
Sugar & Gur Weekly Research Report

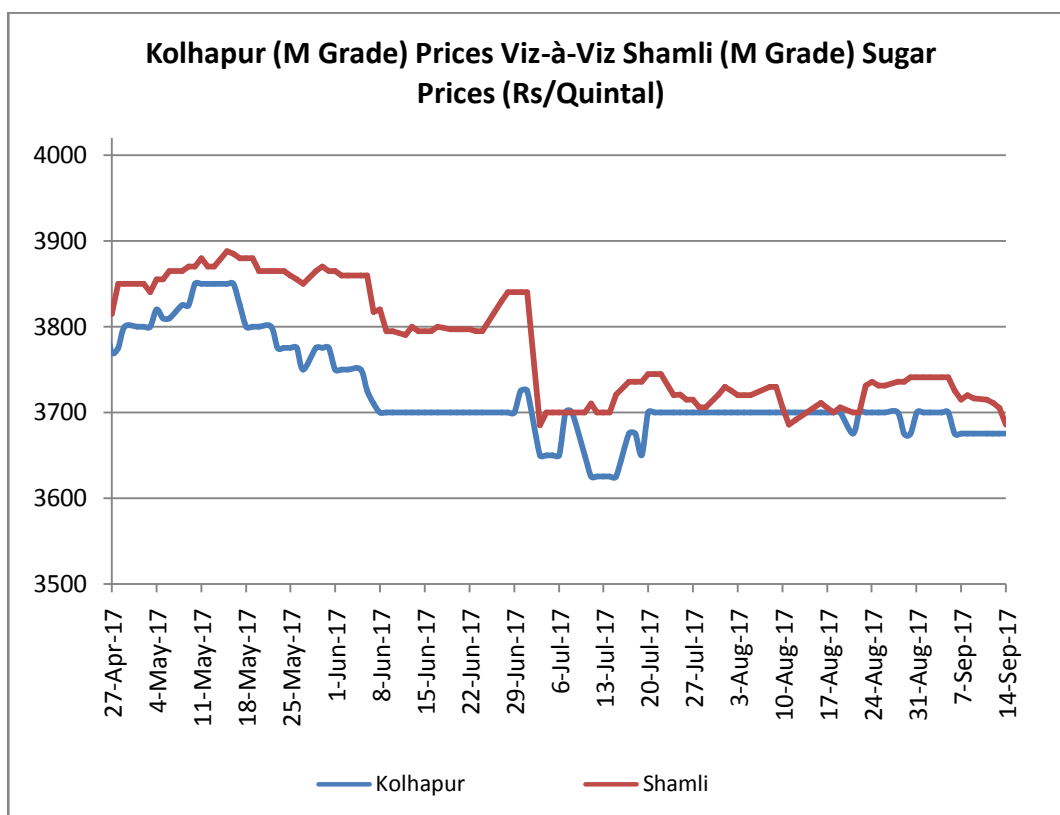
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Domestic Sugar Market Summary

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 3675 per quintal this week compared to Rs 3692 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.67% to Rs 3709 per quintal this week.



Price Outlook:

Agriwatch 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

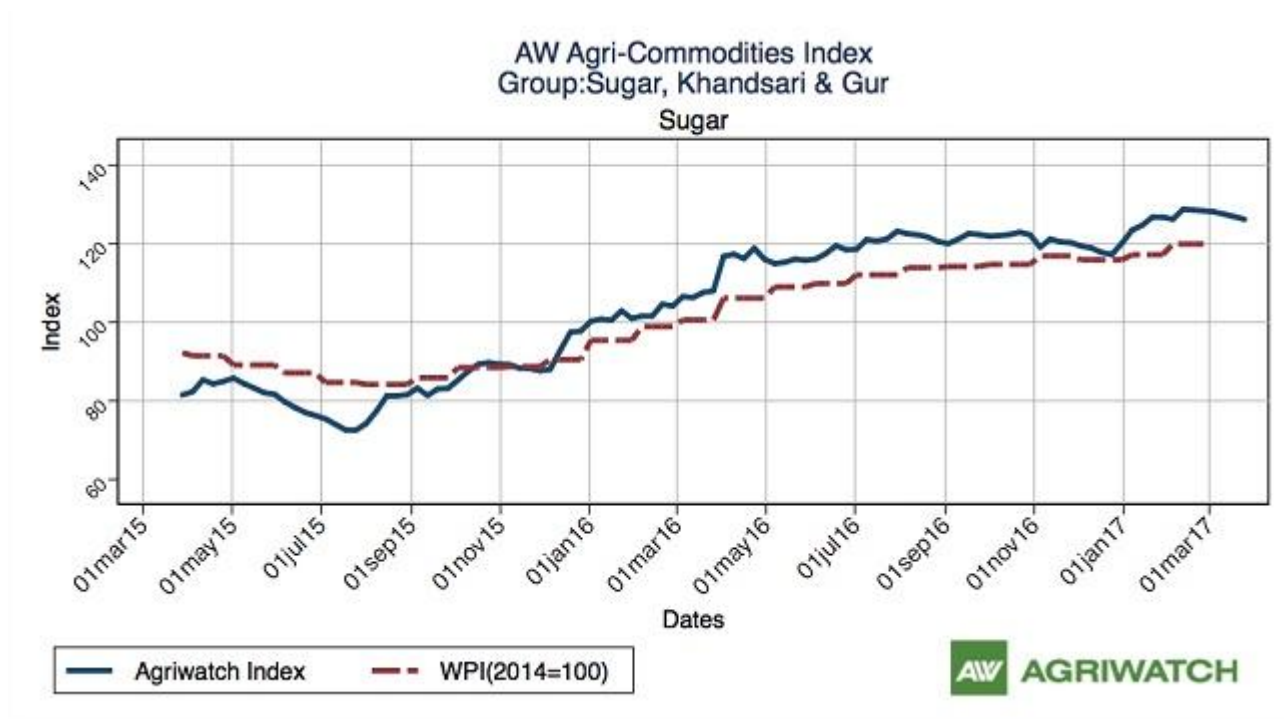
As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3600 - 3800 per quintal next week.

Domestic Market Highlights

Previous 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.
- 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 \$480.38 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$583.83 per ton.

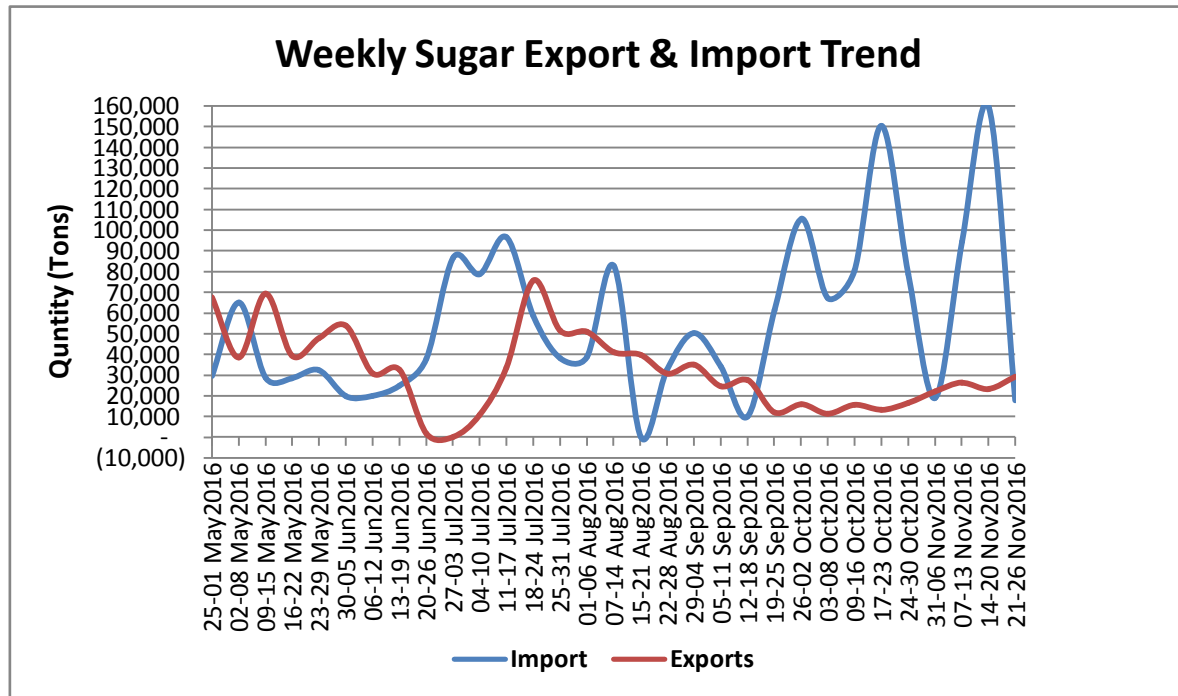
On International front, Brazil sugar FOB prices quoted at \$587.50 Ton.

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 14 Sep, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$587.50	NA/377.90	\$583.83

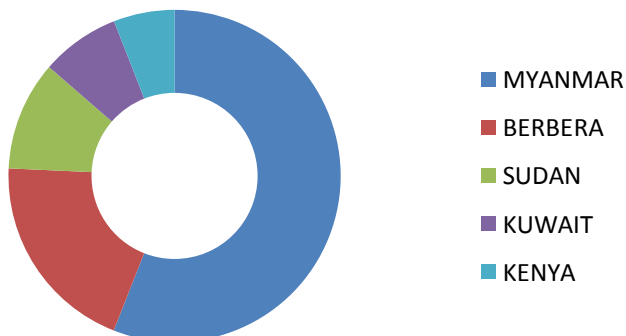
Sugar Import and Export Scenario

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.

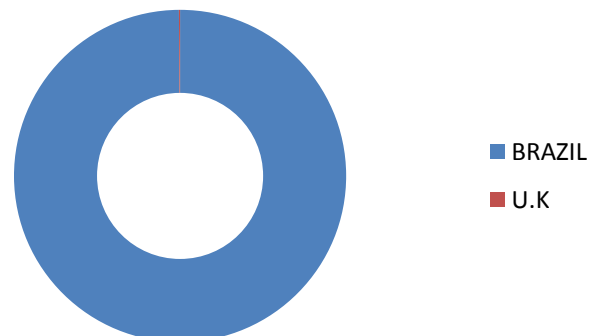


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3675/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3748 and Rs 3647 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. 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.
- 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

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

Mixed sentiments were recorded in spot gur market with prices falling in some market while rising in other. Prices of Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market rose by Rs 140/quintal from Rs 3256/quintal to Rs 3396/quintal this week. Similarly, prices of Penti (Average) variety of gur from Mahalingapura rose by Rs Rs 117/quintal to Rs 3620/quintal this week. On the other hand, prices of Achhu (Average) variety of gur from Shimoga fell by Rs 235/quintal from Rs 4585/quintal to Rs 4350/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3396/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3477 and Rs 3303 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			8th September to 14th September	1st September to 7th September	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3396	3256	140
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2867	2783	83
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	5150	5070	80
	Belgaum	Mudde (Average)	3550	3550	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3624	3640	-16
	Mahalingapura	Penti (Average)	3620	3503	117
	Mandya	Achhu (Medium)	3600	3700	-100
	Mandya	Kurikatu (Medium)	3500	3500	Unch
	Mandya	Other (Medium)	3510	3460	50
	Mandya	Yellow (Medium)	3640	3660	-20
	Shimoga	Achhu (Average)	4350	4585	-235

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			14-Sep-17	7-Sep-17	16-Aug-17	14-Sep-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3425	3275	3150	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	NA	NA
	Muzaffarnagar	Laddoo	NA	NA	NA	NA
	Muzaffarnagar	Rascut	2863	2750	2588	NA
	Hapur	Chaurasa	NA	NA	NA	3550
	Hapur	Balti	NA	NA	NA	3400
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	5150	5150	4950	4750
	Belgaum	Mudde (Average)	NA	3600	3500	3600
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	3640	3525	3625
	Mahalingapura	Penti (Average)	NA	NA	3456	3549
	Mandya	Achhu (Medium)	3650	3650	3650	3450
	Mandya	Kurikatu (Medium)	3500	3500	3500	3300
	Mandya	Other (Medium)	3500	3500	3350	3200
	Mandya	Yellow (Medium)	3650	3650	3600	3400
	Shimoga	Achhu (Average)	NA	4600	4500	4250

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			8th September to 14th September	1st September to 7th September	
Delhi	Delhi	M-Grade	3784	3799	-15
	Delhi	S-Grade	3764	3779	-15
Uttar Pradesh	Khatauli	M-Grade	3765	3774	-9
	Ramala	M-Grade	3655	3775	-120
	Dhampur	M-Grade Ex-Mill	3700	3710	-10
	Dhampur	S-Grade Ex-Mill	3680	3690	-10
	Dhampur	L-Grade Ex-Mill	3750	3760	-10
Maharashtra	Mumbai	M-Grade	3933	3940	-7
	Mumbai	S-Grade	3764	3770	-6
	Nagpur	M-Grade	3800	3813	-13
	Nagpur	S-Grade	3725	3738	-13
	Kolhapur	M-Grade	3675	3688	-13
	Kolhapur	S-Grade	3600	3613	-13
Assam	Guhawati	S-Grade	3918	3931	-13
Meghalaya	Shillong	S-Grade	3920	3933	-13
Andhra Pradesh	Vijayawada	M-Grade	3993	3993	Unch
	Vijayawada	S-Grade	3933	3933	Unch
West Bengal	Kolkata	M-Grade	4138	4133	5
Tamil Nadu	Chennai	S-Grade	3900	3900	Unch
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)

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International Sugar Prices (Weekly)				
	Contract Month	13-Sep-17	6-Sep-17	Change
ICE Sugar #11 (US Cent/lb)	17-Oct	14.33	14.29	0.04
	18-Mar	14.80	14.85	-0.05
	18-May	14.88	15.03	-0.15
LIFFE Sugar (US \$/MT)	17-Dec	372.3	380.36	-8.06
	18-Mar	382.7	382.1	0.60
	18-May	392.3	391.9	0.40

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