
Sugar & Gur Weekly Research Report

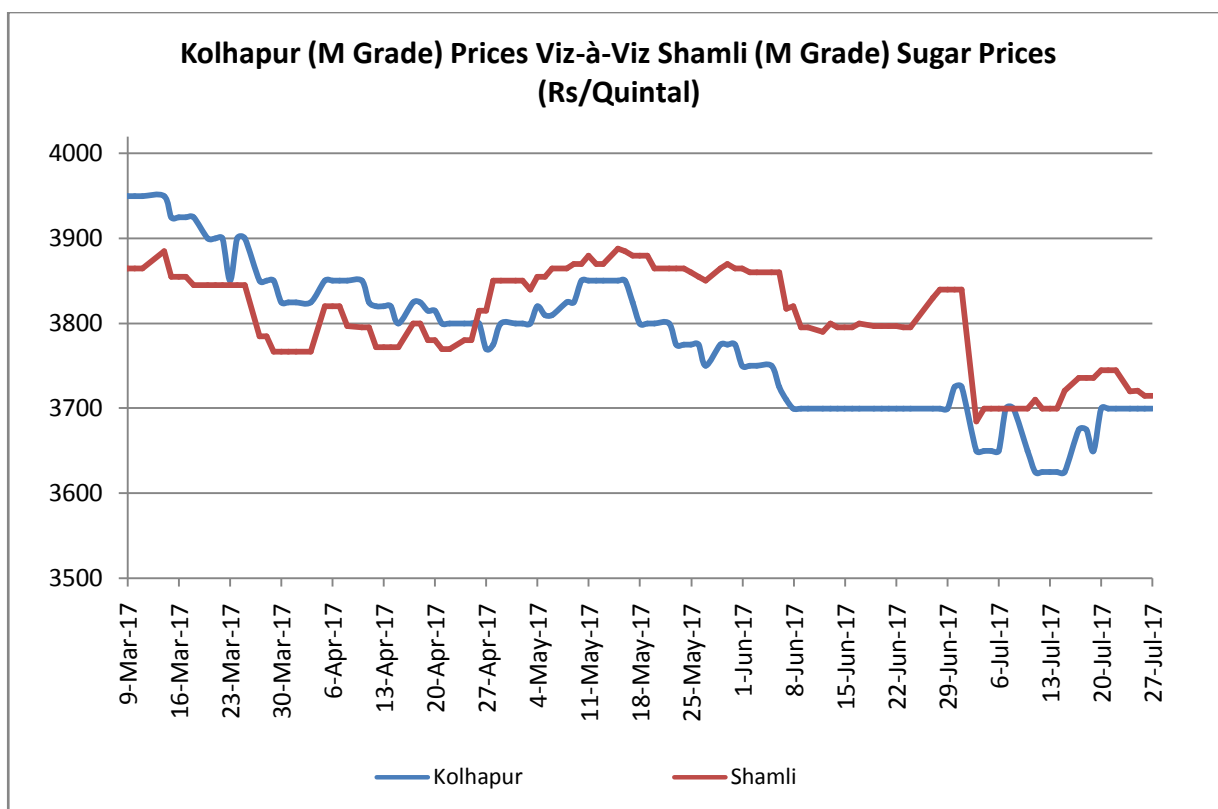
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Domestic Sugar Market Summary

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 3700 per quintal this week compared to Rs 3658 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district fell by 0.06% to Rs 3727 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.

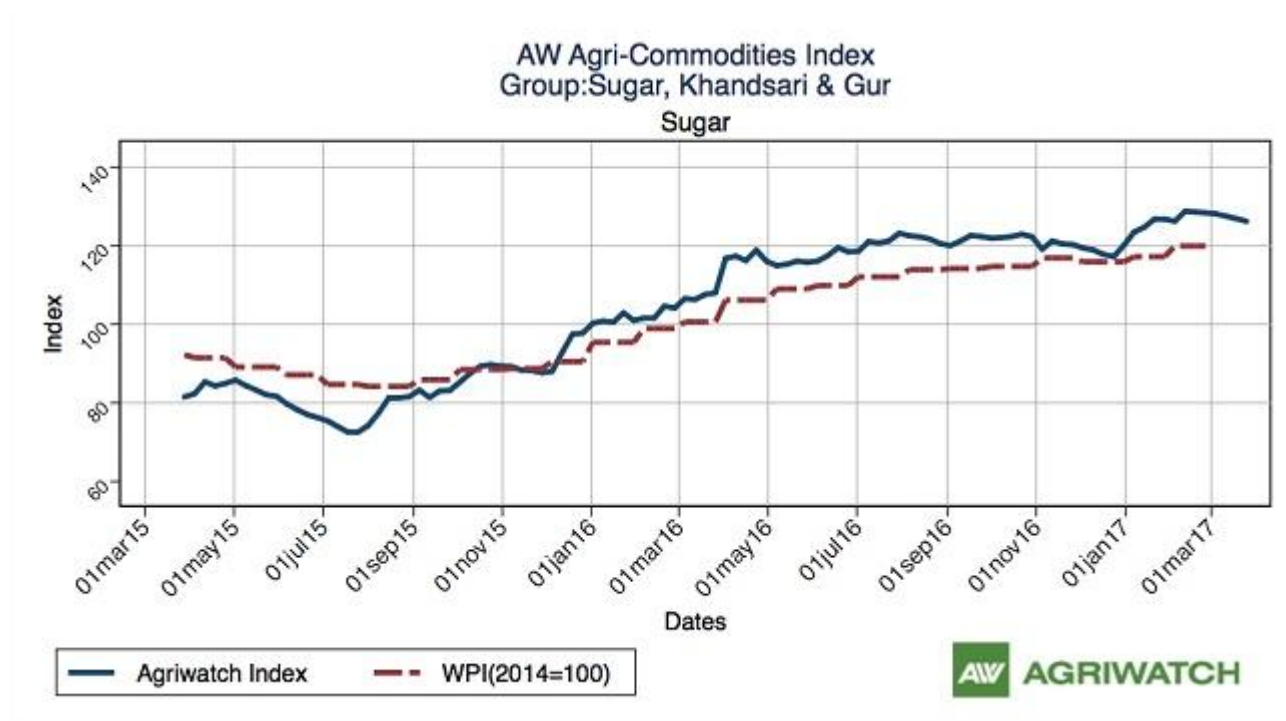
Domestic Market Highlights

Recent Updates

- With a view to control soaring sugar prices in future, the Indian govt. gave cues of allowing more duty free sugar import to the country and imposition of stock limit on sugar if need arises so.
- Owing to an expected increase in cane acreage (9.02 lakh hectares), the state government of Maharashtra had predicted the state to produce 73 lakh tonnes of sugar during 2017-18 (01st October, 2017 – 30th September, 2018).
- ISMA predicted India to produce 251 LT of sugar next marketing year i.e. 2017 -18 (01st October, 2017 – 30th September, 2018), where in the top three producers U.P, Maharashtra and Karnataka are collectively expected to produce 198 LT of sugar during the period.
- According to the official figures, sugarcane has been sown on 49.15 lakh hectares as on July 21, 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. 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 \$485.33 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$590.30 per ton.

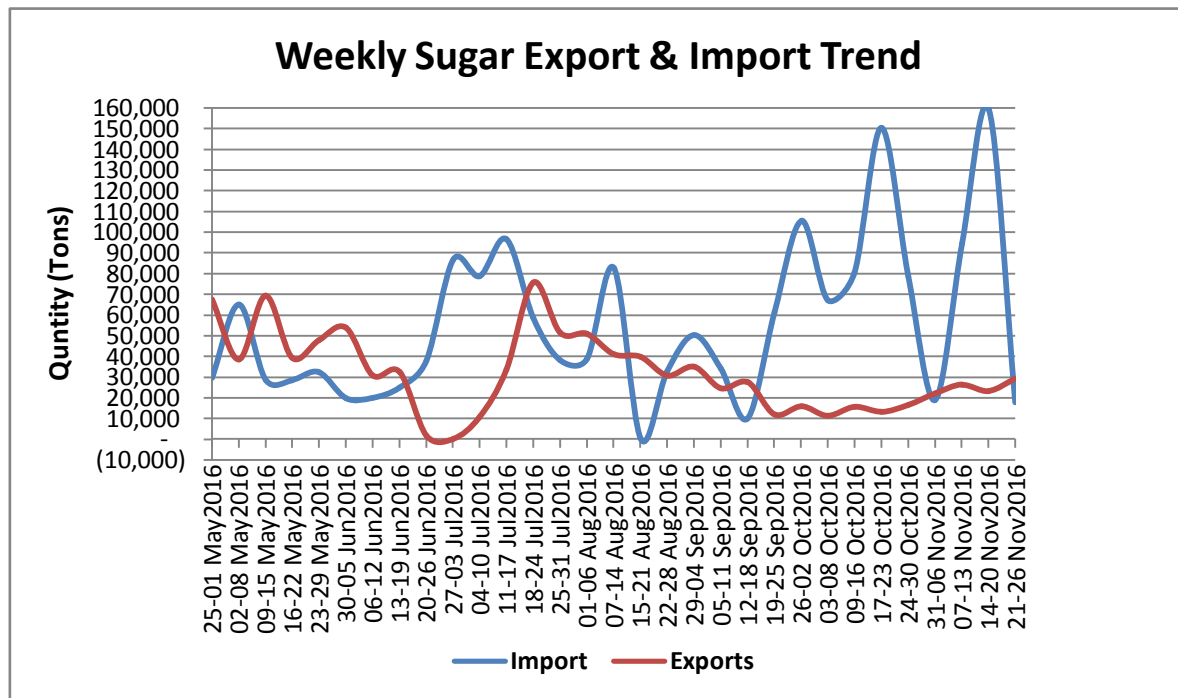
On International front, Brazil sugar FOB prices quoted at \$599.2 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.12) as on 27 Jul, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$599.2	NA/393.30	\$590.30

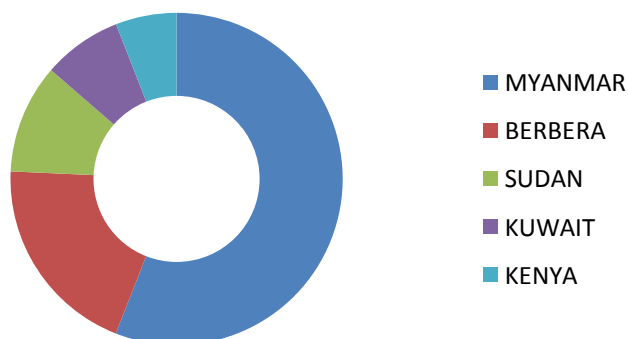
Sugar Import and Export Scenario

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.

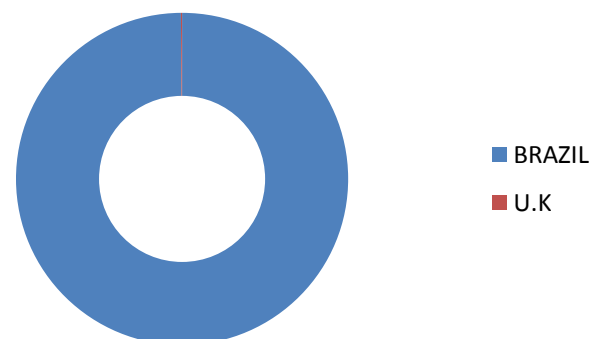


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3700/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3751 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

Recent Updates

- As per the latest UNICA report, Brazil's main C.S region produced 3.10 MT of sugar in the first half of July, 2017 compared to 2.84 MT of sugar produced last year during the same interval.

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.
- 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).
- 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 fall 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 pale during the week, with price falling in almost all the major markets except a few. Prices of Achhu (Average) variety of gur from Shimoga fell by Rs 150/quintal from Rs 4600/quintal to Rs 4450/quintal this week. Similarly, prices of Mudde (Average) variety of gur from Belgaum fell by Rs 135/quintal to Rs 3325/quintal during the week. However, prices of Achhu variety of gur from Bijapur rose by Rs 118/quintal from Rs 3495/quintal to Rs 3613/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3325/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3408 and Rs 3248 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			21st July to 27th July 2017	14th July to 20th July 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3325	3413	-88
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2802	2804	-2
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4900	Unch
	Belgaum	Mudde (Average)	3625	3760	-135
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3613	3495	118
	Gulbarga	Other (Average)	3616	3582	34
	Mahalingapura	Penti (Average)	3731	3748	-18
	Mandya	Achhu (Medium)	3708	3758	-50
	Mandya	Kurikatu (Medium)	3550	3583	-33
	Mandya	Other (Medium)	3442	3517	-75
	Mandya	Yellow (Medium)	3725	3717	8
	Shimoga	Achhu (Average)	4450	4600	-150

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			27-Jul-17	20-Jul-17	27-Jun-17	27-Jul-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3288	3425	3400	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	3150	NA
	Muzaffarnagar	Laddoo	NA	NA	3438	NA
	Muzaffarnagar	Rascut	2788	2825	2950	NA
	Hapur	Chaurasa	NA	NA	3250	NA
	Hapur	Balti	NA	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4900	4900	4950	4400
	Belgaum	Mudde (Average)	NA	3800	3600	3300
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3500	3250	NA
	Gulbarga	Other (Average)	NA	3650	3650	3675
	Mahalingapura	Penti (Average)	NA	3659	3435	3832
	Mandya	Achhu (Medium)	3650	3750	3700	3400
	Mandya	Kurikatu (Medium)	3550	3550	3500	3300
	Mandya	Other (Medium)	3400	3450	3450	3200
	Mandya	Yellow (Medium)	3700	3800	3900	3400
	Shimoga	Achhu (Average)	NA	4500	4500	4250

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			21st July to 27th July 2017	14th July to 20th July 2017	
Delhi	Delhi	M-Grade	3812	3821	-9
	Delhi	S-Grade	3792	3801	-9
Uttar Pradesh	Khatauli	M-Grade	3827	3821	6
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3750	3683	67
	Dhampur	S-Grade Ex-Mill	3730	3663	67
	Dhampur	L-Grade Ex-Mill	3800	3733	67
Maharashtra	Mumbai	M-Grade	3969	3923	46
	Mumbai	S-Grade	3795	3777	18
	Nagpur	M-Grade	3825	3783	42
	Nagpur	S-Grade	3770	3721	49
	Kolhapur	M-Grade	3700	3658	42
	Kolhapur	S-Grade	3645	3596	49
Assam	Guhawati	S-Grade	3964	3914	50
Meghalaya	Shillong	S-Grade	3965	3916	49
Andhra Pradesh	Vijayawada	M-Grade	3933	3933	Unch
	Vijayawada	S-Grade	3876	3876	Unch
West Bengal	Kolkata	M-Grade	4062	4124	-62
Tamil Nadu	Chennai	S-Grade	3850	3821	29
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			27-Jul-17	20-Jul-17	27-Jun-17	27-Jul-16
Delhi	Delhi	M-Grade	3800	3838	3900	3820
	Delhi	S-Grade	3780	3818	3880	3800
Uttar Pradesh	Khatauli	M-Grade	3805	3860	3890	3950
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	3700	3750	3850
	Dhampur	S-Grade Ex-Mill	3730	3680	3730	3830
	Dhampur	L-Grade Ex-Mill	3800	3750	3800	3900
Maharashtra	Mumbai	M-Grade	4000	3932	3892	3866
	Mumbai	S-Grade	3800	3792	3816	3726
	Nagpur	M-Grade	3825	3825	3825	3875
	Nagpur	S-Grade	3775	3775	3775	3775
	Kolhapur	M-Grade	3700	3700	3700	3750
	Kolhapur	S-Grade	3650	3650	3650	3650
Assam	Guhawati	S-Grade	3969	3969	3969	3969
Meghalaya	Shillong	S-Grade	3970	3970	3970	3970
Andhra Pradesh	Vijayawada	M-Grade	3933	3933	4100	4040
	Vijayawada	S-Grade	3876	3876	4040	3900
West Bengal	Kolkata	M-Grade	4000	4140	4040	3940
Tamil Nadu	Chennai	S-Grade	3850	3850	3725	3525
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	26-Jul-17	19-Jul-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	14.23	14.50	-0.27
	18-Mar	15.00	15.21	-0.21
	18-May	15.20	15.29	-0.09
LIFFE Sugar (US \$/MT)	17-Oct	389.20	398.60	-9.40
	17-Dec	393.30	399.70	-6.40
	18-Mar	401.00	406.40	-5.40

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