

Sugar & Gur Weekly Research Report

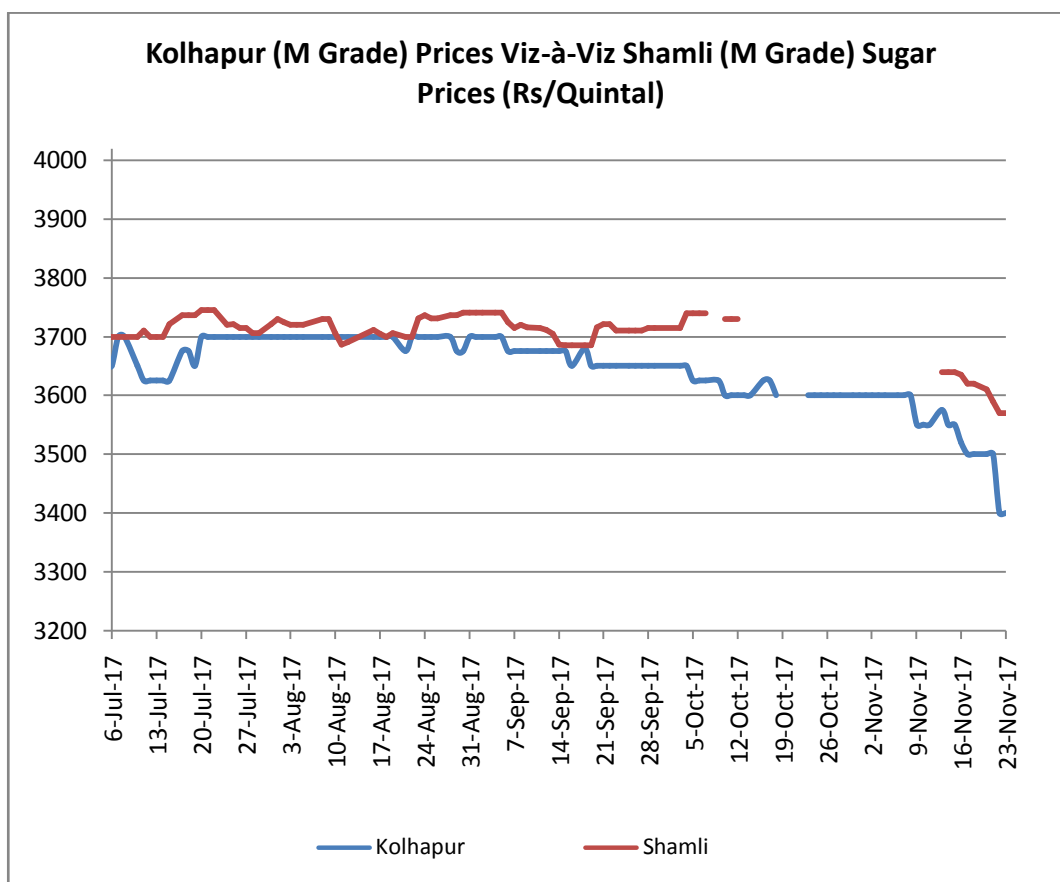
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady to weak following subdued domestic demand from stockiest and bulk consumers.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3467 per quintal this week compared to Rs 3549 per quintal the previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district fell by 1.16% to Rs 3597 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to fall 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 3300 - 3650 per quintal next week.

Domestic Market Highlights

Recent Updates

- India's sugar production in first 45 days of the crushing season rose by 79.01% as the country produced 13.73 LT of sugar in 2017-18 (01st October, 2017 – 15th November, 2017) compared to 7.67 LT of production made in 2016-17 (01st October, 2016 – 15th November, 2016).
- 78 sugar mills in U.P have produced 5.67 LT of sugar in 2017-18 (01st October, 2017 – 15th November, 2017) which is 3.74 LT higher than corresponding period last year.
- Sugar production in Maharashtra rose by 69.8% as the state produced 3.26 LT of sugar in 2017-18 (01st October, 2017 – 15th November, 2017) compared to 1.92 LT in the period 01st October, 2016 to 15th November, 2016.
- Karnataka has produced 3.76 LT of sugar in current year (01st October, 2017 – 15th November, 2017) which is the same as last year during the same period.

Previous Update

- As per the Agriwatch estimate India is expected to produce 252 lakh tonnes (LT) of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) where in, U.P, Maharashtra and Karnataka are expected to produce 102 LT, 75 LT and 21 LT of sugar respectively.
- The Indian government raised domestic prices of ethanol (by 5%) which was 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 per litre which got increase to Rs 40.85 per litre for 2017-18.
- The Commission for Agricultural Costs and Prices (CACP) had recommended an all India cane FRP (Fair and Remunerative Price) of Rs 275 per quintal for next marketing year i.e. 2018-19 (01st October 2018 – 30th September 2019). Notably, at present, FRP (minimum cane price fixed by the government to be paid to the farmers) for 2017-18 (01st October 2017 – 30th September 2018) has been fixed at Rs 255 per quintal.
- The Uttar Pradesh govt. had announced a cane SAP (State Advisory Price) of Rs 315/quintal for 2017-18 (01st October, 2017 – 30th September, 2018) which was Rs 305/quintal in 2016-17 (01st October, 2016 – 30th September, 2017).
- The Punjab government had announced a cane SAP (State Advisory Price) of Rs 290 per quintal (9.5% recovery rate) for 2017-18 (01st October, 2017 – 30th September, 2018) which was same as that fixed for the year 2016-17 (01st October, 2016 – 30th September, 2017).
- The Haryana govt. had raised cane SAP (State Advisory Price) from Rs 3200/quintal in 2016-17 (01st October, 2016 – 30th September, 2017) to Rs 3300/quintal for 2017-18 (01st October, 2017 – 30th September, 2018).
- With a view to control domestic sugar prices, the Indian govt. had further extended the existing stock limit on sugar till 28th April, 2018. Initially, the govt. had announced a stock limit on sugar in April, 2016, wherein states are required to hold sugar stock of up to a limit of 500 tonnes with a turnover limit of 30 days except for West Bengal (where stock limit was fixed at 1,000 tonnes).
- The Indian govt. predicted India to produce 25 MMT of sugar in 2017-18 (01st October, 2017 – 30th September, 2018) which was 23.6% higher than the sugar produced last year in 2016-17 (01st October, 2016 – 30th September, 2017); whereas ISMA had predicted the country to produce 25.1 MMT of sugar during 2017-18.

Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$511.62 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$541.23 per ton.

On International front, Brazil sugar FOB prices quoted at \$607.12 Ton.

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

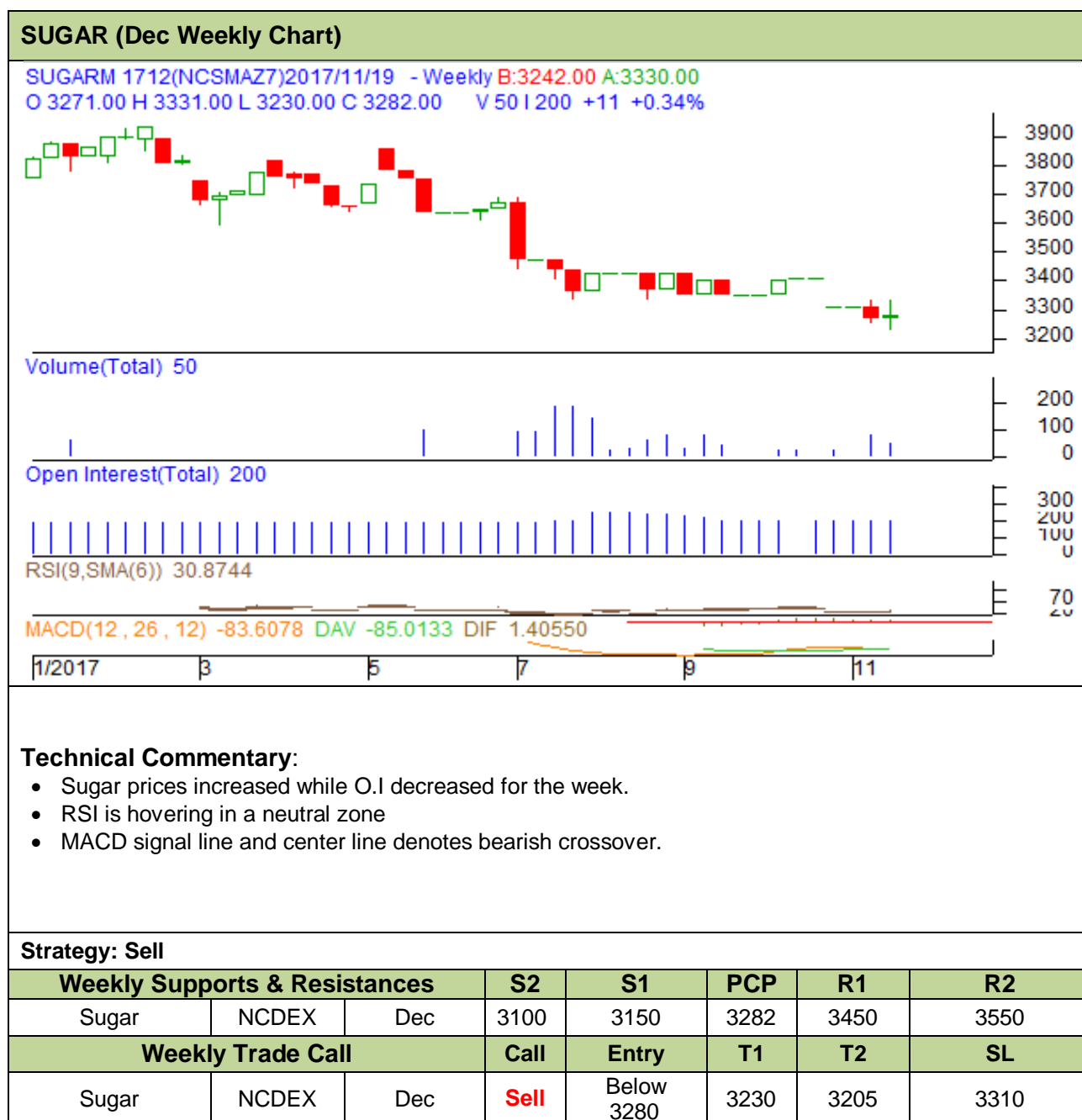
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.79) as on 23 Nov, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$607.12	NA/390.80	\$541.23

Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3467/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3700 and Rs 3200 per quintal.

Domestic Sugar Market Technical Analysis (Future Market)



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 1.88 MMT of sugar in the second half of October, 2017 which was 4.80% lower than the sugar crushed in the first half of October, 2017.

Previous Updates

- Green Pool predicted a global sugar surplus of 9.8 MMT in 2017-18 (01st October 2017 – 30th September 2018).
- According to China's General Administration of Customs, China imported 1.83 million metric tonnes of sugar during the period January –September 2017, a decline of 29.8% compared to the same period previous year amid higher tariffs on imports. In the month of September 2017, China's imports of sugar declined by 67.5% to 160,000 metric tonnes.
- China's sugar production in marketing year (MY) 2017/18 is expected to increase for the second consecutive year amid expanded acreage for both sugar cane and sugar beets. This increased domestic production, coupled with the safeguard measure on sugar imports, is expected to result in lower imports in MY 2017/18.
- According to consultancy, Canaplan, Brazil's 2017/18 center-south cane crop is expected to reach 588 million metric tonnes, higher than the previous projection of 575 million metric tonnes.
- 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).
- 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.

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'18 Contract)

Technical Commentary

- LIFE future market trends upward for the week.
 - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 400.2 with a target of 421.07

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'18	400.2	421.07

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

Technical Commentary:

- ICE raw sugar futures trend upward for the week.
 - Last candlestick depicts bullishness in the market.
- Strategy: Buy at 15.50 with a target of 16.05

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	15.50	16.05

Gur Market Scenario

Spot gur market mostly traded dormant during the week following mounting stock of the commodity on constant arrivals into the market. Notably, prices of Achhu variety of gur from Bijapur fell by Rs 240/quintal from Rs 3640/quintal to Rs 3400/quintal this week.

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



- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2904/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3100 and Rs 2700 per quintal.

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			17th Nov to 23rd Nov	10th Nov to 16th Nov	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2904	2935	-30
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	44000	49000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2638	2704	-66
	Muzaffarnagar	Laddoo (Fresh)	3046	3053	-8
	Muzaffarnagar	Rascut (Fresh)	2192	2317	-125
	Hapur	Chaurasa	2513	2595	-82
	Hapur	Balti	2480	2540	-60
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4900	Unch
	Belgaum	Mudde (Average)	3767	NR	-
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur	Achhu	3400	3640	-240
	Gulbarga	Other (Average)	4108	4050	58
	Mahalingapura	Penti (Average)	3748	3676	72
	Mandya	Achhu (Medium)	3217	3280	-63
	Mandya	Kurikatu (Medium)	3150	3260	-110
	Mandya	Other (Medium)	3142	3170	-28
	Mandya	Yellow (Medium)	3242	3310	-68
	Shimoga	Achhu (Average)	4417	4300	117

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			23-Nov-17	16-Nov-17	23-Oct-17	23-Nov-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2825	2950	3128	2950
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	10000	8000
	Muzaffarnagar	Khurpa	2575	2650	2838	2725
	Muzaffarnagar	Laddoo	2950	3053	3100	2975
	Muzaffarnagar	Rascut	2165	2250	2678	2515
	Hapur	Chaurasa	2425	2550	Closed	2538
	Hapur	Balti	2425	2500	Closed	2525
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4900	4900	5150	4650
	Belgaum	Mudde (Average)	NA	3800	3800	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3785	NA
	Gulbarga	Other (Average)	3900	3900	4175	3680
	Mahalingapura	Penti (Average)	3678	3696	NA	3475
	Mandya	Achhu (Medium)	3100	3300	4000	3300
	Mandya	Kurikatu (Medium)	3100	3300	3900	3150
	Mandya	Other (Medium)	3100	3150	3750	3150
	Mandya	Yellow (Medium)	3200	3350	4000	3250
	Shimoga	Achhu (Average)	NA	4450	4450	3900

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			17th Nov to 23rd Nov	10th Nov to 16th Nov	
Delhi	Delhi	M-Grade	3657	3730	-73
	Delhi	S-Grade	3637	3710	-73
Uttar Pradesh	Khatauli	M-Grade	3688	3758	-70
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	3620	3658	-38
	Dhampur	S-Grade Ex-Mill	3600	3638	-38
	Dhampur	L-Grade Ex-Mill	3670	3708	-38
Maharashtra	Mumbai	M-Grade	3838	3862	-24
	Mumbai	S-Grade	3607	3655	-49
	Nagpur	M-Grade	3592	3674	-83
	Nagpur	S-Grade	3492	3573	-81
	Kolhapur	M-Grade	3467	3549	-83
	Kolhapur	S-Grade	3367	3448	-81
Assam	Guhawati	S-Grade	3681	3763	-82
Meghalaya	Shillong	S-Grade	3687	3768	-81
Andhra Pradesh	Vijayawada	M-Grade	3887	3914	-27
	Vijayawada	S-Grade	3868	3876	-8
West Bengal	Kolkata	M-Grade	4038	4070	-33
Tamil Nadu	Chennai	S-Grade	3746	3783	-38
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	-
	Ambikapur	S-Grade (Without Duty)	NR	NR	-

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			23-Nov-17	16-Nov-17	23-Oct-17	23-Nov-16
Delhi	Delhi	M-Grade	3638	3705	3722	3750
	Delhi	S-Grade	3618	3685	3702	3730
Uttar Pradesh	Khatauli	M-Grade	3660	3734	3815	3825
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3650	3660	3700	3720
	Dhampur	S-Grade Ex-Mill	3630	3640	3680	3700
	Dhampur	L-Grade Ex-Mill	3700	3710	3750	3770
Maharashtra	Mumbai	M-Grade	3770	3852	3882	3960
	Mumbai	S-Grade	3580	3640	3730	3626
	Nagpur	M-Grade	3525	3645	3725	3675
	Nagpur	S-Grade	3425	3545	3625	3575
	Kolhapur	M-Grade	3400	3520	3600	3550
	Kolhapur	S-Grade	3300	3420	3500	3450
Assam	Guhawati	S-Grade	3613	3735	3816	3766
Meghalaya	Shillong	S-Grade	3620	3740	3820	3770
Andhra Pradesh	Vijayawada	M-Grade	3838	3914	3993	3920
	Vijayawada	S-Grade	NA	3876	3933	3820
West Bengal	Kolkata	M-Grade	4030	NA	4105	3910
Tamil Nadu	Chennai	S-Grade	3750	3775	3775	3450
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	NR
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	NR

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)



International Sugar Prices (Weekly)				
	Contract Month	23-Nov-17	15-Nov-17	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	15.28	15.09	0.19
	18-May	15.21	15.09	0.12
	18-Jul	15.18	15.09	0.09
LIFFE Sugar (US \$/MT)	18-Mar	393.1	392.4	0.70
	18-May	396.8	390.8	6.00
	18-Aug	401.0	395.4	5.60

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