

Sugar & Gur Weekly Research Report

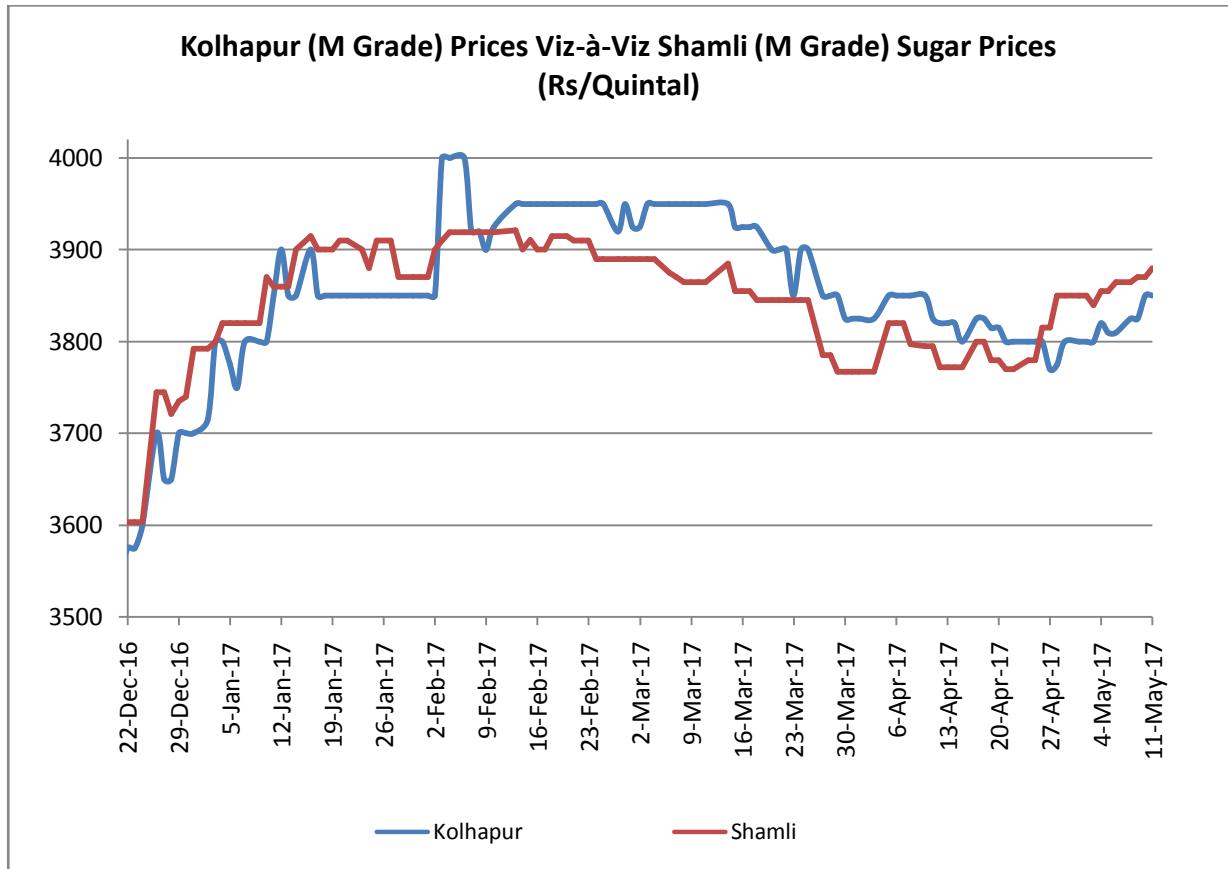
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Domestic Sugar Market Summary

Spot sugar prices rose during this week amidst strong buying demand on one hand and limited supply from mills on the other

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3828 per quintal this week compared to Rs 3799 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 0.48% to Rs 3868 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to rise during the weeks ahead as crushing operation almost came to an end for the current season (2016-17) which could affect sugar stock availability within the country.

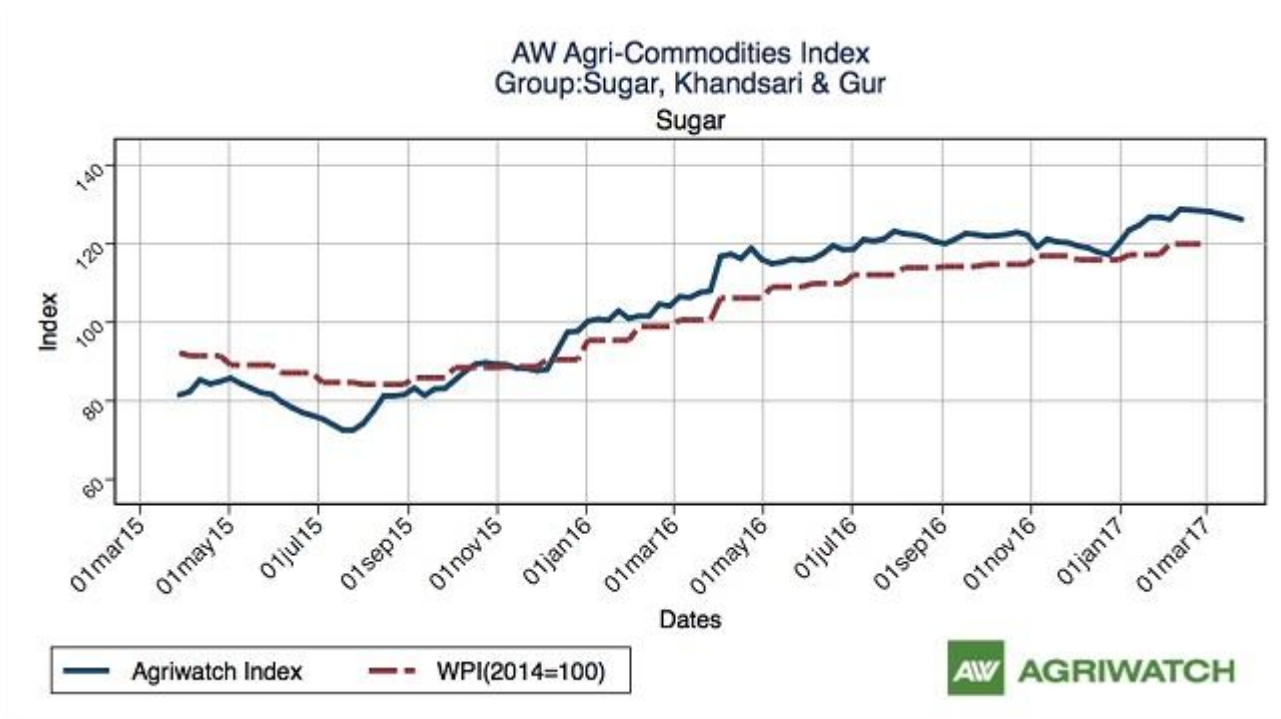
Price Projection for the Next Week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3750 - 3950 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 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. 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.
- 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.
- 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

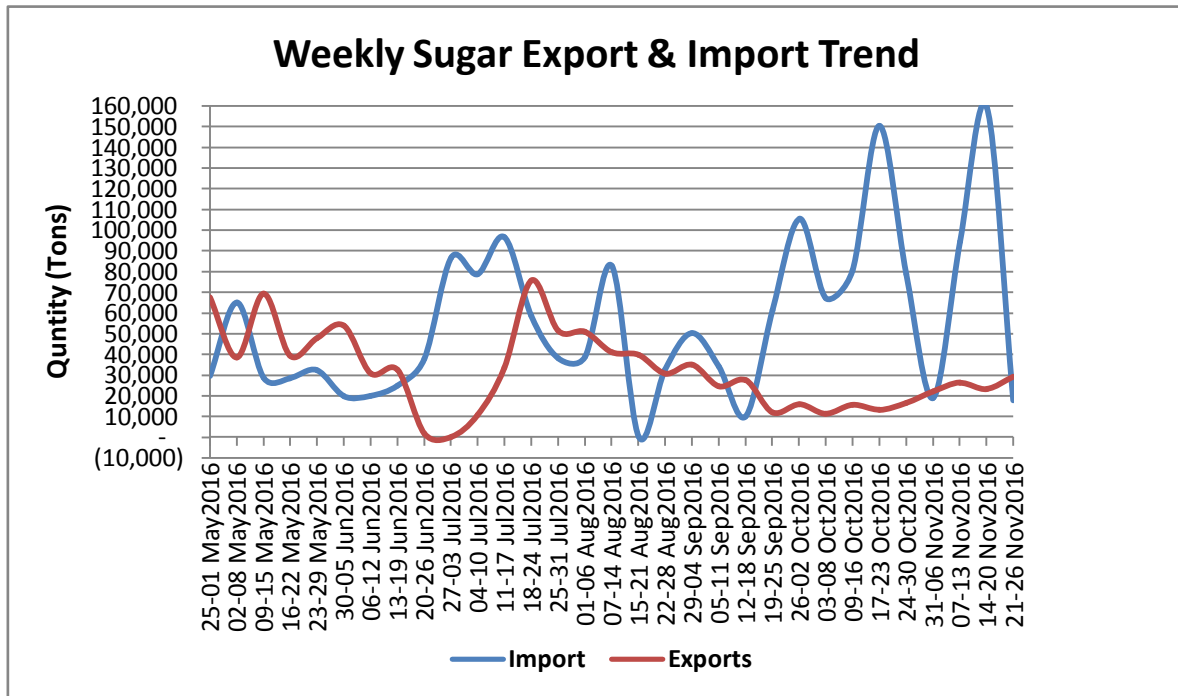
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$522.45 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$604.98 per ton.

On International front, Brazil sugar FOB prices quoted at \$500.20 Ton. Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

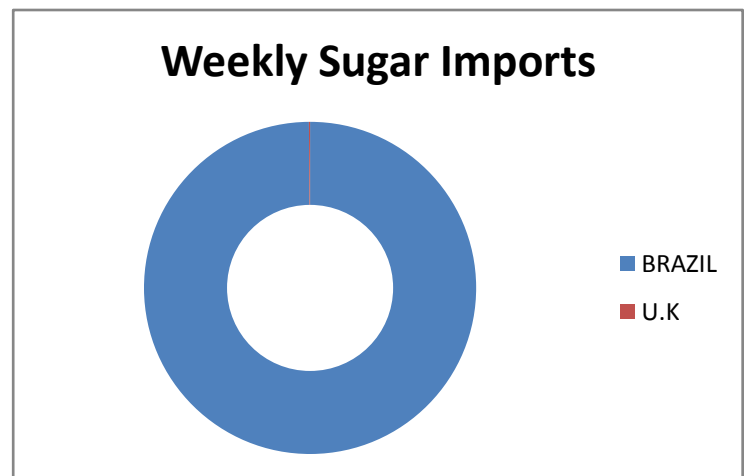
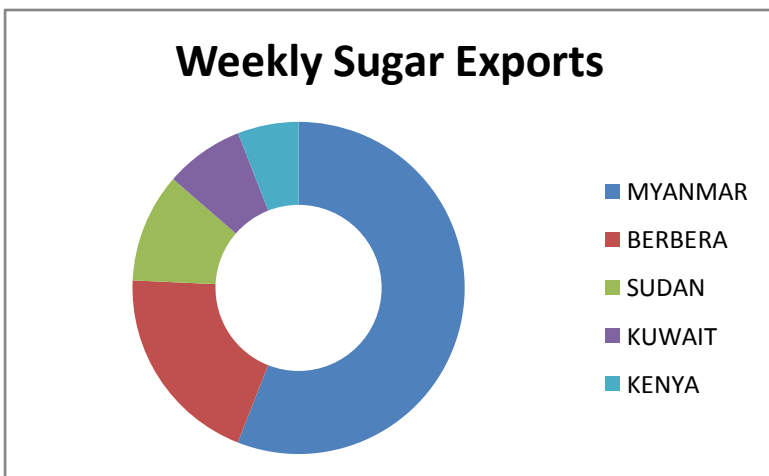
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.30) as on 12 May, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$500.20	NA/453.50	\$604.98

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)



Technical Commentary:

- Sugar prices and volume increased while O.I decreased 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	3500	3600	3735	3900	4020
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 3730	3780	3805	3700

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3828/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3905 and Rs 3795 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

- Thailand crushed 93 million tonnes of sugarcane to produce 10 million tonnes of sugar in 2016-17 (06th December, 2016 – 6th May, 2017).
- INTL FCStone predicts Brazil's C.S region to crush 588 MT of sugarcane in MY 2017-18 (April, 2017 – 31st March, 2018) to produce 35.6 MT of sugar there on.

Previous Updates

- As per the latest UNICA report, Brazil's main C.S region churned around 17.66 MT of sugarcane in the first half of April, 2017 to produce 0.70 MT of sugar thereon. Notably, 159 sugar mills participated in the crushing operation so far which is expected to turn around 275 mills for the MY 2017-18 (01st April, 2017 – 31st March, 2018).
- Due to an expected fall in sugar production in Brazil's C.S region this year; industry body, UNICA predicts the region's exports to fell down by 1.41% from 28.28 MT in 2016-17 to 27.88 MT in 2017-18.
- Brazil's raw sugar export fell by 1.71% as the country exported 1.12 MT of raw sugar in April, 2017 compared to 1.14 MT of exports made in March, 2017.
- 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.
- 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.

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



Technical Commentary

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 449.0 with a target of 455.9

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'17	449.0	455.9

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



Technical Commentary:

- ICE raw sugar futures trend upward for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 15.70 with a target of 16.15

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'17	15.70	16.15

Gur Market Scenario

Spot gur market remained buoyant during the week with price rising in almost all the major markets except one or two. Prices of Rascut (Fresh) variety of gur from key Muzaffarnagar rose by Rs 155/quintal from Rs 2473/quintal to Rs 2628/quintal this week. Similarly, prices of Chaursa and Balti variety of gur from Hapur rose by Rs 115 and Rs 128 per quintal to Rs 3025 and Rs 3063 per quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3353/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3483 and Rs 3128 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			05th to 11th May .2017	28th Apr to 04th May .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3353	3227	126
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	18500	15000	3500
	Muzaffarnagar	Khurpa (Fresh)	2975	3001	-25
	Muzaffarnagar	Laddoo (Fresh)	3327	3236	91
	Muzaffarnagar	Rascut (Fresh)	2628	2473	155
	Hapur	Chaurasa	3025	2910	115
	Hapur	Balti	3063	2935	128
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4950	4950	Unch
	Belgaum	Mudde (Average)	3675	3800	-125
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3285	3278	7
	Gulbarga	Other (Average)	3644	3632	12
	Mahalingapura	Penti (Average)	3528	3446	82
	Mandya	Achhu (Medium)	4120	4100	20
	Mandya	Kurikatu (Medium)	3900	3917	-17
	Mandya	Other (Medium)	3630	3600	30
	Mandya	Yellow (Medium)	3950	3950	Unch
	Shimoga	Achhu (Average)	4683	5750	-1067

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			11-May-17	4-May-17	11-Apr-17	11-May-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3250	3355	3020	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	1500	10000	NA
	Muzaffarnagar	Khurpa	2975	3078	2550	2763
	Muzaffarnagar	Laddoo	3250	3350	2863	2988
	Muzaffarnagar	Rascut	2638	2628	2300	2550
	Hapur	Chaurasa	NA	3050	2500	2875
	Hapur	Balti	NA	3075	2550	2825
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	NA	4950	4550	4000
	Belgaum	Mudde (Average)	3600	3800	NA	2700
	Belthangadi	Yellow (Average)	NA	NA	NA	2800
	Bijapur	Achhu	NA	3270	3500	NA
	Gulbarga	Other (Average)	NA	3675	NA	3620
	Mahalingapura	Penti (Average)	3455	3465	NA	3376
	Mandya	Achhu (Medium)	NA	4100	4250	3100
	Mandya	Kurikatu (Medium)	NA	3900	3900	2900
	Mandya	Other (Medium)	NA	3400	3900	2800
	Mandya	Yellow (Medium)	NA	3950	4150	3000
	Shimoga	Achhu (Average)	NA	6850	4900	4050

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			05th to 11th May .2017	28th Apr to 04th May .2017	
Delhi	Delhi	M-Grade	3938	3895	43
	Delhi	S-Grade	3918	3875	43
Uttar Pradesh	Khatauli	M-Grade	3893	3878	15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3800	3798	3
	Dhampur	S-Grade Ex-Mill	3780	3778	3
	Dhampur	L-Grade Ex-Mill	3850	3848	3
Maharashtra	Mumbai	M-Grade	4139	4230	-91
	Mumbai	S-Grade	3902	3935	-34
	Nagpur	M-Grade	3953	3924	29
	Nagpur	S-Grade	3875	3870	5
	Kolhapur	M-Grade	3828	3799	29
	Kolhapur	S-Grade	3750	3745	5
Assam	Guhawati	S-Grade	4070	4065	5
Meghalaya	Shillong	S-Grade	4070	4065	5
Andhra Pradesh	Vijayawada	M-Grade	4120	4130	-10
	Vijayawada	S-Grade	4080	4090	-10
West Bengal	Kolkata	M-Grade	4178	4098	81
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
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			11-May-17	4-May-17	11-Apr-17	11-May-16
Delhi	Delhi	M-Grade	3930	3920	3830	3500
	Delhi	S-Grade	3910	3900	3810	3480
Uttar Pradesh	Khatauli	M-Grade	3920	3878	3815	3600
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3800	3800	3730	3550
	Dhampur	S-Grade Ex-Mill	3780	3780	3710	3530
	Dhampur	L-Grade Ex-Mill	3850	3850	3780	3600
Maharashtra	Mumbai	M-Grade	4092	4230	4276	3750
	Mumbai	S-Grade	3912	3936	4000	3630
	Nagpur	M-Grade	3975	3945	3950	3675
	Nagpur	S-Grade	3875	3875	3925	3575
	Kolhapur	M-Grade	3850	3820	3825	3550
	Kolhapur	S-Grade	3750	3750	3800	3450
Assam	Guhawati	S-Grade	4070	4070	4121	3766
Meghalaya	Shillong	S-Grade	4070	4070	4120	3770
Andhra Pradesh	Vijayawada	M-Grade	4120	4120	4180	3900
	Vijayawada	S-Grade	4080	4080	4160	3760
West Bengal	Kolkata	M-Grade	4160	4120	3975	NA
Tamil Nadu	Chennai	S-Grade	3750	3750	3750	3500
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	10-May-17	3-May-17	Change
ICE Sugar #11 (US Cent/lb)	Jul-17	15.84	15.77	0.07
	Oct-17	16.14	16.02	0.12
	Mar-18	16.72	16.65	0.07
LIFFE Sugar (US \$/MT)	17-Aug	453.5	450.2	3.30
	17-Oct	441.0	438.1	2.90
	17-Dec	439.9	437.1	2.80

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