

Sugar & Gur Weekly Research Report

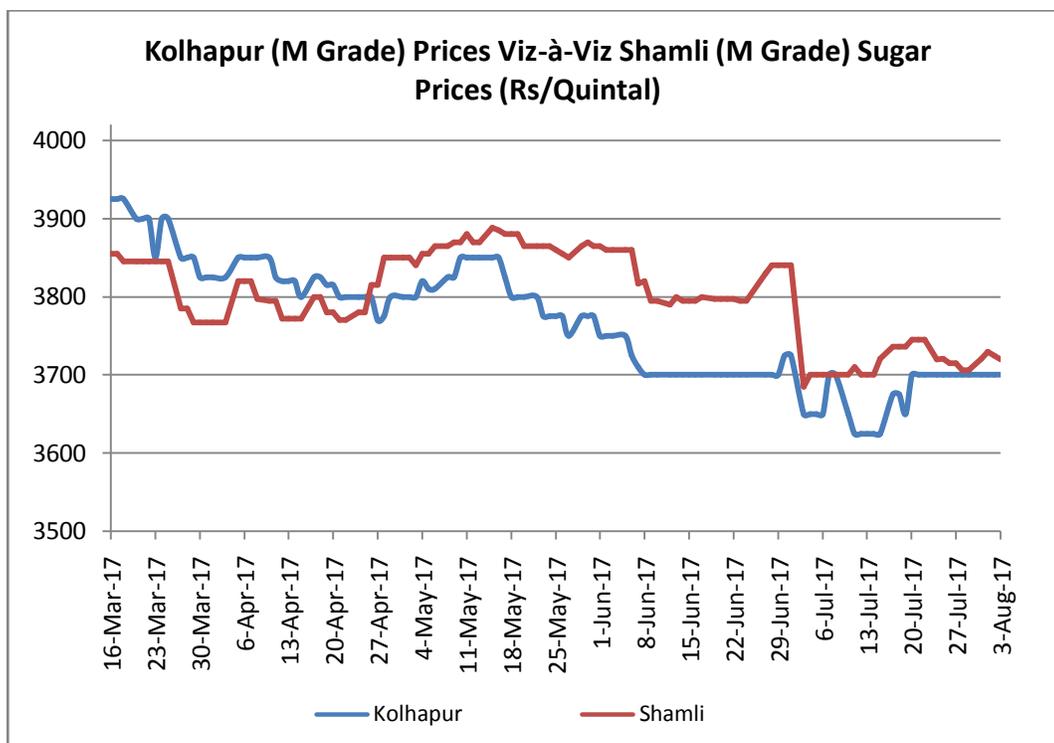
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Agriwatch Sweeteners Index
- ❖ Sugar Export/Import Scenario
- ❖ Sugar Export/Import Opportunity
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ Domestic Sugar Market Technical Analysis (Spot Market)
- ❖ International Sugar Market Summary
- ❖ International Market Highlight
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady during the week following regular domestic demand and supply onto the market.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3700 per quintal this week which was same as that prevailing last week. However, spot sugar prices for the same variety/grade in Shamli district fell by 0.24% to Rs 3718 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to fall in a few weeks amidst lower 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

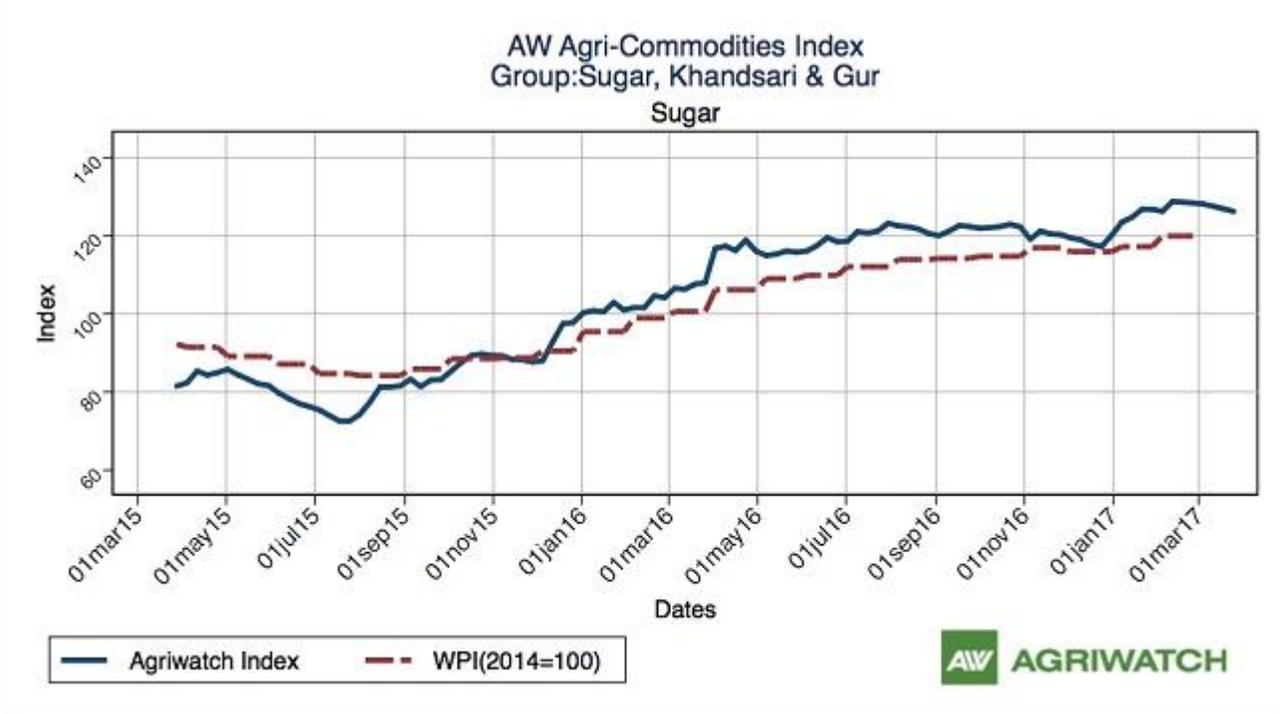
Recent Updates

- Sugar millers in India owes a total of Rs 4,611 crore as the pending cane arrears for this MY i.e. 2016-17 (01st October, 2016 – 30th September, 2017). Out of which Uttar Pradesh, Gujarat, Tamil Nadu, Uttarakhand and Punjab owes Rs 2,535 crore, Rs 1,067 crore, Rs 494 crore, Rs 302 crore and Rs 127 crore respectively.
- According to the official figures, sugarcane has been sown on 49.15 lakh hectares as on July 28, 2017 across the country compared to 45.22 lakh hectares during the same period previous year

Previous 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.
- 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.

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

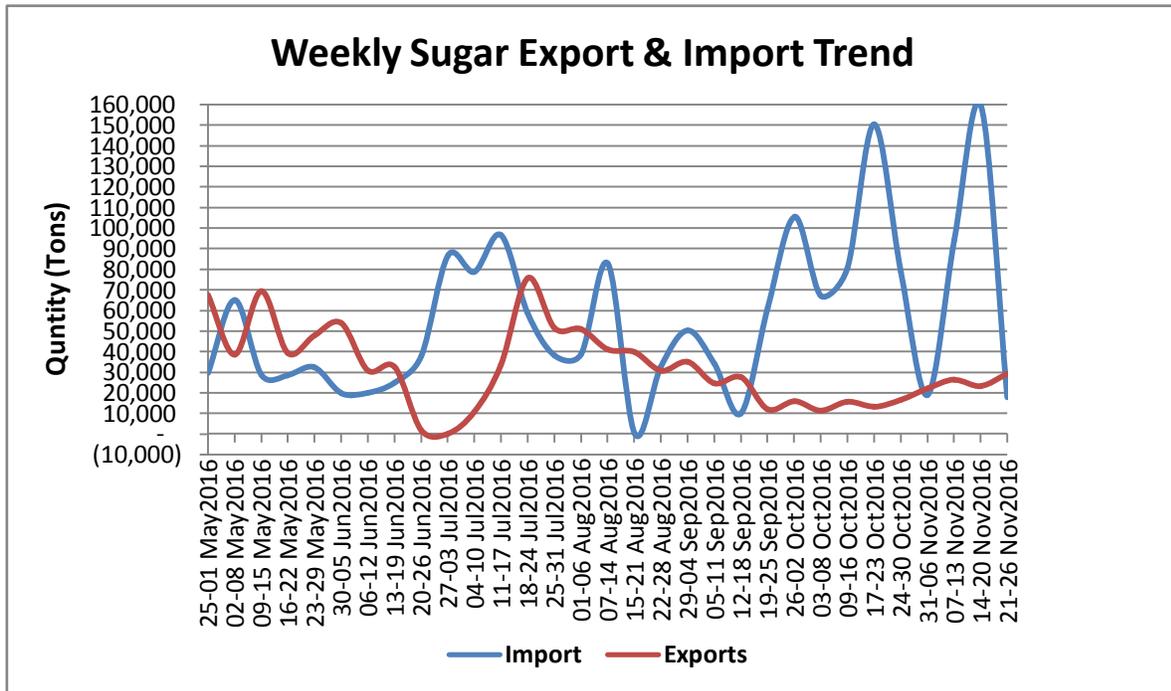
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$481.62 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$594.97 per ton.

On International front, Brazil sugar FOB prices quoted at \$591.4 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.63.63) as on 3 Aug, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$591.4	NA/397.10	\$594.97

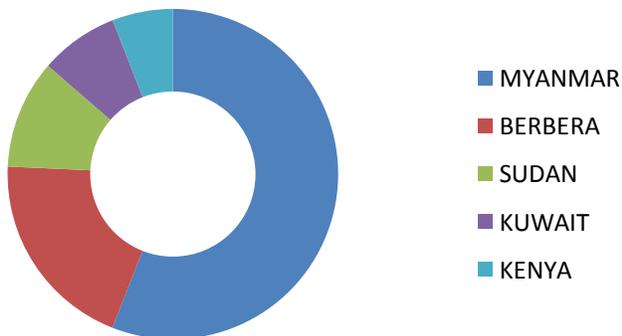
Sugar Import and Export Scenario

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.

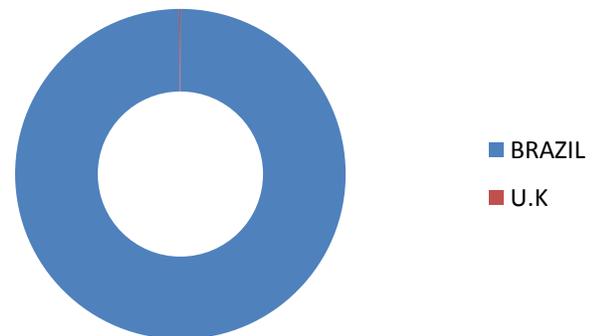


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 Commentary:

- Sugar prices decreased while volume and O.I increased for the day.
- RSI is hovering in an overbought region.
- MACD signal line and center line denotes bearish crossover.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	3350	3400	3526	3750	3840
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Buy	Above 3525	3550	3675	3495

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

- The Brazilian govt. reduced the federal tax on ethanol (PIS/Cofins) from 32.55 centavos per liter to 24 centavos per liter. With this move, international sugar prices are expected to rise in future as the Brazilian millers will divert more of their cane towards ethanol production instead of sugar.
- Brazil's raw sugar export fell by 17.11% as the country exported 2.18 MT of sugar (raw) in July, 2017 compared to 2.64 MT of exports made in June, 2017.

Previous 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.
- 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 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 (Oct'17 Contract)



Technical Commentary

- LIFE future market trends upward for the week.
- The last candlestick depicts bearishness in the market.
Strategy: Sell at 390.00 with a target of 377.85

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'17	390.00	377.85

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



Technical Commentary:

- ICE raw sugar futures trend downward for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 14.30 with a target of 14.13

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'17	14.30	14.13

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 variety of gur from Bijapur fell by Rs 169/quintal from Rs 3613/quintal to Rs 3444/quintal this week. Similarly, prices of Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market fell by Rs 89/quintal to Rs 3236/quintal this week. However, prices of Achhu (Average) variety of gur from Shimoga rose by Rs 67/quintal to Rs 4517/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)			28th July to 3rd August 2017	21st July to 27th July 2017	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3236	3325	-89
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2767	2802	-35
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4900	Unch
	Belgaum	Mudde (Average)	3660	3625	35
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3444	3613	-169
	Gulbarga	Other (Average)	3602	3616	-14
	Mahalingapura	Penti (Average)	3724	3731	-7
	Mandya	Achhu (Medium)	3625	3708	-83
	Mandya	Kurikatu (Medium)	3525	3550	-25
	Mandya	Other (Medium)	3383	3442	-58
	Mandya	Yellow (Medium)	3675	3725	-50
	Shimoga	Achhu (Average)	4517	4450	67

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			3-Aug-17	27-Jul-17	3-Jul-17	3-Aug-16
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3140	3288	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	2675	2788	NA	NA
	Hapur	Chaurasa	NA	NA	NA	NA
	Hapur	Balti	NA	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4900	4900	4800	4400
	Belgaum	Mudde (Average)	3800	3500	3400	3200
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3150	3435	3300	NA
	Gulbarga	Other (Average)	3600	NA	3525	3675
	Mahalingapura	Penti (Average)	3743	NA	3468	3804
	Mandya	Achhu (Medium)	3600	3650	3550	3400
	Mandya	Kurikatu (Medium)	3500	3550	3300	3300
	Mandya	Other (Medium)	3400	3400	3300	3300
	Mandya	Yellow (Medium)	3650	3700	3750	3400
	Shimoga	Achhu (Average)	4600	4550	4500	4250

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			28th July to 3rd August 2017	21st July to 27th July 2017	
Delhi	Delhi	M-Grade	3778	3812	-34
	Delhi	S-Grade	3758	3792	-34
Uttar Pradesh	Khatauli	M-Grade	3809	3827	-18
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3750	3750	Unch
	Dhampur	S-Grade Ex-Mill	3730	3730	Unch
	Dhampur	L-Grade Ex-Mill	3800	3800	Unch
Maharashtra	Mumbai	M-Grade	3993	3969	24
	Mumbai	S-Grade	3798	3795	3
	Nagpur	M-Grade	3825	3825	Unch
	Nagpur	S-Grade	3771	3770	1
	Kolhapur	M-Grade	3700	3700	Unch
	Kolhapur	S-Grade	3646	3645	1
Assam	Guhawati	S-Grade	3964	3964	1
Meghalaya	Shillong	S-Grade	3966	3965	1
Andhra Pradesh	Vijayawada	M-Grade	3965	3933	32
	Vijayawada	S-Grade	3908	3876	32
West Bengal	Kolkata	M-Grade	4077	4062	15
Tamil Nadu	Chennai	S-Grade	3850	3850	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			3-Aug-17	27-Jul-17	3-Jul-17	3-Aug-16
Delhi	Delhi	M-Grade	3780	3800	3705	3840
	Delhi	S-Grade	3760	3780	3685	3820
Uttar Pradesh	Khatauli	M-Grade	3810	3805	3725	3850
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3750	3750	3600	3800
	Dhampur	S-Grade Ex-Mill	3730	3730	3580	3780
	Dhampur	L-Grade Ex-Mill	3800	3800	3650	3850
Maharashtra	Mumbai	M-Grade	3992	4000	3700	3872
	Mumbai	S-Grade	3806	3800	3680	3716
	Nagpur	M-Grade	3825	3825	3775	3800
	Nagpur	S-Grade	3750	3775	3675	3700
	Kolhapur	M-Grade	3700	3700	3650	3675
	Kolhapur	S-Grade	3625	3650	3550	3575
Assam	Guhawati	S-Grade	3943	3969	3867	3893
Meghalaya	Shillong	S-Grade	3945	3970	3870	3895
Andhra Pradesh	Vijayawada	M-Grade	3971	3933	3933	4080
	Vijayawada	S-Grade	3914	3876	3876	3940
West Bengal	Kolkata	M-Grade	4090	4000	NA	NA
Tamil Nadu	Chennai	S-Grade	3850	3850	3800	3525
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	2935
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	2935

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

International Sugar Prices (Weekly)				
	Contract Month	2-Aug-17	26-Jul-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	14.79	14.23	0.56
	18-Mar	15.50	15.00	0.50
	18-May	15.64	15.20	0.44
LIFFE Sugar (US \$/MT)	17-Oct	397.10	389.20	7.90
	17-Dec	402.50	393.30	9.20
	18-Mar	411.50	401.00	10.50

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2017 Indian Agribusiness Systems Pvt Ltd.