



Sugar & Gur Weekly Research Report

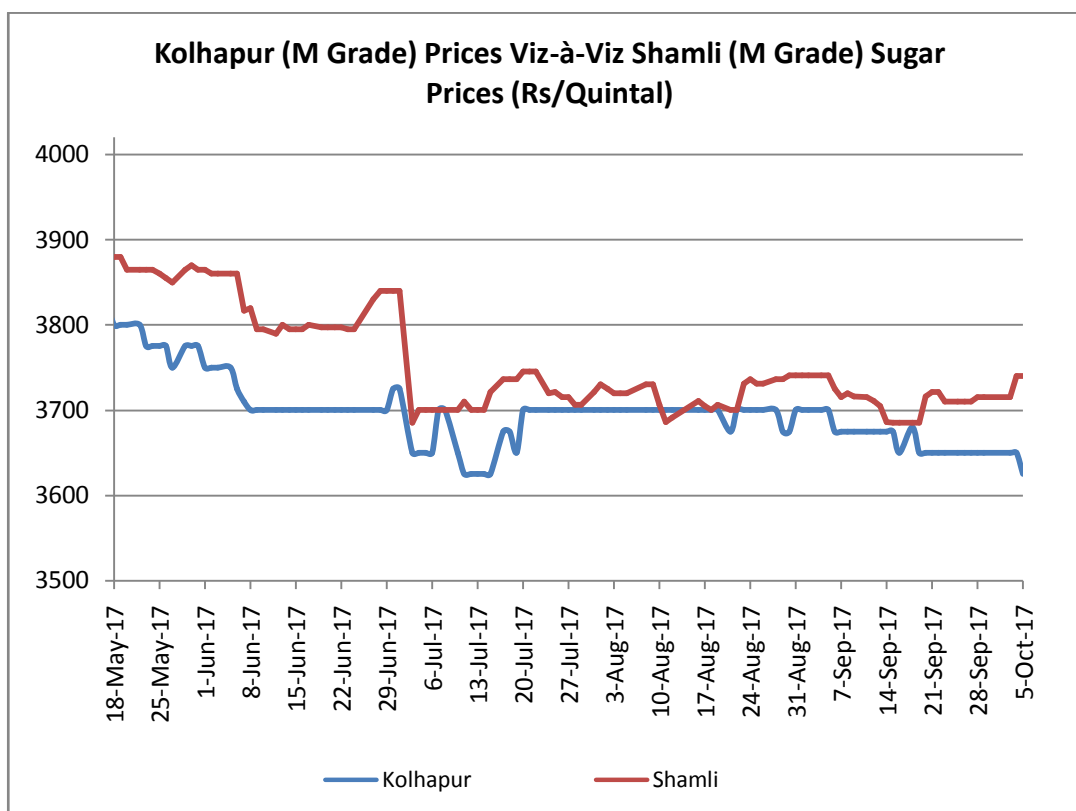
Contents

- ❖ 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 firm during the week following regular domestic demand.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3644 per quintal this week compared to Rs 3650 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district rose by 0.40% to Rs 3728 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to rise in the coming weeks amidst rising domestic demand due to festivals in India

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.

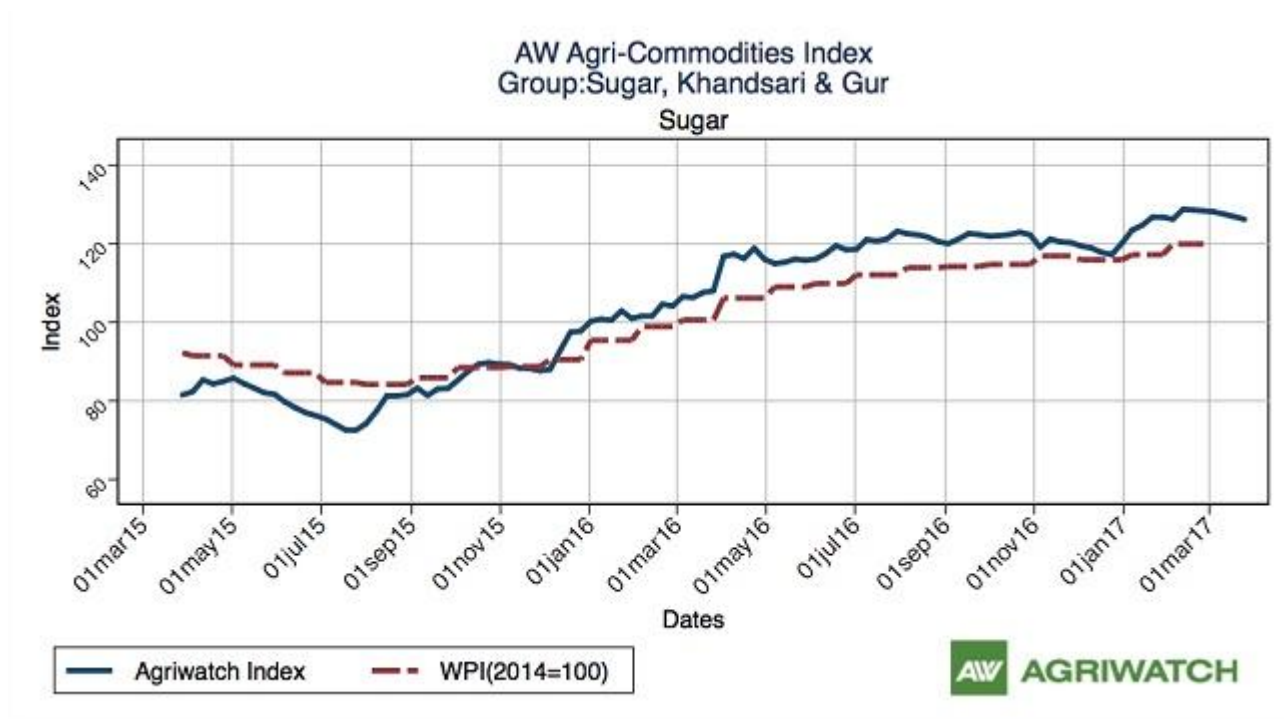
Domestic Market Highlights

Recent Updates

- The Cane Control Order, 1966, provides for payment of interest by sugar mills to farmers at 15 per cent per annum, if they do not make cane payment within 15 days of buying the cane. However, this was not implemented by any state. This was implemented by Uttar Pradesh in 2016 -17. Following this, sugar mills from Uttar Pradesh have paid Rs 342 crore as interest on delayed cane payment in 2016-17, their counterparts in Maharashtra will have to pay interest on delayed cane payment from the 2017-18 crushing season.

Previous Updates

- In its first advance estimate, the agriculture ministry of India projected the country to produce 338 million tonnes of sugarcane in 2017-18 (01st October, 2017 – 30th September, 2018).
- According to the official figures, sugarcane has been sown on 49.95 lakh hectares as on September 29, 2017 across the country compared to 45.64 lakh hectares during the same period previous year.
- 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.
- 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).
- 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 \$484.09 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$564.49 per ton.

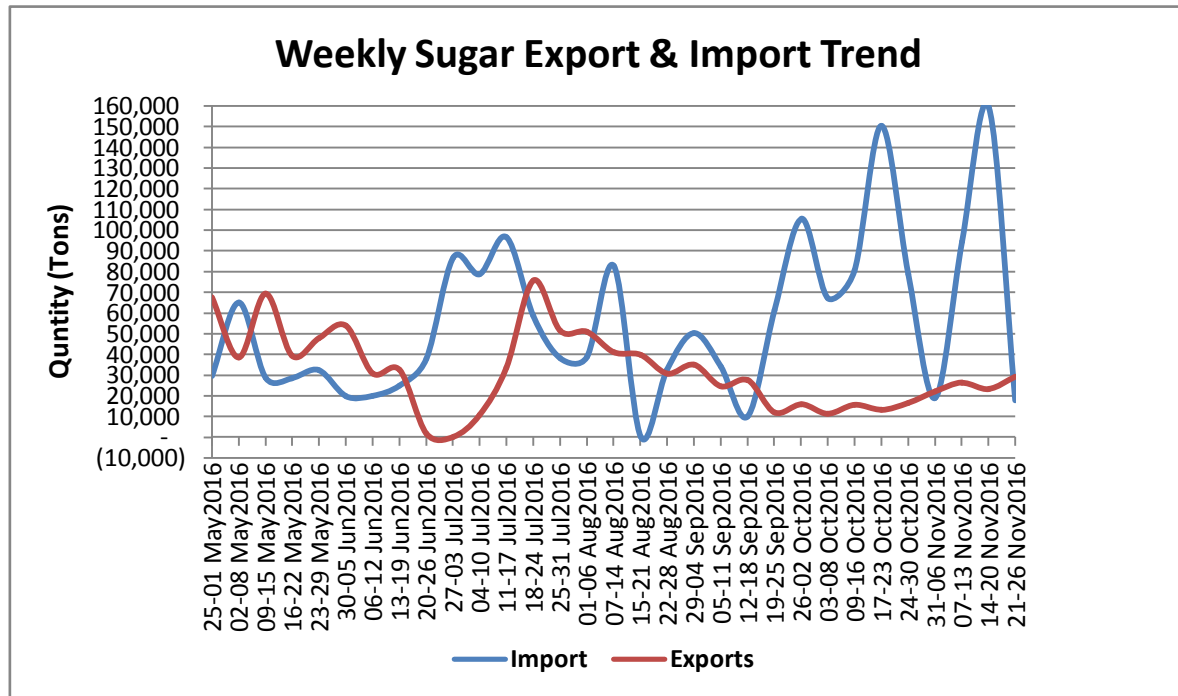
On International front, Brazil sugar FOB prices quoted at \$590.20 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.17) as on 05 Oct, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$590.20	NA/377.90	\$564.49

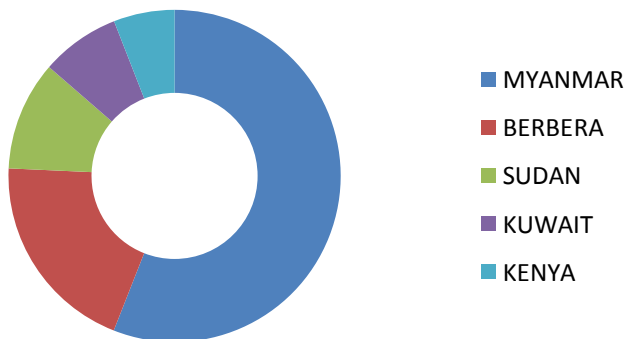
Sugar Import and Export Scenario

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.

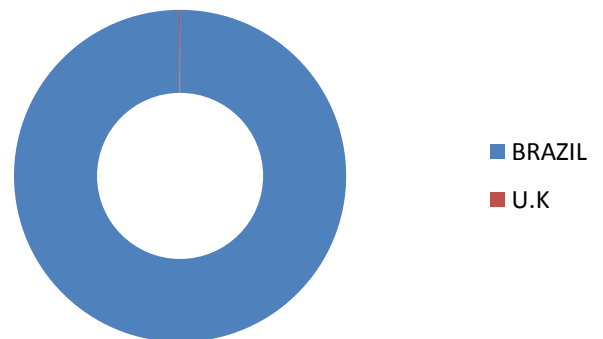


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3659/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3700 and Rs 3623 per quintal.

International Sugar Market Summary

International sugar prices noticed firm tone during the week as cane crushing is about to pass through the end phase in top producer Brazil, resulting into a rise in prices.

International Market Highlights

Recent Updates

- According to USDA attache report, the Australian sugar cane crush for 2017/18 at 34 million MT, up 6 percent compared to the official forecast. Sugar production is forecast at 4.8 million MT in 2017/18 which is same as the official forecast. The harvested area for sugar cane is revised down to 400,000 hectares for 2017/18, due to lower price and competition from other crops.
- According to Archer consulting, Brazil's sugar output is expected at 35.51 million metric tonnes in 2018/19.

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 18 (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).

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 Achhu (Average) variety of gur from Shimoga rose by Rs 258/quintal from Rs 4192/quintal to Rs 4450/quintal this week. Similarly, prices of Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market rose by Rs 136/quintal from Rs 3417/quintal to Rs 3553/quintal this week. On the other hand, prices of Penti (Average) variety of gur from Mahalingapura fell by Rs 377/quintal from Rs 3922/quintal to Rs 3545/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3452/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3534 and Rs 3396 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			29thSeptember to 5th October	22nd September to 28th September	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3553	3417	136
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3446	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3805	NA	-
	Muzaffarnagar	Rascut (Fresh)	2853	2850	3
	Hapur	Chaurasa	3150	NA	-
	Hapur	Balti	3200	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	5200	5175	25
	Belgaum	Mudde (Average)	3700	3688	13
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3950	3844	106
	Gulbarga	Other (Average)	3545	3518	27
	Mahalingapura	Penti (Average)	3545	3922	-377
	Mandya	Achhu (Medium)	4050	4150	-100
	Mandya	Kurikatu (Medium)	3700	3742	-42
	Mandya	Other (Medium)	3600	3592	8
	Mandya	Yellow (Medium)	3975	4075	-100
	Shimoga	Achhu (Average)	4450	4192	258

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			5-Oct-17	28-Sep-17	5-Sep-17	5-Oct-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3638	3400	3250	3800
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	2500
	Muzaffarnagar	Khurpa	3450	NA	NA	3450
	Muzaffarnagar	Laddoo	3875	NA	NA	3700
	Muzaffarnagar	Rascut	2875	2850	2800	2875
	Hapur	Chaurasa	3150	NA	NA	3075
	Hapur	Balti	3200	NA	NA	3088
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	NA	5200	5150	4650
	Belgaum	Mudde (Average)	NA	3800	NA	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3260	NA
	Gulbarga	Other (Average)	NA	3440	NA	4050
	Mahalingapura	Penti (Average)	NA	3953	NA	3670
	Mandya	Achhu (Medium)	NA	4150	3650	3700
	Mandya	Kurikatu (Medium)	NA	3700	3500	3400
	Mandya	Other (Medium)	NA	3550	3450	3300
	Mandya	Yellow (Medium)	NA	4150	3650	3500
	Shimoga	Achhu (Average)	NA	4200	4600	4050

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			29th September to 5th October	22nd September to 28th September	
Delhi	Delhi	M-Grade	3776	3771	5
	Delhi	S-Grade	3756	3751	5
Uttar Pradesh	Khatauli	M-Grade	3805	3781	24
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3730	3680	50
	Dhampur	S-Grade Ex-Mill	3710	3660	50
	Dhampur	L-Grade Ex-Mill	3780	3730	50
Maharashtra	Mumbai	M-Grade	3910	3920	-10
	Mumbai	S-Grade	3744	3744	0
	Nagpur	M-Grade	3769	3775	-6
	Nagpur	S-Grade	3664	3692	-28
	Kolhapur	M-Grade	3644	3650	-6
	Kolhapur	S-Grade	3539	3567	-28
Assam	Guhawati	S-Grade	3856	3884	-28
Meghalaya	Shillong	S-Grade	3859	3887	-28
Andhra Pradesh	Vijayawada	M-Grade	3993	3993	Unch
	Vijayawada	S-Grade	3933	3933	Unch
West Bengal	Kolkata	M-Grade	NA	4190	-
Tamil Nadu	Chennai	S-Grade	3800	3825	-25
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	4-Oct-17	27-Sep-17	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	14.25	13.08	1.17
	18-May	14.35	13.83	0.52
	18-Jul	14.44	14.01	0.43
LIFFE Sugar (US \$/MT)	17-Dec	357.70	356.20	1.50
	18-Mar	375.40	362.60	12.80
	18-May	382.20	372.00	10.20

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.