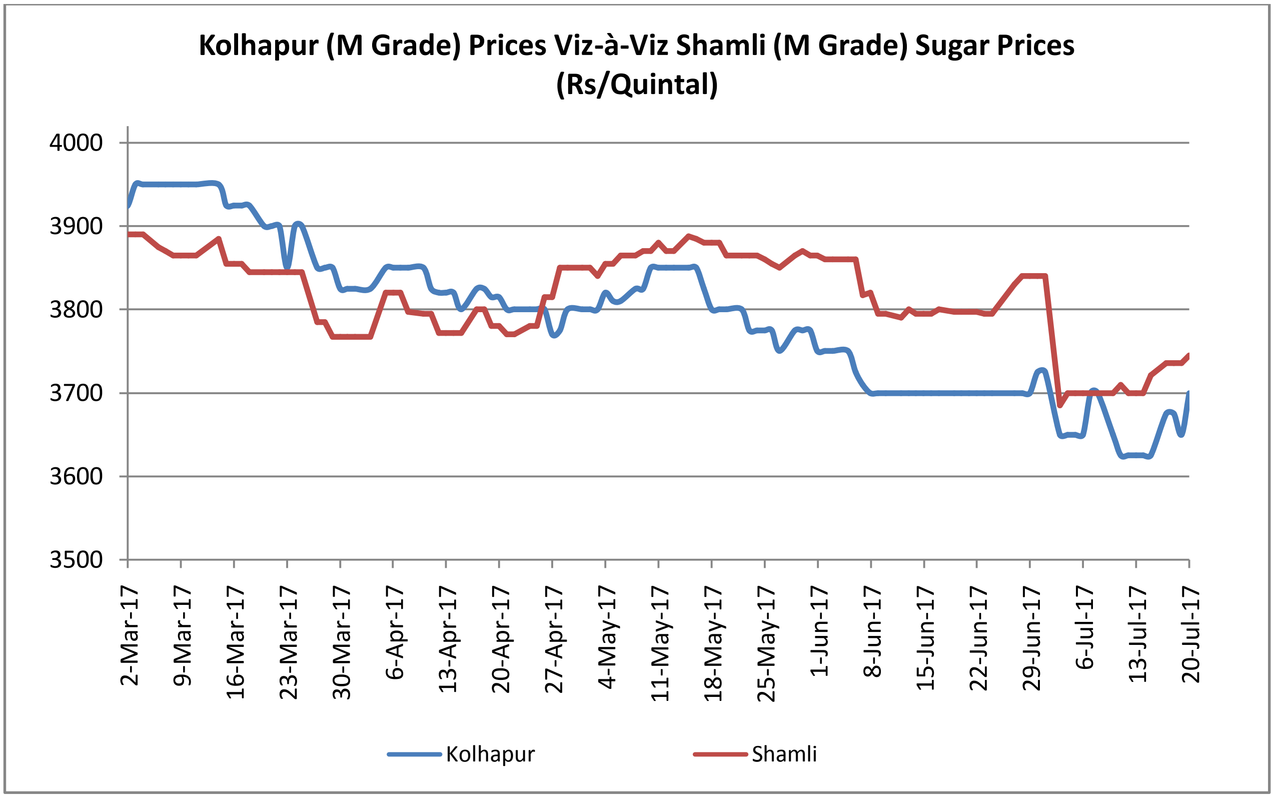
Sugar & Gur Weekly Research Report

Contents

Domestic Sugar Market Summary

Spot sugar prices traded steady to firm amidst buoyant domestic demand during the week.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3658 per quintal this week compared to Rs 3654 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 0.74% to Rs 3729 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to rise in a few weeks amidst increased domestic demand.

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

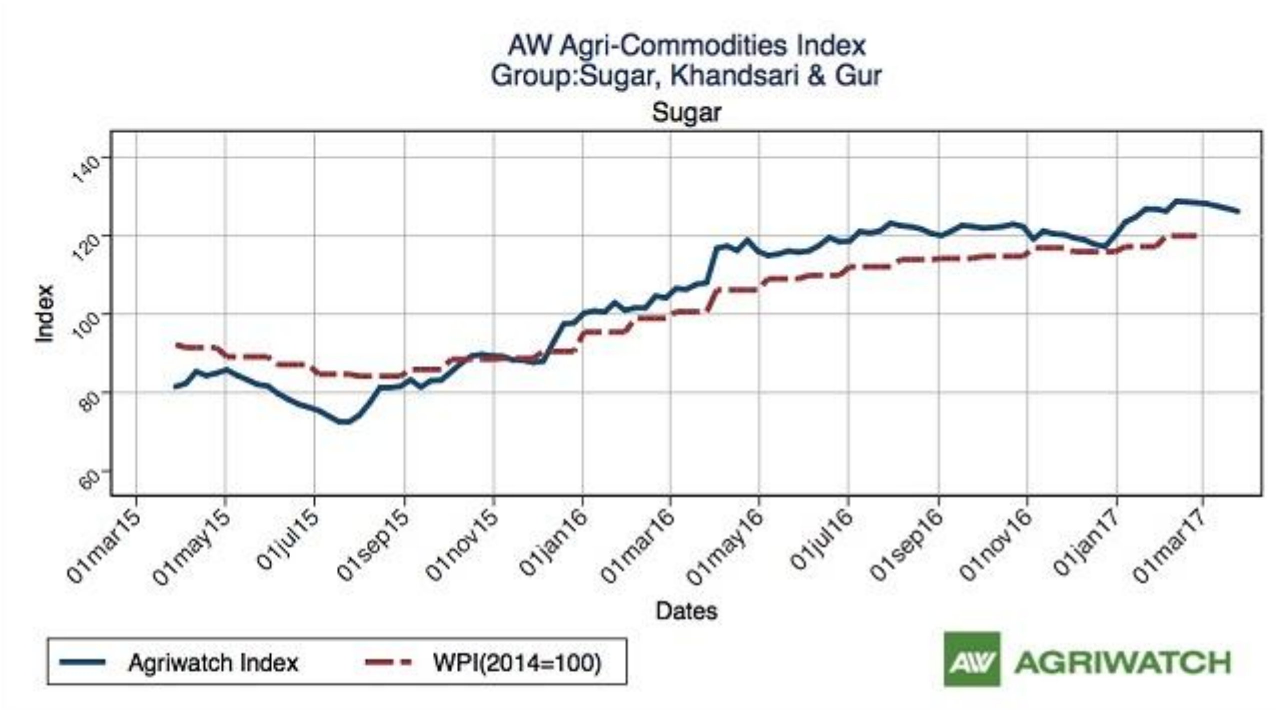
Recent Updates

- According to the official figures, sugarcane has been sown on 47.94 lakh hectares as on July 14, 2017 across the country compared to 45.22 lakh hectares during the same period previous year.

Previous 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).
- 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

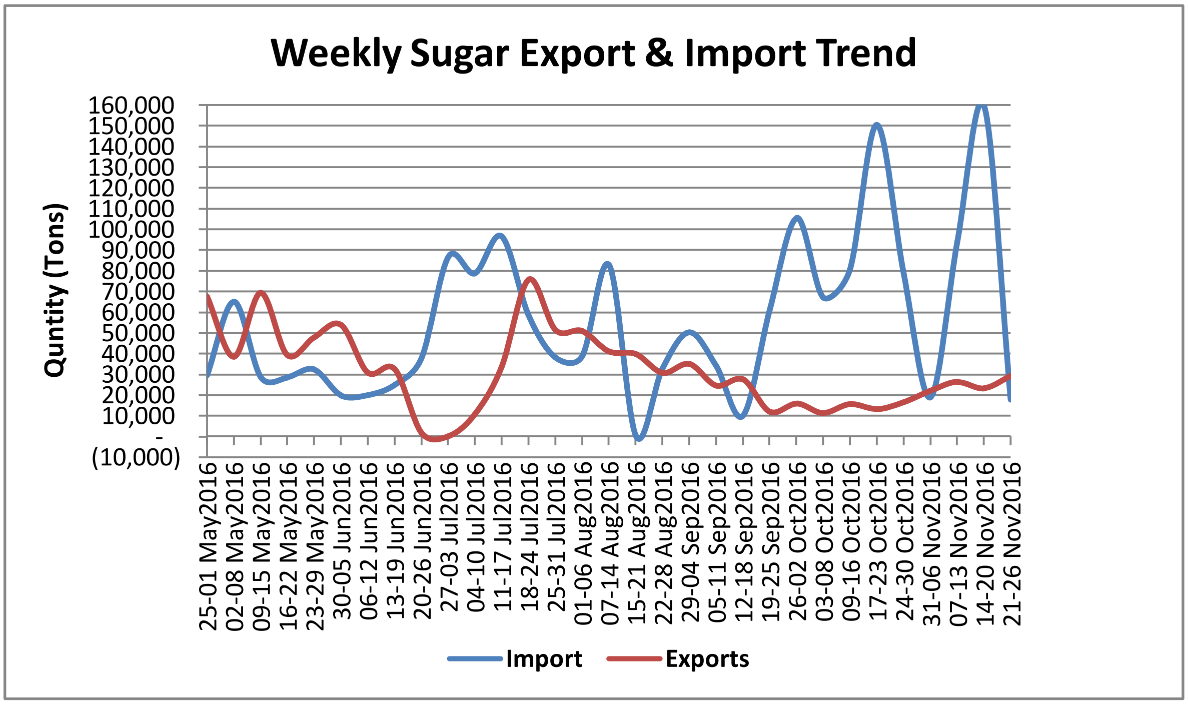
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $484.40 per ton (including 40% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $579.91 per ton.

On International front, Brazil sugar FOB prices quoted at $598.4 Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

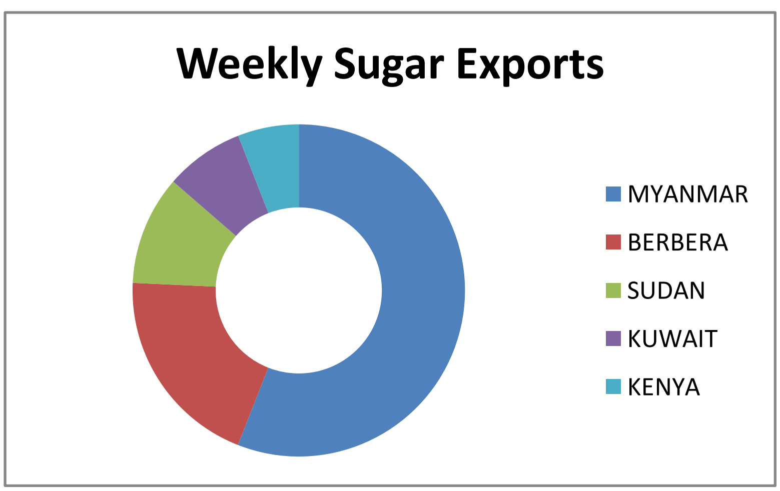
Indicative Sugar FOB Prices (USD/MT) ($=Rs.64.42) as on 20 Jul, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	$598.4	NA/392.50	$579.91

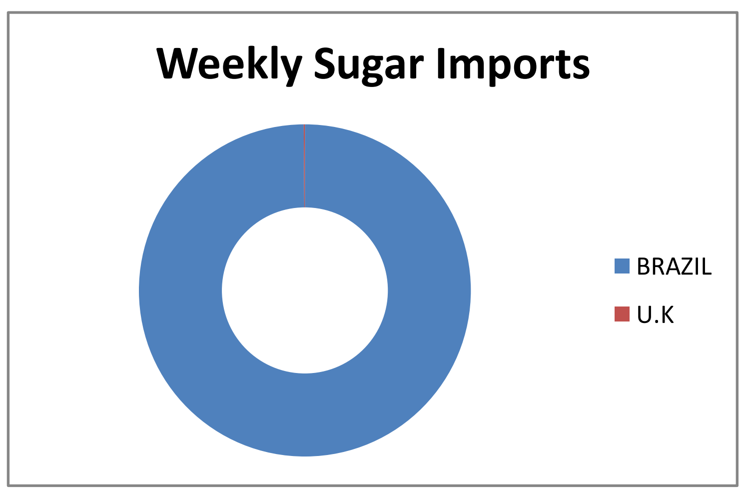
Sugar Import and Export Scenario

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 (Oct Weekly Chart)

Technical Commentary:

- Sugar prices decreased while volume and O.I increased 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	Oct	3400	3470	3590	3750	3840
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	Oct	Buy	Above 3590	3640	3665	3560

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3658/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3725 and Rs 3625 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

- 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.
- 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 mostly traded firm during the week, with price rising in almost all the major markets except a few. Prices of Mudde (Average) variety of gur from Belgaum rose by Rs 210/quintal from Rs 3550/quintal to Rs 3760/quintal this week. Similarly, prices of Yellow (Medium) and Kurikatu (Medium) variety of gur from Mandya rose by Rs 125/quintal and Rs 92/quintal to Rs 3717/quintal and Rs 3583/quintal respectively. While, price of Achhu (Medium) variety of gur from Mandya fell by Rs 58/quintal from Rs 3817/quintal to Rs 3758/quintal this week.

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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3413/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3495 and Rs 3331 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			14th July to 20th July 2017	7th July to 13th July 2017	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3413	3371	42
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	3175	-
	Muzaffarnagar	Laddoo (Fresh)	NA	3400	-
	Muzaffarnagar	Rascut (Fresh)	2804	2833	-29
	Hapur	Chaursa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4800	100
	Belgaum	Mudde (Average)	3760	3550	210
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3495	3471	24
	Gulbarga	Other (Average)	3582	3512	70
	Mahalingapura	Penti (Average)	3748	3678	71
	Mandya	Achhu (Medium)	3758	3817	-58
	Mandya	Kurikatu (Medium)	3583	3492	92
	Mandya	Other (Medium)	3517	3483	33
	Mandya	Yellow (Medium)	3717	3592	125
	Shimoga	Achhu (Average)	4600	4567	33

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			20-Jul-17	13-Jul-17	20-Jun-17	20-Jul-16
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3425	3325	NA	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	NA	NA
	Muzaffarnagar	Laddoo	NA	NA	NA	NA
	Muzaffarnagar	Rascut	2825	2775	NA	NA
	Hapur	Chaursa	NA	NA	NA	3175
	Hapur	Balti	NA	NA	NA	3175
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4900	4800	5000	4300
	Belgaum	Mudde (Average)	3800	3600	3600	3500
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3500	3600	3455	NA
	Gulbarga	Other (Average)	3650	3540	3645	3675
	Mahalingapura	Penti (Average)	3659	NA	3474	3776
	Mandya	Achhu (Medium)	3750	3800	4000	3450
	Mandya	Kurikatu (Medium)	3550	3650	3800	3300
	Mandya	Other (Medium)	3450	3550	3650	3100
	Mandya	Yellow (Medium)	3800	3800	3950	3450
	Shimoga	Achhu (Average)	NA	NA	4550	3950

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Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			14th July to 20th July 2017	7th July to 13th July 2017	
Delhi	Delhi	M-Grade	3821	3773	48
	Delhi	S-Grade	3801	3753	48
Uttar Pradesh	Khatauli	M-Grade	3821	3763	58
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3683	3668	16
	Dhampur	S-Grade Ex-Mill	3663	3648	16
	Dhampur	L-Grade Ex-Mill	3733	3718	16
Maharashtra	Mumbai	M-Grade	3923	3900	23
	Mumbai	S-Grade	3777	3764	13
	Nagpur	M-Grade	3783	3779	4
	Nagpur	S-Grade	3721	3717	4
	Kolhapur	M-Grade	3658	3654	4
	Kolhapur	S-Grade	3596	3592	4
Assam	Guhawati	S-Grade	3914	3909	4
Meghalaya	Shillong	S-Grade	3916	3912	4
Andhra Pradesh	Vijayawada	M-Grade	3933	3933	Unch
	Vijayawada	S-Grade	3876	3876	Unch
West Bengal	Kolkata	M-Grade	4124	4150	-26
Tamil Nadu	Chennai	S-Grade	3821	3800	21
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			20-Jul-17	13-Jul-17	20-Jun-17	20-Jul-16
Delhi	Delhi	M-Grade	3838	3781	3880	3780
	Delhi	S-Grade	3818	3761	3860	3760
Uttar Pradesh	Khatauli	M-Grade	3860	3760	3830	3790
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3700	3685	3750	3740
	Dhampur	S-Grade Ex-Mill	3680	3665	3730	3720
	Dhampur	L-Grade Ex-Mill	3750	3735	3800	3790
Maharashtra	Mumbai	M-Grade	3932	3910	3996	3840
	Mumbai	S-Grade	3792	3756	3822	3692
	Nagpur	M-Grade	3825	3750	3825	3775
	Nagpur	S-Grade	3775	3675	3775	3675
	Kolhapur	M-Grade	3700	3625	3700	3650
	Kolhapur	S-Grade	3650	3550	3650	3550
Assam	Guhawati	S-Grade	3969	3867	3969	3867
Meghalaya	Shillong	S-Grade	3970	3870	3970	3870
Andhra Pradesh	Vijayawada	M-Grade	3933	3933	4100	3980
	Vijayawada	S-Grade	3876	3876	4040	3840
West Bengal	Kolkata	M-Grade	4140	4140	3970	NA
Tamil Nadu	Chennai	S-Grade	3850	3800	3725	3500
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	**19-Jul-17**	**12-Jul-17**	**Change**
ICE Sugar #11 (US Cent/lb)	**17-Oct**	14.50	13.49	**1.01**
	18-Mar	15.21	14.25	**0.96**
	18-May	15.29	14.31	**0.98**
LIFFE Sugar (US $/MT)	**17-Oct**	398.60	383.30	**15.30**
	17-Dec	399.70	383.50	**16.20**
	18-Mar	406.40	389.40	**17.00**

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