

Sugar & Gur Weekly Research Report

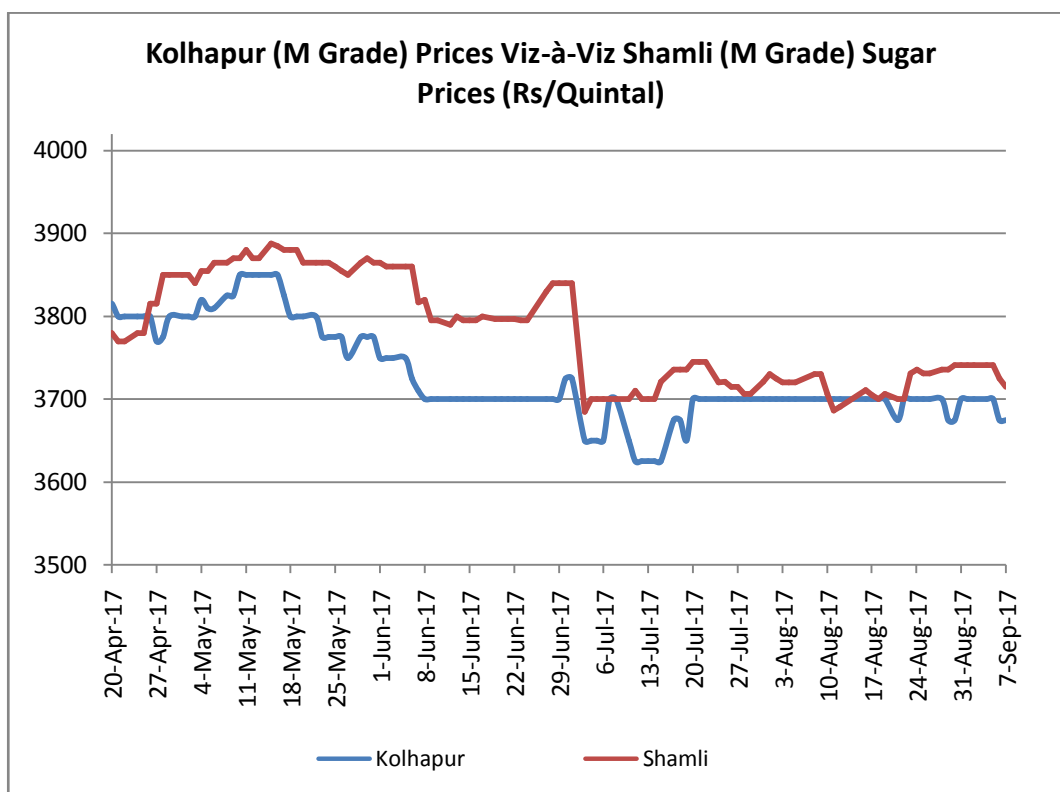
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Domestic Sugar Market Summary

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 3692 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 0.05% to Rs 3734 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.

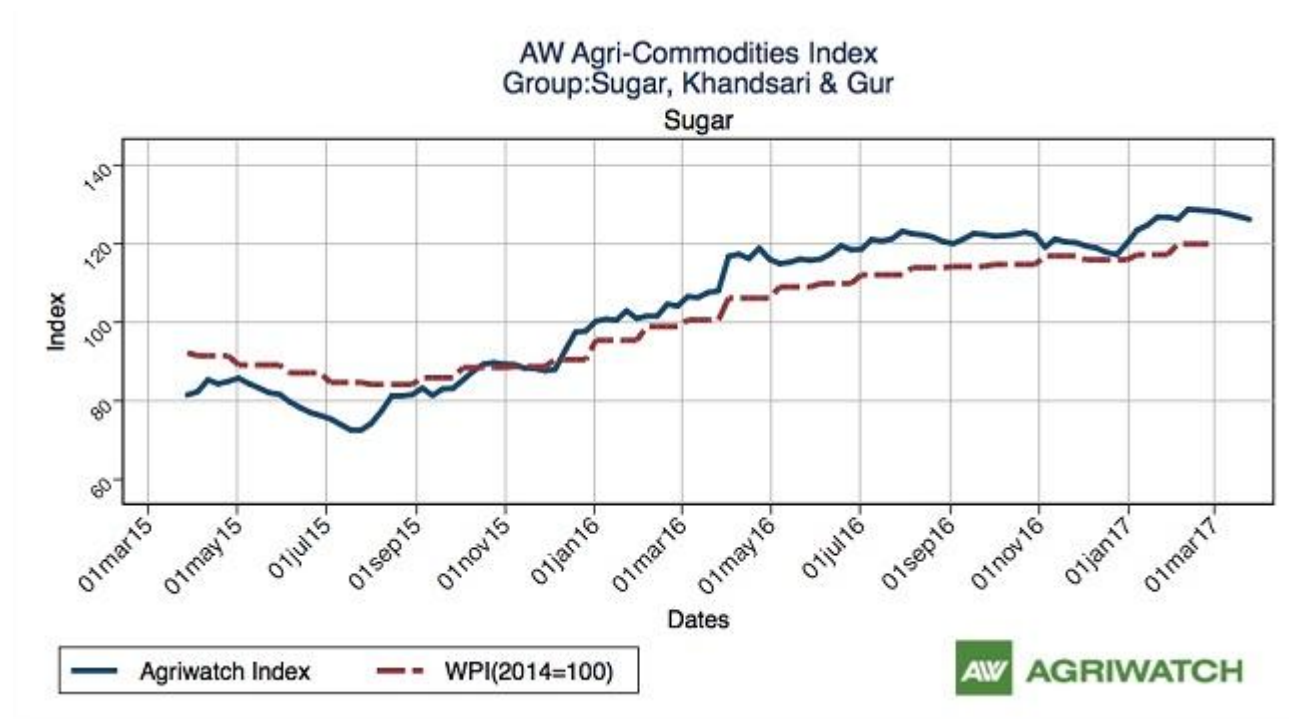
Domestic Market Highlights

Recent Updates

- In order to meet the domestic sugar demand, the Indian govt. is planning to allow imports of 3 lakh tonnes of raw sugar into the country. Notably, earlier also (during the current marketing year, 2016-17) 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.
- According to the official figures, sugarcane has been sown on 49.88 lakh hectares as on September 01, 2017 across the country compared to 45.64 lakh hectares during the same period previous year.

Previous 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).
- 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 \$472.96 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$586.14 per ton.

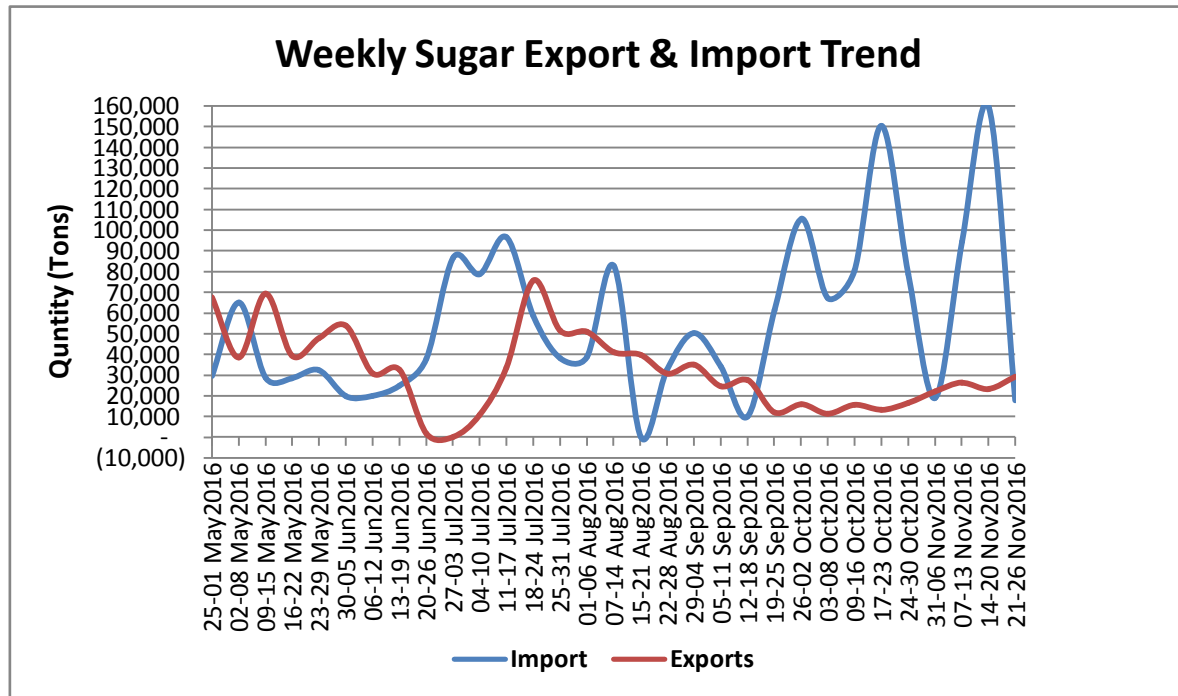
On International front, Brazil sugar FOB prices quoted at \$580.20 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.02) as on 07 Sep, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$580.20	NA/377.90	\$586.14

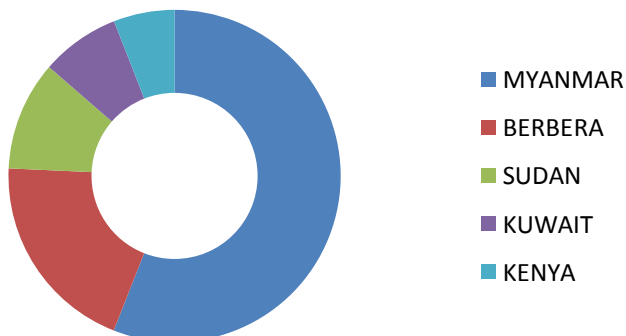
Sugar Import and Export Scenario

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.

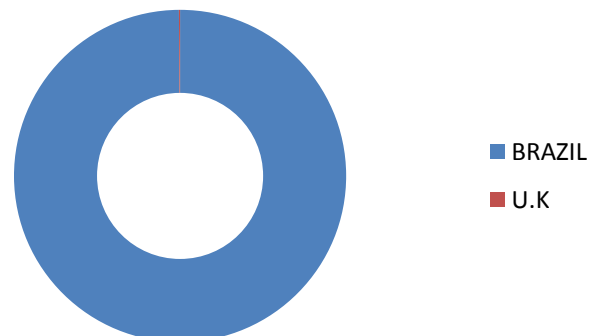


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 and volume increased while O.I decreased for the week.
- RSI is hovering in a neutral zone
- MACD signal line and center line denotes bearish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Oct	3550	3600	3710	3840	3920
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	Sell	Below 3710	3660	3635	3740

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

Recent Updates

- The Brazilian govt. imposed an import tariff of 20% on imports of ethanol over & above the prescribed 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.
- Conab projected Brazil to produce 39.38 million tonnes of sugar in 2017-18 (01st April, 2017 – 31st March, 2018) which was 1.8% higher than the sugar produced last year in 2016-17 (01st April, 2016 – 31st March, 2017).
- Brazil's raw sugar export fell by 1.1% as the country exported 2.16 MT of sugar (raw) in August, 2017 compared to 2.18 MT of exports made during July, 2017.
- As per the latest UNICA report, Brazil's main C.S region produced 3.16 million tonnes of sugar in the first half of August, 2017 which was 6.04% higher than the sugar produced last year during the same interval.

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.
- 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 02 2017 Jun 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

Mixed sentiments were recorded in spot gur market with prices falling in some market while rising in other. Prices of of Mudde (Average) variety of gur from Bangalore rose by Rs 240/quintal from Rs 4830/quintal to Rs 5070/quintal this week. On the other hand, prices of Rascut (Fresh) variety of gur from key Muzaffarnagar market fell by Rs 164/quintal from Rs 2948/quintal to Rs 2783/quintal this week. Similarly, prices of Achhu (Medium) variety of gur from Mandya fell by Rs 150/quintal from Rs 3850/quintal to Rs 3700/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3256/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3352 and Rs 3142 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			1st Sept to 7th Sept	25th Aug to 31st Aug 2017	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3256	3288	-31
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2783	2948	-164
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	5070	4830	240
	Belgaum	Mudde (Average)	3550	3450	100
	Belthangadi	Yellow (Average)	NA	4600	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3640	3488	152
	Mahalingapura	Penti (Average)	3503	3504	-2
	Mandya	Achhu (Medium)	3700	3850	-150
	Mandya	Kurikatu (Medium)	3500	3500	Unch
	Mandya	Other (Medium)	3460	3420	40
	Mandya	Yellow (Medium)	3660	3650	10
	Shimoga	Achhu (Average)	4585	4660	-75

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			7-Sep-17	31-Aug-17	8-Aug-17	7-Sep-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3275	3313	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	2750	2975	2713	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)	5150	4950	4850	4750
	Belgaum	Mudde (Average)	3600	3500	NA	3600
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3640	3640	NA	3950
	Mahalingapur a	Penti (Average)	NA	3464	3568	3619
	Mandya	Achhu (Medium)	3650	3850	3600	NA
	Mandya	Kurikatu (Medium)	3500	3500	3500	NA
	Mandya	Other (Medium)	3500	3500	3350	NA
	Mandya	Yellow (Medium)	3650	3650	3750	NA
	Shimoga	Achhu (Average)	4600	4600	4550	NA

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			1st Sept to 7th Sept	25th Aug to 31st Aug 2017	
Delhi	Delhi	M-Grade	3799	3808	-9
	Delhi	S-Grade	3779	3788	-9
Uttar Pradesh	Khatauli	M-Grade	3774	3778	-4
	Ramala	M-Grade	3775	3775	Unch
	Dhampur	M-Grade Ex-Mill	3710	3702	8
	Dhampur	S-Grade Ex-Mill	3690	3682	8
	Dhampur	L-Grade Ex-Mill	3760	3752	8
Maharashtra	Mumbai	M-Grade	3940	3942	-2
	Mumbai	S-Grade	3770	3790	-20
	Nagpur	M-Grade	3813	3819	-6
	Nagpur	S-Grade	3738	3744	-6
	Kolhapur	M-Grade	3688	3694	-6
	Kolhapur	S-Grade	3613	3619	-6
Assam	Guhawati	S-Grade	3931	3937	-6
Meghalaya	Shillong	S-Grade	3933	3939	-6
Andhra Pradesh	Vijayawada	M-Grade	3993	3989	4
	Vijayawada	S-Grade	3933	3930	3
West Bengal	Kolkata	M-Grade	4133	4150	-17
Tamil Nadu	Chennai	S-Grade	3900	3890	10
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)					

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			7-Sep-17	31-Aug-17	8-Aug-17	7-Sep-16
Delhi	Delhi	M-Grade	3800	3824	3790	3750
	Delhi	S-Grade	3780	3804	3770	3730
Uttar Pradesh	Khatauli	M-Grade	3770	3775	3820	3835
	Ramala	M-Grade	3775	3775	NA	NA
	Dhampur	M-Grade Ex-Mill	3700	3700	3750	3720
	Dhampur	S-Grade Ex-Mill	3680	3680	3730	3700
	Dhampur	L-Grade Ex-Mill	3750	3750	3800	3770
Maharashtra	Mumbai	M-Grade	3940	3940	3992	3826
	Mumbai	S-Grade	3766	3772	3806	3670
	Nagpur	M-Grade	3800	3825	3825	3725
	Nagpur	S-Grade	3725	3750	3750	3625
	Kolhapur	M-Grade	3675	3700	3700	3600
	Kolhapur	S-Grade	3600	3625	3625	3500
Assam	Guhawati	S-Grade	3918	3943	3943	3816
Meghalaya	Shillong	S-Grade	3920	3945	3945	3820
Andhra Pradesh	Vijayawada	M-Grade	3993	3993	3971	4000
	Vijayawada	S-Grade	3933	3933	3914	3900
West Bengal	Kolkata	M-Grade	4150	NA	4080	3880
Tamil Nadu	Chennai	S-Grade	3900	3900	3850	3450
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	6-Sep-17	30-Aug-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	14.29	13.91	0.38
	18-Mar	14.85	14.53	0.32
	18-May	15.03	14.77	0.26
LIFFE Sugar (US \$/MT)	17-Oct	380.36	379.60	0.76
	17-Dec	382.10	381.00	1.10
	18-Mar	391.90	388.70	3.20

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