

Sugar & Gur Weekly Research Report

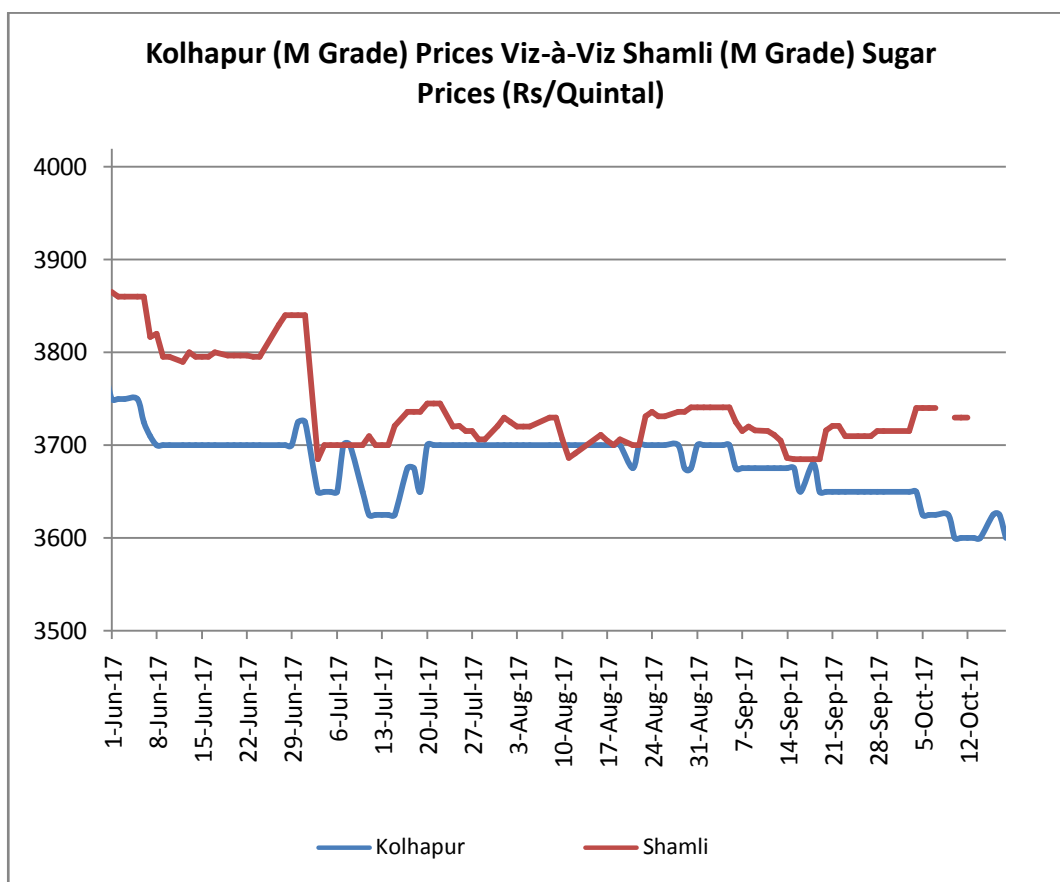
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Domestic Sugar Market Summary

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 3608 per quintal this week compared to Rs 3613 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 0.11% to Rs 3730 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to fell in the weeks ahead as market is expected to get supplied with excessive sugar with the onset of crushing season 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 3550 - 3750 per quintal next week.

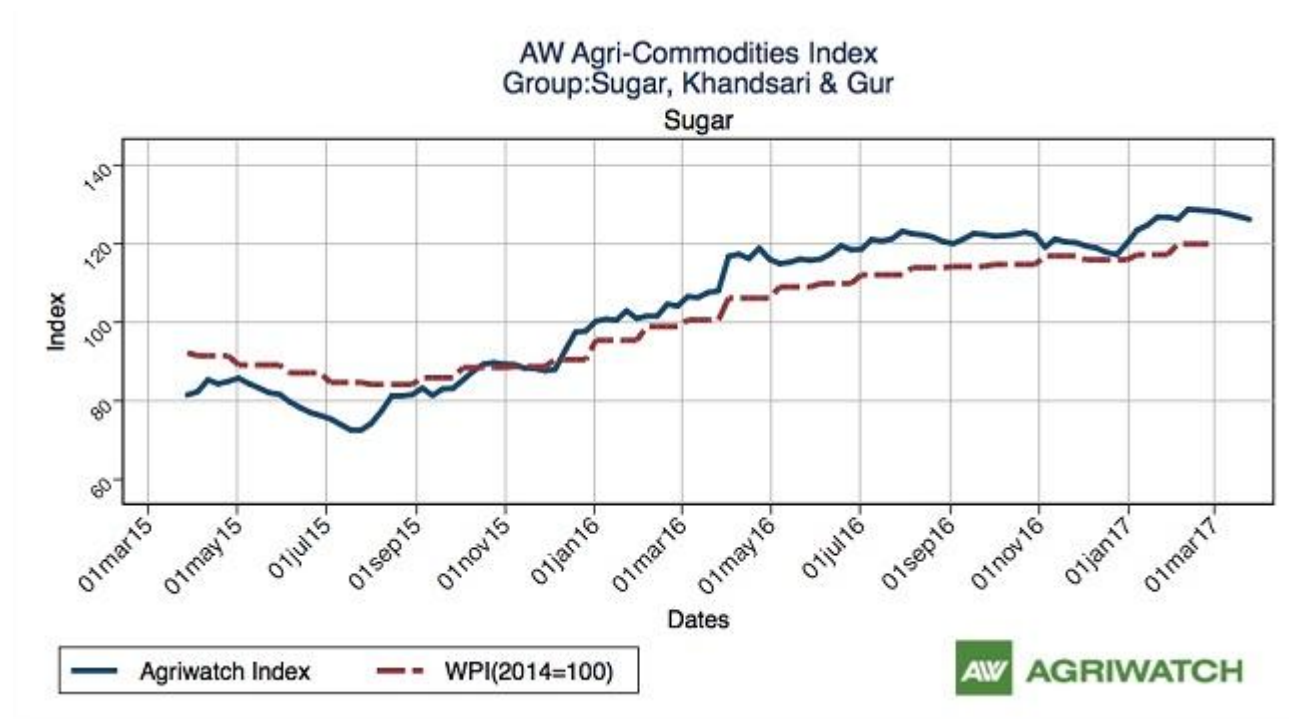
Domestic Market Highlights

Recent Updates

- The Indian govt. is soon planning to raise price of ethanol meant for blending with petrol and to be procured by the Oil Marketing Companies (OMCs). Notably, at present (2016-17), the OMCs purchases ethanol from the mills at a rate of Rs 39/litre which is expected to get increase to Rs 41/litre for 2017-18.
- According to the official figures, sugarcane has been sown on 49.95 lakh hectares as on October 13, 2017 across the country compared to 45.64 lakh hectares during the same period previous year.

Previous Update

- 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 \$472.03 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$561.10 per ton.

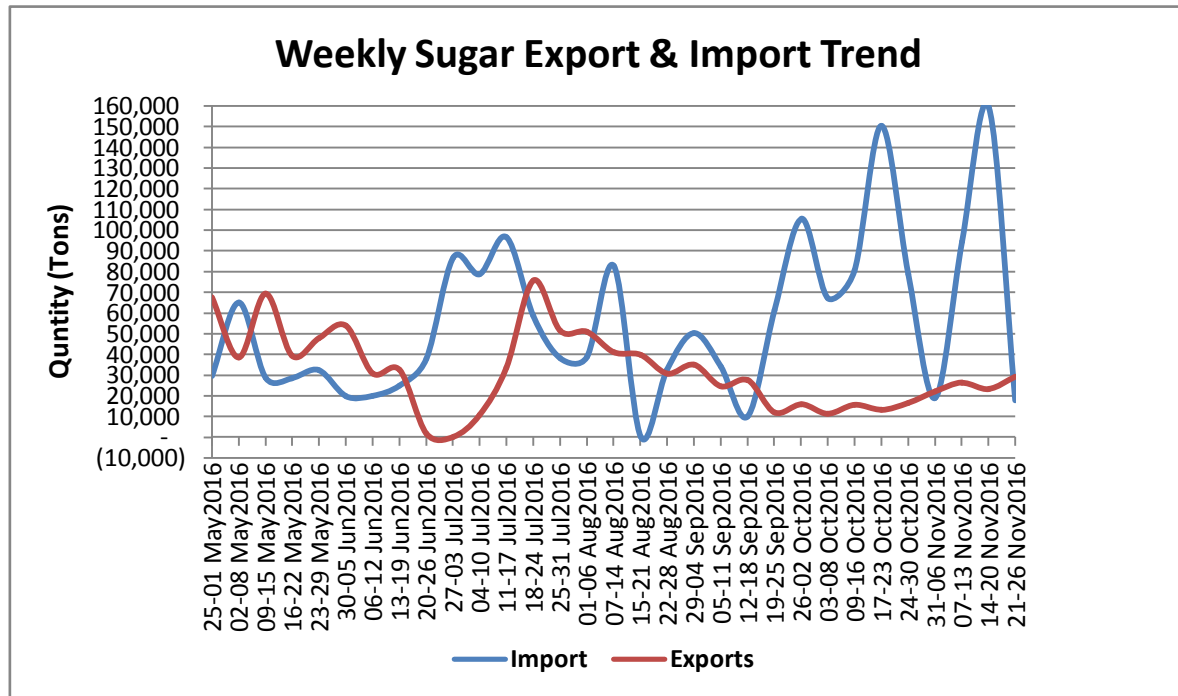
On International front, Brazil sugar FOB prices quoted at \$582.80 Ton.

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

Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.02) as on 18 Oct, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$582.80	NA/371.80	\$561.10

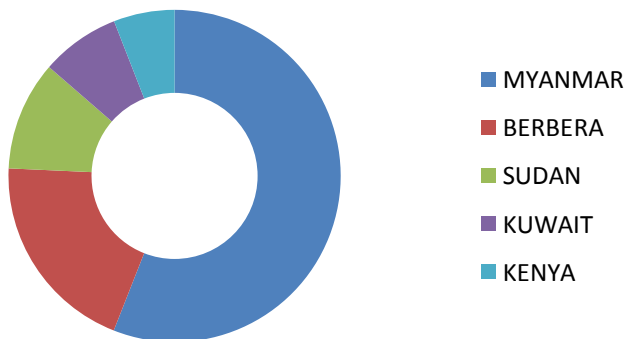
Sugar Import and Export Scenario

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.

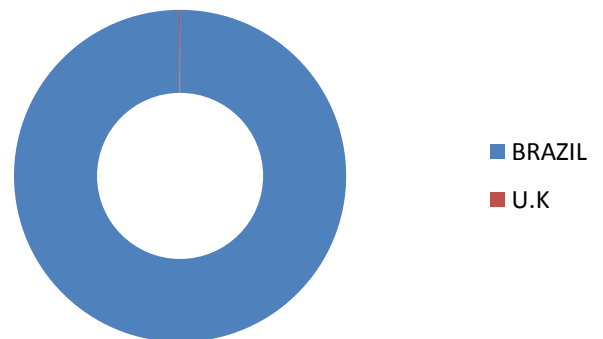


Major importer of Indian sugar during the week (21 -26 November, 2016) was Myanmar which imported 12.7 thousand tonnes of sugar from the country. Other major importers were Berbera, Sudan, Kuwait and Kenya which imported 4.5 thousand tonnes, 2.4 thousand tonnes, 1.7 thousand tonnes and 1.3 thousand tonnes 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 3610/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3652 and Rs 3575 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

Previous 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).
- 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 downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Sell at 369.75 with a target of 362.05

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'17	369.75	362.05

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



Technical Commentary:

- ICE raw sugar futures trend downward for the week.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 14.00 with a target of 13.80

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	14.00	13.80

Gur Market Scenario

Mixed sentiments were recorded in spot gur market with prices falling in some market while rising in other. Prices of Kurikatu (Medium) variety of gur from Mandya rose by Rs 208/quintal from Rs 3858/quintal to Rs 4067/quintal this week. Similarly, prices of Other (Average) variety of gur from Gulbarga rose by Rs 339/quintal from Rs to Rs 3938/quintal this week. On the other hand, prices of Laddoo (Fresh) & Khurpa (Fresh) variety of gur from Muzaffarnagar fell by Rs 458/quintal & Rs 394/quintal to Rs 3404/quintal & Rs 3113/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3732/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 4108 and Rs 3005 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			07th October to 18th October	06th October to 12th October	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3732	3854	-122
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3113	3507	-394
	Muzaffarnagar	Laddoo (Fresh)	3404	3861	-458
	Muzaffarnagar	Rascut (Fresh)	2582	2708	-126
	Hapur	Chaurasa	2875	3138	-263
	Hapur	Balti	2913	3150	-238
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	5150	5192	-42
	Belgaum	Mudde (Average)	3767	3725	42
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	3975	-
	Gulbarga	Other (Average)	3938	3599	339
	Mahalingapura	Penti (Average)	NA	4149	-
	Mandya	Achhu (Medium)	4167	4175	-8
	Mandya	Kurikatu (Medium)	4067	3858	208
	Mandya	Other (Medium)	3967	3783	183
	Mandya	Yellow (Medium)	4117	4150	-33
	Shimoga	Achhu (Average)	4450	4438	13

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			18-Oct-17	11-Oct-17	18-Sep-17	18-Oct-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3103	3975	3450	3450
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	NA	NA	6000
	Muzaffarnagar	Khurpa	2825	3563	NA	2870
	Muzaffarnagar	Laddoo	3078	3813	NA	3100
	Muzaffarnagar	Rascut	2553	2578	2875	2600
	Hapur	Chaurasa	2750	3125	NA	2625
	Hapur	Balti	2775	3125	NA	2675
Maharashtra	Latur	Lal Variety	NR	NR	NR	NA
Karnataka	Bangalore	Mudde (Average)	NA	5200	5150	4650
	Belgaum	Mudde (Average)	NA	3800	3400	3600
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3590	NA
	Gulbarga	Other (Average)	NA	3660	3540	3720
	Mahalingapura	Penti (Average)	NA	4208	3769	NA
	Mandya	Achhu (Medium)	NA	4250	3700	3600
	Mandya	Kurikatu (Medium)	NA	4000	3500	3400
	Mandya	Other (Medium)	NA	3900	3450	3300
	Mandya	Yellow (Medium)	NA	4200	3700	3600
	Shimoga	Achhu (Average)	NA	4450	4100	4100

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			07th October to 18th October	06th October to 12th October	
Delhi	Delhi	M-Grade	3794	3791	3
	Delhi	S-Grade	3774	3771	3
Uttar Pradesh	Khatauli	M-Grade	3810	3819	-8
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3700	3714	-14
	Dhampur	S-Grade Ex-Mill	3680	3694	-14
	Dhampur	L-Grade Ex-Mill	3750	3764	-14
Maharashtra	Mumbai	M-Grade	3910	3912	-3
	Mumbai	S-Grade	3764	3763	1
	Nagpur	M-Grade	3735	3739	-4
	Nagpur	S-Grade	3635	3639	-4
	Kolhapur	M-Grade	3610	3614	-4
	Kolhapur	S-Grade	3510	3514	-4
Assam	Guhawati	S-Grade	3827	3831	-4
Meghalaya	Shillong	S-Grade	3830	3834	-4
Andhra Pradesh	Vijayawada	M-Grade	3993	3993	Unch
	Vijayawada	S-Grade	3933	3933	Unch
West Bengal	Kolkata	M-Grade	4144	4155	-11
Tamil Nadu	Chennai	S-Grade	3763	3800	-38
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	17-Oct-17	11-Oct-17	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	14.03	14.30	-0.27
	18-May	14.15	14.38	-0.23
	18-Jul	14.32	14.56	-0.24
LIFFE Sugar (US \$/MT)	17-Dec	368.30	376.50	-8.20
	18-Mar	370.80	377.80	-7.00
	18-May	376.80	382.90	-6.10

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