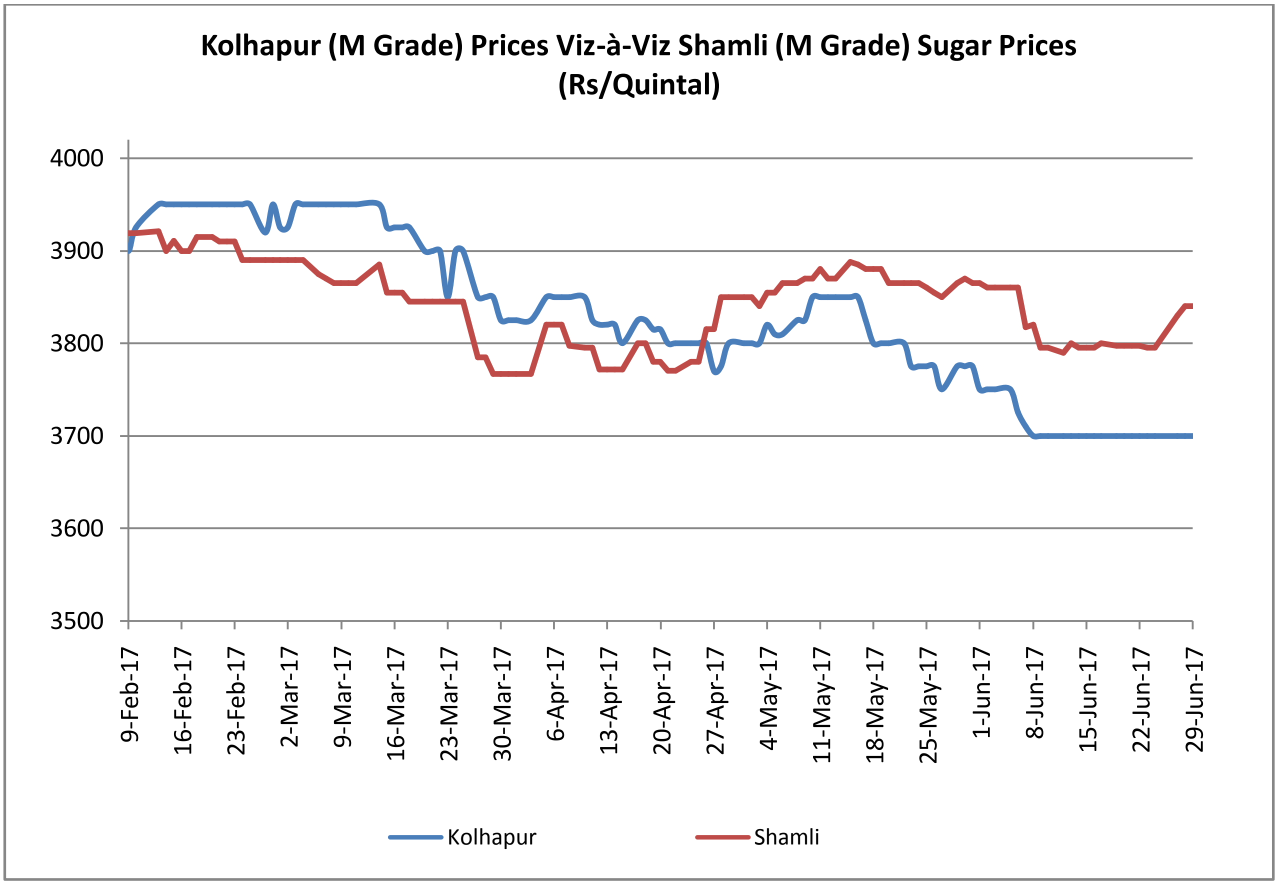
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices traded steady to weak 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 similar to that of the piece prevailing last week. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.6% to Rs 3820 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to fell for a few weeks amidst adequate sugar supply in the market.

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 3600 - 3800 per quintal next week.

Domestic Market Highlights

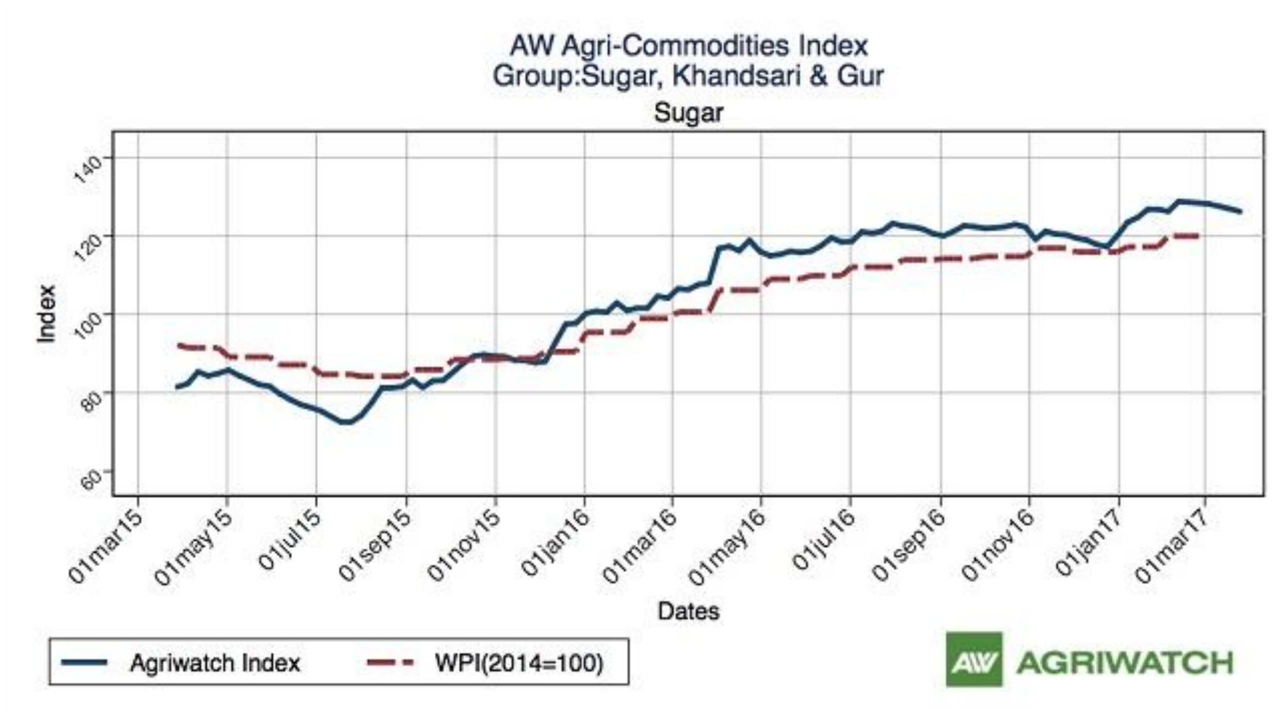
Recent Updates

- ICRA projected India to produce 24 MT of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) due to a good amount of rainfall received in major producing areas of Uttar Pradesh and Maharashtra during the season.

Previous Updates

- According to the official figures, sugar has been sown on 47.52 lakh hectares as on June 16, 2017 across the country compared to 44.82 lakh hectares during the same period previous year.
- 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.
- 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 (01st October, 2016 – 30th September, 2017) to Rs 2,500/ton in 2017-18 (01st October, 2017 – 30th 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 (01st October, 2017 – 30th 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 (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.

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

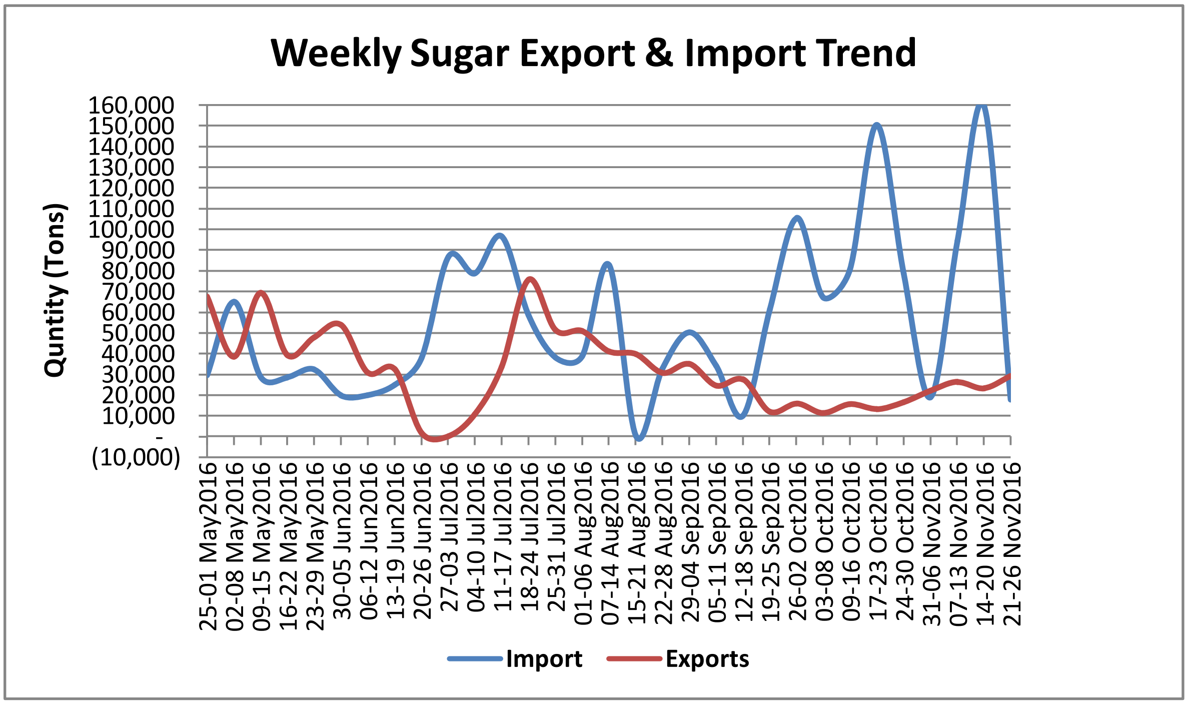
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $466.15 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $583.81 per ton.

On International front, Brazil sugar FOB prices quoted at $587.7 Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

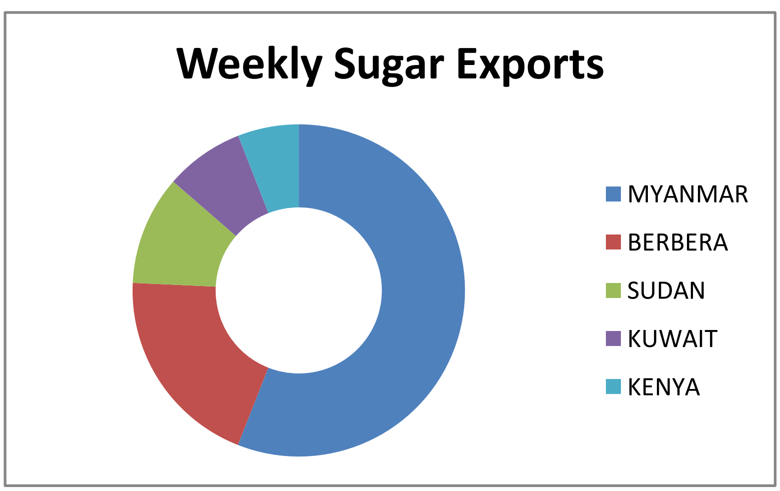
Indicative Sugar FOB Prices (USD/MT) ($=Rs.64.73) as on 30 Jun, 2017			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$587.7	NA/392.50	$583.81

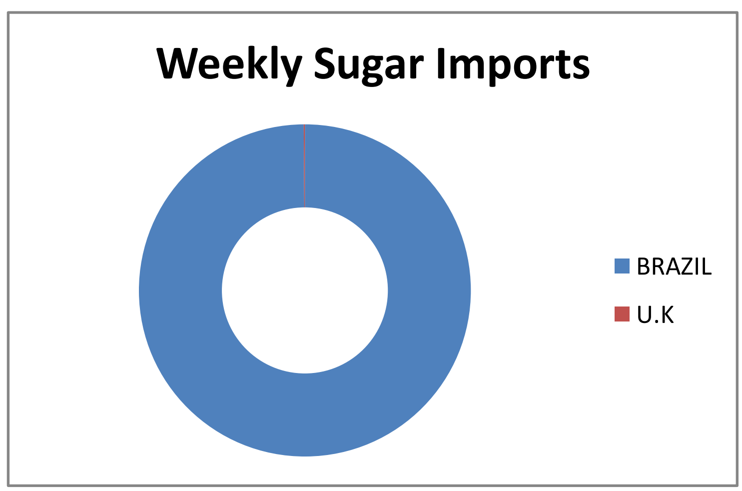
Sugar Import and Export Scenario

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 (July Weekly Chart)

Technical Commentary:

- Sugar prices increased while volume and O.I decreased 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	3400	3470	3670	3750	3840
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Jul	**Buy**	Above 3670	3720	3745	3640

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 3750 and Rs 3650 per quintal.

International Sugar Market Summary

International sugar prices noticed weak tone during the week as cane crushing is happening at full pace in top producer Brazil, resulting into a fall in prices.

International Market Highlights

Recent Updates

- Owing to a favorable dry weather condition, the Indonesia govt. expects the country's white sugar production to rise by 13.6% from 2.2 MT in 2016 to 2.5 MT in 2017.The govt. also projects the country to produce 2.8 MT and 3.3 MT of white sugar in MY 2018 and 2019 respectively.
- Also, as per the govt. officials, Indonesia had issued import permit of 1.754 MT of raw sugar in the second half of year 2017 (July – December).

Previous Updates

- On the back of destructive cyclone, Debbie, the Australian govt reduced its sugar production forecast for the country from 5.16 MT to 4.8 MT in 2017-18. Notably, the cyclone had hitted the north east coast of Australia in March, 2017 which had resulted into a huge loss of sugarcane crop.
- 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 (01st April, 2017 – 31st March, 2018) compared to 35.6 MT of sugar production in 2016-17 (01st April, 2016 – 31st 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.
- 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 – 31st 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).

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 392.00 with a target of 382.21

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Aug'17**	392.00	382.21

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

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market.
  Strategy: Sell at 12.70 with a target of 12.46

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'17	12.70	12.46

Gur Market Scenario

Spot gur market noticed pale trend this week with price falling in almost all the major markets. Prices of Achhu (Medium) and Kurikatu (Medium) variety of gur from Mandya fell by Rs 280/quintal and Rs 270/quintal to Rs 3660/quintal and Rs 3490/quintal respectively. Similarly, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 85/quintal from Rs 4525/quintal to Rs 4440/quintal this week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3402.5/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3482 and Rs 3370 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			23rd to 29th June .2017	16th to 22nd June .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3403	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3178	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3438	NA	-
	Muzaffarnagar	Rascut (Fresh)	2910	NA	-
	Hapur	Chaursa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	5000	-100
	Belgaum	Mudde (Average)	3540	3540	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3317	3433	-116
	Gulbarga	Other (Average)	3562	3597	-35
	Mahalingapura	Penti (Average)	3458	3463	-4
	Mandya	Achhu (Medium)	3660	3940	-280
	Mandya	Kurikatu (Medium)	3490	3760	-270
	Mandya	Other (Medium)	3450	3650	-200
	Mandya	Yellow (Medium)	3820	3890	-70
	Shimoga	Achhu (Average)	4440	4525	-85

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	**Centre**	**Variety**	**Today**	**Week Ago**	**Month Ago**	**Year Ago**
Jaggery(Gur)			**29-Jun-17**	**22-Jun-17**	**29-May-17**	**29-Jun-16**
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3413	NA	3375	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	3000	NA
	Muzaffarnagar	Khurpa	3240	NA	3125	NA
	Muzaffarnagar	Laddoo	3450	NA	3350	NA
	Muzaffarnagar	Rascut	2900	NA	2628	NA
	Hapur	Chaursa	3250	NA	NA	3125
	Hapur	Balti	NA	NA	NA	3125
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	NA	5000	4900	4300
	Belgaum	Mudde (Average)	3500	3500	3500	3300
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3385	3400	3450	NA
	Gulbarga	Other (Average)	3540	3540	3640	3635
	Mahalingapura	Penti (Average)	3453	3479	3469	3574
	Mandya	Achhu (Medium)	3500	3850	4200	2950
	Mandya	Kurikatu (Medium)	3350	3600	4100	2900
	Mandya	Other (Medium)	3350	3650	4000	2750
	Mandya	Yellow (Medium)	3750	3900	4100	3000
	Shimoga	Achhu (Average)	4400	4450	4700	4300

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			23rd to 29th June .2017	16th to 22nd June .2017	
Delhi	Delhi	M-Grade	3868	3853	15
	Delhi	S-Grade	3848	3833	15
Uttar Pradesh	Khatauli	M-Grade	3873	3830	43
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3730	3742	-12
	Dhampur	S-Grade Ex-Mill	3710	3722	-12
	Dhampur	L-Grade Ex-Mill	3780	3792	-12
Maharashtra	Mumbai	M-Grade	3946	3998	-52
	Mumbai	S-Grade	3824	3824	0
	Nagpur	M-Grade	3825	3825	0
	Nagpur	S-Grade	3764	3767	-3
	Kolhapur	M-Grade	3700	3700	0
	Kolhapur	S-Grade	3639	3642	-3
Assam	Guhawati	S-Grade	3957	3960	-3
Meghalaya	Shillong	S-Grade	3959	3962	-3
Andhra Pradesh	Vijayawada	M-Grade	4100	4110	-10
	Vijayawada	S-Grade	4040	4050	-10
West Bengal	Kolkata	M-Grade	4026	3986	40
Tamil Nadu	Chennai	S-Grade	3725	3725	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			29-Jun-17	22-Jun-17	29-May-17	29-Jun-16
Delhi	Delhi	M-Grade	3880	3830	3900	3715
	Delhi	S-Grade	3860	3810	3880	3695
Uttar Pradesh	Khatauli	M-Grade	3910	3830	3902	3710
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	3700	3900	3670
	Dhampur	S-Grade Ex-Mill	3730	3680	3880	3650
	Dhampur	L-Grade Ex-Mill	3800	3750	3950	3720
Maharashtra	Mumbai	M-Grade	3932	3982	4082	3790
	Mumbai	S-Grade	3830	3822	3892	3636
	Nagpur	M-Grade	3824	3825	3900	3675
	Nagpur	S-Grade	3769	3750	3850	3575
	Kolhapur	M-Grade	3699	3700	3775	3550
	Kolhapur	S-Grade	3644	3625	3725	3450
Assam	Guhawati	S-Grade	3963	3943	4045	3766
Meghalaya	Shillong	S-Grade	3964	3945	4045	3770
Andhra Pradesh	Vijayawada	M-Grade	4100	4100	4120	3900
	Vijayawada	S-Grade	4040	4040	4080	3800
West Bengal	Kolkata	M-Grade	4040	4000	4085	3820
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	**28-Jun-17**	**21-Jun-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**17-Jul**	12.55	13.06	**-0.51**
	17-Oct	12.76	13.26	**-0.50**
	18-Mar	13.51	13.94	**-0.43**
LIFFE Sugar (US $/MT)	**17-Aug**	386.80	397.20	**-10.40**
	17-Oct	369.30	378.90	**-9.60**
	17-Dec	370.00	380.40	**-10.40**

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