
Sugar & Gur Weekly Research Report

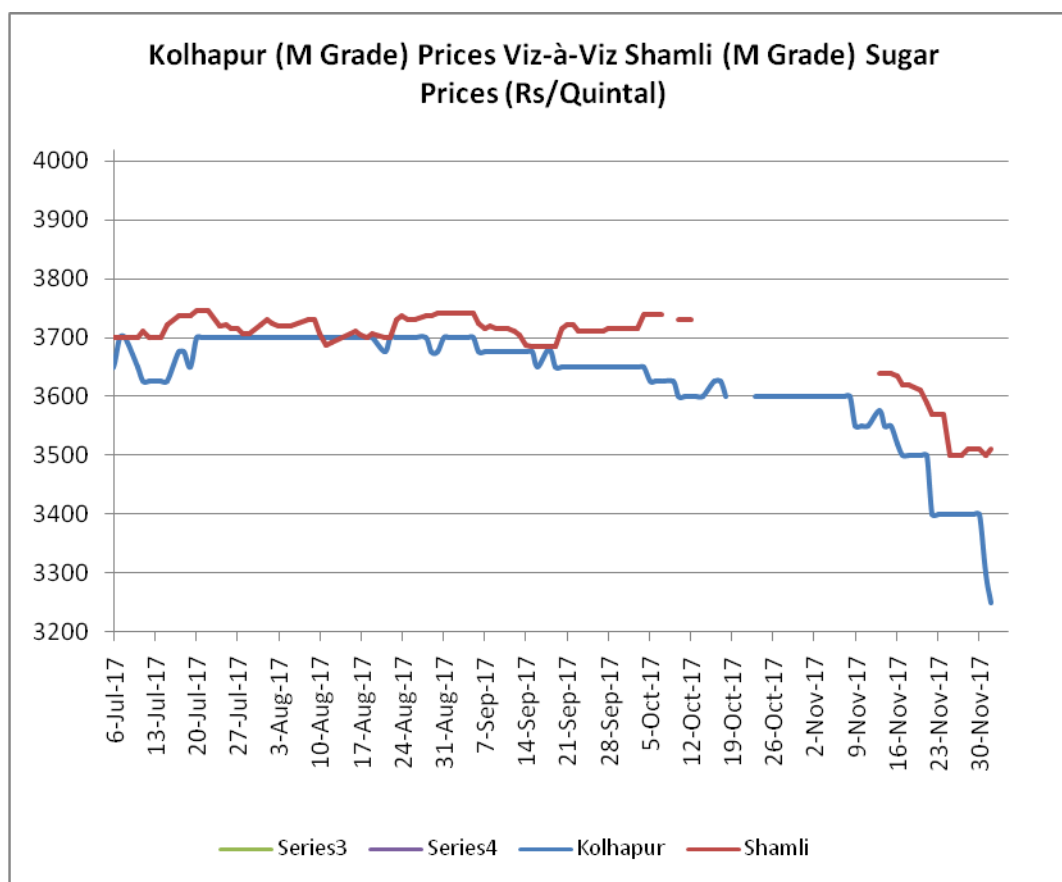
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Domestic Sugar Market Summary

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:

Agrivatch 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 Agrivatch 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

- The Indian Sugar Mills Association (ISMA) estimates the average cost of producing sugar in the 2017-18 season at Rs 3,300-3,350 a quintal.
- The government is considering removing stock limits on sugar to arrest falling prices after a bumper harvest.
- Private mills in Uttar Pradesh are selling sugar in distress to clear their cane arrears to farmers.
- Crushing units in Maharashtra have sold their new season's output at low prices to meet their daily expenses. The benchmark M-30 variety of sugar has declined by over 3 per cent in November to trade now at Rs 3,694 per quintal in the Vashi Agricultural Produce Market Committee wholesale market
- Mills in western Maharashtra have committed to pay cane farmers Rs 200 above the fair and remunerative price of Rs 255 a quintal and their cost of producing sugar works out to Rs 3,500 a quintal.

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).

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.

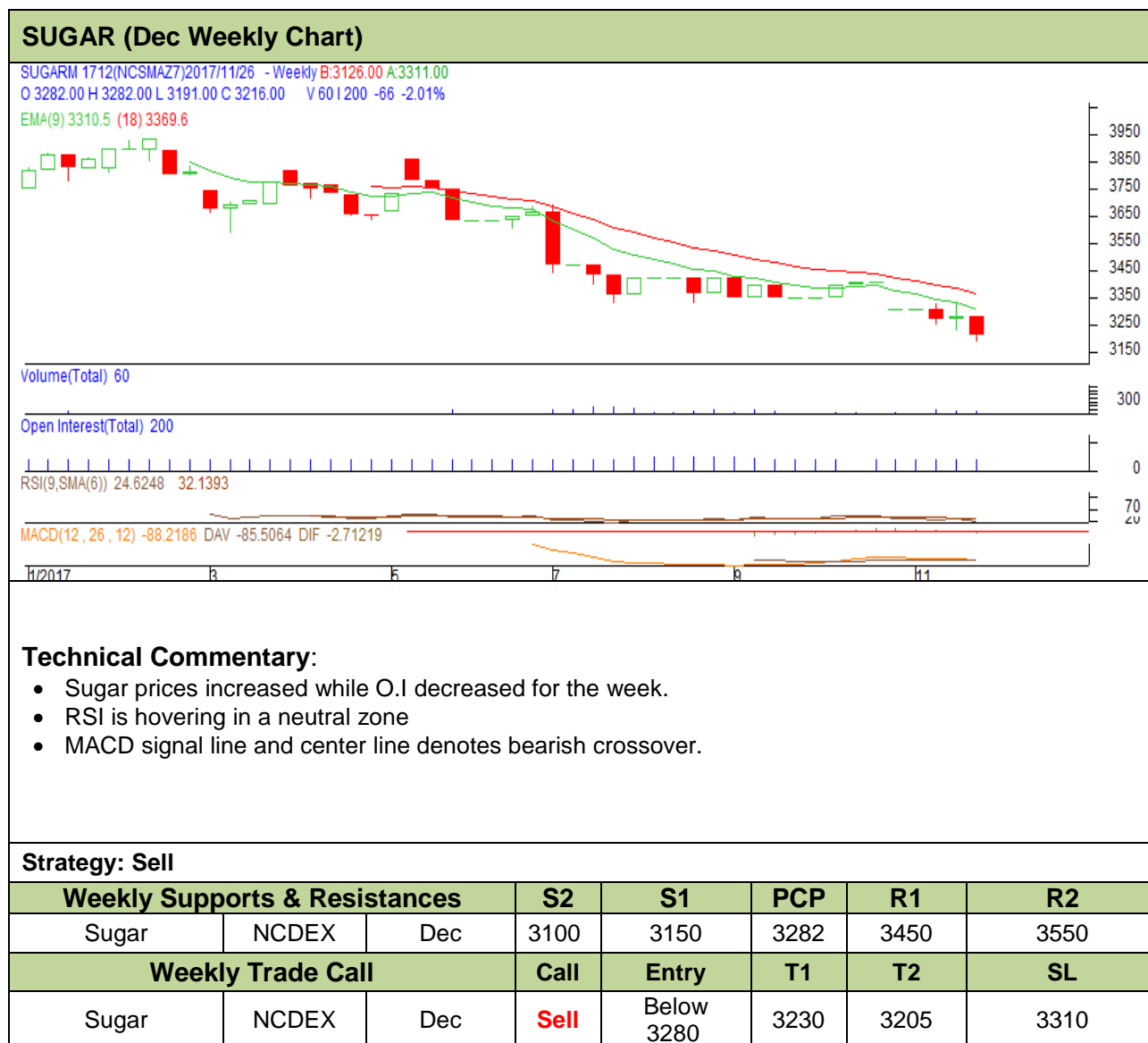
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

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 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	411.07



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 Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			24th Nov to 30th Nov	17th Nov to 23rd Nov	
Delhi	Delhi	M-Grade	3627	3657	-30
	Delhi	S-Grade	3607	3637	-30
Uttar Pradesh	Khatauli	M-Grade	3619	3688	-69
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	3563	3620	-57
	Dhampur	S-Grade Ex-Mill	3543	3600	-57
	Dhampur	L-Grade Ex-Mill	3613	3670	-57
Maharashtra	Mumbai	M-Grade	3733	3838	-105
	Mumbai	S-Grade	3516	3607	-91
	Nagpur	M-Grade	3508	3592	-83
	Nagpur	S-Grade	3408	3492	-83
	Kolhapur	M-Grade	3383	3467	-83
	Kolhapur	S-Grade	3283	3367	-83
Assam	Guhawati	S-Grade	3596	3681	-85
Meghalaya	Shillong	S-Grade	3603	3687	-83
Andhra Pradesh	Vijayawada	M-Grade	3797	3887	-90
	Vijayawada	S-Grade	NR	3868	-
West Bengal	Kolkata	M-Grade	3938	4038	-99
Tamil Nadu	Chennai	S-Grade	3738	3746	-8
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			30-Nov-17	23-Nov-17	30-Oct-17	30-Nov-16
Delhi	Delhi	M-Grade	3600	3638	3790	3700
	Delhi	S-Grade	3580	3618	3770	3680
Uttar Pradesh	Khatauli	M-Grade	3605	3660	3800	3755
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3550	3650	3680	3670
	Dhampur	S-Grade Ex-Mill	3530	3630	3660	3650
	Dhampur	L-Grade Ex-Mill	3600	3700	3730	3720
Maharashtra	Mumbai	M-Grade	3690	3770	3886	3852
	Mumbai	S-Grade	3480	3580	3722	3616

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			30-Nov-17	23-Nov-17	30-Oct-17	30-Nov-16
	Nagpur	M-Grade	3425	3525	3725	3645
	Nagpur	S-Grade	3325	3425	3625	3545
	Kolhapur	M-Grade	3300	3400	3600	3520
	Kolhapur	S-Grade	3200	3300	3500	3420
Assam	Guhawati	S-Grade	3512	3613	3816	3735
Meghalaya	Shillong	S-Grade	3520	3620	3820	3740
Andhra Pradesh	Vijayawada	M-Grade	3743	3838	3993	3900
	Vijayawada	S-Grade	NA	NA	3933	3800
West Bengal	Kolkata	M-Grade	3875	4030	NA	3820
Tamil Nadu	Chennai	S-Grade	3700	3750	3800	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)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			24th Nov to 30th Nov	17th Nov to 23rd Nov	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2834	2904	-70
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	45000	44000	1000
	Muzaffarnagar	Khurpa (Fresh)	2551	2638	-87
	Muzaffarnagar	Laddoo (Fresh)	2848	3046	-198
	Muzaffarnagar	Rascut (Fresh)	2152	2192	-40
	Hapur	Chaurasa	2329	2513	-184
	Hapur	Balti	2363	2480	-117
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4900	Unch
	Belgaum	Mudde (Average)	3733	3767	-33
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur	Achhu	3600	3400	200
	Gulbarga	Other (Average)	3216	4108	-893
	Mahalingapura	Penti (Average)	3725	3748	-24
	Mandya	Achhu (Medium)	3125	3217	-92
	Mandya	Kurikatu (Medium)	3033	3150	-117
	Mandya	Other (Medium)	2933	3142	-208
	Mandya	Yellow (Medium)	3033	3242	-208
	Shimoga	Achhu (Average)	4000	4417	-417

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			30-Nov-17	23-Nov-17	30-Oct-17	30-Nov-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2813	2825	3125	2988
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	10000	8000
	Muzaffarnagar	Khurpa	2528	2575	2913	2750
	Muzaffarnagar	Laddoo	2763	2950	3075	2925
	Muzaffarnagar	Rascut	2175	2165	2650	2450
	Hapur	Chaurasa	2325	2425	Closed	2550
	Hapur	Balti	2325	2425	Closed	2550
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4900	4900	5150	4450
	Belgaum	Mudde (Average)	3700	NA	3600	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3500	NA
	Gulbarga	Other (Average)	3425	3900	4100	3650
	Mahalingapura	Penti (Average)	3731	3678	3759	3521
	Mandya	Achhu (Medium)	3150	3100	4000	3250
	Mandya	Kurikatu (Medium)	3000	3100	3900	3100
	Mandya	Other (Medium)	2900	3100	3750	3100
	Mandya	Yellow (Medium)	2950	3200	4100	3200
	Shimoga	Achhu (Average)	NA	NA	4450	3900

International Sugar Prices (Weekly)				
	Contract Month	29-Nov-17	23-Nov-17	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	15.07	15.28	-0.21
	18-May	15.03	15.21	-0.18
	18-Jul	15.05	15.18	-0.13
LIFFE Sugar (US \$/MT)	18-Mar	389.3	393.1	-3.80
	18-May	391.9	396.8	-4.90
	18-Aug	396.8	401.0	-4.20

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