



Sugar & Gur Weekly Research Report

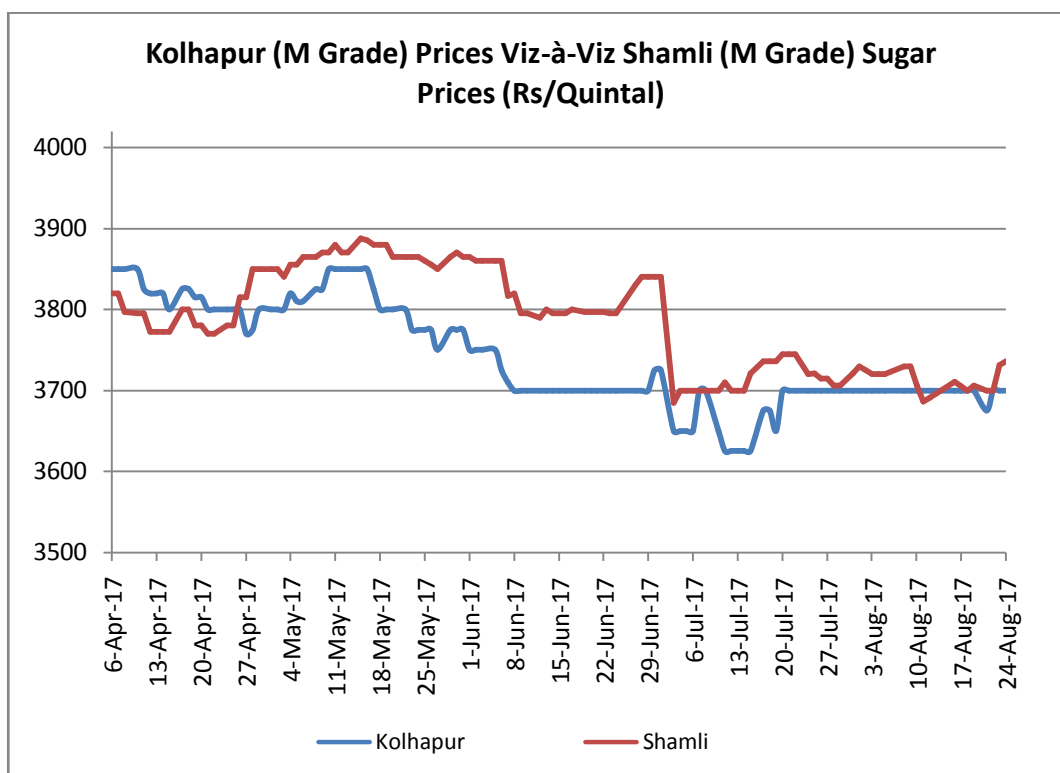
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady to pale 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 3696 per quintal this week compared to Rs 3700 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.38% to Rs 3712 per quintal this week.



Price Outlook:

Agrivatch predicts spot sugar prices to fell in the weeks ahead amidst speculation of 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.

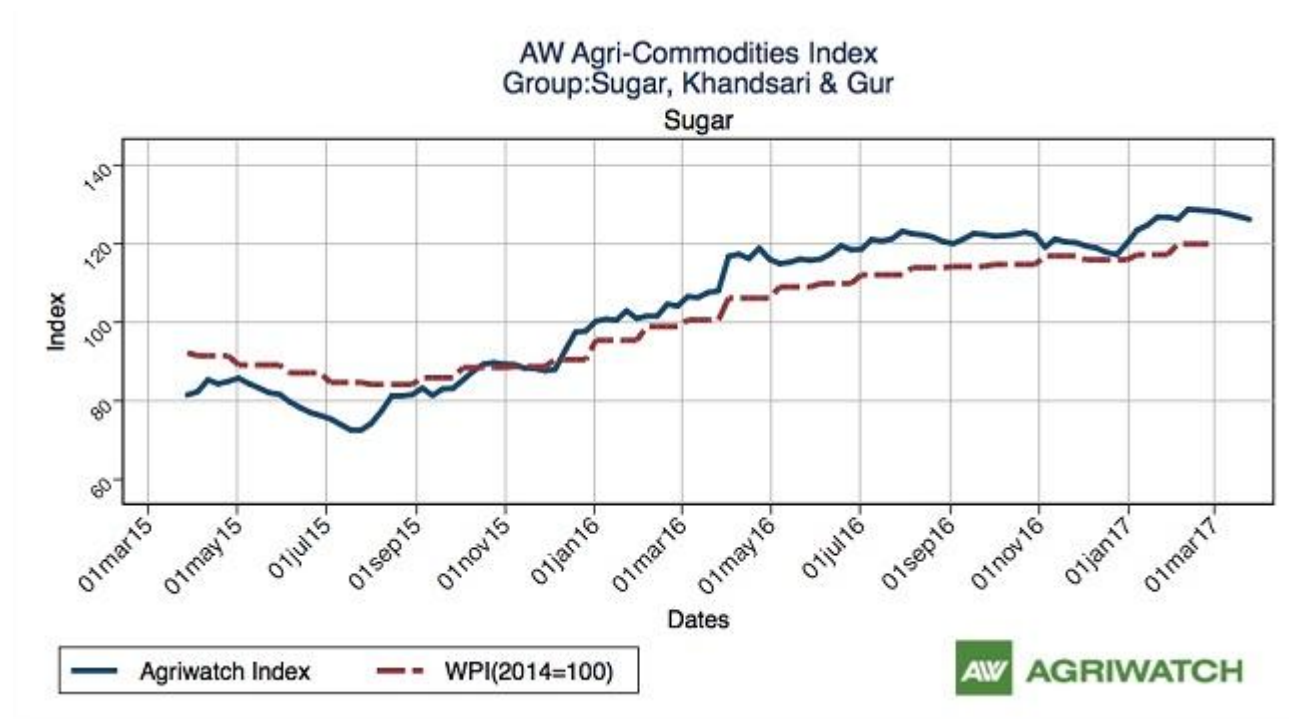
Domestic Market Highlights

Recent Updates

- According to the official figures, sugarcane has been sown on 49.78 lakh hectares as on August 25, 2017 across the country compared to 45.64 lakh hectares during the same period previous year.

Previous Updates

- To balance the mismatch between the country's sugar production and consumption level, (during 2016-17) and to control the soaring sugar prices in future, the Indian govt. gave cues of allowing duty free import of an additional 2 lakh tonnes of sugar into the country. Notably, earlier also (during the current marketing year) the govt. had allowed duty free import of 5 lakh tonnes of sugar into the country. Out of which, 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.
- 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.
- 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 \$472.96 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$587.11 per ton.

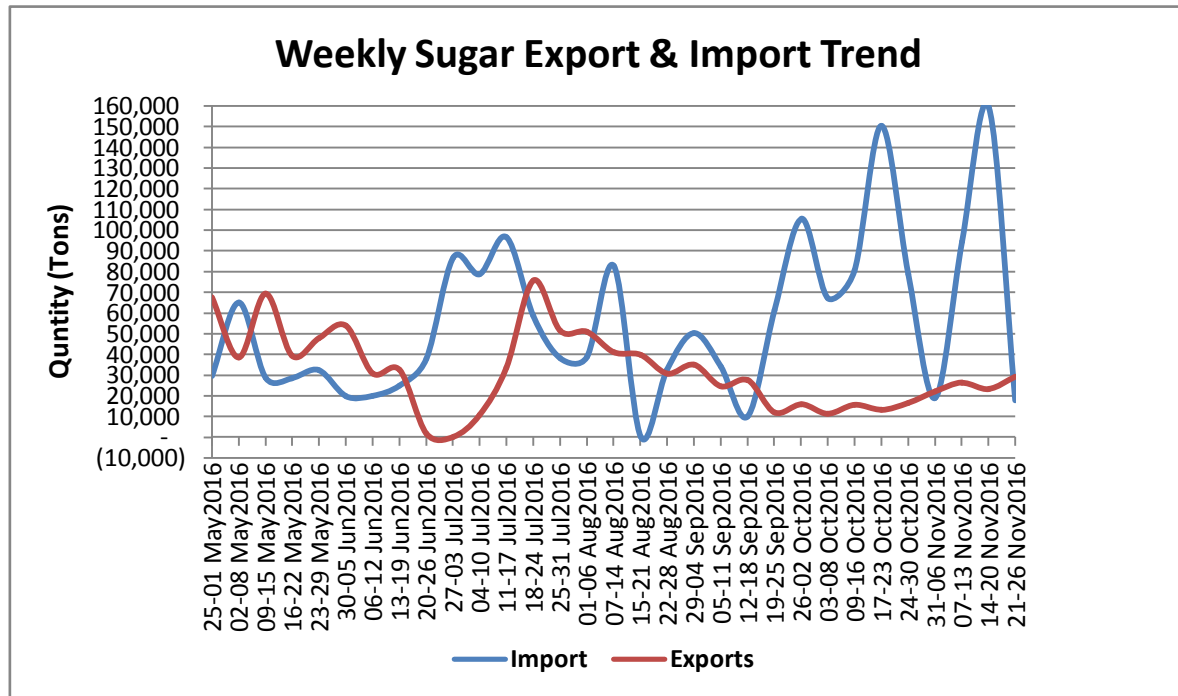
On International front, Brazil sugar FOB prices quoted at \$584.32 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.06) as on 24 Aug, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$584.32	NA/377.90	\$587.11

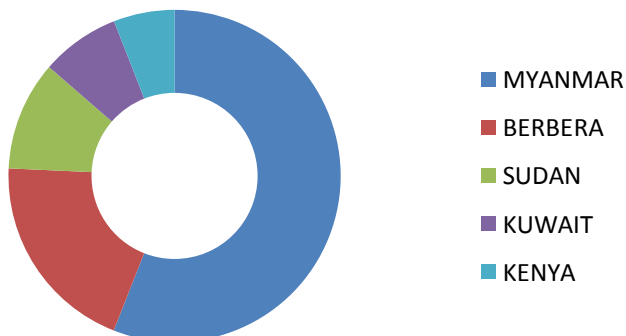
Sugar Import and Export Scenario

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.

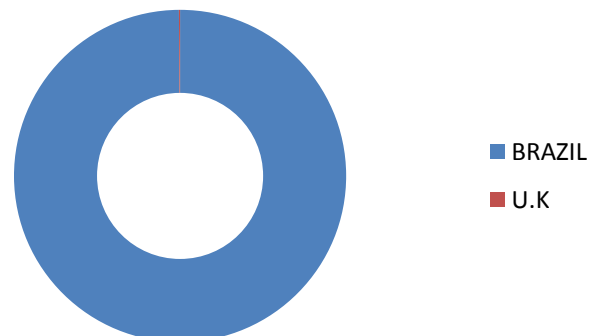


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3696/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. is planning to impose an import tariff of 20% on imports of ethanol if imports exceed the limit of 600 million liters per year. Notably, at present there is no such import limit or restriction on import of ethanol by the country. However, with the imposition of the limit, ethanol production is going to get more lucrative for the local sugar millers which in turn will divert more of their cane towards ethanol production that will ultimately affect sugar availability and prices in the international sugar market.
- 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 (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.

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

Weekly SBc1

6/10/2016 - 9/1/2017 (NYC)

BarOHLC, SBc1, 8/11/2017, 14.19, 14.27, 13.20, 13.26, +0.03, (+0.23%), CndI, SBc1, 8/11/2017, 14.19, 14.27, 13.20, 13.26, +0.03, (+0.23%)

Price
USc
Lbs

23
22
21
20
19
18
17
16
15
14

Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep

03 2016 04 2016 01 2017 02 2017 03 2017

13.26
13.26
13.26

- 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

Mixed sentiments were recorded in spot gur market with price rising in some markets while declining in others. Prices of Achhu (Medium) variety of gur from Mandya rose by Rs 163/quintal from Rs 3638/quintal to Rs 3800/quintal this week. However, prices of Mudde (Average) variety of gur from Bangalore fell by Rs 133/quintal from Rs 4917/quintal to Rs 4783/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3210/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3290 and Rs 3130 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			18th July to 24th August 2017	11th July to 17th August 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3210	3175	35
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2625	2628	-3
	Hapur	Chaursa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4783	4917	-133
	Belgaum	Mudde (Average)	3467	3475	-8
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3444	3542	-98
	Mahalingapura	Penti (Average)	3465	3456	9
	Mandya	Achhu (Medium)	3800	3638	163
	Mandya	Kurikatu (Medium)	3400	3475	-75
	Mandya	Other (Medium)	3400	3325	75
	Mandya	Yellow (Medium)	3540	3588	-48
	Shimoga	Achhu (Average)	4640	4567	73

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			24-Aug-17	17-Aug-17	24-Jul-17	24-Aug-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3250	3150	3350	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	NA	NA
	Muzaffarnagar	Laddoo	NA	NA	NA	NA
	Muzaffarnagar	Rascut	2725	2575	2800	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)	4750	4950	4900	4750
	Belgaum	Mudde (Average)	3500	3500	3600	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3820	NA
	Gulbarga	Other (Average)	3450	3450	3650	3750
	Mahalingapura	Penti (Average)	3508	3493	3792	3723
	Mandya	Achhu (Medium)	NR	3650	3750	3500
	Mandya	Kurikatu (Medium)	NR	3400	3550	3300
	Mandya	Other (Medium)	NR	3300	3450	3200
	Mandya	Yellow (Medium)	NR	3550	3750	3500
	Shimoga	Achhu (Average)	4700	4500	NA	4550

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			18th July to 24th August 2017	11th July to 17th August 2017	
Delhi	Delhi	M-Grade	3771	3766	5
	Delhi	S-Grade	3751	3746	5
Uttar Pradesh	Khatauli	M-Grade	3773	3776	-3
	Ramala	M-Grade	3670	NR	-
	Dhampur	M-Grade Ex-Mill	3705	3696	9
	Dhampur	S-Grade Ex-Mill	3685	3676	9
	Dhampur	L-Grade Ex-Mill	3755	3746	9
Maharashtra	Mumbai	M-Grade	3941	3953	-12
	Mumbai	S-Grade	3807	3806	1
	Nagpur	M-Grade	3821	3825	-4
	Nagpur	S-Grade	3746	3750	-4
	Kolhapur	M-Grade	3696	3700	-4
	Kolhapur	S-Grade	3621	3625	-4
Assam	Guhawati	S-Grade	3939	3943	-4
Meghalaya	Shillong	S-Grade	3941	3945	-4
Andhra Pradesh	Vijayawada	M-Grade	3971	3971	Unch
	Vijayawada	S-Grade	3914	3914	Unch
West Bengal	Kolkata	M-Grade	4143	4125	18
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)					

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



International Sugar Prices (Weekly)				
	Contract Month	23-Aug-17	16-Aug-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	13.67	12.94	0.73
	18-Mar	14.39	13.79	0.60
	18-May	14.63	14.07	0.56
LIFFE Sugar (US \$/MT)	17-Oct	374.6	361.0	13.60
	17-Dec	377.7	366.5	11.20
	18-Mar	385.9	375.6	10.30

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