

Sugar & Gur Weekly Research Report

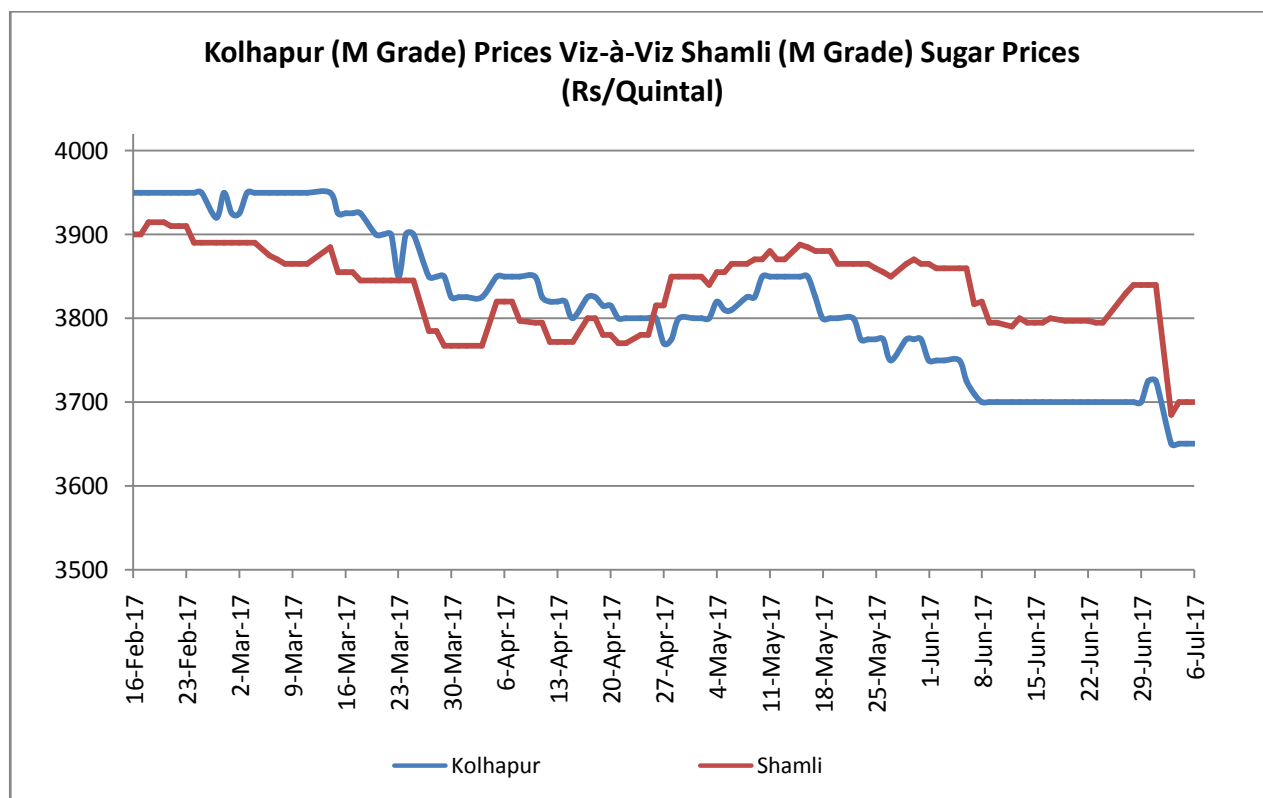
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Domestic Sugar Market Summary

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 3675 per quintal this week compared to Rs 3700 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 2% to Rs 3744 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 - 3750 per quintal next week.

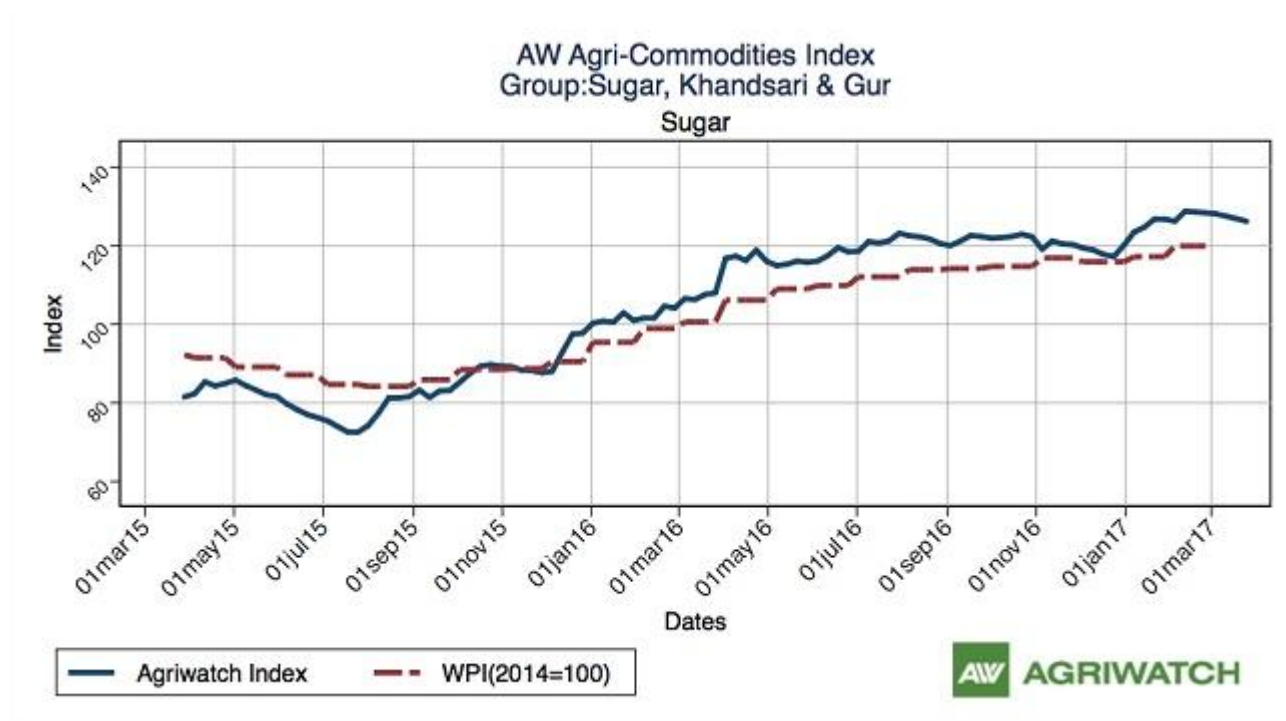
Domestic Market Highlights

Recent Updates

- According to the official figures, sugar has been sown on 47.93 lakh hectares as on July 07, 2017 across the country compared to 45.22 lakh hectares during the same period previous year.
- With a view to curtail sugar imports from outside and to maintain domestic sugar prices, the Indian govt. gave cues of raising import duty on sugar from 40% to 60%.
- As per the industry estimates, Tamil Nadu is expected to produce 10-10.5 lakh tonnes of sugar during the current marketing year i.e. 2016-17 (01st October, 2016 – 30th September, 2017). However, production is expected to decline to somewhat around 6-7 lakh tonnes next marketing year i.e. 2017-18 due to falling cane acreage and productivity in the state.

Previous 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.
- 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 \$476.67 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$579.02 per ton.

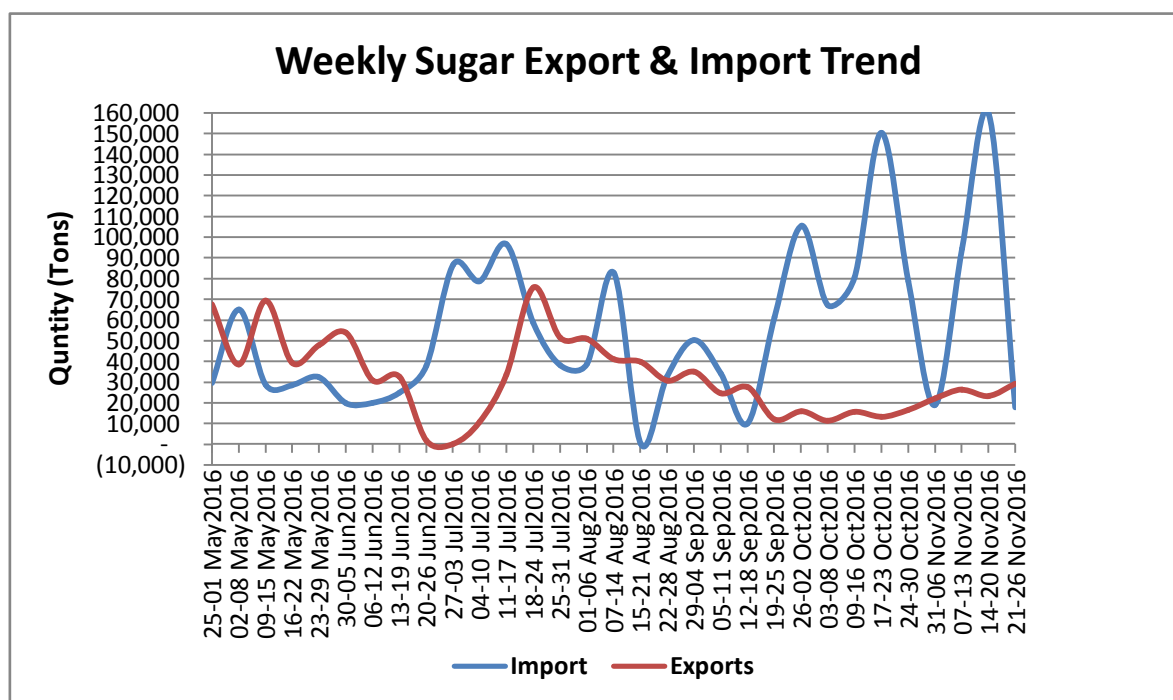
On International front, Brazil sugar FOB prices quoted at \$591.7 Ton.

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 07 Jul, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$591.7	NA/392.50	\$579.02

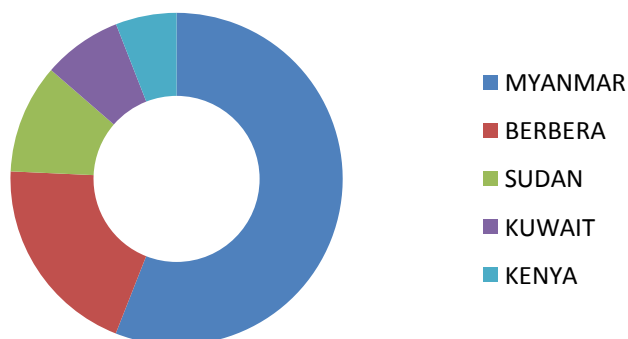
Sugar Import and Export Scenario

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.

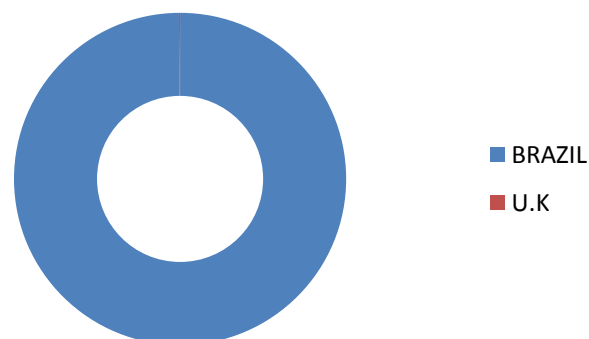


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3675/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3700 and Rs 3600 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

Previous 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).
- 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 hit 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 fall 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 mixed trend this week with price falling in some markets while increasing in others. Prices of Achhu (Average) variety of gur from Shimoga rose by Rs 50/quintal from Rs 4440/quintal to Rs 4490/quintal this week. However, prices of Achhu (Medium), Kurikatu (Medium) and Yellow (Medium) variety of gur from Mandya fell by Rs 127/quintal, Rs 190/quintal and Rs 170/quintal to Rs 3533/quintal, Rs 3325/quintal and Rs 3650/quintal respectively.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3410/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3482 and Rs 3373 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			30th June to 06th July .2017	23rd to 29th June .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3410	3403	8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3201	3178	23
	Muzaffarnagar	Laddoo (Fresh)	3410	3438	-28
	Muzaffarnagar	Rascut (Fresh)	2885	2910	-25
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4783	4900	-117
	Belgaum	Mudde (Average)	3400	3540	-140
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3343	3317	26
	Gulbarga	Other (Average)	3569	3562	7
	Mahalingapura	Penti (Average)	3460	3458	2
	Mandya	Achhu (Medium)	3533	3660	-127
	Mandya	Kurikatu (Medium)	3300	3490	-190
	Mandya	Other (Medium)	3325	3450	-125
	Mandya	Yellow (Medium)	3650	3820	-170
	Shimoga	Achhu (Average)	4490	4440	50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			6-Jul-17	29-Jun-17	6-Jun-17	6-Jul-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3400	3413	3125	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	500	NA
	Muzaffarnagar	Khurpa	3175	3240	3100	NA
	Muzaffarnagar	Laddoo	3400	3450	3375	NA
	Muzaffarnagar	Rascut	2875	2900	2675	NA
	Hapur	Chaurasa	NA	3250	NA	3125
	Hapur	Balti	NA	NA	NA	3150
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4800	4750	4900	4300
	Belgaum	Mudde (Average)	NA	3500	3600	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3385	3335	NA
	Gulbarga	Other (Average)	3650	3540	3650	NA
	Mahalingapura	Penti (Average)	3488	3453	3401	3568
	Mandya	Achhu (Medium)	3600	3500	4000	3000
	Mandya	Kurikatu (Medium)	3300	3350	4000	2900
	Mandya	Other (Medium)	3350	3350	3900	2700
	Mandya	Yellow (Medium)	3550	3750	4100	3000
	Shimoga	Achhu (Average)	NA	4400	4700	4300

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			30th June to 06th July .2017	23rd to 29th June .2017	
Delhi	Delhi	M-Grade	3767	3868	-101
	Delhi	S-Grade	3747	3848	-101
Uttar Pradesh	Khatauli	M-Grade	3803	3873	-70
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3663	3730	-68
	Dhampur	S-Grade Ex-Mill	3643	3710	-68
	Dhampur	L-Grade Ex-Mill	3713	3780	-68
Maharashtra	Mumbai	M-Grade	3854	3946	-92
	Mumbai	S-Grade	3773	3824	-51
	Nagpur	M-Grade	3800	3825	-25
	Nagpur	S-Grade	3733	3764	-30
	Kolhapur	M-Grade	3675	3700	-25
	Kolhapur	S-Grade	3608	3639	-30
Assam	Guhawati	S-Grade	3926	3957	-31
Meghalaya	Shillong	S-Grade	3928	3959	-30
Andhra Pradesh	Vijayawada	M-Grade	4005	4100	-95
	Vijayawada	S-Grade	3951	4040	-89
West Bengal	Kolkata	M-Grade	4040	4026	14
Tamil Nadu	Chennai	S-Grade	3775	3725	50
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			6-Jul-17	29-Jun-17	6-Jun-17	6-Jul-16
Delhi	Delhi	M-Grade	3746	3880	3860	3750
	Delhi	S-Grade	3726	3860	3840	3730
Uttar Pradesh	Khatauli	M-Grade	3765	3910	3865	3790
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3650	3750	3850	3700
	Dhampur	S-Grade Ex-Mill	3630	3730	3830	3680
	Dhampur	L-Grade Ex-Mill	3700	3800	3900	3750
Maharashtra	Mumbai	M-Grade	3852	3932	4050	3822
	Mumbai	S-Grade	3775	3830	3862	3672
	Nagpur	M-Grade	3775	3825	3850	Closed
	Nagpur	S-Grade	3725	3770	3800	Closed
	Kolhapur	M-Grade	3650	3700	3725	Closed
	Kolhapur	S-Grade	3600	3645	3675	Closed
Assam	Guhawati	S-Grade	3918	3964	3994	Closed
Meghalaya	Shillong	S-Grade	3920	3965	3995	Closed
Andhra Pradesh	Vijayawada	M-Grade	3933	4100	4160	3900
	Vijayawada	S-Grade	3876	4040	4100	3800
West Bengal	Kolkata	M-Grade	NA	4040	4030	3880
Tamil Nadu	Chennai	S-Grade	3800	3725	3725	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	5-Jul-17	28-Jun-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	13.72	12.55	1.17
	18-Mar	14.43	12.76	1.67
	18-May	14.48	13.51	0.97
LIFFE Sugar (US \$/MT)	17-Aug	412.70	386.80	25.90
	17-Oct	386.90	369.30	17.60
	17-Dec	387.50	370.00	17.50

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