Sugar & Gur Weekly Research Report

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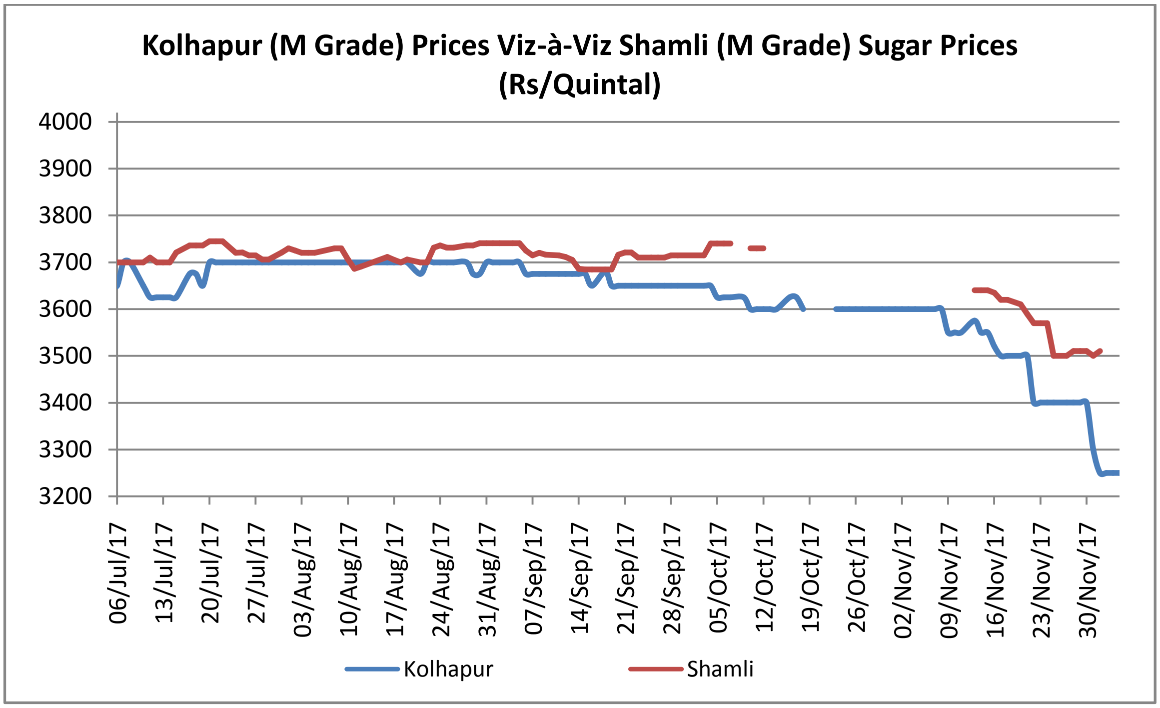
Domestic Sugar Market Summary

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 3150 per quintal this week and previous week was 3100. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3301per 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 2800 - 3500 per quintal next week.

Domestic Market Highlights

Recent Updates

- The cooperative sugar mills in Haryana have crushed 149.40 lakh quintal of sugarcane and produced over 13.72 lakh quintals of sugar so far during the ongoing crushing season.
- Spot sugar prices traded weak following subdued domestic demand from stockists and bulk consumers.
- All India sugar output is expected to rise 25 per cent this year, sugar mills in south India are reeling from low production and very low utilization.

- The Indian sugar mills association data shows in Andhra Pradesh and Telangana, 21 sugar mills produced 190,000 tonnes of sugar till December 31 and this is 16,000 less than what was produced by 25 mills in 2016-17 sugar season till December 31 2016.

- Tamil Nadu, 20 Sugar mills are in operation as compared to 34 mills on December 31 last year Mills in Tamil Nadu produced 170,000 tonnes of sugar till December 31, 2017 as against 186,600 produced last year on corresponding date. Sources said that Tamil Nadu was impacted due to three years of drought, and this year they will see the weakest crop ever.

- India will consider initiating preliminary talks with neighbouring Sri Lanka and Bangladesh to seek lower import duties for its sugar exports to prevent a glut next season.

- In the current 2017-18 season sugar mills in India, the world's biggest consumer of the sweetener, is expected to produce just enough to meet its annual consumption of about 25 million tones.

Previous Update

- Sugar output in Uttar Pradesh has increased to 38.80 lakh tonnes in October-December of this season from 26.78 lakh tonnes in the year-ago period. The average recovery rate of the sweetener remained higher in the state at 10.15 per cent.
- In Maharasthra, the output rose to 38.24 lakh tonnes from 25.35 lakh tonnes in the said period. The sugar recovery stood at 10.23 per cent.
- Production in Karnataka, the third biggest producer, rose to 16.17 lakh tonnes in October-December this year from 15.43 lakh tonnes last year.
- Sugar production in the country soared 26% year-on-year (y-o-y) or an increase of 21.35 lakh tonnes to 103.3 lakh tonnes between October and December 2017 on the back of good output in key growing states of Uttar Pradesh (UP) and Maharashtra. The increase is basically from UP and Maharashtra who have produced 7 lakh and 13 lakh tonnes, respectively more than last year.
- With an opening balance of about 38.76 lakh tonnes as on October 1, 2017, an estimated sugar production of 251 lakh tonnes and 2 lakh tonnes of white sugar produced out of imported raw sugar, the total sugar availability in the country during the 2017-18 sugar season (October-September) is expected to be about 291.76 lakh tonnes, ISMA said.
- Considering a demand growth of around 2%, sugar consumption during 2017-18 is estimated at 250 lakh tonnes and thus, the closing stock is expected to be about 41.76 lakh tonnes. This will be almost similar to the opening balance of this year.
- The sugar sector seems to be heading back into troubled waters in 2018. A record increase in sugar production during the current season has steadily depressed prices in the domestic market, with analysts observing that initial moves from the government like removing stock limits have had no effect in firming up prices.

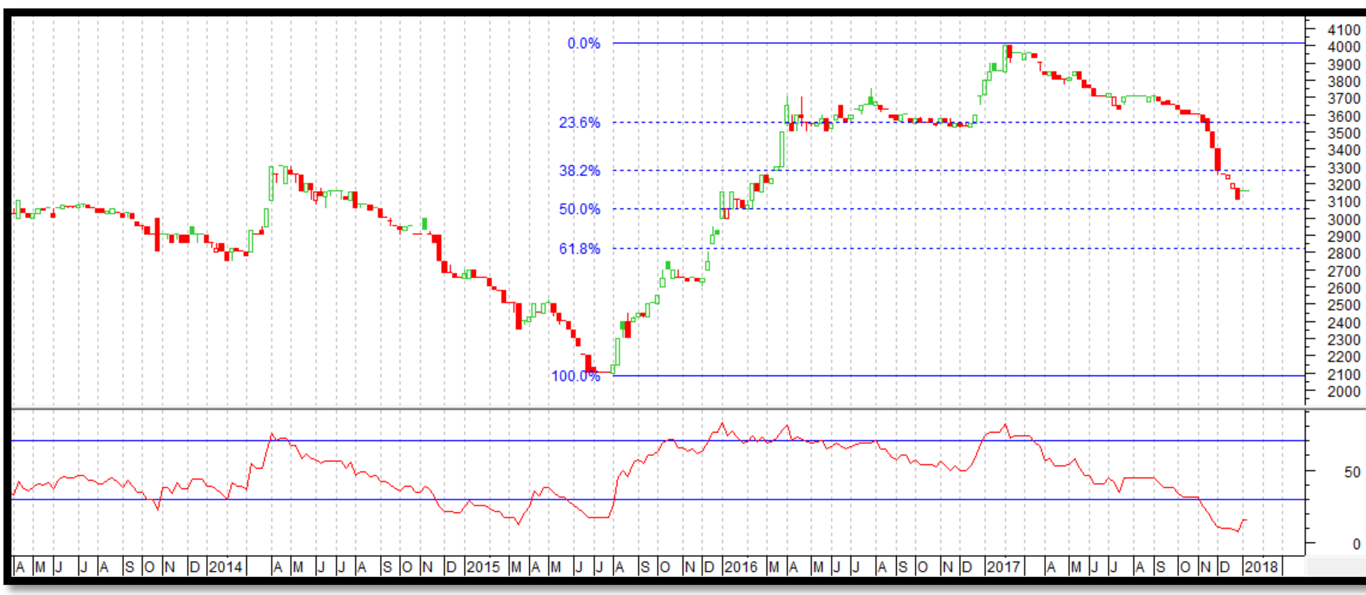
Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at $512. per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at $513.88 per ton.

On International front, Brazil sugar FOB prices quoted at $512.58 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.63.57) as on 11 Jan, 2018			
	Brazil	**Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$512.58	NA/385.30	$513.88

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3150/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2900 per quintal respectively.

Domestic Sugar Market Technical Analysis (Future Market)

SUGAR (Dec Weekly Chart)

Technical Commentary:
There is no trade in the market

- 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	C1	3160	3170	3180	3400	3450
Weekly Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	C1	Wait	Below 3180	3130	3105	3312

International Sugar Market Summary

International sugar prices noticed weak tone during the week

International Market Highlights

Recent Updates

- March raw sugar was down 0.45 cents, or 3.1 percent, at 14.20 cents per lb by 1437 GMT. It hit a low of 14.17 cents, the weakest price since Dec.
- During a meeting with Chinese Premier Li Keqiang yesterday, Prime Minister Hun Sen asked China to increase imports of Cambodian sugarcane.
- South Korea's ethanol imports increased 39% year on year to 261,584 mt in 2017, according to data released Thursday by Korea Customs Service. Imports of denatured ethanol surged by 238% over the year to 117,782 mt in 2017. The US remained the key import origin last year, accounting for 78% of total imports, followed by Pakistan at 10% and South Africa at 6%.
- March white sugar settled down $1.90, or 0.5 percent, at $375 per tonne, after falling to $370.50, its lowest since Dec. 19.
- The market was partly pressured by weakening technical signals, after prices slumped below the 40- and 100-day moving averages this week.
- Dealers also said expectations for record production from Thailand was adding pressure, with the whites market vulnerable to producer hedging.
- It is not surprising, therefore, that Thai producers have stepped up selling programs in the face of competition from Brazilian millers also keen to price," Nick Penney, senior trader at Sucden Financial, said in a market note.
- March raw sugar closed flat at 14.18 cents per lb, after touching its lowest since Dec. 19 at 13.96 cents. The spot contract closed the week down 6 percent, its weakest weekly performance in five weeks.
- Total open interest rose by more than 22,000 lots since last week to 779,648 lots by Thursday, as prices fell during a week expected to attract heavy index fund rebalance buying, ICE data showed.

Previous Updates

- The Pakistan Economy Watch (PEW) on Sunday said influential sugar mills mafia has emerged as a great threat to millions of cane growers.
- 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)
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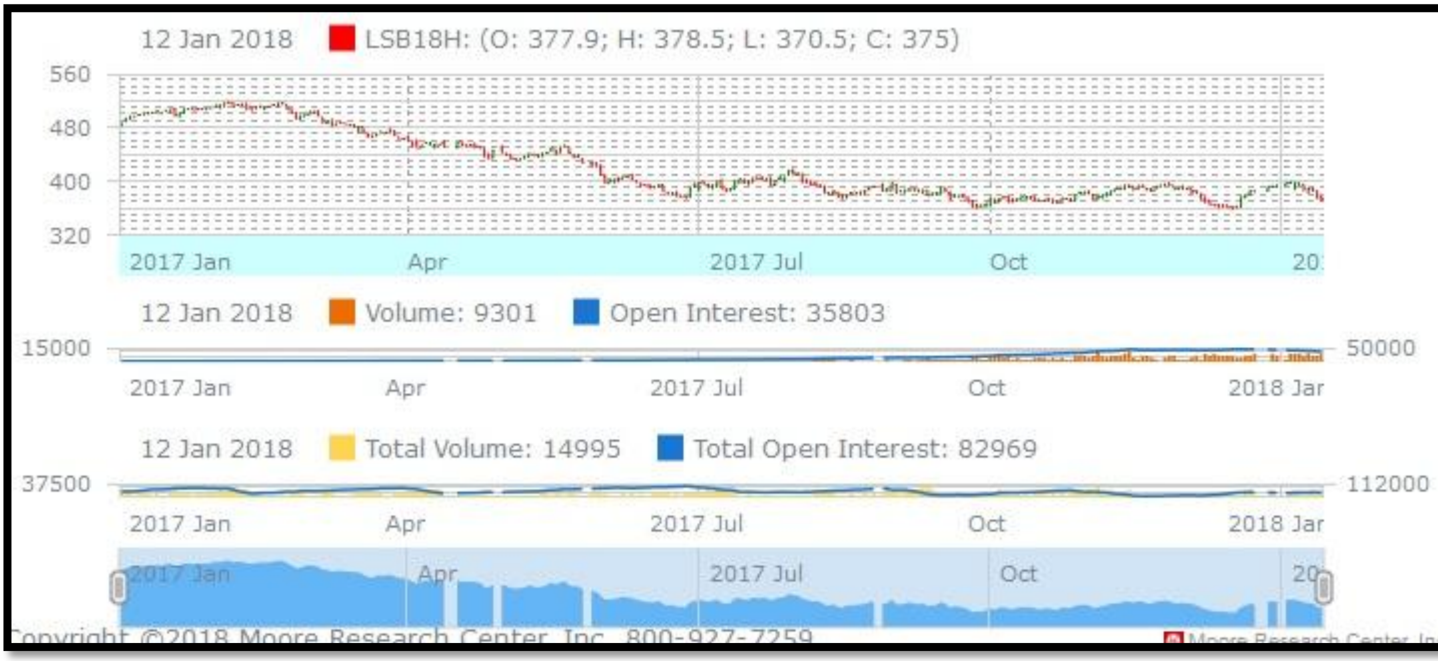
LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'18 Contract)

Technical Commentary



- LIFE future market trends steady for the month.
- The last candlestick depicts steady market.

  Strategy: sell below 377,T1 372

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
LIFFE Sugar (US $/MT)	**Mar'18**	378	370

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

Technical Commentary:

- ICE raw sugar futures trend downward for the Month.
- Last candlestick depicts bearishness in the market.

  Strategy: sell at 14.00 with a target of 14.30

International Sugar Futures Price Projection			
	Contract Month	**Present Quote**	**Expected Price level for next week**
ICE Sugar #11 (US Cent/lb)	**Mar'18**	14.30	14.00

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.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3300/quintal this week

- Next resistance and support level for the coming month has been seen at Rs 3400 and Rs 2600 per quintal respectively.

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

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			5th to 11th January,2018	29th Dec to 4th Jan,2017	
Delhi	Delhi	M-Grade	3377	3450	-74
	Delhi	S-Grade	3357	3430	-74
Uttar Pradesh	Khatauli	M-Grade	3402	3389	13
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3288	3274	14
	Dhampur	S-Grade Ex-Mill	3268	3254	14
	Dhampur	L-Grade Ex-Mill	3338	3324	14
Maharashtra	Mumbai	M-Grade	3538	3564	-26
	Mumbai	S-Grade	3274	3282	-8
	Nagpur	M-Grade	3275	3250	25
	Nagpur	S-Grade	3175	3150	25
	Kolhapur	M-Grade	3150	3125	25
	Kolhapur	S-Grade	3050	3025	25
Assam	Guhawati	S-Grade	3360	3334	25
Meghalaya	Shillong	S-Grade	3370	3345	25
Andhra Pradesh	Vijayawada	M-Grade	3673	3700	-27
	Vijayawada	S-Grade	3613	3640	-27
West Bengal	Kolkata	M-Grade	3685	3657	28
Tamil Nadu	Chennai	S-Grade	3650	3590	60

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			**11-Jan-18**	**4-Jan-18**	**11-Dec-17**	**11-Jan-17**
Delhi	Delhi	M-Grade	3401	3381	3458	3860
	Delhi	S-Grade	3381	3361	3438	3840
Uttar Pradesh	Khatauli	M-Grade	3395	3390	3515	3900
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3290	3290	3375	NA
	Dhampur	S-Grade Ex-Mill	3270	3270	3355	NA
	Dhampur	L-Grade Ex-Mill	3340	3340	3425	NA
Maharashtra	Mumbai	M-Grade	3526	3580	3630	4060
	Mumbai	S-Grade	3270	3290	3410	3826
	Nagpur	M-Grade	3275	3275	3350	3975
	Nagpur	S-Grade	3175	3175	3250	3875
	Kolhapur	M-Grade	3150	3150	3225	3850
	Kolhapur	S-Grade	3050	3050	3125	3750
Assam	Guhawati	S-Grade	3360	3360	3436	4070
Meghalaya	Shillong	S-Grade	3370	3370	3445	4070
Andhra Pradesh	Vijayawada	M-Grade	3660	3700	3740	4020
	Vijayawada	S-Grade	3600	3640	NA	3910
West Bengal	Kolkata	M-Grade	NA	NA	3775	4050
Tamil Nadu	Chennai	S-Grade	3650	3650	3650	3750
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)			**5th to 11th January,2018**	**29th Dec to 4th Jan,2017**	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2730	2696	**34**
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	31000	25000	**6000**
	Muzaffarnagar	Khurpa (Fresh)	2572	2552	**20**
	Muzaffarnagar	Laddoo (Fresh)	2848	2811	**37**
	Muzaffarnagar	Rascut (Fresh)	2202	2208	**-5**
	Hapur	Chaursa	2505	2510	**-5**

	Hapur	Balti	2548	2535	13
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4850	4870	-20
	Belgaum	Mudde (Average)	3625	3500	125
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	3594	3515	79
	Mahalingapura	Penti (Average)	3293	3342	-50
	Mandya	Achhu (Medium)	3267	3310	-43
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3125	3150	-25
	Mandya	Yellow (Medium)	3308	3330	-22
	Shimoga	Achhu (Average)	3688	3725	-38

Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			**11-Jan-18**	**4-Jan-18**	**11-Dec-17**	**11-Jan-17**
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2688	2713	2838	3025
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	4000	10000	4500
	Muzaffarnagar	Khurpa	2525	2553	2600	2825
	Muzaffarnagar	Laddoo	2750	2840	2813	3100
	Muzaffarnagar	Rascut	2205	2188	2225	2525
	Hapur	Chaursa	2425	2575	Closed	2725
	Hapur	Balti	2500	2575	Closed	2750
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4850	4850	4900	4500
	Belgaum	Mudde (Average)	3600	3600	3800	3200
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	3650	3540	3340	3675
	Mahalingapura	Penti (Average)	3210	3353	3421	3737
	Mandya	Achhu (Medium)	3250	3250	3500	3450
	Mandya	Kurikatu (Medium)	3200	3200	3300	3400
	Mandya	Other (Medium)	3100	3150	3200	3300
	Mandya	Yellow (Medium)	3300	3300	3550	3450
	Shimoga	Achhu (Average)	NA	3600	3850	4000

International Sugar Prices (Weekly)

	Contract Month	10-Jan-18	3-Jan-18	Change
ICE Sugar #11 (US Cent/lb)	**18-Mar**	14.65	15.31	-0.66

	18-May	14.72	15.21	**-0.49**
	18-Jul	14.83	15.21	**-0.38**
LIFFE Sugar (US $/MT)	**18-Mar**	387.60	399.30	**-11.70**
	18-May	388.80	397.20	**-8.40**
	18-Aug	392.50	399.60	**-7.10**

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