
Sugar & Gur Weekly Research Report

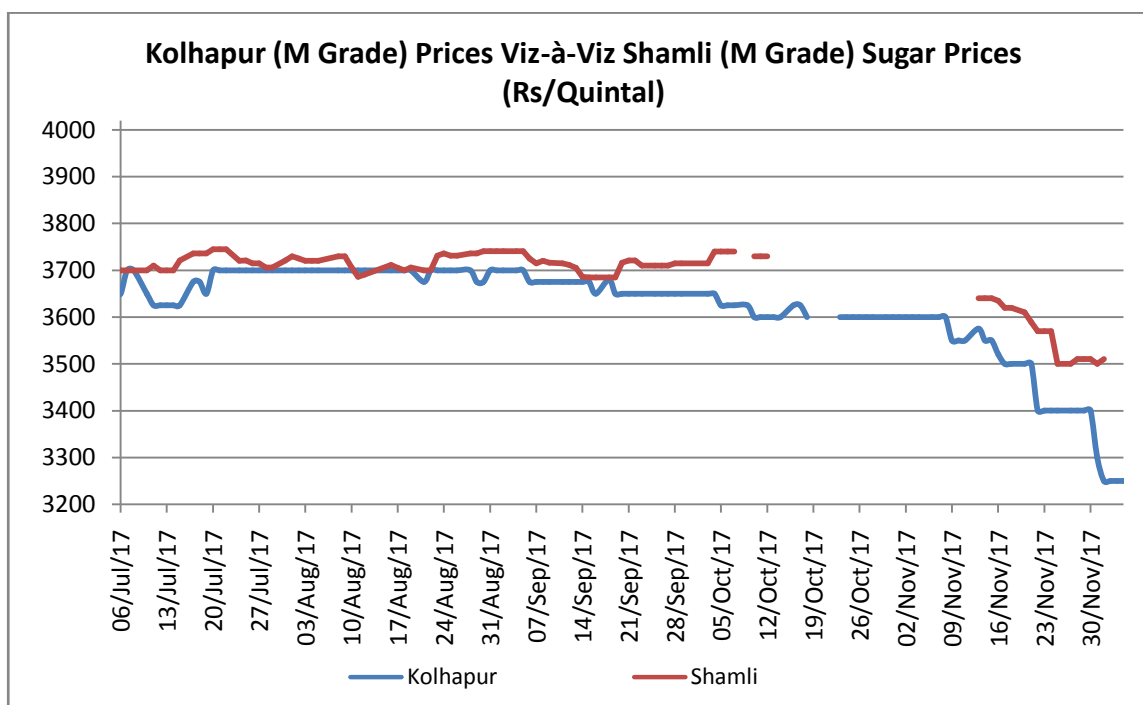
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Domestic Sugar Market Summary

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 3025 per quintal this week and previous week was 3150. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3101 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 2800 - 3300 per quintal next week.

Domestic Market Highlights

Recent Updates

- Sugar prices have fallen below Rs 3,000 a quintal for the first time in this crushing season due to intensified competition among mills. Mills in Maharashtra on last week quoted Rs 2,990 a quintal for sale of the S30 variety of sugar to stockists and traders. The realisation for mills for the S30 variety of sugar has slumped by over 15 per cent since the beginning of this crushing season in October. The M30 variety of sugar continued to trade above Rs 3,100 a quintal at the mill gate.

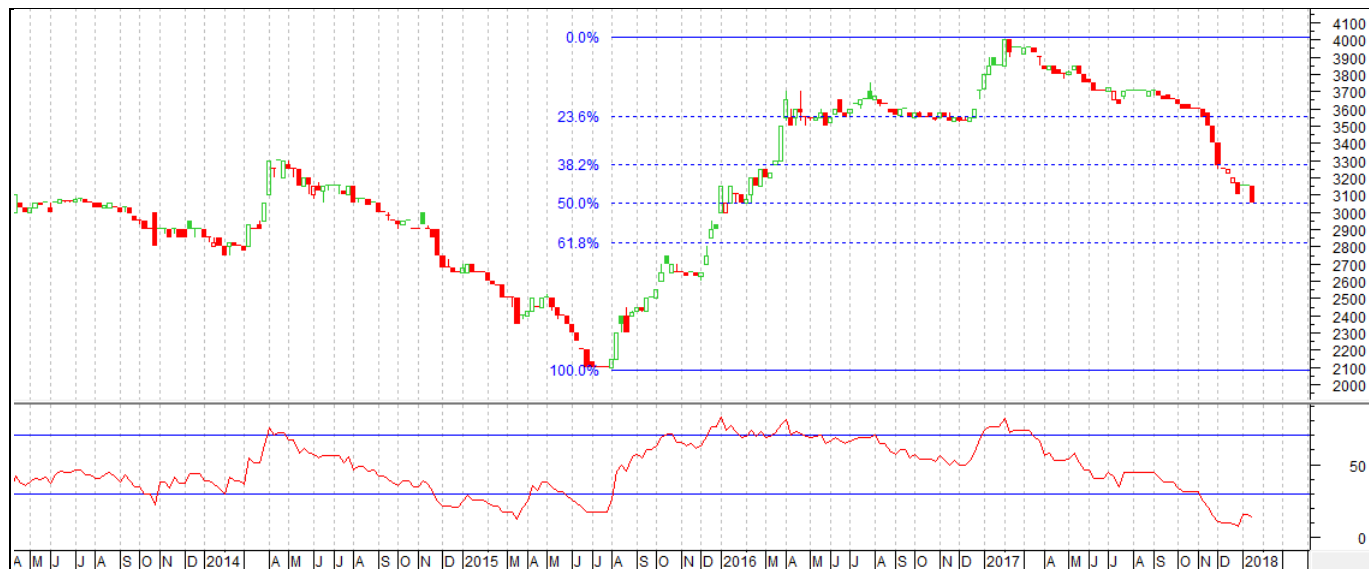
- The price of sugar in the retail markets in major cities have dipped Rs 1-4 per kg in the last one month while the rates have slumped by up to Rs 9 in some cities in the northeastern states, according to government data. While industry sources claimed the retail prices would not to go beyond Rs 40-42 per kg till the 2017-18 sugar season ends in September, the government said the price trend of will be clear by February.
- Several sugar mills in India were unable to pay cane price to the farmers because of the recent fall in sugar prices which have started falling below the cost of production. There was concern about sugarcane farmers getting affected due to their cane price arrears accumulating.
- Sugar production in Uttar Pradesh recorded a growth of 24.54 % to 4.1 million tonnes until January 12 on the back of higher recovery and increased crushing. Last year, mills produced 3.32 million tonnes Sugar in the corresponding period. This year the mills not only started early but also crushed more Sugarcane, and recovery is also higher at 10.19%, up from 9.87% a year ago. As a result production of the sweetener is rising.
- Indian Sugar Mills Association (ISMA) has increased sugar output estimate to 26.1mn tonnes in the crop year (October, 2017 to September, 2018) as against its earlier estimate of 25.1mn tonnes. The consumption of sugar in India is seen at 25mn tonnes in current year as against 24.6mn tonnes in earlier year. India may have surplus sugar available for exports in 2018-19.
- The main reason for the fall in sugar prices in the recent past was the expected sugar production during the current season, which is now looking to be more than the domestic requirement, because of which several sugar mills were under pressure to sell their sugar for revenue generation to pay to the cane farmers.

Previous Update

- 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.

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 (Continuous Chart)



Technical Commentary:

- Sugar prices increased while O.I decreased for the week.
- There is not much trade in the market.
- RSI is hovering in oversold region.
- MACD signal line and center line denotes bearish crossover.

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1	2700	2800	2940	3100	3200
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1	Wait	-	-	-	-

International Sugar Market Summary

International sugar prices noticed weak tone during the week

International Market Highlights
Recent Updates

- Brazil is studying the removal of a 20-percent tariff on ethanol imports from the United States, Agriculture Minister Blairo Maggi said. In a decision that could depend on Washington lifting a ban on fresh beef exports from Brazil. Last year, Brazil imposed a 20-percent tax on ethanol imported from the U.S. that exceeds a 600 million liter annual quota to protect local producers as imports spiked.
- The Mexican sugar industry stands to lose almost US \$543 million annually as a result of a trade pact Mexico signed with the United States, according to an estimate by the CEO of a domestic sugar refinery. The two countries reached an agreement last June that on one hand avoided punishing tariffs but on the other reduced the quota of refined sugar that Mexico can export to its northern trade partner. The director of Sucroliq said the quota requirement, coupled with a provision that requires sugar producers to export their unrefined product to refineries by sea instead of directly over the border to end users, will have a significant impact on growers' bottom lines.
- 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.

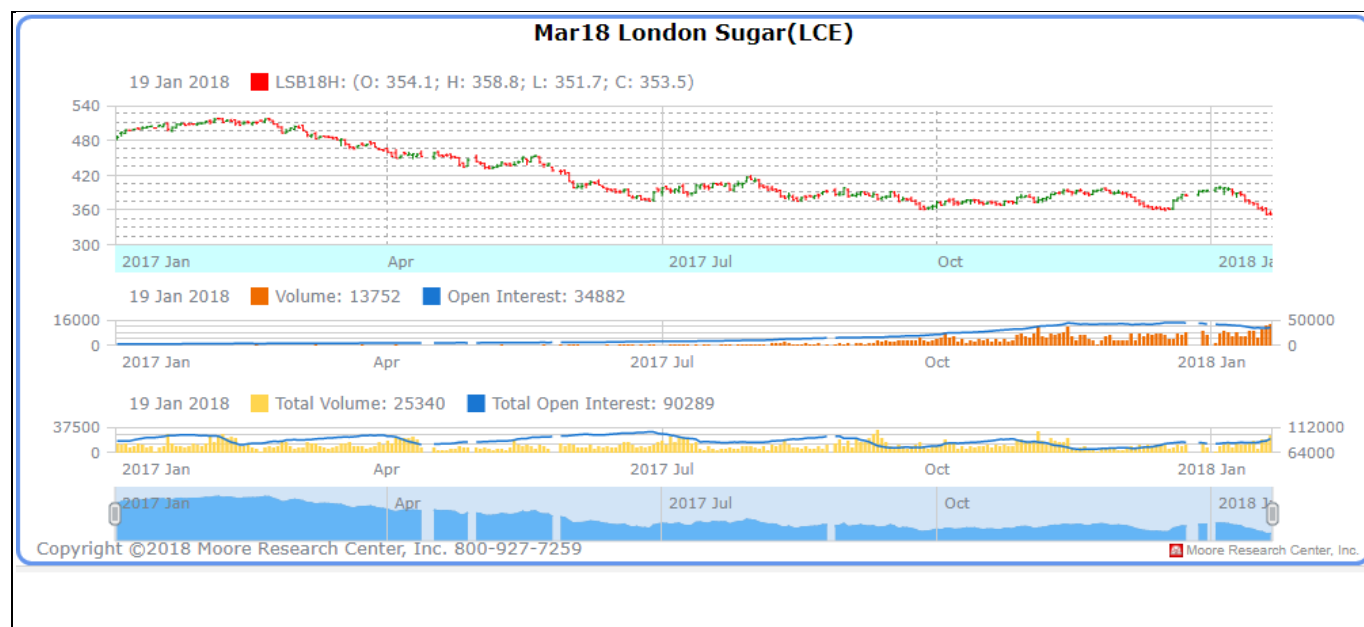
Previous Updates

- 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.

- 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)
-

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

Technical Commentary



- LIFE future market trends downward for the week.
 - The last candlestick depicts downtrend in market.
- Strategy: sell below 353,T1 350

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'18	353	350

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 13.25.00 with a target of 13.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	13.25	13.00

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 "Chaku" variety of Gur from Bijapur fell by Rs 150/quintal from Rs 2750/quintal to Rs 2650/quintal this week.

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


- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2650/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2800 and Rs 2500 per quintal respectively.

NCDEX Stock & Fed Position

Stocks	Grade	Demat	In-Process	Total	FED
		17-Jan-18	17-Jan-18	17-Jan-18	8-Jan-18
Delhi	M	-	-	-	-
Sangli	M	-	-	-	-
Sholapur	M	-	-	-	-
Kolhapur	M	-	-	-	-
Belgaum	M	-	-	-	-
Delhi	S	-	-	-	-
Sangli	S	-	-	-	-
Sholapur	S	-	-	-	-
Kolhapur	S	-	-	-	-
Belgaum	S	-	-	-	-

Sugar Futures ICE& LIFFE as on 17th January,2018

ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
Mar-18	13.64	13.74	13.35	13.42	-0.17
May-18	13.90	13.90	13.53	13.58	-0.19
July-18	14.07	14.08	13.74	13.78	-0.22

LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Mar-18	364.10	366.90	359.50	360.90	-2.50
May-18	365.90	368.50	361.50	362.70	-3.20
Aug-18	370.70	372.40	365.60	366.40	-3.80

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Jan-18	17-Jan-18	
Delhi	Delhi	M-Grade	3325	3349	-24
	Delhi	S-Grade	3305	3329	-24
Uttar Pradesh	Khatauli	M-Grade	3354	3354	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3240	3240	Unch
	Dhampur	S-Grade Ex-Mill	3220	3220	Unch
	Dhampur	L-Grade Ex-Mill	3290	3290	Unch
Maharashtra	Mumbai	M-Grade	3430	3440	-10
	Mumbai	S-Grade	3232	3236	-4
	Nagpur	M-Grade	3175	3175	Unch
	Nagpur	S-Grade	3075	3075	Unch
	Kolhapur	M-Grade	3050	3050	Unch
	Kolhapur	S-Grade	2950	2950	Unch
Assam	Guhawati	S-Grade	3258	3258	Unch
Meghalaya	Shillong	S-Grade	3270	3270	Unch
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3650	NA	-
Tamil Nadu	Chennai	S-Grade	3650	3650	Unch
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)

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			18-Jan-18	17-Jan-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2650	2663	-13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2513	2525	-13
	Muzaffarnagar	Laddoo (Fresh)	2813	2838	-25

	Muzaffarnagar	Rascut (Fresh)	2225	2225	Unch
	Hapur	Chaurasa	2413	2413	Unch
	Hapur	Balti	2475	2475	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4850	4850	Unch
	Belgaum	Mudde (Average)	3600	3600	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3450	3495	-45
	Mahalingapura	Penti (Average)	NA	3252	-
	Mandya	Achhu (Medium)	3100	3250	-150
	Mandya	Kurikatu (Medium)	3100	3200	-100
	Mandya	Other (Medium)	3000	3150	-150
	Mandya	Yellow (Medium)	3300	3300	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		18-Jan-18	11-Jan-18	18-Dec-17	18-Jan-17
Sugar S Grade					
Erode	-2.55	3820	3895	3895	3920
Kolhapur	-19.12	3059	3113	3302	3782
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-16.48	3295	3295	3450	3945
Erode	-	NA	NA	NA	3983
Kanpur	-16.56	3400	3427	3471	4075
Kolhapur	-18.60	3152	3206	3302	3872
Kolkata	-14.59	3476	3499	3542	4070
Muzaffar Nagar	-16.41	3300	3352	3425	3948
*NA: Not Available					

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		17-Jan-18	10-Jan-18	17-Jan-18	17-Jan-17	17-Jan-18
Mar-18	-39.14	1923	2094	1923	3160	63.97
May-18	-37.88	1946	2104	1946	3132	
Jul-18	-35.87	1975	2120	1975	3079	

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		17-Jan-18	10-Jan-18	17-Jan-18	17-Jan-17	17-Jan-18
Mar-18	-36.99	2309	2474	2309	3664	63.97
May-18	-36.97	2320	2481	2320	3681	
Aug-18	-35.79	2344	2505	2344	3650	

(Source: Reuters)* Today – figures are a day ago Quotes.

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