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# Sugar & Gur Weekly Research Report

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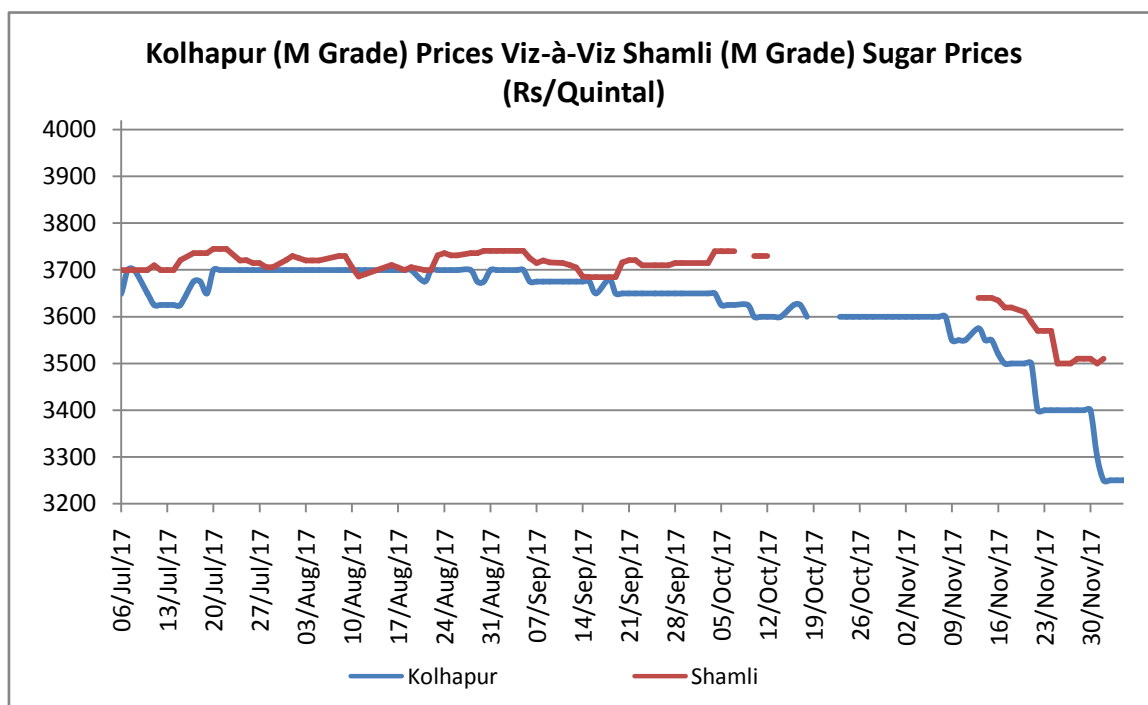
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### Domestic Sugar Market Summary

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 3250 per quintal this week unchanged from previous week. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3485 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 3300 - 3650 per quintal next week.

### Domestic Market Highlights

#### Recent Updates

- Indian Sugar Mills Association (ISMA) has asked the government to negotiate preferential duty structure for export to Bangladesh and Sri Lanka for Indian sugar. Bangladesh levies import duty of USD 150 per tonne on sugar, SriLanka imposes USD 100 per tonne. The two neighbors import about 25-30 lakh tonnes of sweetener annually according to ISMA.

- 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.

### Previous Update

- 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.
- 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.
- 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**

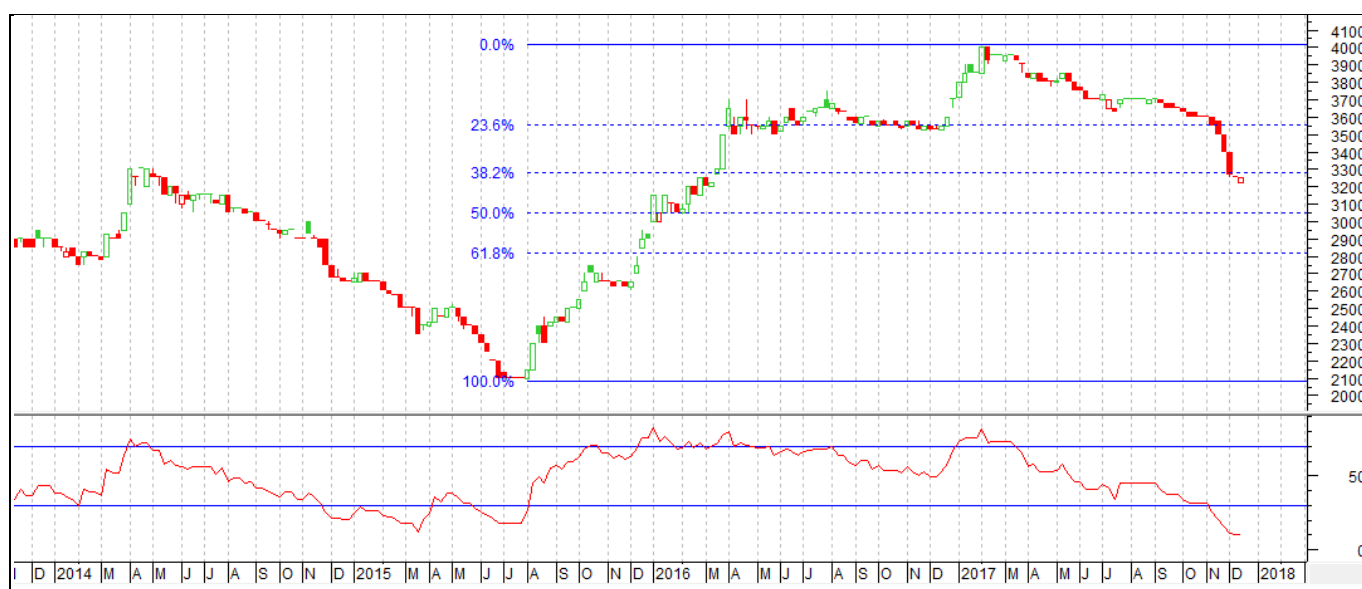
Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$511.62 per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$525.21 per ton.

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 13 Dec, 2017			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$511.62	NA/361.90	\$525.21

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



(Note: Each bar or “candle” in the chart shows the price movement in a particular week. The green candle signifies prices increased and red candle signifies prices decreased in that week. The length of the “candle” shows the upper and lower end of the price range for the week.)

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3250/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3700 and Rs 2850 per quintal.
- Prices are expected to trade between Rs 3050 to Rs 3250/ quintal in coming weeks.

**Domestic Sugar Market Technical Analysis (Future Market)**
**SUGAR (Dec Weekly Chart)**

SUGARM 1712(NCSMAZ7)2017/12/17 - Weekly B:3255.00 A:3400.00  
 O 3328.00 H 3328.00 L 3328.00 C 3328.00 ↑ V 0 1 0 0 +0.00%


**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	3000	3050	3328	3450	3550
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	<b>Sell</b>	Below 3250	3200	3150	3220

## 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
<b>LIFFE Sugar (US \$/MT)</b>	<b>Mar'18</b>	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 reported bullish sentiments in market. Prices have increased in most of the markets because of

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



(Note: Each bar or “candle” in the chart shows the price movement in a particular week. The green candle signifies prices increased and red candle signifies prices decreased in that week. The length of the “candle” shows the upper and lower end of the price range for the week.)

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2855/quintal this week.
- Next resistance and support level for the coming week has been seen at Rs 3100 and Rs 2700 per quintal. In coming week prices are expected to bounce back from the level of Rs 2800/ quintal and may touch level of Rs 3000/ quintal.

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			8th Dec to 14th Dec	1st Dec to 7th Dec	
Delhi	Delhi	M-Grade	3461	3522	-61
	Delhi	S-Grade	3441	3502	-61
Uttar Pradesh	Khatauli	M-Grade	3518	3558	-41
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3379	3447	-68
	Dhampur	S-Grade Ex-Mill	3359	3427	-68
	Dhampur	L-Grade Ex-Mill	3429	3497	-68
Maharashtra	Mumbai	M-Grade	3623	3671	-48
	Mumbai	S-Grade	3397	3455	-58
	Nagpur	M-Grade	3367	3378	-12
	Nagpur	S-Grade	3271	3288	-18
	Kolhapur	M-Grade	3242	3253	-12
	Kolhapur	S-Grade	3146	3163	-18
Assam	Guhawati	S-Grade	3457	3475	-18
Meghalaya	Shillong	S-Grade	3466	3483	-18
Andhra Pradesh	Vijayawada	M-Grade	3733	3775	-42
	Vijayawada	S-Grade	3660	NR	-
West Bengal	Kolkata	M-Grade	3778	3839	-62
Tamil Nadu	Chennai	S-Grade	3654	3700	-46
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			14-Dec-17	7-Dec-17	14-Nov-17	14-Dec-16
Delhi	Delhi	M-Grade	3455	3465	3710	3700
	Delhi	S-Grade	3435	3445	3690	3680
Uttar Pradesh	Khatauli	M-Grade	3523	3515	3766	3670
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3375	3400	3650	3620
	Dhampur	S-Grade Ex-Mill	3355	3380	3630	3600
	Dhampur	L-Grade Ex-Mill	3425	3450	3700	3670
Maharashtra	Mumbai	M-Grade	3610	3630	3856	3822
	Mumbai	S-Grade	3360	3420	3660	3596
	Nagpur	M-Grade	3375	3375	3675	3675

	Nagpur	S-Grade	3275	3275	3575	3575
	Kolhapur	M-Grade	3250	3250	3550	3550
	Kolhapur	S-Grade	3150	3150	3450	3450
<b>Assam</b>	Guhawati	S-Grade	3461	3461	3766	3766
<b>Meghalaya</b>	Shillong	S-Grade	3470	3470	3770	3770
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3720	3780	3914	3860
	Vijayawada	S-Grade	3660	NA	3876	3760
<b>West Bengal</b>	Kolkata	M-Grade	3740	3800	4070	3780
<b>Tamil Nadu</b>	Chennai	S-Grade	3650	3700	3775	3450
<b>Chattisgarh</b>	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)			8th Dec to 14th Dec	1st Dec to 7th Dec	
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha(Cold)	2860	2860	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	37000	36000	1000
	Muzaffarnagar	Khurpa (Fresh)	2636	2619	17
	Muzaffarnagar	Laddoo (Fresh)	2899	2840	59
	Muzaffarnagar	Rascut (Fresh)	2228	2204	24
	Hapur	Chaurasa	2460	2450	10
	Hapur	Balti	2460	2430	30
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4900	4900	Unch
	Belgaum	Mudde (Average)	3800	3767	33
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3443	3168	275
	Gulbarga	Other (Average)	3318	3237	81
	Mahalingapura	Penti (Average)	3457	3563	-106
	Mandya	Achhu (Medium)	3480	3380	100
	Mandya	Kurikatu (Medium)	3300	3150	150
	Mandya	Other (Medium)	3260	3080	180
	Mandya	Yellow (Medium)	3600	3290	310
	Shimoga	Achhu (Average)	3863	3813	50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago

Jaggery(Gur)			14-Dec-17	7-Dec-17	14-Nov-17	14-Dec-16
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha	2855	2975	2955	3125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	6000	8000	5000
	Muzaffarnagar	Khurpa	2680	2750	2700	2863
	Muzaffarnagar	Laddoo	2988	2925	3038	3080
	Muzaffarnagar	Rascut	2200	2288	2313	2488
	Hapur	Chaurasa	2500	2475	2625	2700
	Hapur	Balti	2500	2500	2525	3000
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	NR	NR
<b>Karnataka</b>	Bangalore	Mudde (Average)	4900	4900	4900	4450
	Belgaum	Mudde (Average)	NA	3800	3700	3300
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3365	3035	3640	NA
	Gulbarga	Other (Average)	3540	3160	NA	3545
	Mahalingapura	Penti (Average)	NA	3431	3591	3635
	Mandya	Achhu (Medium)	3450	3400	3350	3450
	Mandya	Kurikatu (Medium)	3300	3300	3300	3150
	Mandya	Other (Medium)	3250	3200	3250	3200
	Mandya	Yellow (Medium)	3650	3400	3350	3400
	Shimoga	Achhu (Average)	NA	3950	4450	3700

<b>International Sugar Prices (Weekly)</b>				
	<b>Contract Month</b>	<b>13-Dec-17</b>	<b>6-Dec-17</b>	<b>Change</b>
<b>ICE Sugar #11 (US Cent/lb)</b>	<b>18-Mar</b>	13.85	14.45	<b>-0.60</b>
	<b>18-May</b>	13.70	14.46	<b>-0.76</b>
	<b>18-Jul</b>	13.73	14.49	<b>-0.76</b>
<b>LIFFE Sugar (US \$/MT)</b>	<b>18-Mar</b>	363.90	375.3	<b>-11.40</b>
	<b>18-May</b>	363.60	378.8	<b>-15.20</b>
	<b>18-Aug</b>	367.20	384.2	<b>-17.00</b>

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