandya	Achhu (Medium)	4250	4250	4300	3300
	Mandya	Kurikatu (Medium)	4000	4000	3900	2900
	Mandya	Other (Medium)	3700	3600	3700	2850
	Mandya	Yellow (Medium)	NA	3750	3800	3300
	Shimoga	Achhu (Average)	4650	NA	4700	4050

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			21th to 27th Apr .2017	14th to 20th Apr .2017	
Delhi	Delhi	M-Grade	3830	3833	-3
	Delhi	S-Grade	3810	3813	-3
Uttar Pradesh	Khatauli	M-Grade	3829	3814	16
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3810	3731	79
	Dhampur	S-Grade Ex-Mill	3790	3711	79
	Dhampur	L-Grade Ex-Mill	3860	3781	79
Maharashtra	Mumbai	M-Grade	4235	4222	13
	Mumbai	S-Grade	3966	3986	-20
	Nagpur	M-Grade	3920	3942	-22
	Nagpur	S-Grade	3860	3891	-31
	Kolhapur	M-Grade	3795	3817	-22
	Kolhapur	S-Grade	3735	3766	-31
Assam	Guhawati	S-Grade	4055	4086	-31
Meghalaya	Shillong	S-Grade	4055	4086	-31
Andhra Pradesh	Vijayawada	M-Grade	4160	4180	-20
	Vijayawada	S-Grade	4130	4160	-30
West Bengal	Kolkata	M-Grade	4053	4013	41
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
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			27-Apr-17	20-Apr-17	27-Mar-17	27-Apr-16
Delhi	Delhi	M-Grade	3850	3830	3850	3550
	Delhi	S-Grade	3830	3810	3830	3530
Uttar Pradesh	Khatauli	M-Grade	3860	3805	3807	3600
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3810	3737	3800	3560
	Dhampur	S-Grade Ex-Mill	3790	3717	3780	3540
	Dhampur	L-Grade Ex-Mill	3860	3787	3850	3610
Maharashtra	Mumbai	M-Grade	4230	4240	4276	3740
	Mumbai	S-Grade	3940	3970	4012	3632
	Nagpur	M-Grade	3895	3940	3975	NR
	Nagpur	S-Grade	3845	3885	3925	NR
	Kolhapur	M-Grade	3770	3815	3850	3550
	Kolhapur	S-Grade	3720	3760	3800	3450
Assam	Guhawati	S-Grade	4040	4080	4121	3766
Meghalaya	Shillong	S-Grade	4040	4080	4120	3770
Andhra Pradesh	Vijayawada	M-Grade	4140	4180	4180	4000
	Vijayawada	S-Grade	4100	4160	4160	3840
West Bengal	Kolkata	M-Grade	4050	NA	4060	3770
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	26-Apr-17	19-Apr-17	Change
ICE Sugar #11 (US Cent/lb)	May-17	15.38	16.42	-1.04
	Jul-17	15.57	16.52	-0.95
	Oct-17	15.85	16.71	-0.86
LIFFE Sugar (US $/MT)	17-Aug	453.3	469.3	-16.00
	17-Oct	439.4	457	-17.60
	17-Dec	435.5	453	-17.50

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