

Sugar & Gur Weekly Research Report

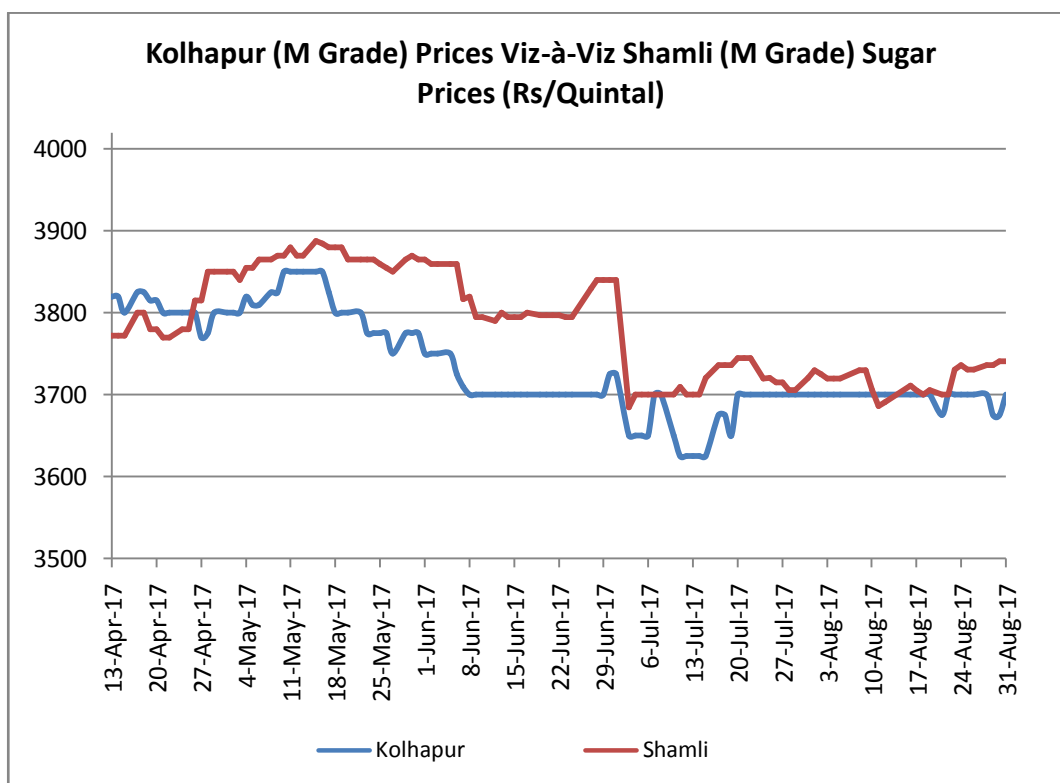
Contents

- ❖ 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 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 3692 per quintal this week compared to Rs 3696 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.64% to Rs 3736 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to fall 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

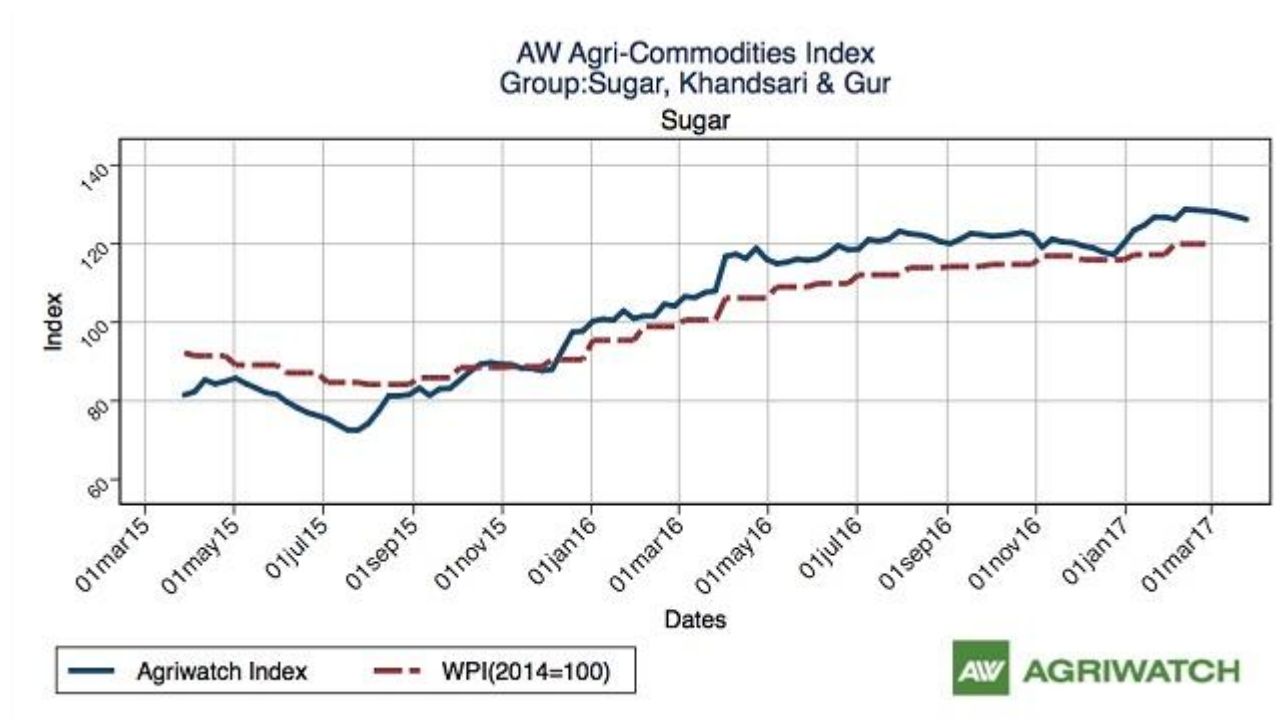
Recent Updates

- In a bid to discourage sugar hoarding within the country & to control prices, the Indian govt. Imposed stock limit on sugar, under which, the Indian millers are supposed to keep only a certain percentage of their production with them and the rest they have to sell into the market. Notably, at present, the stock limit has been imposed only for two months i.e. September & October wherein the millers can keep only 21% and 8% of their total production with them.
- The West Indian Sugar Mills Association (WISMA) predicted Maharashtra to produce 7 MT of sugar during 2017-18 (01st October, 2017 – 30th September, 2018).

Previous 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.
- 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.

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 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$587.11 per ton.

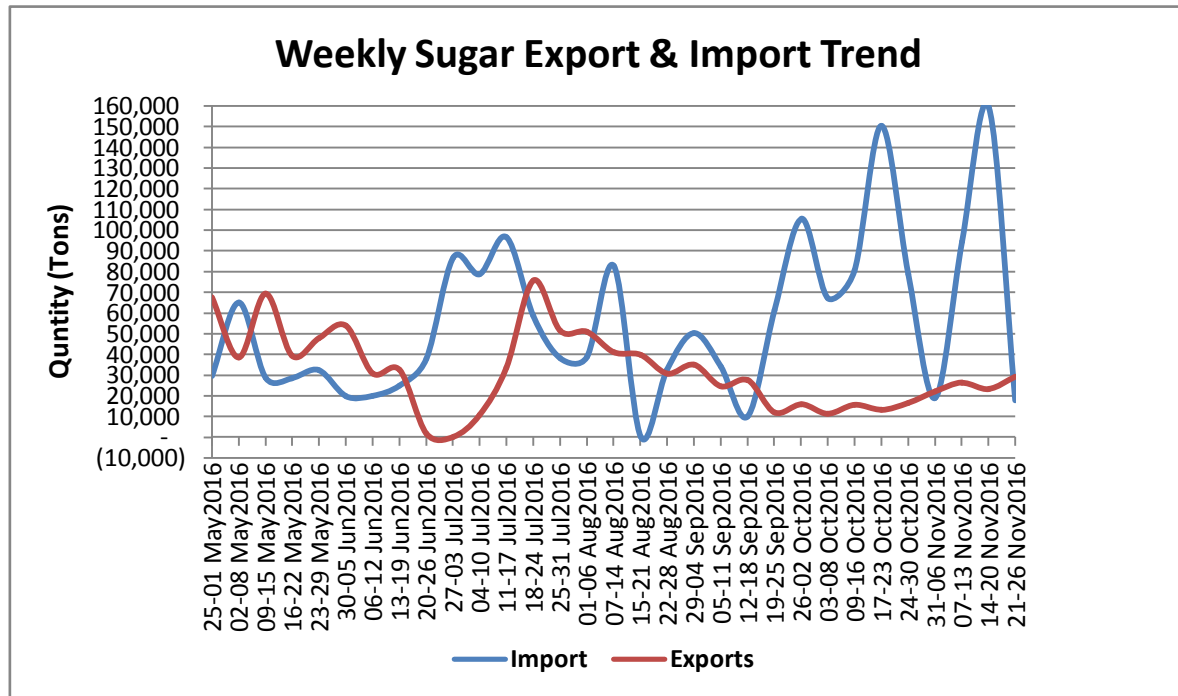
On International front, Brazil sugar FOB prices quoted at \$592.17 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.01) as on 31 Aug, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$592.17	NA/377.90	\$587.21

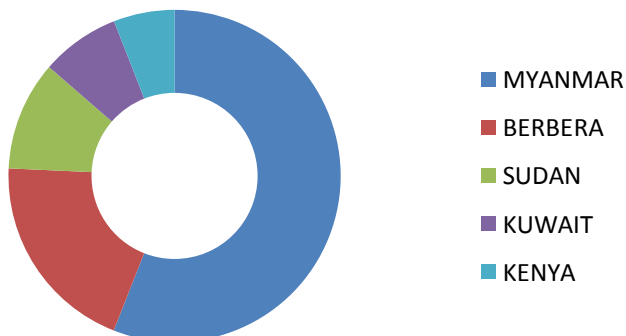
Sugar Import and Export Scenario

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.

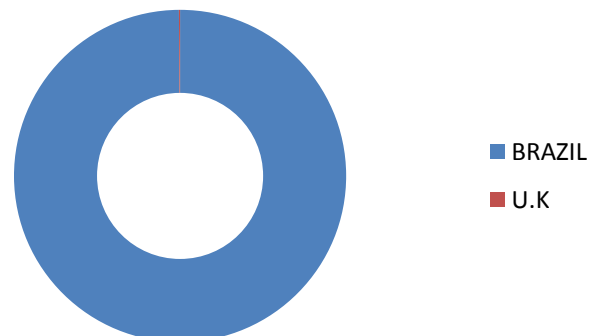


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3692/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3730 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 03 2016 Sep Oct 04 2016 Nov Dec Jan Feb 01 2017 Mar Apr May Jun 02 2017 Jul Aug Sep

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

Spot sugar market remained buoyant with price rising in almost all the major market except a few. Prices of Rascut (Fresh) variety of gur from key Muzaffarnagar market rose by Rs 323/quintal from Rs 2625/quintal to Rs 2948/quintal this week. Similarly, prices of Yellow (Medium) variety of gur from Mandya rose by Rs 110/quintal to Rs 3650/quintal this week. However, prices of Mudde (Average) variety of gur from Belgaum fell by Rs 17/quintal from Rs 34677/quintal to Rs 3450/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3281/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3370 and Rs 3200 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			25th to 31st August 2017	18th to 24th August 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3288	3210	77
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2948	2625	323
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4830	4783	47
	Belgaum	Mudde (Average)	3450	3467	-17
	Belthangadi	Yellow (Average)	4600	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3488	3444	44
	Mahalingapura	Penti (Average)	3504	3465	40
	Mandya	Achhu (Medium)	3850	3800	50
	Mandya	Kurikatu (Medium)	3500	3400	100
	Mandya	Other (Medium)	3420	3400	20
	Mandya	Yellow (Medium)	3650	3540	110
	Shimoga	Achhu (Average)	4660	4640	20

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			31-Aug-17	24-Aug-17	31-Jul-17	31-Aug-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3313	3250	3250	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	NA	NA
	Muzaffarnagar	Laddoo	NA	NA	NA	NA
	Muzaffarnagar	Rascut	2975	2725	2788	NA
	Hapur	Chaurasa	NA	NA	NA	NA
	Hapur	Balti	NA	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NR	NA	NA
Karnataka	Bangalore	Mudde (Average)	4950	4750	NA	4750
	Belgaum	Mudde (Average)	3500	3500	3600	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3535	NA
	Gulbarga	Other (Average)	3640	3450	3650	NA
	Mahalingapura	Penti (Average)	3464	3508	3770	3656
	Mandya	Achhu (Medium)	3850	3850	3650	3600
	Mandya	Kurikatu (Medium)	3500	3500	3550	3300
	Mandya	Other (Medium)	3500	3400	3400	3250
	Mandya	Yellow (Medium)	3650	3700	3700	3500
	Shimoga	Achhu (Average)	4600	4700	4550	4300

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			25th to 31st August 2017	18th to 24th August 2017	
Delhi	Delhi	M-Grade	3808	3771	37
	Delhi	S-Grade	3788	3751	37
Uttar Pradesh	Khatauli	M-Grade	3778	3773	5
	Ramala	M-Grade	3775	3670	105
	Dhampur	M-Grade Ex-Mill	3702	3705	-3
	Dhampur	S-Grade Ex-Mill	3682	3685	-3
	Dhampur	L-Grade Ex-Mill	3752	3755	-3
Maharashtra	Mumbai	M-Grade	3942	3941	1
	Mumbai	S-Grade	3790	3807	-17
	Nagpur	M-Grade	3819	3821	-2
	Nagpur	S-Grade	3744	3746	-2
	Kolhapur	M-Grade	3694	3696	-2
	Kolhapur	S-Grade	3619	3621	-2
Assam	Guhawati	S-Grade	3937	3939	-2
Meghalaya	Shillong	S-Grade	3939	3941	-2
Andhra Pradesh	Vijayawada	M-Grade	3989	3971	18
	Vijayawada	S-Grade	3930	3914	16
West Bengal	Kolkata	M-Grade	4150	4143	7
Tamil Nadu	Chennai	S-Grade	3890	3850	40
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-
	Ambikapur	S-Grade (Without Duty)	NA	NA	-
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	30-Aug-17	23-Aug-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	13.91	13.67	0.24
	18-Mar	14.53	14.39	0.14
	18-May	14.77	14.63	0.14
LIFFE Sugar (US \$/MT)	17-Oct	379.6	374.6	5.00
	17-Dec	381	377.7	3.30
	18-Mar	388.7	385.9	2.80

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.