
Sugar & Gur Weekly Research Report

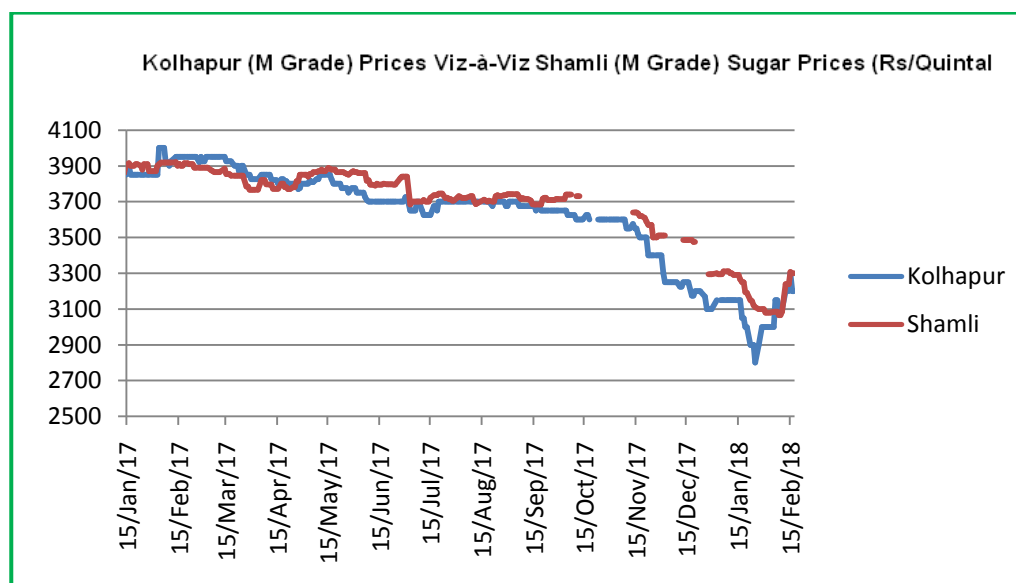
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady to firm following subdued domestic demand from stockiest and bulk consumers.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3180 per quintal this week and previous week was 3114. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3195 per quintal this week.



Price Outlook:

Agrivatch predicts spot sugar prices to stable 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 Agrivatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2900 - 3500 per quintal next week.

Domestic Market Highlights

Recent Updates

- In Kolhapur market, prices are trading near Rs.3200/quintal compared to Rs.3100/quintal previous week. Last year during same period prices were trading near Rs 3900-Rs 4000/quintal.
- Sugar mills in the Maharashtra state had revised their estimate of sugarcane crushing in the current season to 800 lakh tonnes by April this year from the earlier estimate of 700 lakh tonnes.

Previous Update

- 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.
- Abinash Verma, director general of the Indian Sugar Mills Association, said at the Dubai Sugar Conference on last week that the Indian sugar industry will likely export 1 million tonnes in the 2017-2018 marketing year, which runs to 30 September.
- There has been an increase in the import duty of sugar to nearly 100 percent, and now according to government sources, government is likely to ask the sugar mills to hold 83 percent of their January stocks by February end. This would be increased to 88 percent of February stocks to be held until the end of March. In an interview to CNBC-TV18, Prafull Vithlani, Chairman of All India Sugar Trade Association (AISTA), spoke about the impact on the sugar prices.
- Total sugarcane production in Maharashtra would be around 900 lakh tonnes. Of these, some would be diverted for fodder and other usage and 800 lakh tonnes would be crushed for sugar. The average sugar recovery rate per tonne is 11.50 per cent.
- The government on last week has doubled import duty on all types of sugar (raw sugar, refined or white sugar) from the present 50% to 100%.
- The Cooperative sugar mills in Haryana have crushed 205.18 lakh quintal of sugarcane and produced over 19.42 lakh quintals of sugar so far during the ongoing crushing season.
- The Maharashtra state government would soon procure sugar from mills at the rate of Rs 3,200 a quintal to arrest the slide in sugar prices. Minister for Cooperation Subhash Deshmukh, said that around 25 per cent of total production in the state can thus be procured in the months to come.
- 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 neighboring 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.
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Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices sourced from Brazil to JNPT (India) was quoted at \$509. per ton (including 50% import duty) and Indian domestic refined sugar FOB at JNPT port sourced from Kolhapur was quoted at \$517.20 per ton.

On International front, Brazil sugar FOB prices quoted at \$517. Ton. Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

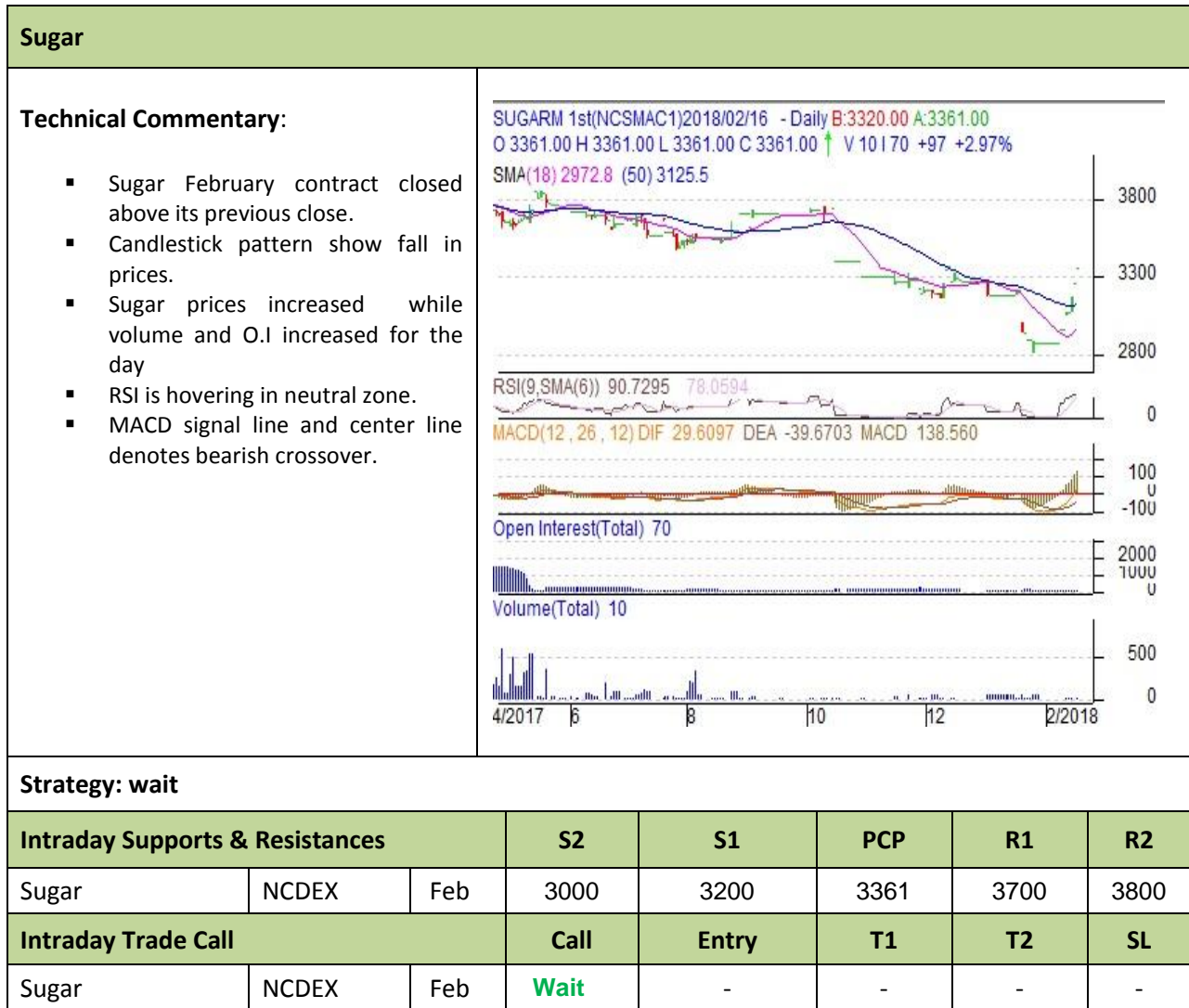
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.64.21) as on 19 Feb, 2018			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$517.20	NA/357.10	\$509.21

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 3200 /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)



International Sugar Market Summary

International sugar prices noticed weak tone during the week

International Market Highlights

Recent Updates

- According to Industry Association UNICA, Brazil's Center-South region crushed 407,000 mt of sugarcane in the second half of January, down 30.9% year on year but up 145% from a near four-year low 166,420 mt in the first half of January.
- According to Australian Sugar Milling Council (ASMC), Australia's sugar mills crushed a total of 33.349 million tonnes of cane in the 2017-18 season, an 8% drop from last season.

- Sugar exports from Ukraine in September-January of the 2017/2018 marketing year (MY) amounted to 250,060 tonnes, the National Association of Sugar Producers Ukrtsukor has reported. “Over the same period last year some 409,700 tonnes of sugar were exported. As we see, the current figure is almost twice lower. This is due to the unfavorable situation in the world market and a certain surplus due to sugar overproduction in India and Brazil.

Previous Updates

- According to Renewable Fuels Association (RFA) data confirms that U.S. ethanol exports set a new record in 2017, with an astonishing 1.37 billion gallons shipped to more than 60 countries around the world. The 2017 export total was up 17 percent from 2016 and beat the previous record set in 2011 by some 174 million gallons (mg).
- In response to large carry-over stocks at the onset of the current harvest, the Government of Pakistan has increased the volume of sugar eligible for an export subsidy from 500,000 metric tons to 2.0 million metric tons. The subsidy is categorized as a freight subsidy of up to \$97 per metric ton, for total potential subsidy expenditures of \$194 million. Pakistan has utilized export subsidies to move sugar off its domestic market during four of the past five marketing years.
- 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 percent to 130,000 tonnes, from 220,000 tonnes a year ago, data from the General Administration of Customs showed.
- 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.
- 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 famers’ reluctance to supply the government during this season which runs from January to May. The country expects to produce one million tons of sugarcane.
- Egypt is the Africa’s second largest sugarcane producer after South Africa. The commodity is mainly produced in the upper part of the nation, on a narrow strip of land at the Nile’s side.
- Sugar futures fell hard in 2017, proving the worst performance of the major agricultural commodity contracts. New York-traded raw sugar futures tumbled by 22% - reversing 2016’s gains almost exactly - while London white sugar plunged by 25%, undermined by the prospect of a return to a world production surplus. Besides unexpectedly strong output estimates for many major producers, such as the European Union and India, consumption ideas took a dent from health concerns – largely, but not universally, in Western nations.
- Brazil is studying the removal of a 20-percent tariff on ethanol imports from the United States, Agriculture Minister Blairo Maggi said on Wednesday, 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. Also in 2017, the U.S. banned shipments of fresh beef from Brazil following on a food safety scandal involving bribes paid to inspectors that led to heightened inspections by the U.S. and in turn uncovered potential

health risks. Speaking to reporters on Tuesday, Maggi implied that a decision on removing the ethanol import tariff could depend on resolving the dispute on beef exports.

- Ukraine has almost completed the 2017/18 sugar season, processing 2.1 million tonnes of white sugar from the 2017 sugar beet harvest, the agriculture ministry said on Tuesday. It said 46 sugar refineries had processed 13.7 million tonnes of sugar beet so far this season out of the 13.8 million tonnes that have been harvested. Ukraine consumes about 1.5 million tonnes of sugar a year and produced 2 million tonnes of white sugar from beet in 2016. The country produced about 5 million tonnes of white beet sugar a year during Soviet times but has cut production sharply due to a lack of export markets in the face of competition from cheaper cane sugar.

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

Technical Commentary



- LIFE future market trends steady for the week.
 - The last candlestick depicts steady market.
- Strategy: sell below 370,T1 372

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'18	362	368

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



Technical Commentary:

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

Strategy: sell at 14.00 with a target of 14.30

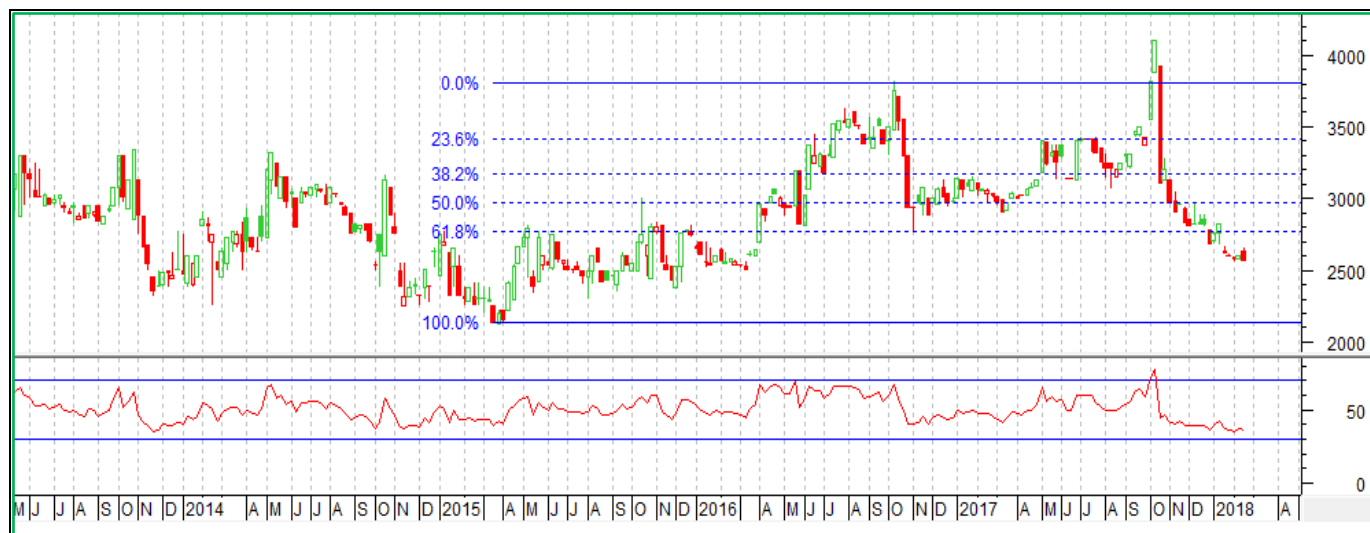
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	13.70	14.00

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 has increased to Rs 2490/ quintal compared to Rs 2475/ quintal in last one week.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2555/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2800 and Rs 2400 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			9th to 15th February,2018	2nd to 8th February,2018	
Delhi	Delhi	M-Grade	3433	3186	247
	Delhi	S-Grade	3413	3166	247
Uttar Pradesh	Khatauli	M-Grade	3432	3211	221
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3173	3067	107
	Dhampur	S-Grade Ex-Mill	3153	3047	107
	Dhampur	L-Grade Ex-Mill	3223	3117	107
Maharashtra	Mumbai	M-Grade	3468	3314	154
	Mumbai	S-Grade	3212	3070	142
	Nagpur	M-Grade	3305	3192	113
	Nagpur	S-Grade	3205	3092	113
	Kolhapur	M-Grade	3180	3067	113
	Kolhapur	S-Grade	3080	2967	113
Assam	Guhawati	S-Grade	3390	3275	115
Meghalaya	Shillong	S-Grade	3400	3287	113
Andhra Pradesh	Vijayawada	M-Grade	3636	3467	169
	Vijayawada	S-Grade	3576	3407	169
West Bengal	Kolkata	M-Grade	3753	NA	-
Tamil Nadu	Chennai	S-Grade	3500	3367	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			15-Feb-18	8-Feb-18	15-Jan-18	15-Feb-17
Delhi	Delhi	M-Grade	3515	3201	3372	3950
	Delhi	S-Grade	3495	3181	3352	3930
Uttar Pradesh	Khatauli	M-Grade	3560	3250	3380	4000
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3230	3050	3285	3890
	Dhampur	S-Grade Ex-Mill	3210	3030	3265	3870
	Dhampur	L-Grade Ex-Mill	3280	3100	3335	3940
Maharashtra	Mumbai	M-Grade	3520	3350	3490	4266
	Mumbai	S-Grade	3270	3096	3260	3972
	Nagpur	M-Grade	3425	3225	3275	4075
	Nagpur	S-Grade	3325	3125	3175	3975
	Kolhapur	M-Grade	3300	3100	3150	3950
	Kolhapur	S-Grade	3200	3000	3050	3850
Assam	Guhawati	S-Grade	3512	3309	3360	4172
Meghalaya	Shillong	S-Grade	3520	3320	3370	4170
Andhra Pradesh	Vijayawada	M-Grade	3700	3460	3660	4200
	Vijayawada	S-Grade	3640	3400	3600	4100
West Bengal	Kolkata	M-Grade	3760	NA	NA	4130
Tamil Nadu	Chennai	S-Grade	3600	3300	Closed	3850
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
			9th to 15th February,2018	2nd to 8th February,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2619	2576	43
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	50000	38000	12000
	Muzaffarnagar	Khurpa (Fresh)	2621	2598	23
	Muzaffarnagar	Laddoo (Fresh)	2628	2558	70
	Muzaffarnagar	Rascut (Fresh)	2184	2170	14
	Hapur	Chaurasa	2255	2248	8
	Hapur	Balti	2225	2223	3
Maharashtra	Latur	Lal Variety	NR	NR	-

Karnataka	Bangalore	Mudde (Average)	4750	4800	-50
	Belgaum	Mudde (Average)	3300	3500	-200
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2490	2524	-34
	Gulbarga	Other (Average)	3067	3051	15
	Mahalingapura	Penti (Average)	3211	3234	-23
	Mandya	Achhu (Medium)	3200	3192	8
	Mandya	Kurikatu (Medium)	3000	3050	-50
	Mandya	Other (Medium)	2980	3017	-37
	Mandya	Yellow (Medium)	3067	3113	-46
	Shimoga	Achhu (Average)	3725	3738	-13

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			15-Feb-18	8-Feb-18	15-Jan-18	15-Feb-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2613	2580	2625	3053
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	4000	8000
	Muzaffarnagar	Khurpa	2638	2568	2553	2863
	Muzaffarnagar	Laddoo	2650	2555	2778	2988
	Muzaffarnagar	Rascut	2175	2163	2205	2563
	Hapur	Chaurasa	2250	2213	Closed	2700
	Hapur	Balti	2225	2200	Closed	2725
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4600	4800	NA	4300
	Belgaum	Mudde (Average)	3300	NA	NA	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2475	NA	3320
	Gulbarga	Other (Average)	NA	3160	NA	3620
	Mahalingapura	Penti (Average)	NA	NA	NA	3805
	Mandya	Achhu (Medium)	3200	3200	NA	3500
	Mandya	Kurikatu (Medium)	3000	3000	NA	3400
	Mandya	Other (Medium)	3000	3000	NA	3400
	Mandya	Yellow (Medium)	NA	3100	NA	3500
	Shimoga	Achhu (Average)	NA	3750	NA	4500

International Sugar Prices (Weekly)				
	Contract Month	14-Feb-18	7-Feb-18	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	13.40	14.00	-0.60
	18-May	13.31	13.98	-0.67
	18-Jul	13.42	14.16	-0.74
LIFFE Sugar (US \$/MT)	18-Mar	357.10	361.00	-3.90
	18-May	357.90	365.40	-7.50
	18-Aug	360.70	367.80	-7.10

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