



# Sugar & Gur Weekly Research Report

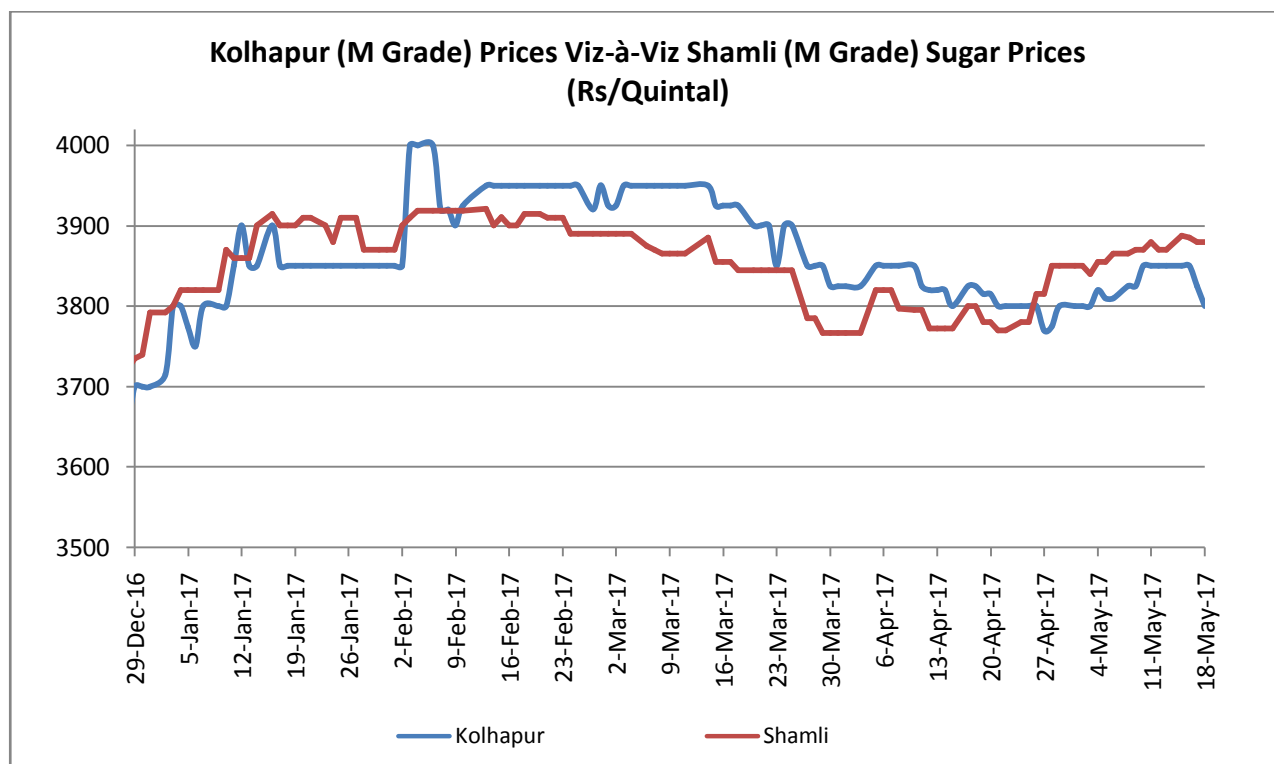
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### Domestic Sugar Market Summary

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 3838 per quintal this week compared to Rs 3828 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 0.29% to Rs 3879 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.

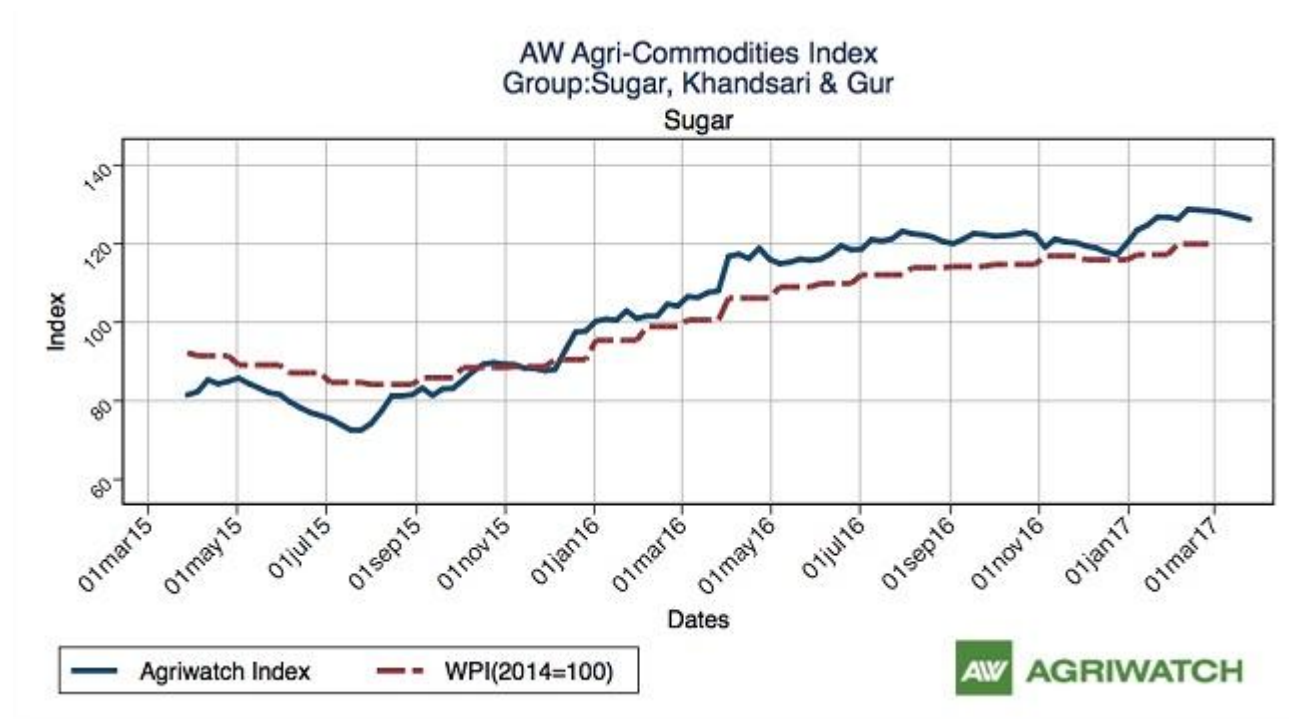
### Domestic Market Highlights

#### Recent Updates

- Rating agency, CRISIL predicts India to produce 25 MT of sugar in 2017-18 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> September, 2018) wherein; U.P and Maharashtra are expected to produce 9 and 7 million tonnes of sugar respectively 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 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 (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.
- 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 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> September, 2018) compared to 20.3 MT of production projected in 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017).
- ISMA had revised India's sugar production forecast from 20.3 MT to 20.2 MT for 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017).
- U.P had produced 86 lakh tonnes of sugar in 2016-17 (01<sup>st</sup> October, 2016 – 21<sup>st</sup> 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 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)

**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 \$534.82 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$598.55 per ton.

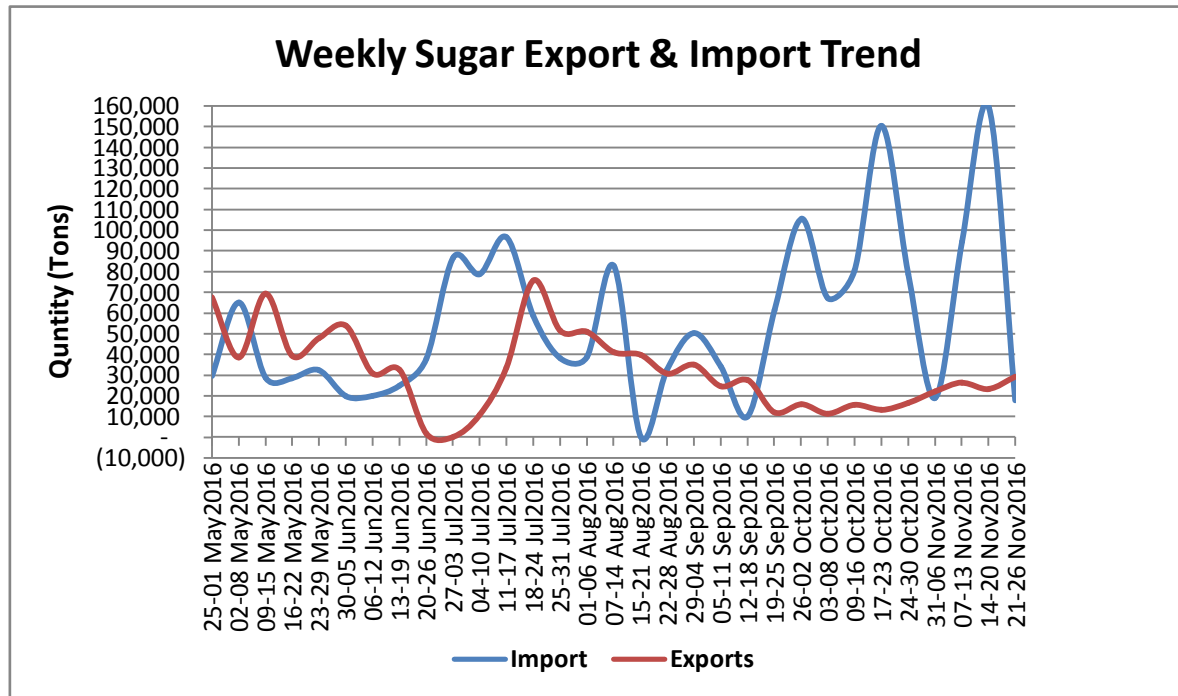
On International front, Brazil sugar FOB prices quoted at \$515.24 Ton.

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

<b>Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.99) as on 19 May, 2017</b>			
	<b>Brazil</b>	<b>Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)</b>	<b>India (100 Icumsa)</b>
Comparative Sugar FOB Prices	\$515.24	NA/453.50	\$598.55

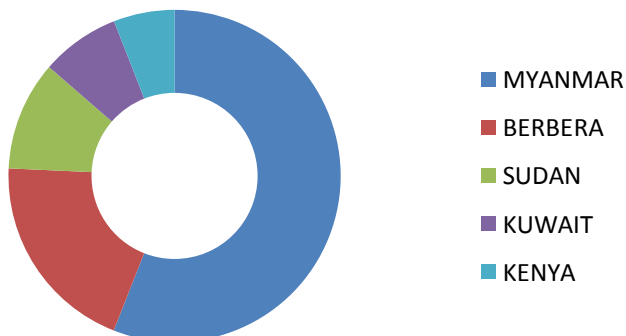
### Sugar Import and Export Scenario

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.

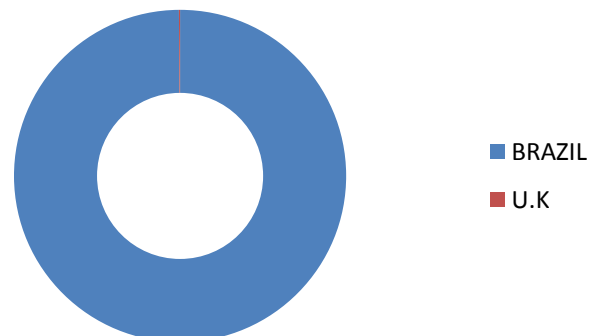


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes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



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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3838/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3896 and Rs 3757 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

- As per the latest UNICA report, Brazil's main C.S region crushed 1.12 MT of sugar in the second half of April, 2017 which was 59% higher than the sugar crushed during the first half of the month.

### Previous Updates

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



**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 noticed mixed trend this week with price rising in some markets while declining in others. Prices of Achhu (Medium) variety of gur from Mandya rose by Rs 72/quintal from Rs 4120/quintal to Rs 4192/quintal this week. However, prices of Mudde (Average) & Yellow (Medium) variety of gur from Belgaum & Mandya fell by Rs 125 & Rs 217 per quintal to Rs 3550 and Rs 3733 per quintal respectively.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3300/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3400 and Rs 3175 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			12th to 18th May .2017	05th to 11th May .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3300	3353	-53
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	18500	18500	Unch
	Muzaffarnagar	Khurpa (Fresh)	2892	2975	-84
	Muzaffarnagar	Laddoo (Fresh)	3352	3327	25
	Muzaffarnagar	Rascut (Fresh)	2565	2628	-63
	Hapur	Chaurasa	NA	3025	-
	Hapur	Balti	NA	3063	-
Maharashtra	Latur	Lal Variety	NA	NR	-
Karnataka	Bangalore	Mudde (Average)	4933	4950	-17
	Belgaum	Mudde (Average)	3550	3675	-125
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3305	3285	20
	Gulbarga	Other (Average)	3629	3644	-15
	Mahalingapura	Penti (Average)	3537	3528	9
	Mandya	Achhu (Medium)	4192	4120	72
	Mandya	Kurikatu (Medium)	3917	3900	17
	Mandya	Other (Medium)	3958	3630	328
	Mandya	Yellow (Medium)	3733	3950	-217
	Shimoga	Achhu (Average)	4730	4683	47

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			18-May-17	11-May-17	18-Apr-17	18-May-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3353	3250	3093	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	3000	4000	NA
	Muzaffarnagar	Khurpa	2835	2975	2765	2863
	Muzaffarnagar	Laddoo	3413	3250	2950	3025
	Muzaffarnagar	Rascut	2553	2638	2278	2513
	Hapur	Chaurasa	NA	NA	2675	2875
	Hapur	Balti	NA	NA	2650	2813
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4950	4950	4800	4000
	Belgaum	Mudde (Average)	3600	3600	NA	2900
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3450	3000	3350	NA
	Gulbarga	Other (Average)	3625	3625	3475	3490
	Mahalingapura	Penti (Average)	NA	3455	3637	3246
	Mandya	Achhu (Medium)	4250	4200	4200	3200
	Mandya	Kurikatu (Medium)	4000	3900	3900	2900
	Mandya	Other (Medium)	4100	3700	3950	2800
	Mandya	Yellow (Medium)	4100	3900	4100	3200
	Shimoga	Achhu (Average)	NA	4650	5100	NA

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			12th to 18th May .2017	05th to 11th May .2017	
Delhi	Delhi	M-Grade	3940	3938	3
	Delhi	S-Grade	3920	3918	3
Uttar Pradesh	Khatauli	M-Grade	3925	3893	32
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3829	3800	29
	Dhampur	S-Grade Ex-Mill	3809	3780	29
	Dhampur	L-Grade Ex-Mill	3879	3850	29
Maharashtra	Mumbai	M-Grade	4092	4139	-47
	Mumbai	S-Grade	3916	3902	14
	Nagpur	M-Grade	3963	3953	9
	Nagpur	S-Grade	3875	3875	Unch
	Kolhapur	M-Grade	3838	3828	9
	Kolhapur	S-Grade	3750	3750	Unch
Assam	Guhawati	S-Grade	4070	4070	Unch
Meghalaya	Shillong	S-Grade	4070	4070	Unch
Andhra Pradesh	Vijayawada	M-Grade	4120	4120	Unch
	Vijayawada	S-Grade	4080	4080	Unch
West Bengal	Kolkata	M-Grade	4114	4178	-64
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)

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International Sugar Prices (Weekly)				
	Contract Month	17-May-17	10-May-17	Change
ICE Sugar #11 (US Cent/lb)	Jul-17	16.30	15.84	0.46
	Oct-17	16.54	16.14	0.40
	Mar-18	17.08	16.72	0.36
LIFFE Sugar (US \$/MT)	17-Aug	459.20	453.5	5.70
	17-Oct	447.30	441.0	6.30
	17-Dec	448.90	439.9	9.00

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