
Sugar & Gur Weekly Research Report

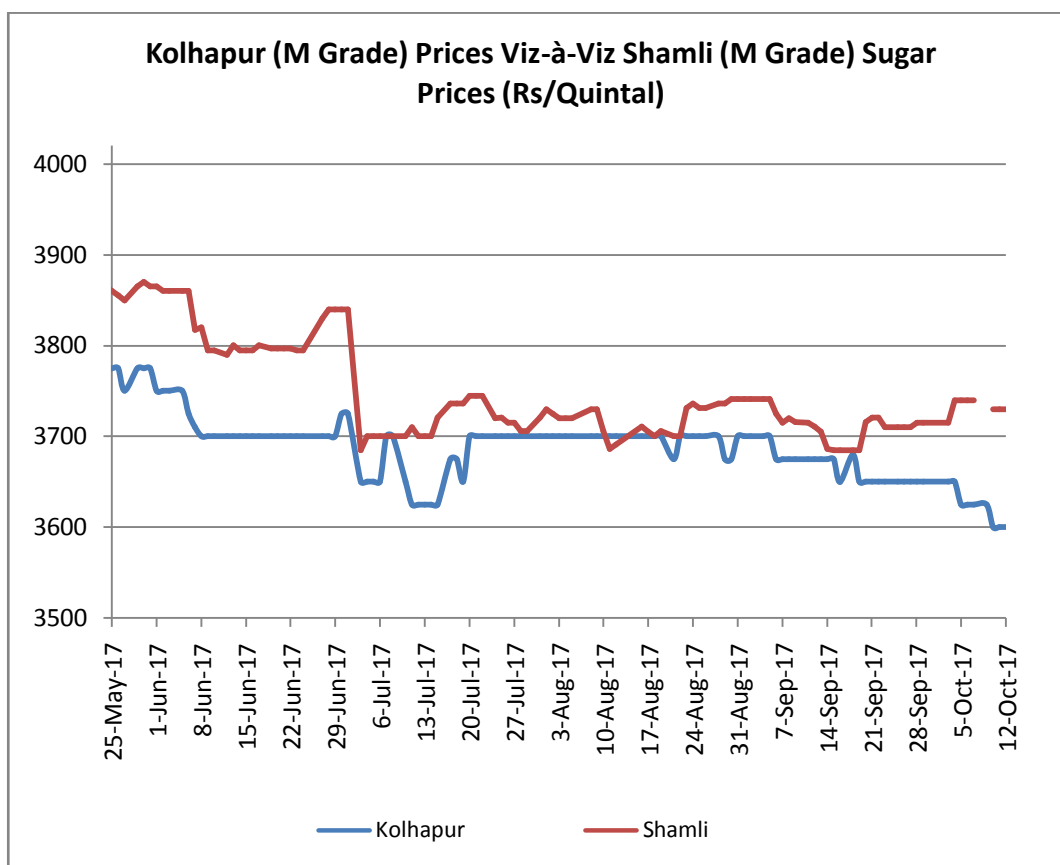
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market fell during the week following dormant domestic demand from stockiest and bulk consumers

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3613 per quintal this week compared to Rs 3644 per quintal the previous week. However, spot sugar prices for the same variety/grade in Shamli district rose by 0.17% to Rs 3734 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

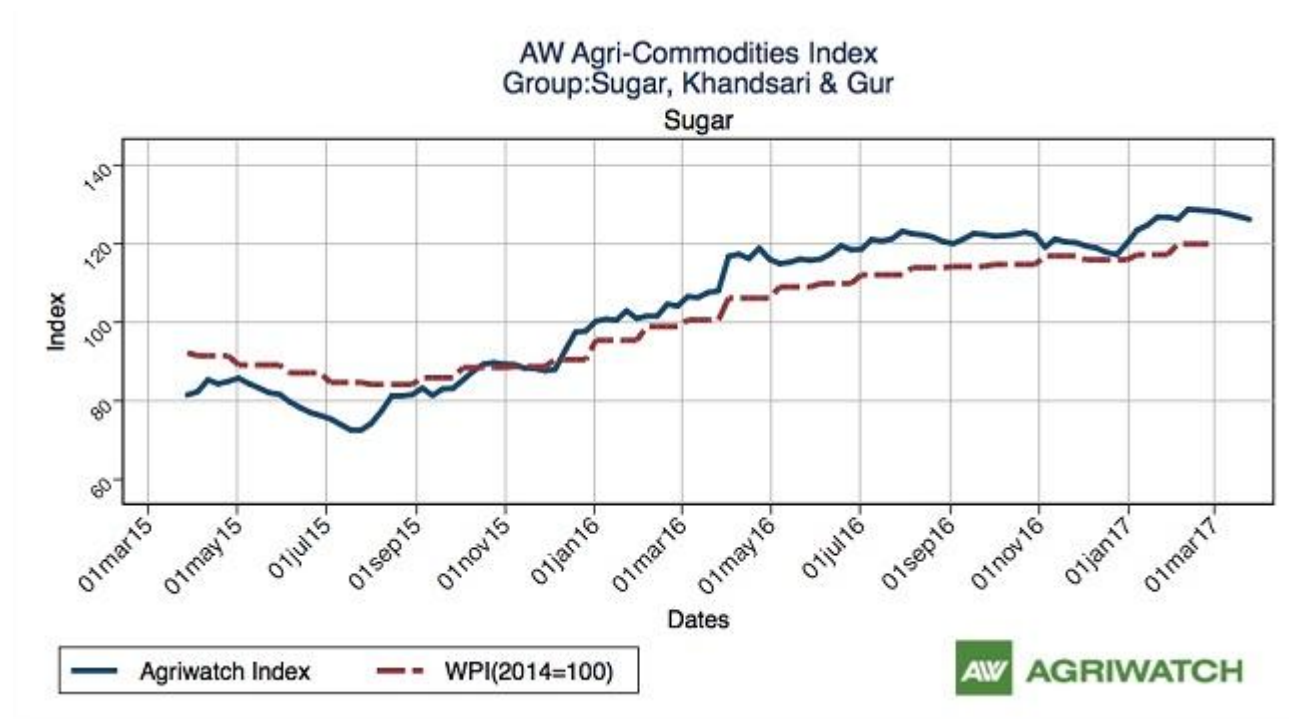
Recent Updates

- According to the official figures, sugarcane has been sown on 49.95 lakh hectares as on October 06, 2017 across the country compared to 45.64 lakh hectares during the same period previous year.

Previous 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.
- 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).
- 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 \$484.71 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$561.06 per ton.

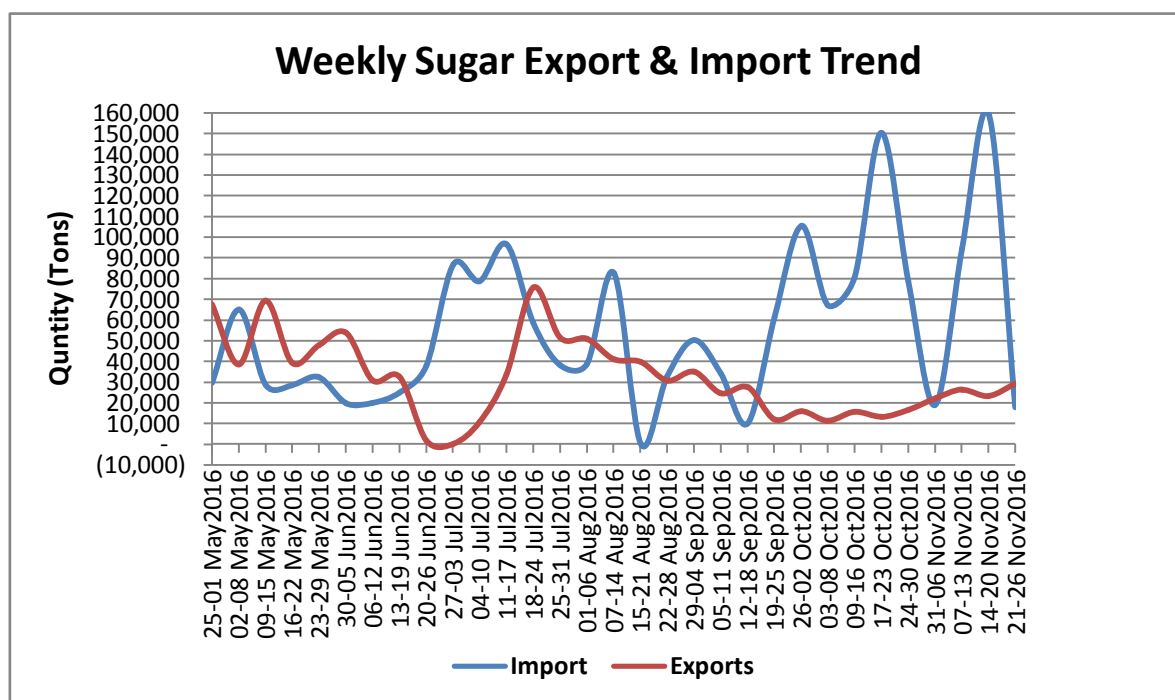
On International front, Brazil sugar FOB prices quoted at \$590.20 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.10) as on 12 Oct, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$590.20	NA/375.60	\$561.06

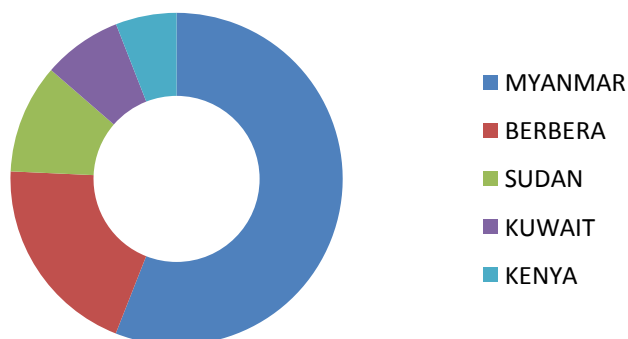
Sugar Import and Export Scenario

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.

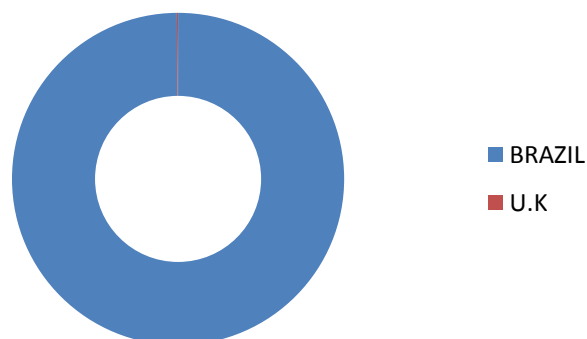


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3613/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3828 and Rs 3526 per quintal.

International Sugar Market Summary

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

International Market Highlights

Recent Updates

- As per the latest UNICA report, Brazil's main C.S region produced 2.85 MMT of sugar in the second half of September, 2017 compared to 3.13 MMT of sugar produced in the first half of the month.
- On the back of a higher production estimate in Thailand & Europe, the Rabobank predicted a world sugar surplus of 4.5 MMT in 2017-18 (01st October, 2017 – 30th September, 2018).

Previous 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.
- According to Ukrtsukor sugar makers, Ukraine has so far produced 309,800 tonnes of white sugar from the 2017 sugar beet harvest as of Oct. 2, 2017.
- 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.
- 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.

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'17 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 375.20 with a target of 387.12

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'17	375.20	387.12

ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend upward for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Buy at 14.45 with a target of 15.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	14.45	15.00

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with prices falling in some market while rising in other. Prices of Penti (Average) variety of gur from Mahalingapura rose by Rs 604/quintal from Rs 3545/quintal to Rs 4149/quintal this week. Similarly, prices of Chaku Sukha (Cold) variety of gur from key Muzaffarnagar market rose by Rs 301/quintal from Rs 3553/quintal to Rs 3854/quintal this week. On the other hand, prices of Rascut (Fresh) variety of gur from Muzaffarnagar fell by Rs 146/quintal from Rs 2853/quintal to Rs 2708/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3890/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 4070 and Rs 3745 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			06th October to 12nd October	23rd September to 5th October	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3854	3553	301
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA!	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3507	3446	61
	Muzaffarnagar	Laddoo (Fresh)	3861	3805	56
	Muzaffarnagar	Rascut (Fresh)	2708	2853	-146
	Hapur	Chaurasa	3138	3150	-13
	Hapur	Balti	3150	3200	-50
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	5192	5200	-8
	Belgaum	Mudde (Average)	3725	3700	25
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3975	3950	25
	Gulbarga	Other (Average)	3599	3545	54
	Mahalingapura	Penti (Average)	4149	3545	604
	Mandya	Achhu (Medium)	4175	4050	125
	Mandya	Kurikatu (Medium)	3858	3700	158
	Mandya	Other (Medium)	3783	3600	183
	Mandya	Yellow (Medium)	4150	3975	175
	Shimoga	Achhu (Average)	4438	4450	-13

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			12-Oct-17	5-Oct-17	12-Sep-17	12-Oct-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	4000	3638	3450	3675
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	3500
	Muzaffarnagar	Khurpa	3563	3450	NA	2938
	Muzaffarnagar	Laddoo	3750	3875	NA	3125
	Muzaffarnagar	Rascut	2563	2875	2900	2538
	Hapur	Chaurasa	3100	3150	NA	2750
	Hapur	Balti	3125	3200	NA	2725
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	5150	NA	5150	NA
	Belgaum	Mudde (Average)	3800	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3450	NA
	Gulbarga	Other (Average)	NA	NA	3640	NA
	Mahalingapura	Penti (Average)	NA	NA	3624	NA
	Mandya	Achhu (Medium)	4200	NA	3600	NA
	Mandya	Kurikatu (Medium)	4000	NA	3500	NA
	Mandya	Other (Medium)	3900	NA	3500	NA
	Mandya	Yellow (Medium)	4200	NA	3650	NA
	Shimoga	Achhu (Average)	NA	NA	4250	NA

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			06th October to 12nd October	23rd September to 5th October	
Delhi	Delhi	M-Grade	3791	3776	15
	Delhi	S-Grade	3771	3756	15
Uttar Pradesh	Khatauli	M-Grade	3819	3805	14
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3714	3730	-16
	Dhampur	S-Grade Ex-Mill	3694	3710	-16
	Dhampur	L-Grade Ex-Mill	3764	3780	-16
Maharashtra	Mumbai	M-Grade	3912	3910	2
	Mumbai	S-Grade	3763	3744	19
	Nagpur	M-Grade	3739	3769	-29
	Nagpur	S-Grade	3639	3664	-24
	Kolhapur	M-Grade	3614	3644	-29
	Kolhapur	S-Grade	3514	3539	-24
Assam	Guhawati	S-Grade	3831	3856	-25
Meghalaya	Shillong	S-Grade	3834	3859	-24
Andhra Pradesh	Vijayawada	M-Grade	3993	3993	Unch
	Vijayawada	S-Grade	3933	3933	Unch
West Bengal	Kolkata	M-Grade	4155	NA	-
Tamil Nadu	Chennai	S-Grade	3800	3800	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)

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			12-Oct-17	5-Oct-17	12-Sep-17	12-Oct-16
Delhi	Delhi	M-Grade	3785	3781	3781	3870
	Delhi	S-Grade	3765	3761	3761	3850
Uttar Pradesh	Khatauli	M-Grade	3815	3820	3765	4010
	Ramala	M-Grade	NA	NA	3655	NA
	Dhampur	M-Grade Ex-Mill	3720	3700	3700	3825
	Dhampur	S-Grade Ex-Mill	3700	3680	3680	3805
	Dhampur	L-Grade Ex-Mill	3770	3750	3750	3875
Maharashtra	Mumbai	M-Grade	3920	3900	3936	3896
	Mumbai	S-Grade	3762	3750	3760	3660
	Nagpur	M-Grade	3725	3750	3800	3675
	Nagpur	S-Grade	3625	3650	3725	3575
	Kolhapur	M-Grade	3600	3625	3675	3550
	Kolhapur	S-Grade	3500	3525	3600	3450
Assam	Guhawati	S-Grade	3816	3842	3918	3766
Meghalaya	Shillong	S-Grade	3820	3845	3920	3770
Andhra Pradesh	Vijayawada	M-Grade	3993	3993	3993	3980
	Vijayawada	S-Grade	3933	3933	3933	3860
West Bengal	Kolkata	M-Grade	NA	NA	4120	3980
Tamil Nadu	Chennai	S-Grade	3800	3800	3900	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	11-Oct-17	4-Oct-17	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	14.30	14.25	0.05
	18-May	14.38	14.35	0.03
	18-Jul	14.56	14.44	0.12
LIFFE Sugar (US \$/MT)	17-Dec	376.5	357.70	18.80
	18-Mar	377.8	375.40	2.40
	18-May	382.9	382.20	0.70

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