Sugar & Gur Weekly Research Report

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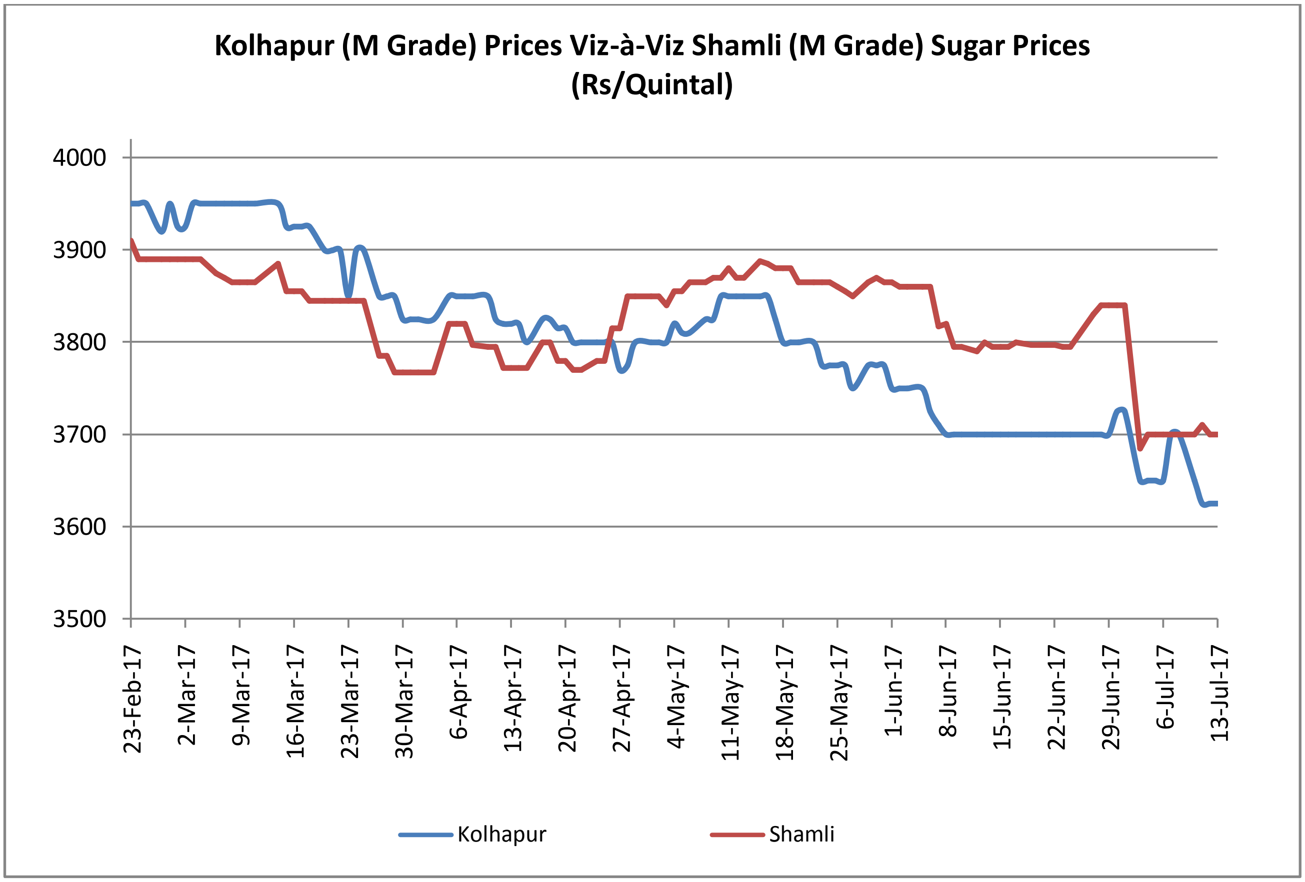
Domestic Sugar Market Summary

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 3654 per quintal this week compared to Rs 3675 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 1.14% to Rs 3702 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

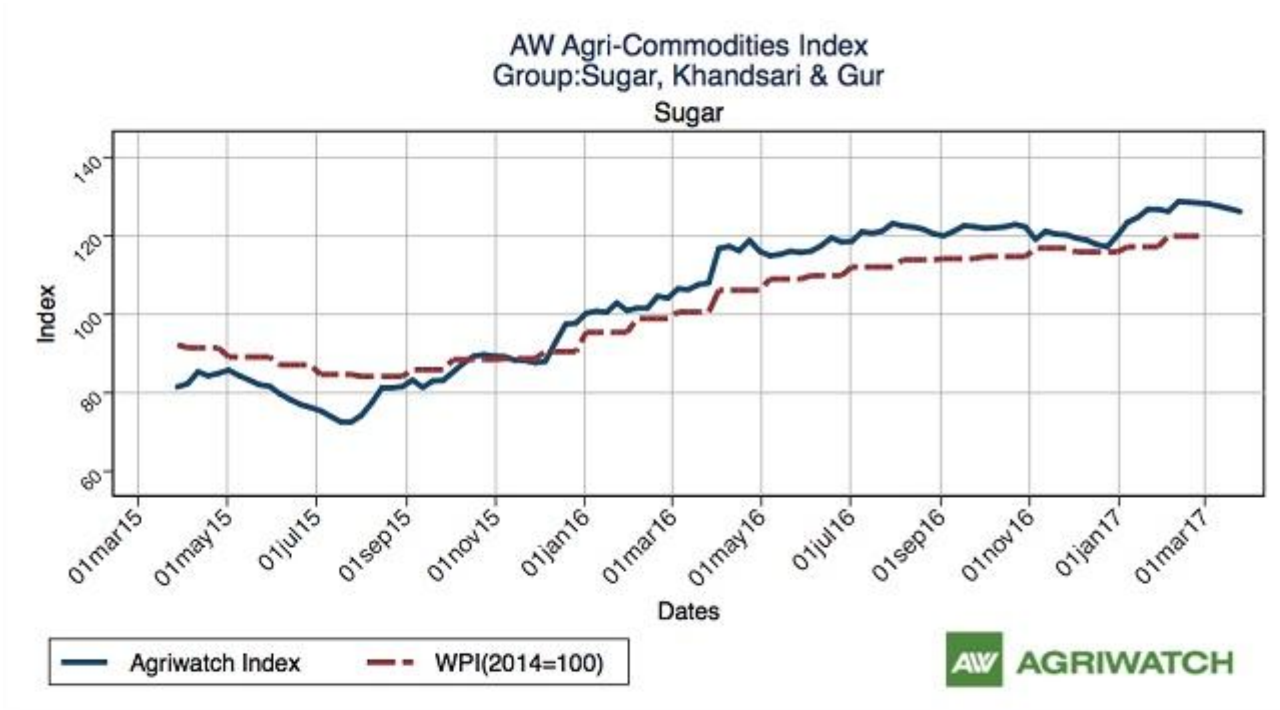
Recent Updates

- In order to curtail sugar imports from outside and to maintain domestic sugar prices, the Indian govt. gave raised import duty on sugar from 40% to 50%.
- With higher cane acreage this year and an expected increase in productivity too, the Rabobank predicted India's sugar production to rise to 26.7 million tonnes in 2017-18 (01st October, 2017 – 30th September, 2018).

Previous 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.
- 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.
- 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

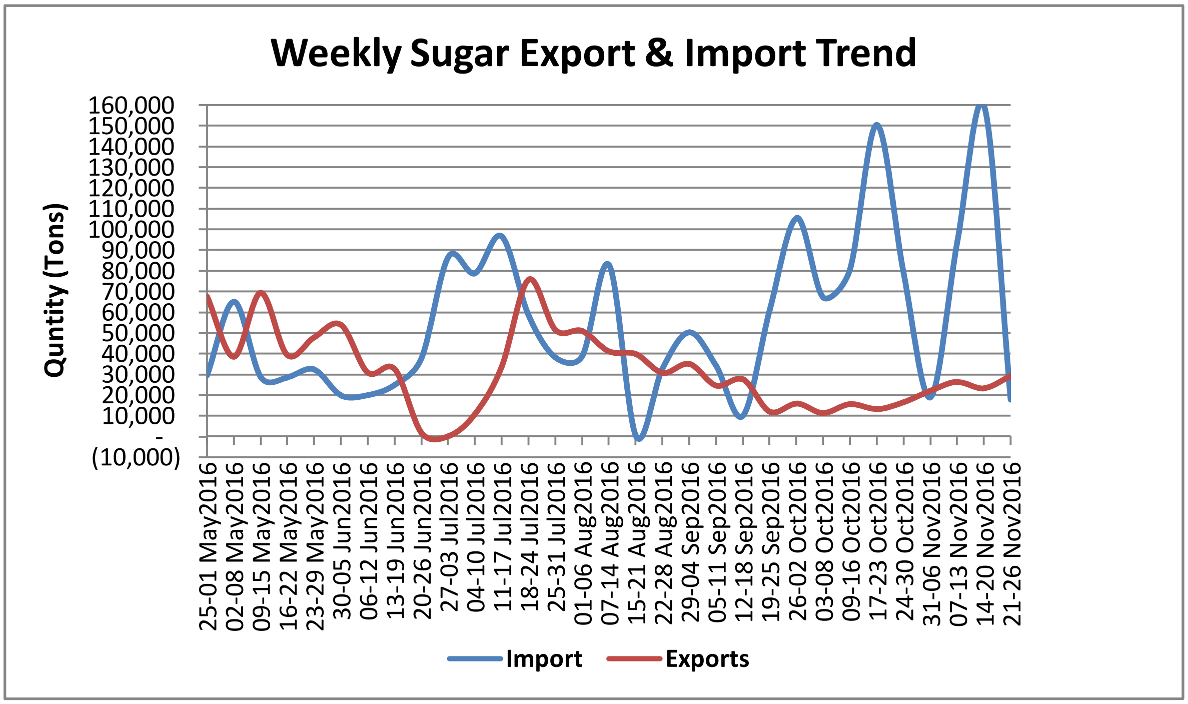
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $476.36 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $579.17 per ton.

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:

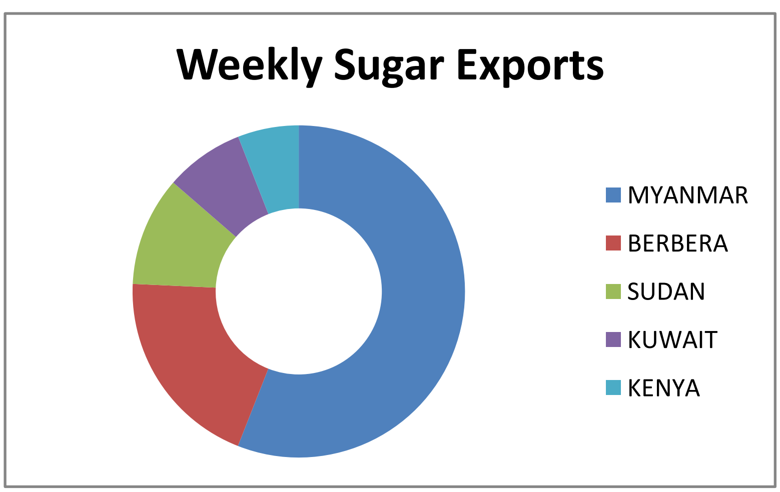
Indicative Sugar FOB Prices (USD/MT) ($=Rs.64.43) as on 13 Jul, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$591.7	NA/392.50	$579.17

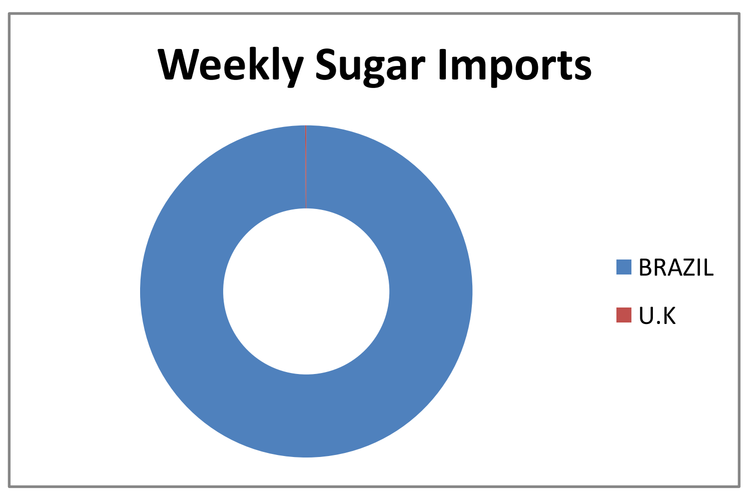
Sugar Import and Export Scenario

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 and O.I decreased while volume increased for the week.
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes bearish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jul	3400	3470	3571	3750	3840
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Jul	**Sell**	Below 3575	3525	3500	3605

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3654/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

Recent Updates

- Brazil's raw sugar export rose by 32.58% as the country exported 2.64 MT of sugar (raw) in June, 2017 compared to 1.99 MT of sugar exported in May, 2017.
- Brazil's main C.S region crushed 2.38 MT of sugar in the first half of June, 2017 which was 36% higher than the sugar crushed in the second half of May, 2017.

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 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).
- 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.
- 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.

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 (Medium) and Kurikatu (Medium) variety of gur from Mandya rose by Rs 283/quintal and Rs 192/quintal to Rs 3817/quintal and Rs 3492/quintal respectively. On the other hand, price of Laddoo (Fresh) and Rascut (Fresh) variety of gur from key Muzaffarnagar market fell by Rs 10 and Rs 52 per quintal to Rs 3400 and Rs 2833 per quintal respectively.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3371/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3480 and Rs 3253 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			7th July to 13th July .2017	30th June to 06th July .2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3371	3410	-39
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3175	3201	-26
	Muzaffarnagar	Laddoo (Fresh)	3400	3410	-10
	Muzaffarnagar	Rascut (Fresh)	2833	2885	-52
	Hapur	Chaursa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4800	4783	17
	Belgaum	Mudde (Average)	3550	3400	150
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3471	3343	128
	Gulbarga	Other (Average)	3512	3569	-58
	Mahalingapura	Penti (Average)	3678	3460	218
	Mandya	Achhu (Medium)	3817	3533	283
	Mandya	Kurikatu (Medium)	3492	3300	192
	Mandya	Other (Medium)	3483	3325	158
	Mandya	Yellow (Medium)	3592	3650	-58
	Shimoga	Achhu (Average)	4567	4490	77

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			13-Jul-17	6-Jul-17	13-Jun-17	13-Jul-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3325	3400	NA	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	3175	NA	NA
	Muzaffarnagar	Laddoo	NA	3400	NA	NA
	Muzaffarnagar	Rascut	2775	2875	NA	NA
	Hapur	Chaursa	NA	NA	NA	3150
	Hapur	Balti	NA	NA	NA	3150
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4800	4800	5000	4300
	Belgaum	Mudde (Average)	3600	3600	3300	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3350	3475	NA
	Gulbarga	Other (Average)	3540	3650	3650	3625
	Mahalingapura	Penti (Average)	NA	3488	3405	3766
	Mandya	Achhu (Medium)	3800	3600	4000	3350
	Mandya	Kurikatu (Medium)	3650	3300	3900	3200
	Mandya	Other (Medium)	3550	3350	3800	3100
	Mandya	Yellow (Medium)	3800	3550	4000	3350
	Shimoga	Achhu (Average)	NA	4400	4650	3950

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			7th July to 13th July .2017	30th June to 06th July .2017	
Delhi	Delhi	M-Grade	3773	3767	6
	Delhi	S-Grade	3753	3747	6
Uttar Pradesh	Khatauli	M-Grade	3763	3803	-40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3668	3663	5
	Dhampur	S-Grade Ex-Mill	3648	3643	5
	Dhampur	L-Grade Ex-Mill	3718	3713	5
Maharashtra	Mumbai	M-Grade	3900	3854	46
	Mumbai	S-Grade	3764	3773	-9
	Nagpur	M-Grade	3779	3800	-21
	Nagpur	S-Grade	3717	3733	-17
	Kolhapur	M-Grade	3654	3675	-21
	Kolhapur	S-Grade	3592	3608	-17
Assam	Guhawati	S-Grade	3909	3926	-17
Meghalaya	Shillong	S-Grade	3912	3928	-17
Andhra Pradesh	Vijayawada	M-Grade	3933	4005	-72
	Vijayawada	S-Grade	3876	3951	-75
West Bengal	Kolkata	M-Grade	4150	4040	110
Tamil Nadu	Chennai	S-Grade	3800	3775	25
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			**13-Jul-17**	**6-Jul-17**	**13-Jun-17**	**13-Jul-16**
Delhi	Delhi	M-Grade	3781	3746	3875	3740
	Delhi	S-Grade	3761	3726	3855	3720
Uttar Pradesh	Khatauli	M-Grade	3760	3765	3840	3800
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3685	3650	3750	3735
	Dhampur	S-Grade Ex-Mill	3665	3630	3730	3715
	Dhampur	L-Grade Ex-Mill	3735	3700	3800	3785
Maharashtra	Mumbai	M-Grade	3910	3852	4020	3816
	Mumbai	S-Grade	3756	3775	3856	3672
	Nagpur	M-Grade	3750	3775	3825	3725
	Nagpur	S-Grade	3675	3725	3775	3625
	Kolhapur	M-Grade	3625	3650	3700	3600
	Kolhapur	S-Grade	3550	3600	3650	3500
Assam	Guhawati	S-Grade	3867	3918	3969	3816
Meghalaya	Shillong	S-Grade	3870	3920	3970	3820
Andhra Pradesh	Vijayawada	M-Grade	3933	3933	4120	3920
	Vijayawada	S-Grade	3876	3876	4060	3800
West Bengal	Kolkata	M-Grade	4140	NA	NA	3860
Tamil Nadu	Chennai	S-Grade	3800	3800	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	12-Jul-17	5-Jul-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	13.49	13.72	-0.23
	18-Mar	14.25	14.43	-0.18
	18-May	14.31	14.48	-0.17
LIFFE Sugar (US $/MT)	17-Oct	383.30	412.70	-29.40
	17-Dec	383.50	386.90	-3.40
	18-Mar	389.40	387.50	1.90

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