
Sugar & Gur Weekly Research Report

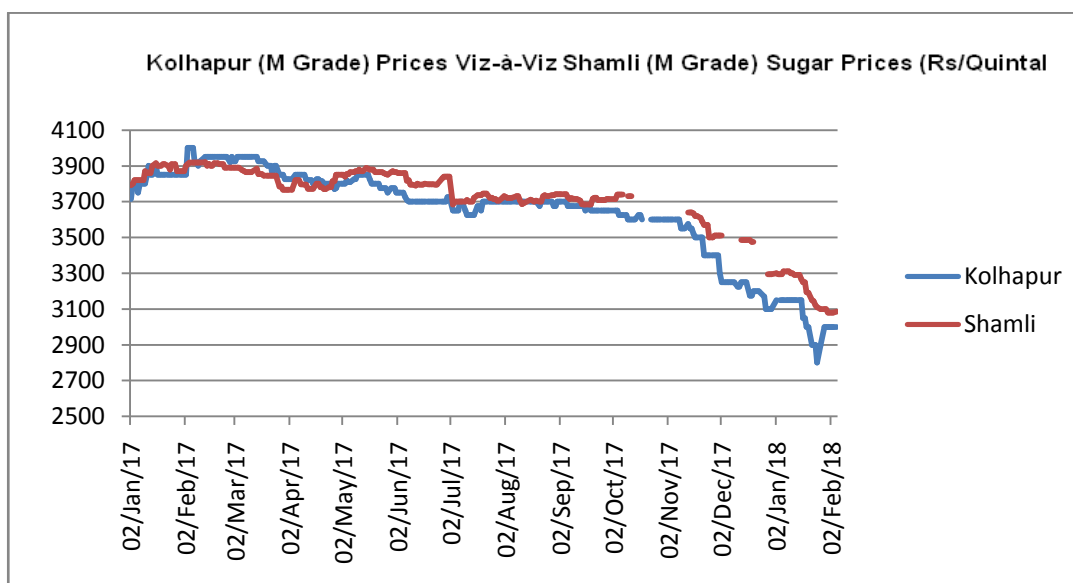
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Domestic Sugar Market Summary

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 3114 per quintal this week and previous week was 3150. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3108 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 - 3500 per quintal next week.

Domestic Market Highlights

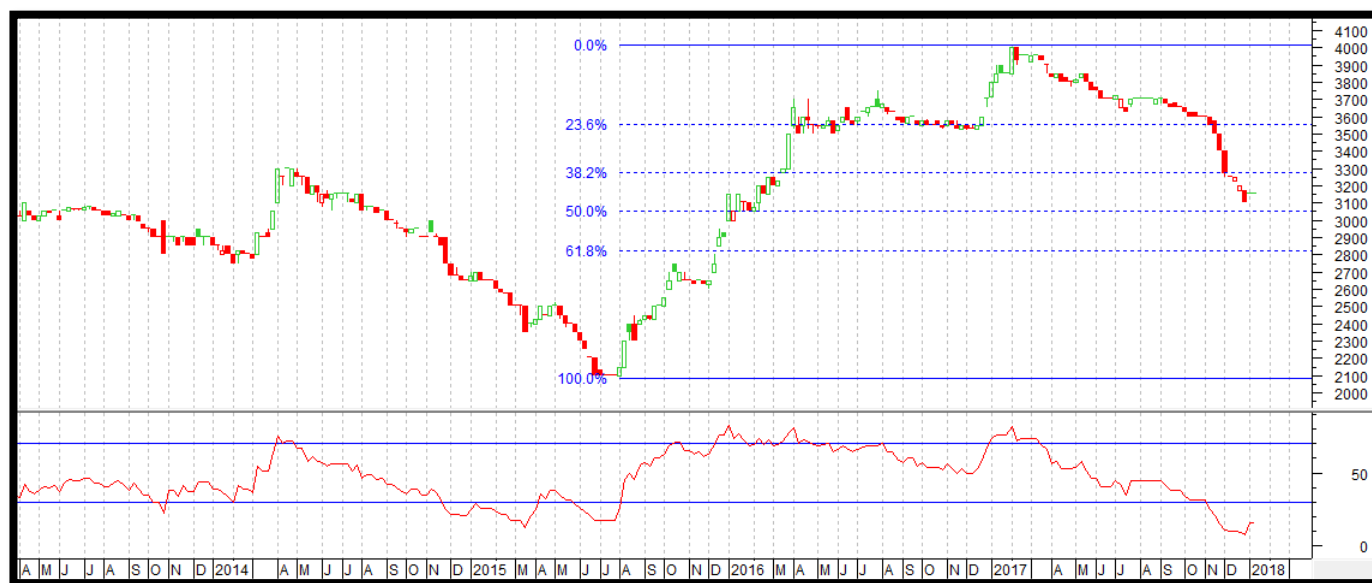
Recent Updates

- India's Sugar production estimate has been recently revised upwards by 4 per cent to 26.1 million tonnes (MT) in the current 2017-18 marketing year (October-September) as against 20.3 MT in 2016-17, as per industry data. The consumption is pegged at 25 MT for this year.
- The central government last week doubled the import duty on raw and refined sugar to 100%. This move is aimed at preventing dumping of heavily subsidized sugar from Pakistan to protect domestic farmers at a time when Indian production is expected to exceed consumption.

- To prevent the sugar prices from falling sharply, the food ministry has capped the amount of sugar that mills can sell in the open market. According to this plan, mills will have to hold at the end of February 83 per cent of the sugar stock held by them as on January 31; and at the end of March, 86% of the sugar stock held by them as on February 28. These thresholds are in addition to sugar produced during the months of February and March respectively, and less sugar exported during the respective month. Further, it is reported that the government may abolish 20% export duty on sugar to facilitate exports.
- Mr. Abinash Verma, director general of the Indian Sugar Mills Association (ISMA), said at the Dubai Sugar Conference last week that the Indian sugar industry will likely export 1 million tonnes in the 2017-2018 marketing year ending 30 September.

Previous Update

- Apprehending import of cheaper sugar from Pakistan, the food ministry has pushed for hike in import duty on the sweetener to 100% from current duty of 50%. At present there is no import of sugar, but the proposal is in view of a recent move by Pakistan of hiking the amount of sugar eligible for export subsidies to two million tonnes from five lakh tonnes which could depress sugar prices in the neighbouring country leading to possibilities of import into India. The proposal is currently pending with commerce ministry.
- Further, there are indications that the government may allow export of raw sugar under Duty Free Import Authorization (DFIA) scheme, which was withdrawn in May 2015.
- India's sugar mills produced 3.211 mln tonnes of sugar, white value, in the first half of January, down from 3.386 mln in the previous fortnight but sharply above 2.289 mln in the same period last year
- Sugar mills' cane arrears for the 2017 - 18 season stand at Rs 7,826 crore, down 13% from a year ago, according to the food ministry. As on date, cane price arrears in the current season on SAP (state-advised price) basis are at Rs 7,826 crore in comparison with Rs 8,982 crore in the corresponding period of the last sugar season
- As prices have fallen Rs 6-8 per kg since the beginning of the crushing season, traders have lost Confidence in the market. If the government comes out with some policy measure, it could give a positive signal to the market.
- The government may marginally raise the corpus for Sugar Development Fund (SDF) to Rs. 500 crore in the Budget for 2018-19. SDF, managed by the food ministry, is used for lending money to mills at lower interest rates. Till last fiscal year, the cess –collected from sugar mills – was deposited in it. When GST kicked in, the sugar cess was scrapped and hence a separate budgetary provision of Rs. 496 crore was made for SDF for 2017-18.

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 3110/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)


Technical Commentary

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

Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	March	2900	2970	3077	3500	3550
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	March	Wait	-	-	-	-

International Sugar Market Summary

International sugar prices noticed weak tone during the week

International Market Highlights
Recent Updates

- The Renewable Fuels Association (RFA) data confirms that U.S. ethanol exports set a new record in 2017, with 1.37 billion gallons shipped to more than 60 countries globally. The 2017 export total was up 17 percent from 2016 and beat the previous record set in 2011 by some 174 million gallons (mg).

Previous Updates

- As per USDA data, US domestic consumption of ethanol has eaten through close to a million barrels of ethanol in the week ending January 26, with production falling slightly. Ethanol production remained comfortably above the million barrel mark at 1.04 million barrels a day- a fall of 22,000 barrels per day from the previous week.
- China, the world's top sugar importer, bought 2.29 million tonnes of the sweetener in 2017- down 25.2 percent from the year before and the lowest since 2010. That came in the wake of steps by China's government to protect the local sugar industry. China's December sugar imports dropped 38.7% to 130,000 tonnes, from 220,000 tonnes a year ago, data from the General Administration of Customs showed.
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- 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.

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- Ukraine in 2017 exported 598,700 tonnes of sugar worth US\$279.9 million, which was 29% up on 465,600 tonnes in 2016. The major importers of Ukrainian sugar in 2017 were Sri Lanka (69,030 tonnes), Turkey (49,100 tonnes), Azerbaijan (44,900 tonnes), Sudan (40,000 tonnes), and Libya (39,900 tonnes), whereas Sri Lanka, Georgia, Tunisia, Romania and Egypt were the major consumer of Ukrainian sugar in 2016.
- 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%.
- Egyptian government increased guaranteed price to sugarcane farmers to EGP720 (\$40.6) per ton, from EGP700 previously, *Reuters* reported. This revalorization announced by the supply ministry is subsequent to farmers' reluctance to supply the government during this season which runs from January to May. The country expects to produce one million tons of sugarcane

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

Technical Commentary

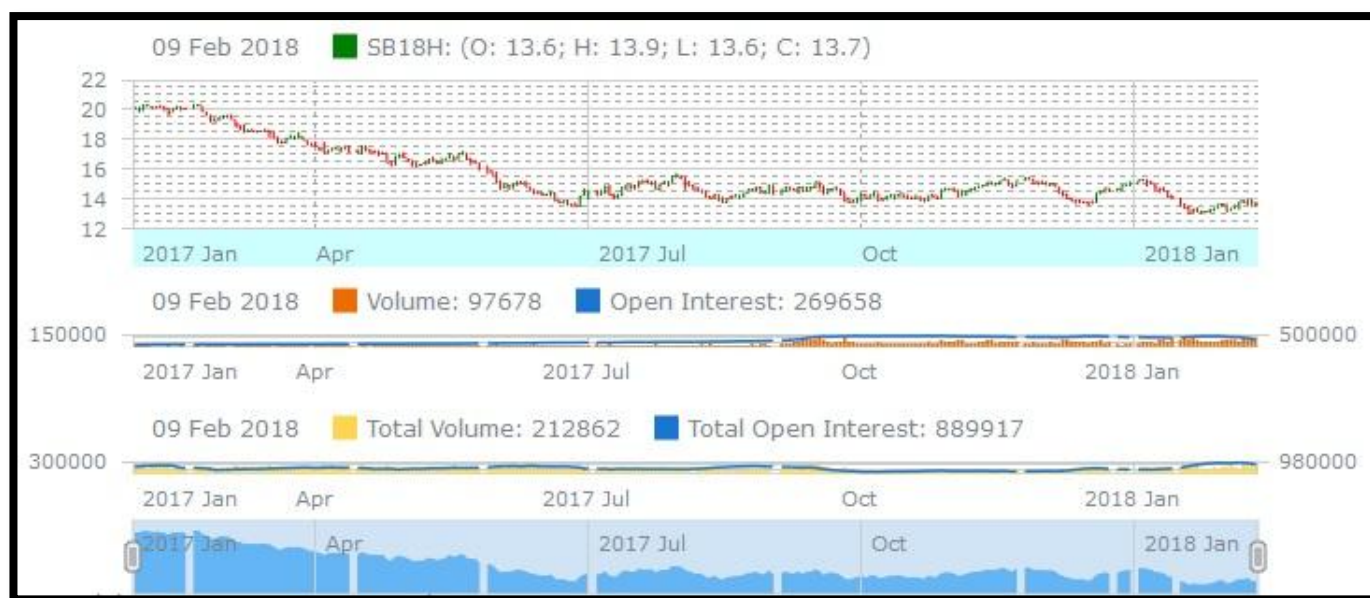


- LIFE future market trends steady for the month.
- The last candlestick depicts steady market.

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	359	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	13.9	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 3260/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			2nd to 8th February, 2018	19th to 25th January, 2018	
Delhi	Delhi	M-Grade	3186	3231	-46
	Delhi	S-Grade	3166	3211	-46
Uttar Pradesh	Khatauli	M-Grade	3211	3211	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3067	3088	-21
	Dhampur	S-Grade Ex-Mill	3047	3068	-21
	Dhampur	L-Grade Ex-Mill	3117	3138	-21
Maharashtra	Mumbai	M-Grade	3314	3286	28
	Mumbai	S-Grade	3070	3079	-9
	Nagpur	M-Grade	3192	3105	87
	Nagpur	S-Grade	3092	3045	47
	Kolhapur	M-Grade	3067	2980	87
	Kolhapur	S-Grade	2967	2920	47
Assam	Guhawati	S-Grade	3275	3228	47
Meghalaya	Shillong	S-Grade	3287	3240	47
Andhra Pradesh	Vijayawada	M-Grade	3467	3500	-33
	Vijayawada	S-Grade	3407	3440	-33
West Bengal	Kolkata	M-Grade	NA	NA	-
Tamil Nadu	Chennai	S-Grade	3367	3500	-133

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			8-Feb-18	1-Feb-18	8-Jan-18	8-Feb-17
Delhi	Delhi	M-Grade	3201	3182	3349	3980
	Delhi	S-Grade	3181	3162	3329	3960
Uttar Pradesh	Khatauli	M-Grade	3250	3200	3410	3960
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3050	3070	3300	3908
	Dhampur	S-Grade Ex-Mill	3030	3050	3280	3888
	Dhampur	L-Grade Ex-Mill	3100	3120	3350	3958
Maharashtra	Mumbai	M-Grade	3350	3300	3542	4266
	Mumbai	S-Grade	3096	3050	3276	4000
	Nagpur	M-Grade	3225	3125	3275	4045
	Nagpur	S-Grade	3125	3025	3175	3945
	Kolhapur	M-Grade	3100	3000	3150	3920
	Kolhapur	S-Grade	3000	2900	3050	3820
Assam	Guhawati	S-Grade	3309	3207	3360	4141
Meghalaya	Shillong	S-Grade	3320	3220	3370	4140
Andhra Pradesh	Vijayawada	M-Grade	3460	3500	3660	4240
	Vijayawada	S-Grade	3400	3440	3600	4140
West Bengal	Kolkata	M-Grade	NA	NA	NA	4150
Tamil Nadu	Chennai	S-Grade	3300	3500	3650	3870
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	NR	NA
	Ambikapur	S-Grade (Without Duty)	NR	NR	NR	NA

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)			2nd to 8th February,2018	19th to 25th January,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2576	2578	-2
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	38000	25500	12500
	Muzaffarnagar	Khurpa (Fresh)	2598	2657	-60
	Muzaffarnagar	Laddoo (Fresh)	2558	2622	-64
	Muzaffarnagar	Rascut (Fresh)	2170	2128	43
	Hapur	Chaurasa	2248	2323	-76

	Hapur	Balti	2223	2300	-78
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4800	4800	Unch
	Belgaum	Mudde (Average)	3500	3633	-133
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2524	2570	-46
	Gulbarga	Other (Average)	3051	3265	-214
	Mahalingapura	Penti (Average)	3234	3254	-20
	Mandya	Achhu (Medium)	3192	3150	42
	Mandya	Kurikatu (Medium)	3050	3100	-50
	Mandya	Other (Medium)	3017	3060	-43
	Mandya	Yellow (Medium)	3113	3180	-68
	Shimoga	Achhu (Average)	3738	3675	63

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			8-Feb-18	1-Feb-18	8-Jan-18	8-Feb-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2580	2563	2758	3070
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	2500	5000	10000
	Muzaffarnagar	Khurpa	2568	2680	2578	2888
	Muzaffarnagar	Laddoo	2555	2570	2895	2988
	Muzaffarnagar	Rascut	2163	2163	2203	2588
	Hapur	Chaurasa	2213	2313	Closed	2600
	Hapur	Balti	2200	2275	Closed	2738
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4800	4800	4850	4400
	Belgaum	Mudde (Average)	NA	3700	NA	3200
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	2475	2545	NA	NA
	Gulbarga	Other (Average)	3160	3135	3625	3675
	Mahalingapura	Penti (Average)	NA	3212	3324	3848
	Mandya	Achhu (Medium)	3200	3200	3300	3350
	Mandya	Kurikatu (Medium)	3000	3100	3200	3250
	Mandya	Other (Medium)	3000	3000	3150	3300
	Mandya	Yellow (Medium)	3100	3050	3350	3350
	Shimoga	Achhu (Average)	NA	3650	3600	4000

International Sugar Prices (Weekly)				
	Contract Month	7-Feb-18	31-Jan-18	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	14.00	13.23	0.77



	18-May	13.98	13.37	0.61
	18-Jul	14.16	13.67	0.49
LIFFE Sugar (US \$/MT)	18-Mar	361.00	352.40	8.60
	18-May	365.40	356.50	8.90
	18-Aug	367.80	361.50	6.30

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