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# Sugar & Gur Weekly Research Report

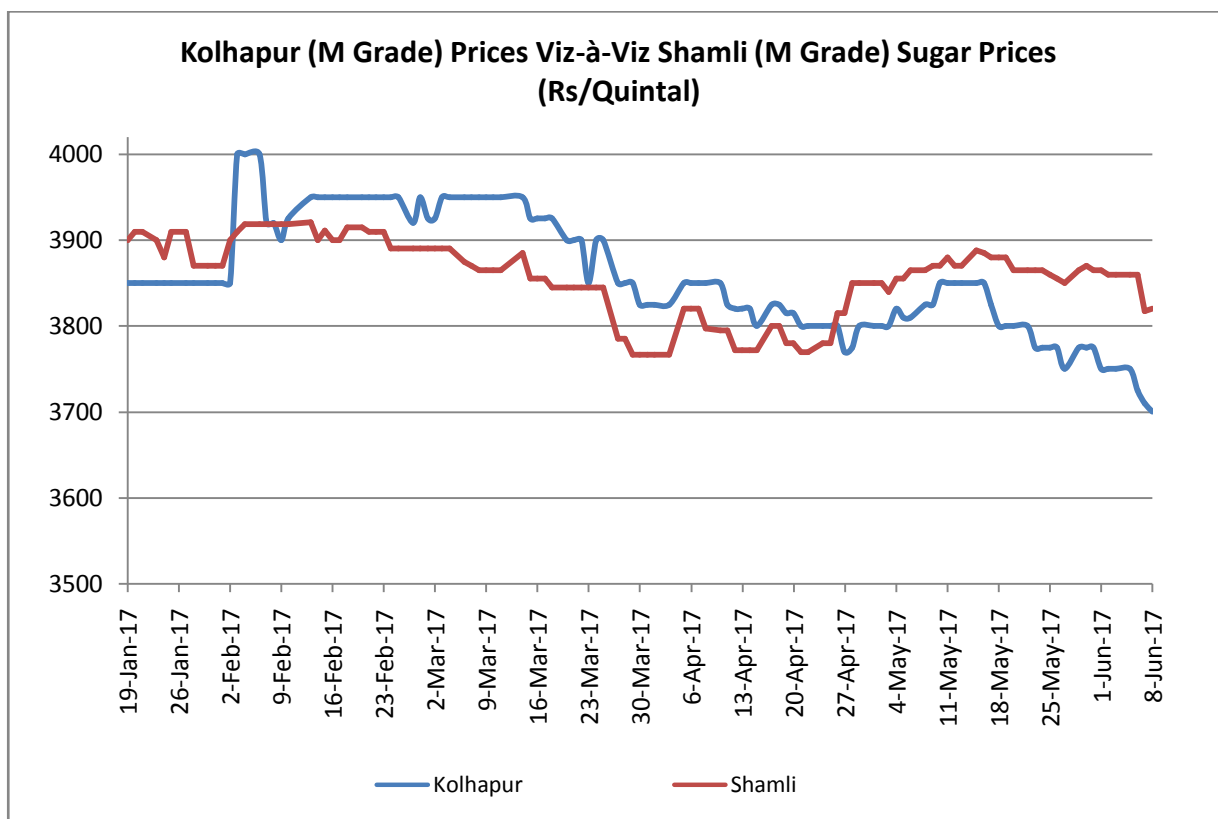
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### Domestic Sugar Market Summary

Spot sugar prices fell during the week amidst ample stock availability on one hand and muted domestic demand on the other.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3731 per quintal this week compared to Rs 3767 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.40% to Rs 3846 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 is likely to 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 3650 - 3850 per quintal next week.

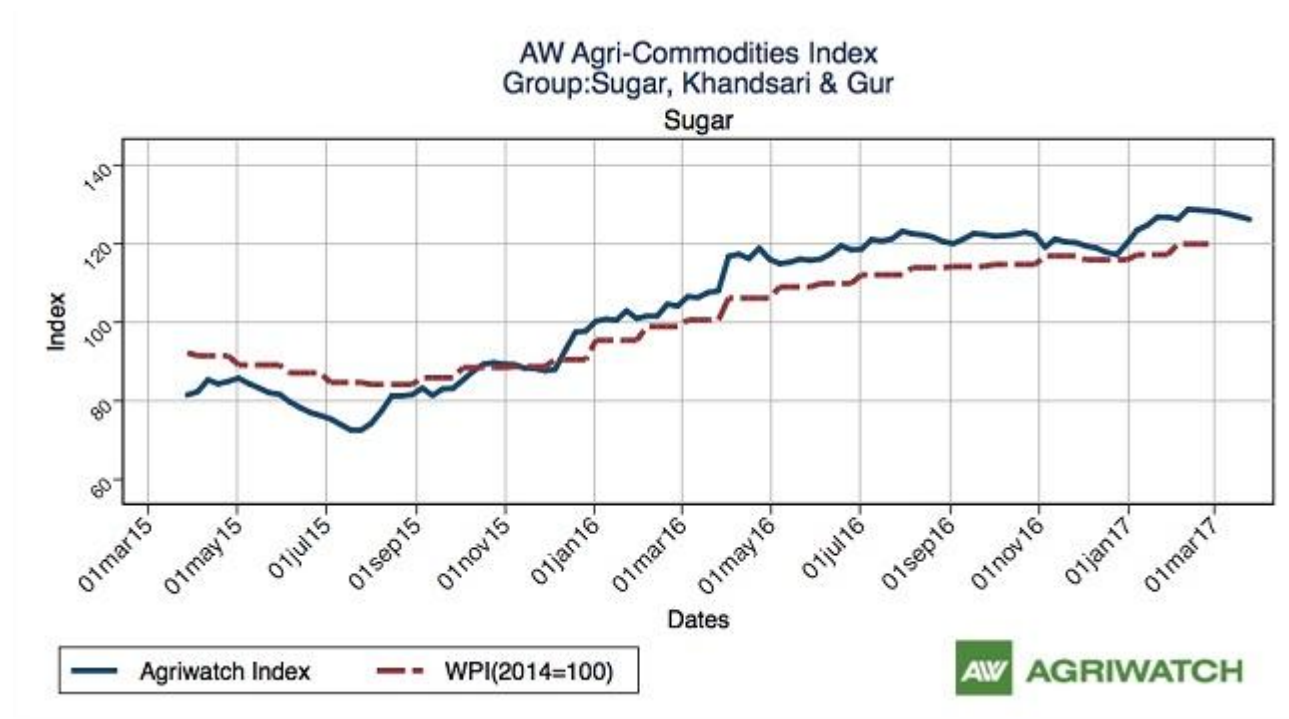
## Domestic Market Highlights

### Recent Updates

- According to the official figures, sugar has been sown on 47.39 lakh hectares as on June 09, 2017 across the country compared to 44.82 lakh hectares during the same period previous year.

### Previous Updates

- India is likely to produce more sugar in the 2017-18 crop year following higher production in top two producing— states of Uttar Pradesh and Maharashtra. In 2016-17 crop year, India had to import around 500,000 tonnes of sugar to meet its domestic demand. In the 2017-18 crop year, India's sugar production is expected to increase by a quarter to 25 million tonnes compared to previous amid expected good monsoon. In Uttar Pradesh, production is expected to increase by 5 percent to a record 9.2 million tonnes and in Maharashtra, it is expected to increase by 62 per cent to 6.8 million tonnes in 2017 -18.
- The Indian govt. raised Fair & Remunerative Price (FRP) for sugarcane by 10.87% from Rs 2,300/ton in 2016-17 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017) to Rs 2,500/ton in 2017-18 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> September, 2018). This could lead to a rise in sugar prices as well as the input cost for sugar production got increased.
- 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.
- 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.

**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 \$480.38 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$594.32 per ton.

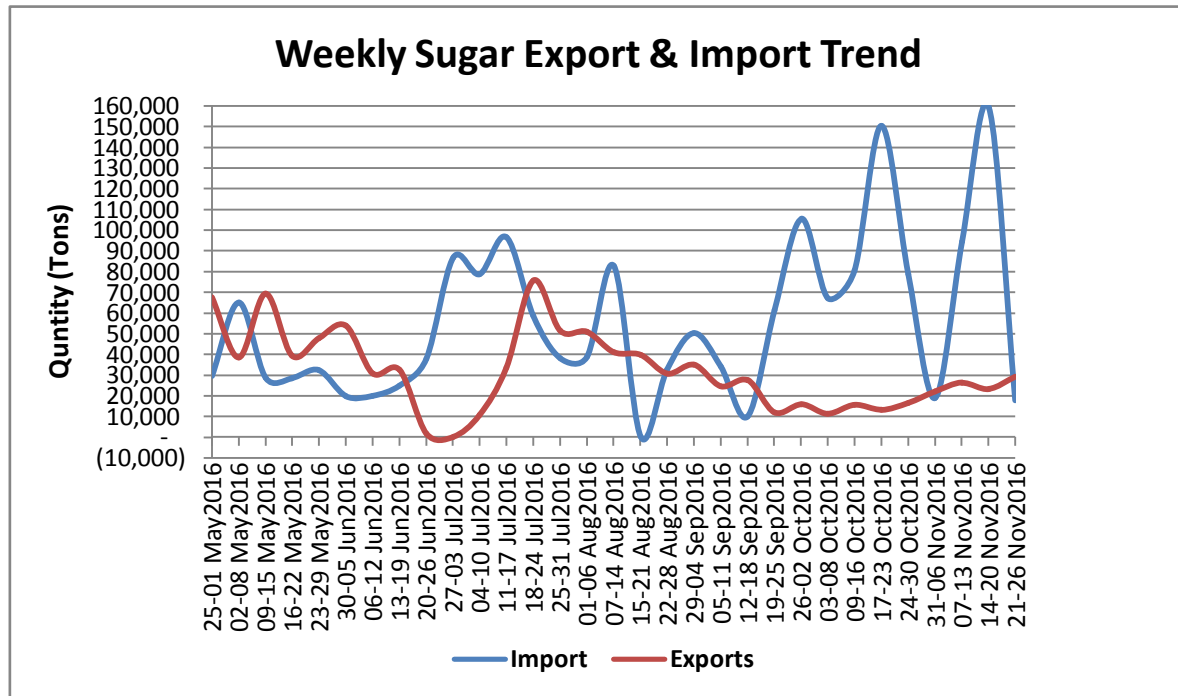
On International front, Brazil sugar FOB prices quoted at \$524.32 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.26) as on 8 Jun, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$524.32	NA/453.50	\$594.32

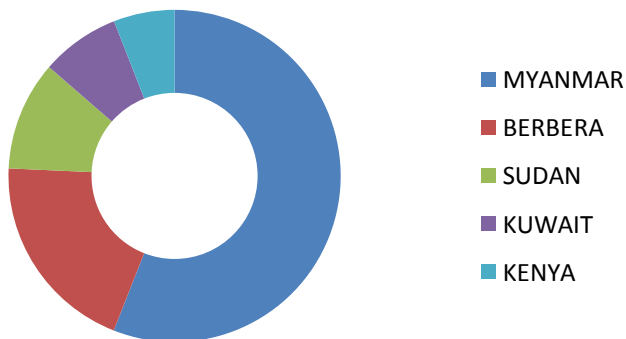
### Sugar Import and Export Scenario

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.

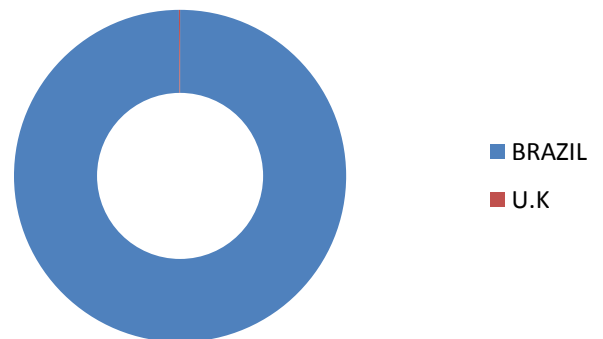


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3731/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3845 and Rs 3650 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

- The International Sugar Organization (ISO) predicted a global sugar surplus of 3 million tonnes in 2017-18 (October – September), while the year 2016-17 is projected to undergo a deficit of 5.9 million tonnes.
- Due to a fall in global sugar prices Copersucar reduced Brazil's C.S sugar production forecast from 36 MT to 35.5 MT for 2017-18. According to the organization, fall in sugar prices will induce the local millers to divert more of their cane towards production of ethanol.
- Brazil's raw sugar export rose by 77% as the country exported 1.99 MT of raw sugar in May, 2017 compared to 1.12 MT of exports made in April, 2017.
- As per the latest UNICA report, Brazil's main C.S region produced 2.11 MT of sugar in the first half of May, 2017 which was 87.7% higher than the sugar crushed in the second half of April, 2017.

### Previous Updates

- 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.
- 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.

**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 Laddoo (Fresh) variety of gur from key Muzaffarnagar market rose by Rs 82 per quintal from Rs 3309 to Rs 3391 per quintal this week. On the other hand, prices of Kurikatu (Medium) and Yellow (Medium) variety of gur from Mandya fell by Rs 160 and Rs 80 per quintal to Rs 3900 and Rs 4000 per quintal respectively.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3179/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3200 and Rs 3082 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			02nd to 08th June .2017	26th May to 01st June .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3179	3304	-125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5250	10400	-5150
	Muzaffarnagar	Khurpa (Fresh)	3094	3075	18
	Muzaffarnagar	Laddoo (Fresh)	3391	3309	82
	Muzaffarnagar	Rascut (Fresh)	2658	2608	51
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4917	4908	8
	Belgaum	Mudde (Average)	3540	3520	20
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3337	3479	-142
	Gulbarga	Other (Average)	3625	3615	10
	Mahalingapura	Penti (Average)	3389	3492	-104
	Mandya	Achhu (Medium)	4150	4160	-10
	Mandya	Kurikatu (Medium)	3900	4060	-160
	Mandya	Other (Medium)	3900	3910	-10
	Mandya	Yellow (Medium)	4000	4080	-80
	Shimoga	Achhu (Average)	4650	4667	-17

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			8-Jun-17	1-Jun-17	8-May-17	8-Jun-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3125	3275	3390	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	250	300	7000	NA
	Muzaffarnagar	Khurpa	3125	3025	2900	NA
	Muzaffarnagar	Laddoo	3403	3325	3335	NA
	Muzaffarnagar	Rascut	2600	2625	2663	NA
	Hapur	Chaurasa	NA	NA	Closed	2925
	Hapur	Balti	NA	NA	Closed	3025
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	5000	4900	4950	4200
	Belgaum	Mudde (Average)	NA	3600	3700	3100
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3300	3435	3300	NA
	Gulbarga	Other (Average)	NA	3600	3625	3640
	Mahalingapura	Penti (Average)	NA	3503	3580	3626
	Mandya	Achhu (Medium)	NA	4000	4100	3150
	Mandya	Kurikatu (Medium)	NA	4000	3900	2900
	Mandya	Other (Medium)	NA	3900	3250	2850
	Mandya	Yellow (Medium)	NA	NA	3900	3000
	Shimoga	Achhu (Average)	NA	4700	4650	4350

**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>02nd to 08th June .2017</b>	<b>26th May to 01st June .2017</b>	
<b>Delhi</b>	Delhi	M-Grade	3870	3898	<b>-28</b>
	Delhi	S-Grade	3850	3878	<b>-28</b>
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3865	3892	<b>-28</b>
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3844	3900	<b>-56</b>
	Dhampur	S-Grade Ex-Mill	3824	3880	<b>-56</b>
	Dhampur	L-Grade Ex-Mill	3894	3950	<b>-56</b>
<b>Maharashtra</b>	Mumbai	M-Grade	4052	4081	<b>-30</b>
	Mumbai	S-Grade	3878	3892	<b>-14</b>
	Nagpur	M-Grade	3856	3892	<b>-36</b>
	Nagpur	S-Grade	3804	3843	<b>-39</b>
	Kolhapur	M-Grade	3731	3767	<b>-36</b>
	Kolhapur	S-Grade	3679	3718	<b>-39</b>
<b>Assam</b>	Guhawati	S-Grade	3998	4038	<b>-40</b>
<b>Meghalaya</b>	Shillong	S-Grade	3999	4038	<b>-39</b>
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	4153	4120	<b>33</b>
	Vijayawada	S-Grade	4097	4080	<b>17</b>
<b>West Bengal</b>	Kolkata	M-Grade	4038	4074	<b>-36</b>
<b>Tamil Nadu</b>	Chennai	S-Grade	3738	3750	<b>-13</b>
<b>Chattisgarh</b>	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	7-Jun-17	31-May-17	Change
ICE Sugar #11 (US Cent/lb)	17-Jul	14.14	14.87	-0.73
	17-Oct	14.33	15.13	-0.80
	18-Mar	14.93	15.73	-0.80
LIFFE Sugar (US \$/MT)	17-Aug	418.20	434.80	-16.60
	17-Oct	400.90	419.90	-19.00
	17-Dec	401.20	419.70	-18.50

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