
Sugar & Gur Weekly Research Report

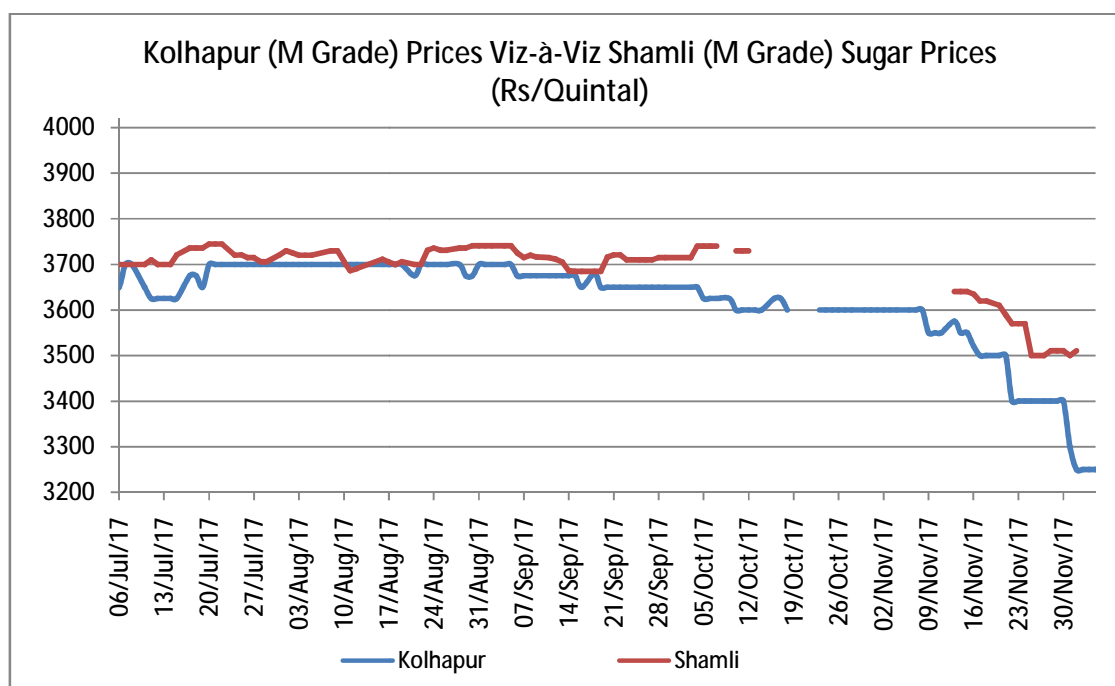
Contents

- ✓ 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 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 3250 per quintal this week compared to Rs 3467 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

- Ø 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.
- Ø The government is considering removing stock limits on sugar to arrest falling prices after a bumper harvest.
- Ø Private mills in Uttar Pradesh are selling sugar in distress to clear their cane arrears to farmers.

- Ø 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
- Ø 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

- Ø 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).
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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).
- Ø 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).
- Ø 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 06 Dec, 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



Ø Sugar spot prices at benchmark Kolhapur market closed at Rs 3400/quintal this week.

Ø Next resistance and support level for the coming week has been seen at Rs 3600 and Rs 3200 per quintal.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (Dec Weekly Chart)

Technical Commentary:

- Sugar prices increased while O.I decreased for the week.
- RSI is hovering in a neutral zone
- MACD signal line and center line denotes bearish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2800	2900	3160	3300	3350
X1x1Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Sell	Below 3100	3000	2950	3060

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

- Ø 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

- Ø Green Pool predicted a global sugar surplus of 9.8 MMT in 2017-18 (01st October 2017 – 30th September 2018).
- Ø 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.
- Ø 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.
- Ø 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.
- Ø 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).
- Ø 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.
- Ø According to Archer consulting, Brazil's sugar output is expected at 35.51 million metric tonnes in 2018/19.
- Ø 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.
- Ø 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.
- Ø 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).
- Ø 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



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

- Ø Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2904/quintal this week.
- Ø 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			1st Dec to 7th Dec	24th Nov to 30th Nov	
Delhi	Delhi	M-Grade	3522	3627	-105
	Delhi	S-Grade	3502	3607	-105
Uttar Pradesh	Khatauli	M-Grade	3558	3619	-61
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	3447	3563	-117
	Dhampur	S-Grade Ex-Mill	3427	3543	-117

	Dhampur	L-Grade Ex-Mill	3497	3613	-117
Maharashtra	Mumbai	M-Grade	3671	3733	-62
	Mumbai	S-Grade	3455	3516	-61
	Nagpur	M-Grade	3378	3508	-130
	Nagpur	S-Grade	3288	3408	-120
	Kolhapur	M-Grade	3253	3383	-130
	Kolhapur	S-Grade	3163	3283	-120
Assam	Guhawati	S-Grade	3475	3596	-122
Meghalaya	Shillong	S-Grade	3483	3603	-120
Andhra Pradesh	Vijayawada	M-Grade	3775	3797	-22
	Vijayawada	S-Grade	NR	NR	-
West Bengal	Kolkata	M-Grade	3839	3938	-99
Tamil Nadu	Chennai	S-Grade	3700	3738	-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			7-Dec-17	30-Nov-17	7-Nov-17	7-Dec-16
Delhi	Delhi	M-Grade	3465	3600	3710	3800
	Delhi	S-Grade	3445	3580	3690	3780
Uttar Pradesh	Khatauli	M-Grade	3515	3605	3780	3755
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3400	3550	3660	3688
	Dhampur	S-Grade Ex-Mill	3380	3530	3640	3668
	Dhampur	L-Grade Ex-Mill	3450	3600	3710	3738
Maharashtra	Mumbai	M-Grade	3630	3690	3860	3822
	Mumbai	S-Grade	3420	3480	3680	3610
	Nagpur	M-Grade	3375	3425	3725	3675
	Nagpur	S-Grade	3275	3325	3625	3575
	Kolhapur	M-Grade	3250	3300	3600	3550
	Kolhapur	S-Grade	3150	3200	3500	3450
Assam	Guhawati	S-Grade	3461	3512	3816	3766
Meghalaya	Shillong	S-Grade	3470	3520	3820	3770
Andhra Pradesh	Vijayawada	M-Grade	3780	3743	3914	3880
	Vijayawada	S-Grade	NA	NA	3876	3780
West Bengal	Kolkata	M-Grade	3800	3875	4140	3850
Tamil Nadu	Chennai	S-Grade	3700	3700	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)			1st Dec to 7th Dec	24th Nov to 30th Nov	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2860	2834	26
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	36000	45000	-9000
	Muzaffarnagar	Khurpa (Fresh)	2619	2551	68
	Muzaffarnagar	Laddoo (Fresh)	2840	2848	-8
	Muzaffarnagar	Rascut (Fresh)	2204	2152	52
	Hapur	Chaurasa	2450	2329	121
	Hapur	Balti	2430	2363	67
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4900	Unch
	Belgaum	Mudde (Average)	3767	3733	33
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur	Achhu	3168	3600	-433
	Gulbarga	Other (Average)	3237	3216	21
	Mahalingapura	Penti (Average)	3563	3725	-162
	Mandya	Achhu (Medium)	3380	3125	255
	Mandya	Kurikatu (Medium)	3150	3033	117
	Mandya	Other (Medium)	3080	2933	147
	Mandya	Yellow (Medium)	3290	3033	257
	Shimoga	Achhu (Average)	3813	4000	-188

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			7-Dec-17	30-Nov-17	7-Nov-17	7-Dec-16
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2975	2813	3050	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	8000	NA
	Muzaffarnagar	Khurpa	2750	2528	2775	NA
	Muzaffarnagar	Laddoo	2925	2763	2975	NA
	Muzaffarnagar	Rascut	2288	2175	2438	NA
	Hapur	Chaurasa	2475	2325	2525	2625
	Hapur	Balti	2500	2325	2525	2613

Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4900	4900	4900	4450
	Belgaum	Mudde (Average)	NA	3700	NA	3600
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3035	3125	NA	NA
	Gulbarga	Other (Average)	3160	3425	3950	NA
	Mahalingapura	Penti (Average)	3431	3731	3702	NA
	Mandya	Achhu (Medium)	3400	3150	3450	3300
	Mandya	Kurikatu (Medium)	3300	3000	3400	3150
	Mandya	Other (Medium)	3200	2900	3300	3200
	Mandya	Yellow (Medium)	3400	2950	3450	3300
	Shimoga	Achhu (Average)	NA	3900	NA	NA

International Sugar Prices (Weekly)				
	Contract Month	6-Dec-17	29-Nov-17	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	14.45	15.07	-0.62
	18-May	14.46	15.03	-0.57
	18-Jul	14.49	15.05	-0.56
LIFFE Sugar (US \$/MT)	18-Mar	375.3	389.3	-14.00
	18-May	378.8	391.9	-13.10
	18-Aug	384.2	396.8	-12.60

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.