

# Sugar & Gur Weekly Research Report

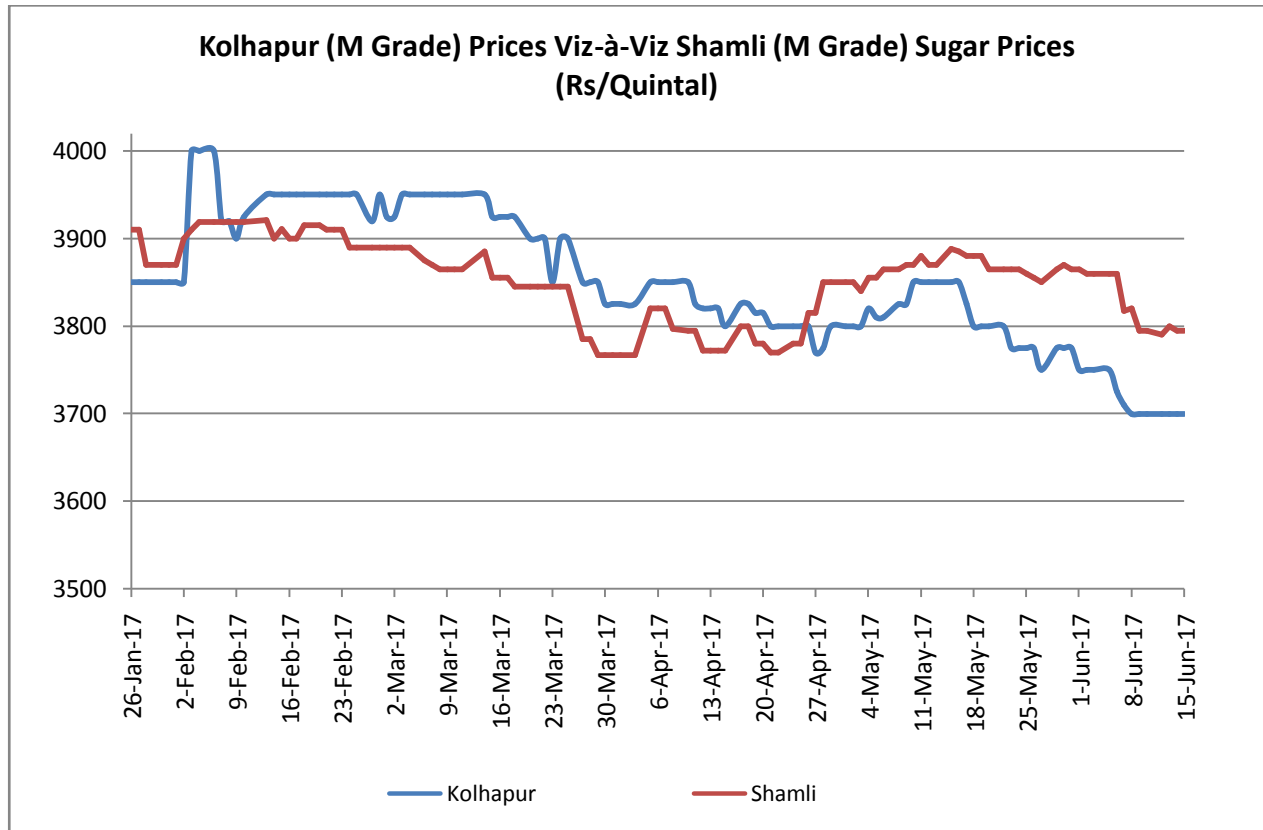
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### Domestic Sugar Market Summary

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 3700 per quintal this week compared to Rs 3731 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 1.33% to Rs 3795 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.

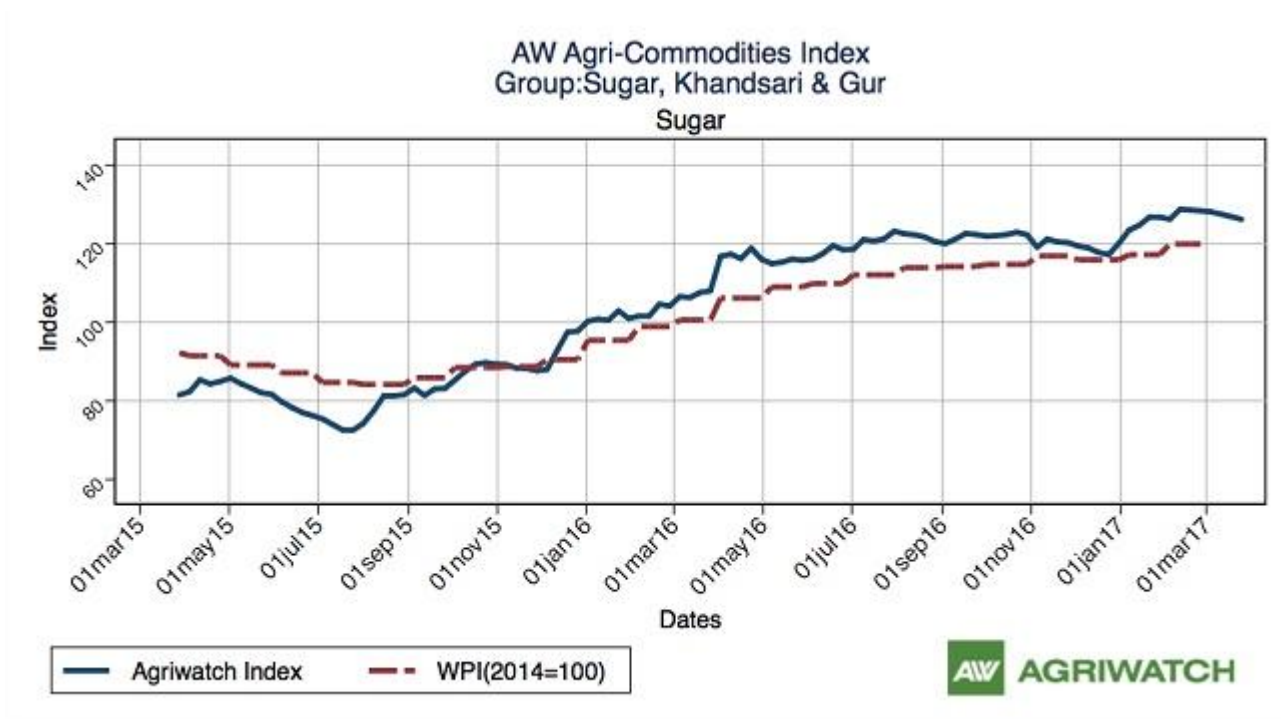
**Domestic Market Highlights****Recent Updates**

- Considering the low prices prevailing in the global sugar market, the Indian govt send cues of raising the import duty on sugar if required. Notably, at present import duty on sugar has been levied at 40% which could be raised to 60% in order to discourage exports from outside.

**Previous 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.
- 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 \$586.78 per ton.

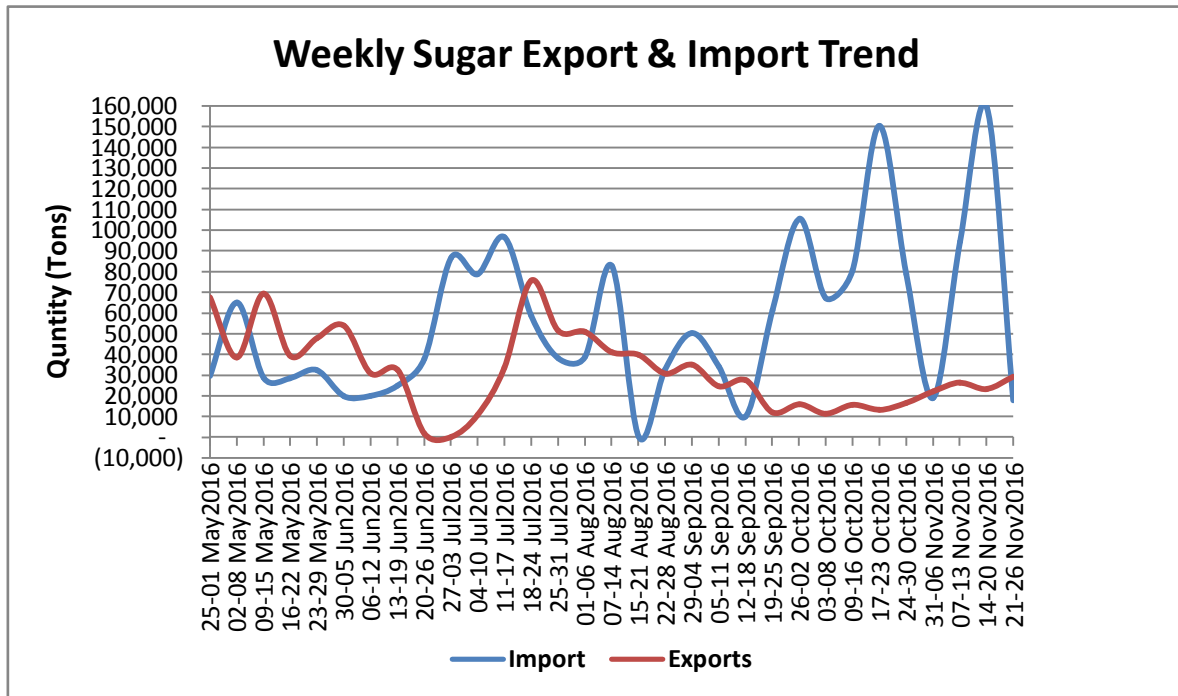
On International front, Brazil sugar FOB prices quoted at \$524.32 Ton.

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

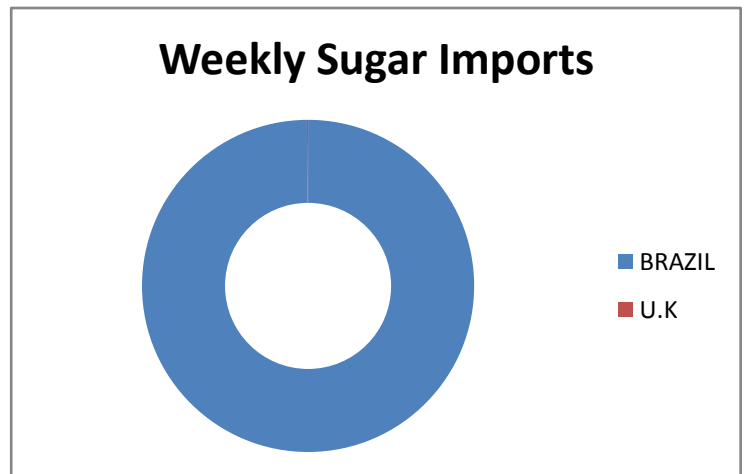
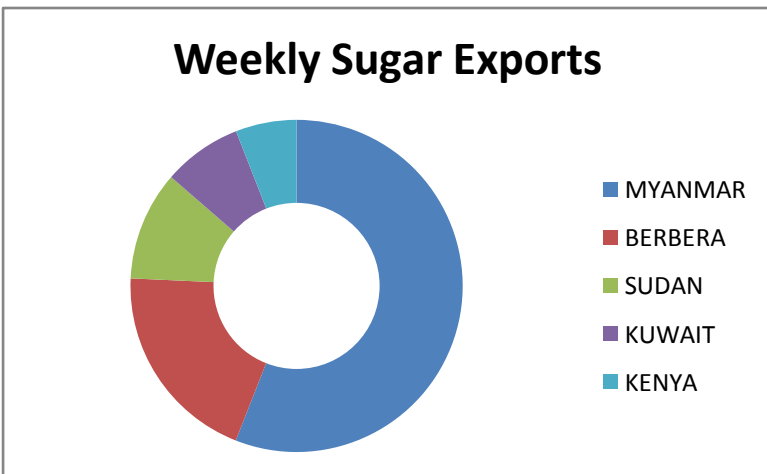
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.59) as on 15 Jun, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$524.32	NA/453.50	\$586.78

**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 remained constant for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bearish crossover.

**Strategy: Buy**

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jul	3500	3600	3707	3850	3940
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jul	Buy	Above 3710	3760	3785	3680

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3700/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3763 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

- Owing to a higher production estimate in India, Thailand and E.U, Sucden projected the world sugar production to rise to 183 MT in 2017-18 with a global sugar surplus of 3.5 MT during the same period. It also projected Brazil's main centre south region to produce 34.9 MT of sugar in 2017-18 (01<sup>st</sup> April, 2017 – 31<sup>st</sup> March, 2018) compared to 35.6 MT of sugar production in 2016-17 (01<sup>st</sup> April, 2016 – 31<sup>st</sup> March, 2017).
- Brazil's main C.S region crushed 1.75 MT of sugar in the second half of May, 2017 which was 16.7% lower than the sugar crushed in the first half of May, 2017.

#### Previous 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.
- 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

<b>International Sugar Futures Price Projection</b>			
	<b>Contract Month</b>	<b>Present Quote</b>	<b>Expected Price level for next week</b>
<b>ICE Sugar #11 (US Cent/lb)</b>	<b>Jul'17</b>	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 Mudde (Average) variety of gur from Bangalore rose by Rs 83/quintal from Rs 4917/quintal to Rs 5000/quintal this week. However, prices of Mudde (Average) variety of gur from Belgaum fell by Rs 173/quintal from Rs 3540/quintal to Rs 3367/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3125/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3185 and Rs 3045 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			09th to 15th June .2017	02nd to 08th June .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3125	3179	-54
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	5250	-
	Muzaffarnagar	Khurpa (Fresh)	3125	3094	31
	Muzaffarnagar	Laddoo (Fresh)	3403	3391	12
	Muzaffarnagar	Rascut (Fresh)	2600	2658	-58
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	5000	4917	83
	Belgaum	Mudde (Average)	3367	3540	-173
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3342	3337	5
	Gulbarga	Other (Average)	3627	3625	2
	Mahalingapura	Penti (Average)	3394	3389	5
	Mandya	Achhu (Medium)	4067	4150	-83
	Mandya	Kurikatu (Medium)	3900	3900	Unch
	Mandya	Other (Medium)	3733	3900	-167
	Mandya	Yellow (Medium)	3933	4000	-67
	Shimoga	Achhu (Average)	4590	4650	-60

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			15-Jun-17	8-Jun-17	15-May-17	15-Jun-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	NA	3125	3300	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	250	4000	NA
	Muzaffarnagar	Khurpa	NA	3125	2905	NA
	Muzaffarnagar	Laddoo	NA	3403	3375	NA
	Muzaffarnagar	Rascut	NA	2600	2600	NA
	Hapur	Chaurasa	NA	NA	NA	3025
	Hapur	Balti	NA	NA	NA	3050
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	5000	5000	4900	4150
	Belgaum	Mudde (Average)	3500	3300	3500	3300
	Belthangadi	Yellow (Average)	NA	NA	NA	4000
	Bijapur	Achhu	3300	3300	3300	NA
	Gulbarga	Other (Average)	3645	3650	3650	3645
	Mahalingapura	Penti (Average)	3419	3487	3493	3684
	Mandya	Achhu (Medium)	4100	4000	4200	3100
	Mandya	Kurikatu (Medium)	3900	3900	3900	2900
	Mandya	Other (Medium)	3700	3900	3950	2900
	Mandya	Yellow (Medium)	3850	4000	3600	3100
	Shimoga	Achhu (Average)	NA	4700	4650	4300

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			09th to 15th June .2017	02nd to 08th June .2017	
Delhi	Delhi	M-Grade	3856	3870	-14
	Delhi	S-Grade	3836	3850	-14
Uttar Pradesh	Khatauli	M-Grade	3831	3865	-34
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3758	3844	-86
	Dhampur	S-Grade Ex-Mill	3738	3824	-86
	Dhampur	L-Grade Ex-Mill	3808	3894	-86
Maharashtra	Mumbai	M-Grade	4027	4052	-24
	Mumbai	S-Grade	3859	3878	-19
	Nagpur	M-Grade	3825	3856	-31
	Nagpur	S-Grade	3775	3804	-29
	Kolhapur	M-Grade	3700	3731	-31
	Kolhapur	S-Grade	3650	3679	-29
Assam	Guhawati	S-Grade	3969	3998	-30
Meghalaya	Shillong	S-Grade	3970	3999	-29
Andhra Pradesh	Vijayawada	M-Grade	4127	4153	-27
	Vijayawada	S-Grade	4067	4097	-30
West Bengal	Kolkata	M-Grade	4010	4038	-28
Tamil Nadu	Chennai	S-Grade	3746	3738	8
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			15-Jun-17	8-Jun-17	15-May-17	15-Jun-16
Delhi	Delhi	M-Grade	3850	3860	3950	3700
	Delhi	S-Grade	3830	3840	3930	3680
Uttar Pradesh	Khatauli	M-Grade	3830	3845	3930	3725
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	3807	3825	3680
	Dhampur	S-Grade Ex-Mill	3730	3787	3805	3660
	Dhampur	L-Grade Ex-Mill	3800	3857	3875	3730
Maharashtra	Mumbai	M-Grade	Closed	4040	4092	3802
	Mumbai	S-Grade	Closed	3872	3922	3650
	Nagpur	M-Grade	3825	3825	3975	3775
	Nagpur	S-Grade	3775	3775	3875	3675
	Kolhapur	M-Grade	3700	3700	3850	3650
	Kolhapur	S-Grade	3650	3650	3750	3550
Assam	Guhawati	S-Grade	3969	3969	4070	3867
Meghalaya	Shillong	S-Grade	3970	3970	4070	3870
Andhra Pradesh	Vijayawada	M-Grade	4120	4160	4120	3900
	Vijayawada	S-Grade	4060	4100	4080	3800
West Bengal	Kolkata	M-Grade	4010	4030	NA	NA
Tamil Nadu	Chennai	S-Grade	3725	3725	3750	3425
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	14-Jun-17	7-Jun-17	Change
ICE Sugar #11 (US Cent/lb)	17-Jul	13.62	14.14	-0.52
	17-Oct	13.85	14.33	-0.48
	18-Mar	14.54	14.93	-0.39
LIFFE Sugar (US \$/MT)	17-Aug	401.60	418.20	-16.60
	17-Oct	390.20	400.90	-10.70
	17-Dec	391.90	401.20	-9.30

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