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# Sugar & Gur Weekly Research Report

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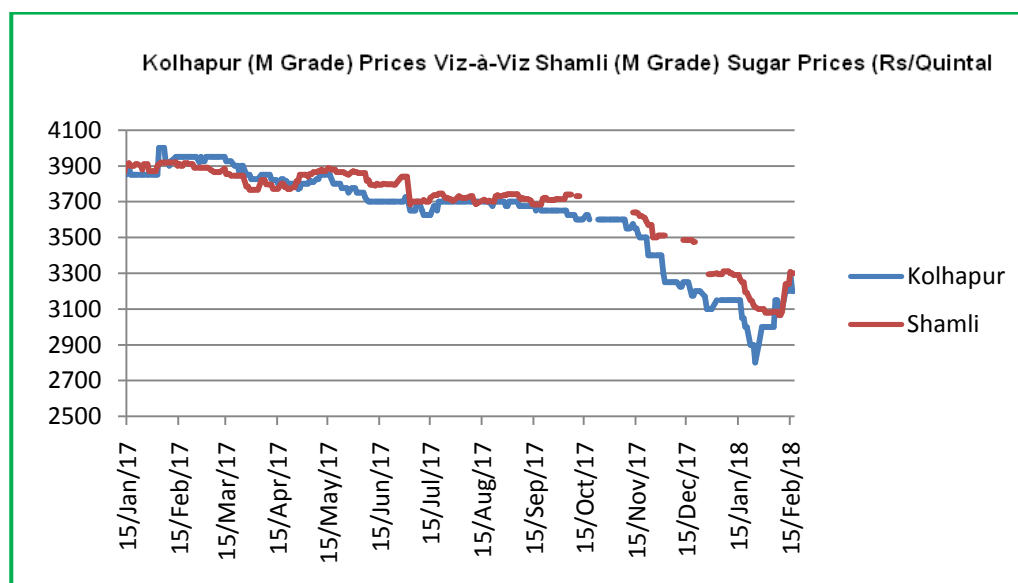
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### Domestic Sugar Market Summary

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 3166 per quintal this week and previous week was 3180. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3300 per quintal this week.



### Price Outlook:

Agriwatch 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 Agriwatch 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

- Maharashtra State Cooperative Bank (MSC) Bank had revised its valuation of sugar by Rs 130 per quintal from the earlier valuation of Rs 2,970 in the last week, a move that will help sugar mills borrow more from banks and make payments to cane farmers.
- According to Avinash Verma, Director-General of the Indian Sugar Mills' Association (ISMA), the ex-mill price of sugar in Uttar Pradesh, which had increased by nearly 13 per cent to Rs 35 a kg in the past ten days.
- India may export more Sugar than previously forecast as higher yields boost supply in the world's top consumer. Shipments may total 1.5 million metric tons in the next six to eight months, the Indian Sugar Mills Association (ISMA) said.

- 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.
- 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

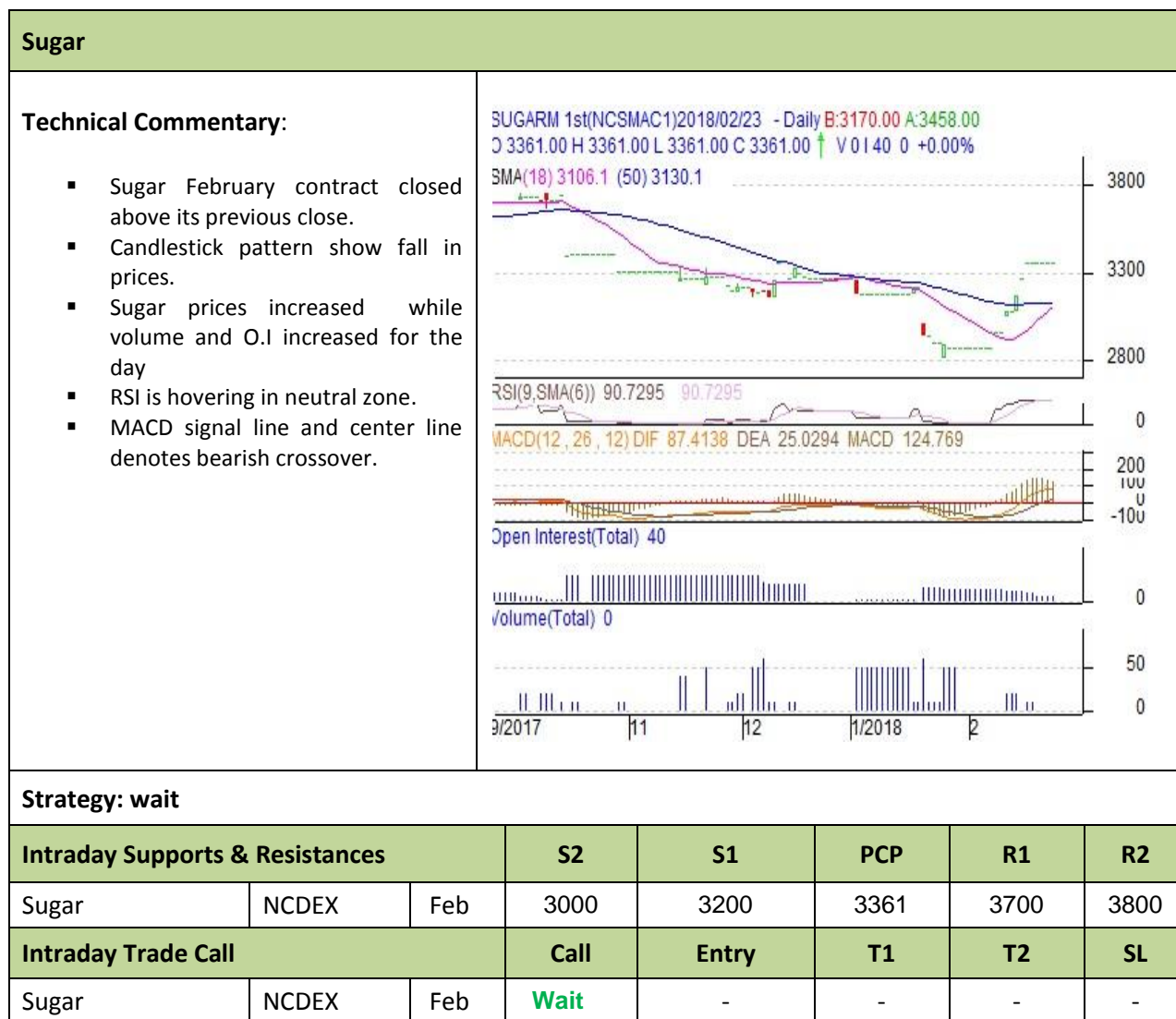
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- Abinash Verma, director general of the Indian Sugar Mills Association, said at the Dubai Sugar Conference on last week that the Indian sugar industry will likely export 1 million tonnes in the 2017-2018 marketing year, which runs to 30 September.
- 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.
- 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.

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- 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.
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#### 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)**

**International Sugar Market Summary**

International sugar prices noticed weak tone during the week

**International Market Highlights**
**Recent Updates**

- Swiss Sales prices of sugar have dropped 50%, according to Guido Stäger, director of Swiss Sugar, which owns two refineries and employs 240 people. Industry representatives warn that beet growing areas have already been reduced and that national production is at risk.

### Previous Updates

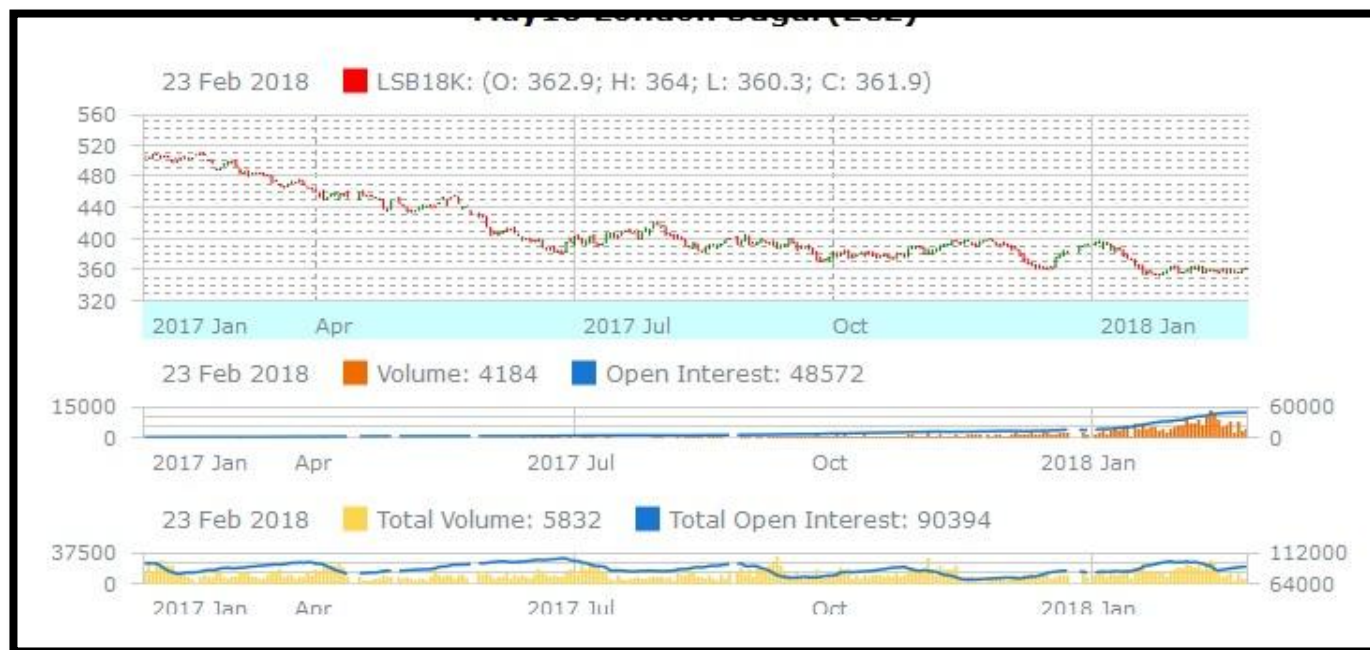
- According to Industry Association UNICA, Brazil's Center-South region crushed 407,000 mt of sugarcane in the second half of January, down 30.9% year on year but up 145% from a near four-year low 166,420 mt in the first half of January.
- According to Australian Sugar Milling Council (ASMC), Australia's 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.
- 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 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.
- 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 decreased to Rs 2450/ quintal compared to Rs 2490/ quintal in last one week.

- 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 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			16th to 22nd February, 2018	9th to 15th February, 2018	
<b>Delhi</b>	Delhi	M-Grade	3457	3433	25
	Delhi	S-Grade	3437	3413	25
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3550	3432	118
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3225	3173	52
	Dhampur	S-Grade Ex-Mill	3205	3153	52
	Dhampur	L-Grade Ex-Mill	3275	3223	52
<b>Maharashtra</b>	Mumbai	M-Grade	3500	3468	32
	Mumbai	S-Grade	3235	3212	23
	Nagpur	M-Grade	3308	3305	3
	Nagpur	S-Grade	3208	3205	3
	Kolhapur	M-Grade	3183	3180	3
	Kolhapur	S-Grade	3083	3080	3
<b>Assam</b>	Guhawati	S-Grade	3393	3390	3
<b>Meghalaya</b>	Shillong	S-Grade	3403	3400	3
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3800	3636	164
	Vijayawada	S-Grade	3740	3576	164
<b>West Bengal</b>	Kolkata	M-Grade	3665	3753	-88

Tamil Nadu	Chennai	S-Grade	3600	3500	100
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			22-Feb-18	15-Feb-18	22-Jan-18	22-Feb-17
Delhi	Delhi	M-Grade	3467	3515	3277	3905
	Delhi	S-Grade	3447	3495	3257	3885
Uttar Pradesh	Khatauli	M-Grade	3550	3560	3269	3970
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3230	3230	3160	3900
	Dhampur	S-Grade Ex-Mill	3210	3210	3140	3880
	Dhampur	L-Grade Ex-Mill	3280	3280	3210	3950
Maharashtra	Mumbai	M-Grade	3462	3520	3396	4276
	Mumbai	S-Grade	3230	3270	3210	4006
	Nagpur	M-Grade	3275	3425	3025	4075
	Nagpur	S-Grade	3175	3325	3125	3975
	Kolhapur	M-Grade	3150	3300	2900	3950
	Kolhapur	S-Grade	3050	3200	3000	3850
Assam	Guhawati	S-Grade	3360	3512	3309	4172
Meghalaya	Shillong	S-Grade	3370	3520	3320	4170
Andhra Pradesh	Vijayawada	M-Grade	3800	3700	3500	4200
	Vijayawada	S-Grade	3740	3640	3440	4100
West Bengal	Kolkata	M-Grade	3600	3760	3630	4080
Tamil Nadu	Chennai	S-Grade	3600	3600	3500	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
Jaggery(Gur)			16th to 22nd February,2018	9th to 15th February,2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2541	2619	-78
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	46000	50000	-4000

	Muzaffarnagar	Khurpa (Fresh)	2545	2621	-76
	Muzaffarnagar	Laddoo (Fresh)	2547	2628	-82
	Muzaffarnagar	Rascut (Fresh)	2136	2184	-48
	Hapur	Chaurasa	2235	2255	-20
	Hapur	Balti	2210	2225	-15
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4600	4750	-150
	Belgaum	Mudde (Average)	3380	3300	80
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2515	2490	25
	Gulbarga	Other (Average)	3033	3067	-33
	Mahalingapura	Penti (Average)	3330	3211	119
	Mandya	Achhu (Medium)	3450	3200	250
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	3158	2980	178
	Mandya	Yellow (Medium)	3370	3067	303
	Shimoga	Achhu (Average)	3690	3725	-35

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			22-Feb-18	15-Feb-18	22-Jan-18	22-Feb-17
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha	2543	2613	2600	3000
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	7000	5000	8000
	Muzaffarnagar	Khurpa	2528	2638	2425	2713
	Muzaffarnagar	Laddoo	2528	2650	2675	2888
	Muzaffarnagar	Rascut	2150	2175	2205	2650
	Hapur	Chaurasa	2250	2250	Closed	2625
	Hapur	Balti	2200	2225	Closed	2650
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	NR	NR
<b>Karnataka</b>	Bangalore	Mudde (Average)	4600	4600	4800	4300
	Belgaum	Mudde (Average)	3400	3300	3500	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	3500
	Gulbarga	Other (Average)	3125	NA	3645	3450
	Mahalingapura	Penti (Average)	3402	NA	3290	3774
	Mandya	Achhu (Medium)	3600	3200	3150	3600
	Mandya	Kurikatu (Medium)	3000	3000	3100	3400
	Mandya	Other (Medium)	3200	3000	3000	3400
	Mandya	Yellow (Medium)	3500	NA	3200	3550
	Shimoga	Achhu (Average)	3650	3800	3700	3900

International Sugar Prices (Weekly)				
	Contract Month	21-Feb-18	14-Feb-18	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	13.38	13.40	-0.02
	18-May	13.27	13.31	-0.04
	18-Jul	13.43	13.42	0.01
LIFFE Sugar (US \$/MT)	18-May	356.70	357.10	-0.40
	18-Aug	356.30	357.90	-1.60
	18-Oct	360.00	366.50	-6.50

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