

# Sugar & Gur Weekly Research Report

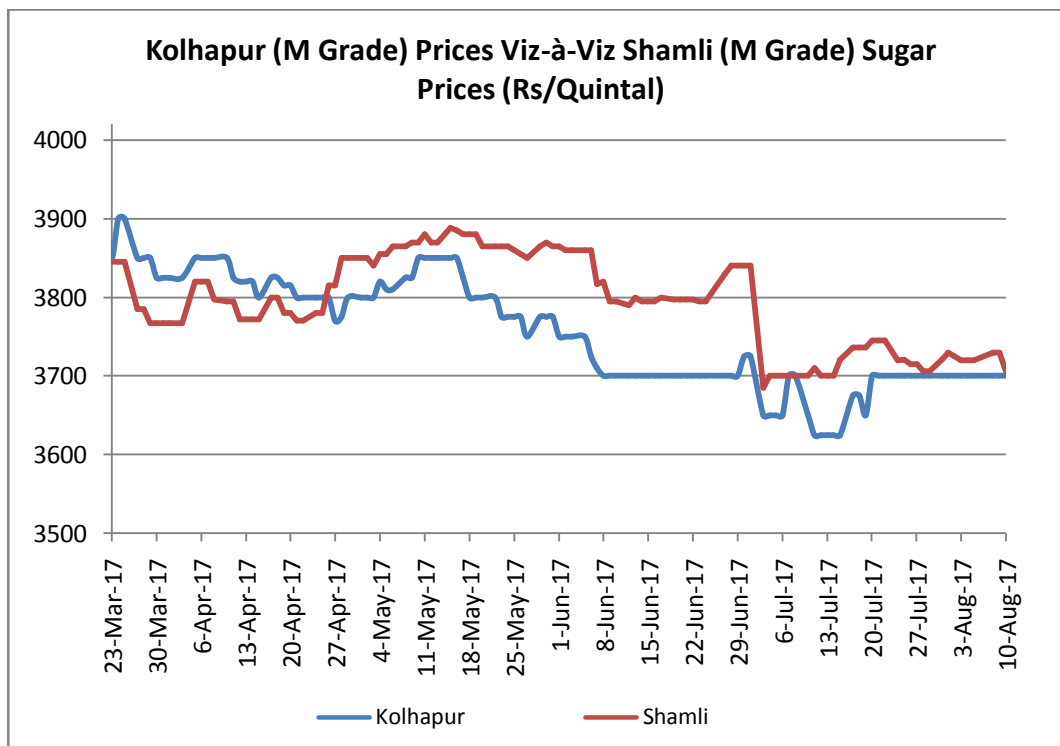
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### Domestic Sugar Market Summary

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 rose by 0.09% to Rs 3721 per quintal this week.



### Price Outlook:

Agrivatch predicts spot sugar prices to fell in the weeks ahead amidst speculation of a higher sugar production next marketing year i.e. 2017-18.

### 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.

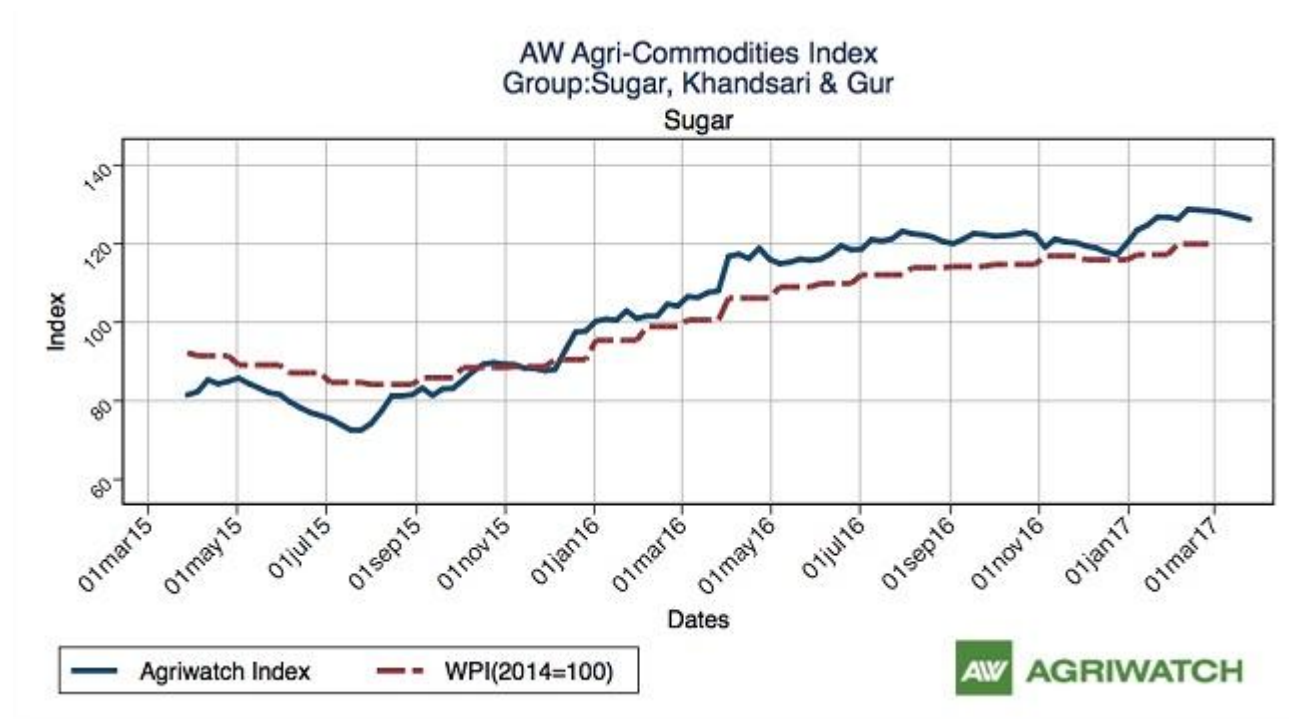
## Domestic Market Highlights

### Recent Updates

- According to the official figures, sugarcane has been sown on 49.71 lakh hectares as on August 04, 2017 across the country compared to 45.64 lakh hectares during the same period previous year.

### Previous 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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.
- 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 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> September, 2018).
- ISMA predicted India to produce 251 LT of sugar next marketing year i.e. 2017 -18 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2016 – 30<sup>th</sup> September, 2017) to Rs 2,500/ton in 2017-18 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> 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 (01<sup>st</sup> October, 2017 – 30<sup>th</sup> 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](http://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 \$448.52 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$588.83 per ton.

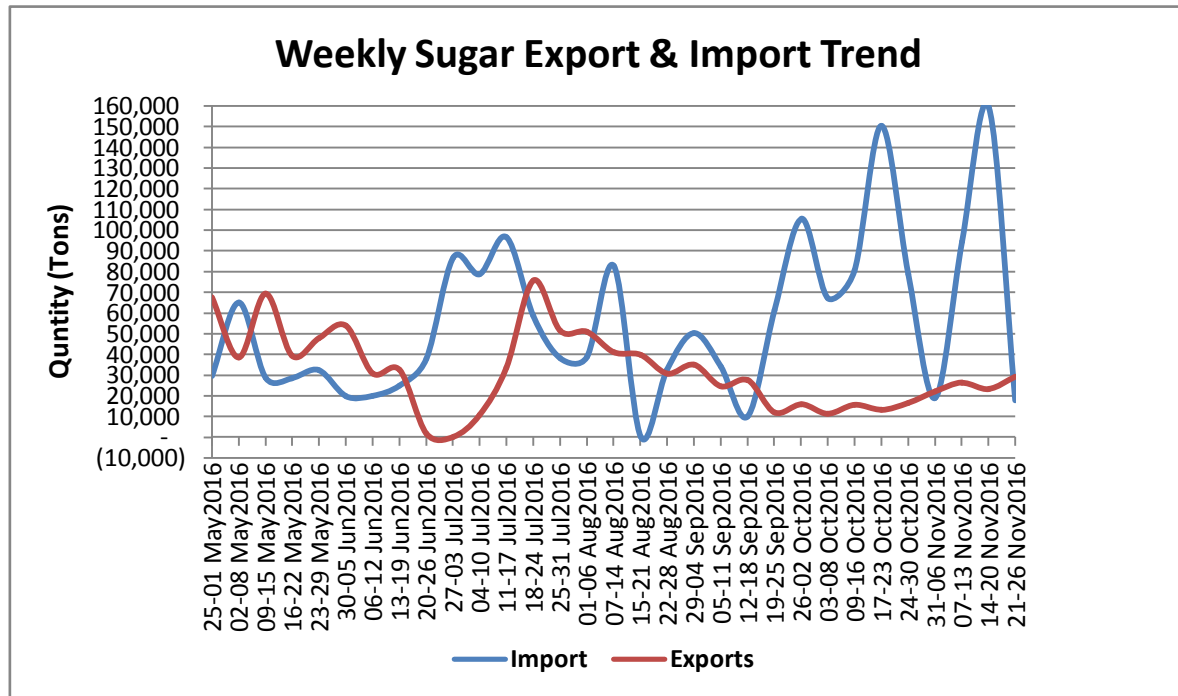
On International front, Brazil sugar FOB prices quoted at \$560.7 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.63.94) as on 10 Aug, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$560.7	NA/377.90	\$588.83

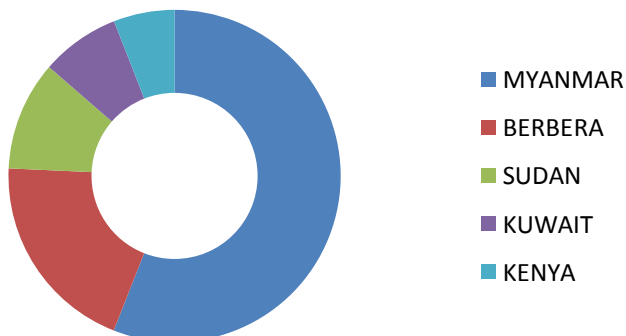
### Sugar Import and Export Scenario

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.

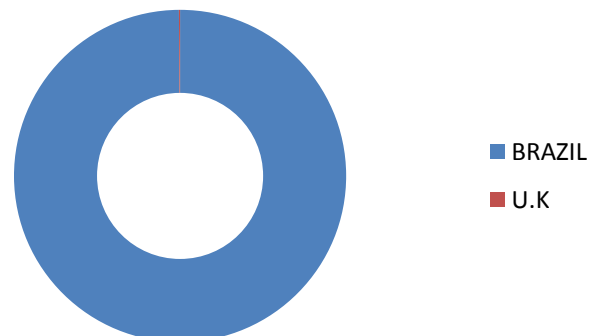


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3753 and Rs 3655 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

- 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.
- 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 (01<sup>st</sup> April, 2017 – 31<sup>st</sup> March, 2018) compared to 35.6 MT of sugar production in 2016-17 (01<sup>st</sup> April, 2016 – 31<sup>st</sup> 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 – 31<sup>st</sup> 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 (Oct'17 Contract)**

**Technical Commentary**

- LIFE future market trends downward for the week.
  - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 365.00 with a target of 356.02

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'17	365.00	356.02

**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 13.20 with a target of 12.95

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'17	13.20	12.95

### 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 167/quintal from Rs 3444/quintal to Rs 3277/quintal this week. Similarly, prices of Pentti (Average) variety of gur from Mahalingapura fell by Rs 117/quintal from Rs 3724/quintal to Rs 3607/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3193/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3295 and Rs 3015 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			04th July to 10th August 2017	28th July to 3rd August 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3193	3236	-43
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	Unch
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2694	2767	-73
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4870	4900	-30
	Belgaum	Mudde (Average)	3600	3660	-60
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3277	3444	-167
	Gulbarga	Other (Average)	3588	3602	-15
	Mahalingapura	Penti (Average)	3607	3724	-117
	Mandya	Achhu (Medium)	3630	3625	5
	Mandya	Kurikatu (Medium)	3500	3525	-25
	Mandya	Other (Medium)	3350	3383	-33
	Mandya	Yellow (Medium)	3680	3675	5
	Shimoga	Achhu (Average)	4560	4517	43

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			10-Aug-17	3-Aug-17	10-Jul-17	10-Aug-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3063	3140	3400	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	3175	NA
	Muzaffarnagar	Laddoo	NA	NA	3400	NA
	Muzaffarnagar	Rascut	2655	2675	2850	NA
	Hapur	Chaurasa	NA	NA	NA	NA
	Hapur	Balti	NA	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	4850	4900	4800	4400
	Belgaum	Mudde (Average)	3500	3800	3500	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3150	3575	NA
	Gulbarga	Other (Average)	NA	3600	3540	3675
	Mahalingapura	Penti (Average)	NA	3743	3708	3814
	Mandya	Achhu (Medium)	3600	3600	3850	3750
	Mandya	Kurikatu (Medium)	3500	3500	3500	3400
	Mandya	Other (Medium)	3300	3400	3450	3300
	Mandya	Yellow (Medium)	3600	3650	3500	3700
	Shimoga	Achhu (Average)	4550	4600	4500	4500

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			04th July to 10th August 2017	28th July to 3rd August 2017	
Delhi	Delhi	M-Grade	3788	3778	10
	Delhi	S-Grade	3768	3758	10
Uttar Pradesh	Khatauli	M-Grade	3799	3809	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3739	3750	-11
	Dhampur	S-Grade Ex-Mill	3719	3730	-11
	Dhampur	L-Grade Ex-Mill	3789	3800	-11
Maharashtra	Mumbai	M-Grade	3988	3993	-5
	Mumbai	S-Grade	3806	3798	8
	Nagpur	M-Grade	3825	3825	Unch
	Nagpur	S-Grade	3750	3771	-21
	Kolhapur	M-Grade	3700	3700	Unch
	Kolhapur	S-Grade	3625	3646	-21
Assam	Guhawati	S-Grade	3943	3964	-21
Meghalaya	Shillong	S-Grade	3945	3966	-21
Andhra Pradesh	Vijayawada	M-Grade	3971	3965	6
	Vijayawada	S-Grade	3914	3908	6
West Bengal	Kolkata	M-Grade	4083	4077	6
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			10-Aug-17	3-Aug-17	10-Jul-17	10-Aug-16
Delhi	Delhi	M-Grade	3790	3780	3781	3820
	Delhi	S-Grade	3770	3760	3761	3800
Uttar Pradesh	Khatauli	M-Grade	3775	3810	3760	3870
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3695	3750	3650	3790
	Dhampur	S-Grade Ex-Mill	3675	3730	3630	3770
	Dhampur	L-Grade Ex-Mill	3745	3800	3700	3840
Maharashtra	Mumbai	M-Grade	3970	3992	3920	3876
	Mumbai	S-Grade	3806	3806	3762	3726
	Nagpur	M-Grade	3825	3825	3775	3775
	Nagpur	S-Grade	3750	3750	3725	3675
	Kolhapur	M-Grade	3700	3700	3650	3650
	Kolhapur	S-Grade	3625	3625	3600	3550
Assam	Guhawati	S-Grade	3943	3943	3918	3867
Meghalaya	Shillong	S-Grade	3945	3945	3920	3870
Andhra Pradesh	Vijayawada	M-Grade	3971	3971	3933	4080
	Vijayawada	S-Grade	3914	3914	3876	3940
West Bengal	Kolkata	M-Grade	NA	4090	4170	3885
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	9-Aug-17	2-Aug-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	13.64	14.79	-1.15
	18-Mar	14.50	15.50	-1.00
	18-May	14.78	15.64	-0.86
LIFFE Sugar (US \$/MT)	17-Oct	377.9	397.10	-19.20
	17-Dec	383.7	402.50	-18.80
	18-Mar	393.2	411.50	-18.30

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