
Sugar & Gur Weekly Research Report

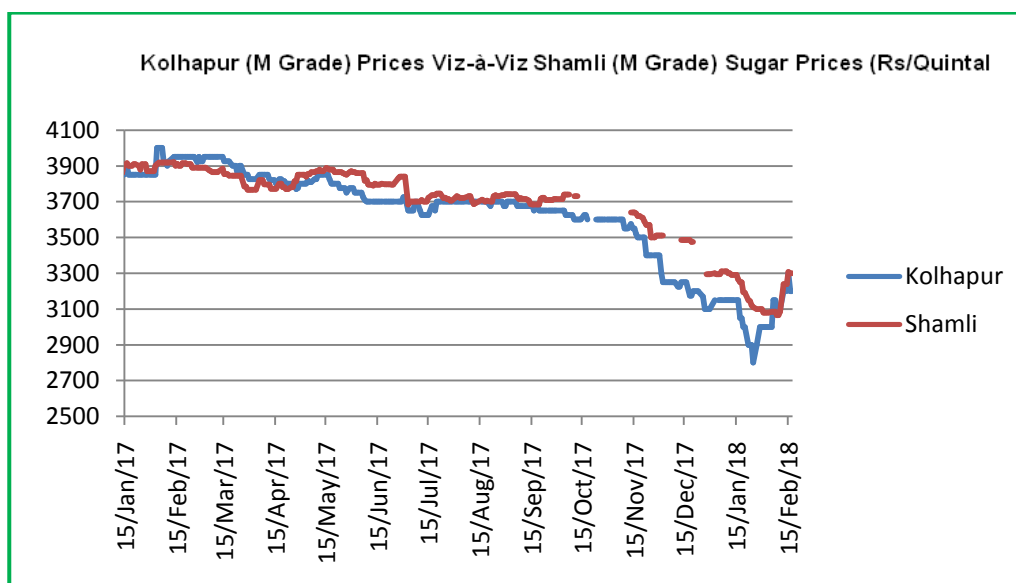
Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Agriwatch Sweeteners Index
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ Domestic Sugar Market Technical Analysis (Spot Market)
- ❖ International Sugar Market Summary
- ❖ International Market Highlight
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

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 3140 per quintal this week and previous week was 3166. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3272 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to supportive 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

- In Vijayawada wholesale market, sugar prices are trading near Rs.3550/ quintal compared to Rs. 5600/ quintal in previous week. Last year prices were trading near Rs.4200/ quintal.
- The latest data shows cane crushing in Maharashtra during the current season, as on last month, to have already touched 760.93 lt, with the corresponding sugar output at 83.64 lt even with a lower recovery of 10.99 per cent. Moreover, all the 185 mills in the state are still running.
- Based on current trends, domestic sugar production for sugar year 2017-18 is anticipated to increase by at least 33 per cent to around 27 million tonnes (as against its earlier estimate of 26 mt), although an even

higher production cannot be ruled out at this stage. The consumption is expected to increase to around 25 mt in SY2018 from 24.5 mt in SY2017.

- Currently, the ex-mill sugar prices hover around Rs 34,500-35,000 a tonne. But a renewed pressure on prices cannot be ruled out if the final production happens to higher than the current estimates, the ICRA said.

Previous Update

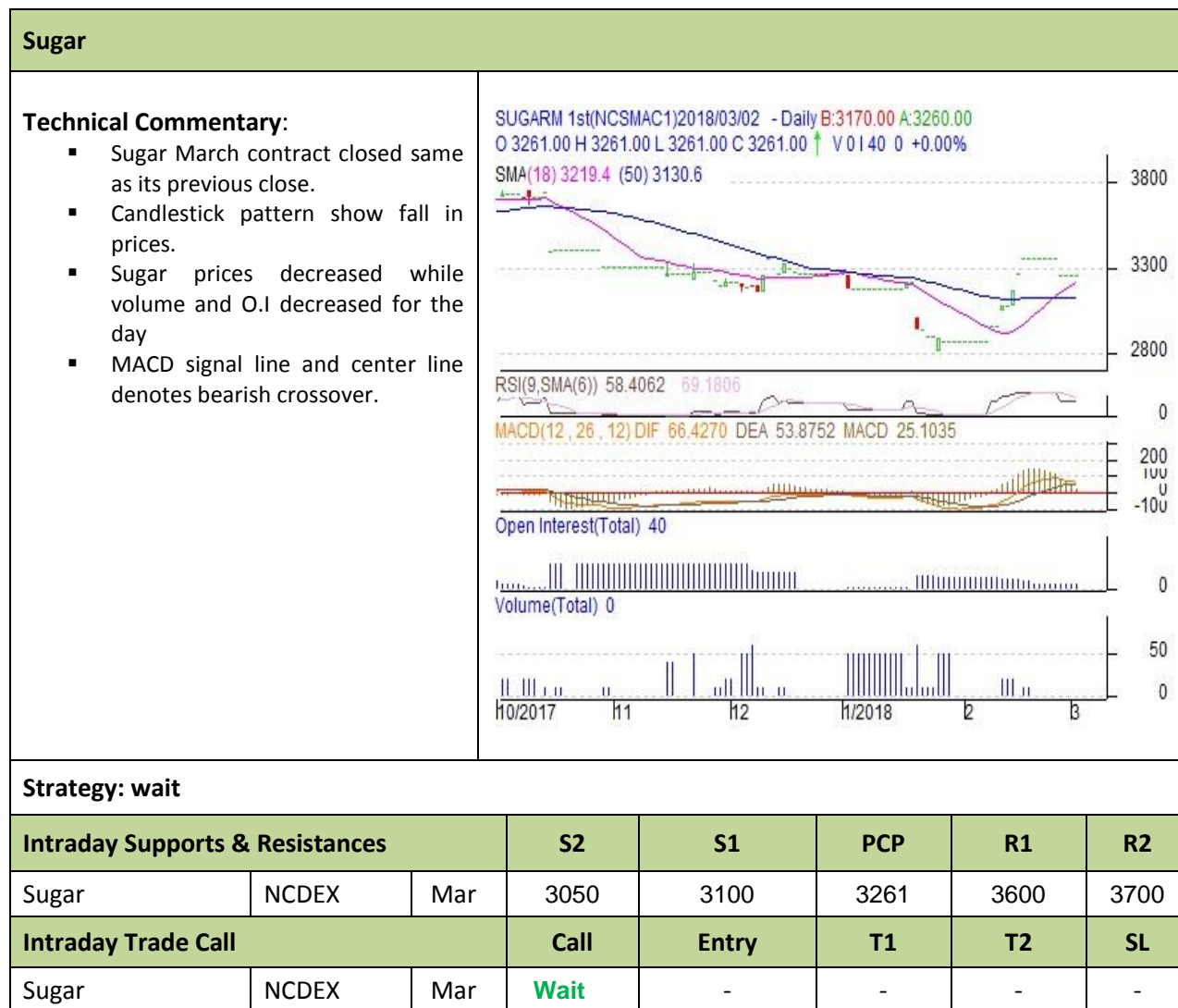
- Maharashtra State Cooperative Bank (MSC) Bank had revised its valuation of sugar by Rs 130 per quintal from the earlier valuation of Rs 2,970 in the last week, a move that will help sugar mills borrow more from banks and make payments to cane farmers.
- According to Avinash Verma, Director-General 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.
- 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.

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 3500 and Rs 3000 per quintal respectively.
- Relative Strengths Indicator is moving in neutral region which indicate range bound movement.

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

- The International Sugar Organization on last week raised its forecast for a projected global sugar surplus in 2017-18 (October/September) to 5.15 million tonnes, up from a previous forecast of 5.03 million. The upward revision was driven by lower than previously anticipated consumption of 173.55 million tonnes for 2017-18, down from a prior forecast of 174.41 million and global sugar production was seen at 178.70

million tonnes, slightly down from a previous forecast of 179.45 million, the ISO said in a quarterly report. 3800

- Brazilian sugar mills looking to grow the world's first variety of genetically modified (GM) sugarcane have planted an initial area of 400 hectares (988 acres), according to the research firm behind the project. Developed by Centro de Tecnologia Canavieira (CTC) with Bt (*Bacillus thuringiensis*) genes that make it resistant to the cane borer, around 100 mills are working with the GM cane, company Chief Executive Gustavo Leite told Reuters.
- Data released last week by the Energy Information Administration (EIA) confirms that the U.S. ethanol industry produced a record amount of high-octane, low-carbon renewable fuel in 2017. According to EIA, the industry churned out 15.84 billion gallons of ethanol, up 3% from the 2016 total and a four-fold increase over the 3.91 billion gallons produced in 2005 when the original Renewable Fuel Standard (RFS) was adopted. The data also preliminarily indicated record domestic ethanol blending, with 14.4 billion gallons blended into 142.9 billion gallons of finished gasoline, equating to a record average blend rate of 10.08%.

Previous 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.
- 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 374

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'18	351	352

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 13.00 with a target of 14.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	13.00	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 is trading near Rs 2520/ quintal which is similar to last year.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2520/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			23rd to 1st March,2018	16th to 22nd February,2018	
Delhi	Delhi	M-Grade	3420	3457	-37
	Delhi	S-Grade	3400	3437	-37
Uttar Pradesh	Khatauli	M-Grade	3443	3550	-107
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3225	-25
	Dhampur	S-Grade Ex-Mill	3180	3205	-25
	Dhampur	L-Grade Ex-Mill	3250	3275	-25
Maharashtra	Mumbai	M-Grade	3440	3500	-60
	Mumbai	S-Grade	3230	3235	-5
	Nagpur	M-Grade	3267	3308	-42
	Nagpur	S-Grade	3167	3208	-42
	Kolhapur	M-Grade	3142	3183	-42
	Kolhapur	S-Grade	3042	3083	-42
Assam	Guhawati	S-Grade	3351	3393	-42
Meghalaya	Shillong	S-Grade	3362	3403	-42
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3586	3665	-79
Tamil Nadu	Chennai	S-Grade	3550	3600	-50
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			1-Mar-18	22-Feb-18	1-Feb-18	1-Mar-17
Delhi	Delhi	M-Grade	3372	3467	3182	3950
	Delhi	S-Grade	3352	3447	3162	3930
Uttar Pradesh	Khatauli	M-Grade	Closed	3550	3200	3965
	Ramala	M-Grade	Closed	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	Closed	3230	3070	3875
	Dhampur	S-Grade Ex-Mill	Closed	3210	3050	3855
	Dhampur	L-Grade Ex-Mill	Closed	3280	3120	3925
Maharashtra	Mumbai	M-Grade	3460	3462	3300	4276
	Mumbai	S-Grade	3220	3230	3050	4020

	Nagpur	M-Grade	3275	3275	3125	4050
	Nagpur	S-Grade	3175	3175	3025	3950
	Kolhapur	M-Grade	3150	3150	3000	3925
	Kolhapur	S-Grade	3050	3050	2900	3825
Assam	Guhawati	S-Grade	3360	3360	3207	4146
Meghalaya	Shillong	S-Grade	3370	3370	3220	4145
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	3500	4200
	Vijayawada	S-Grade	3740	3740	3440	4100
West Bengal	Kolkata	M-Grade	Closed	3600	NA	4065
Tamil Nadu	Chennai	S-Grade	3500	3600	3500	3875
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)			23rd to 1st March,2018	16th to 22nd February,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2495	2541	-46
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	49000	46000	3000
	Muzaffarnagar	Khurpa (Fresh)	2327	2545	-218
	Muzaffarnagar	Laddoo (Fresh)	2433	2547	-113
	Muzaffarnagar	Rascut (Fresh)	2110	2136	-26
	Hapur	Chaurasa	2219	2235	-16
	Hapur	Balti	2200	2210	-10
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4600	4600	Unch
	Belgaum	Mudde (Average)	3450	3380	70
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2800	2515	285
	Gulbarga	Other (Average)	3080	3033	47
	Mahalingapura	Penti (Average)	3363	3330	33
	Mandya	Achhu (Medium)	3492	3450	42
	Mandya	Kurikatu (Medium)	3033	3000	33
	Mandya	Other (Medium)	3025	3158	-133
	Mandya	Yellow (Medium)	3560	3370	190
	Shimoga	Achhu (Average)	3683	3690	-7

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			1-Mar-18	22-Feb-18	1-Feb-18	1-Mar-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2518	2543	2563	3000
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	4000	2500	7000
	Muzaffarnagar	Khurpa	2213	2528	2680	2705
	Muzaffarnagar	Laddoo	2425	2528	2570	2888
	Muzaffarnagar	Rascut	2075	2150	2163	2463
	Hapur	Chaurasa	2213	2250	2313	2638
	Hapur	Balti	2188	2200	2275	2600
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4600	4600	4800	4300
	Belgaum	Mudde (Average)	NA	3400	3700	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	2545	3385
	Gulbarga	Other (Average)	NA	3125	3135	3680
	Mahalingapura	Penti (Average)	NA	3402	3212	3732
	Mandya	Achhu (Medium)	3450	3600	3200	3750
	Mandya	Kurikatu (Medium)	3200	3000	3100	3500
	Mandya	Other (Medium)	3100	3200	3000	3500
	Mandya	Yellow (Medium)	3600	3500	3050	3700
	Shimoga	Achhu (Average)	NA	3650	3650	3950

International Sugar Prices (Weekly)				
	Contract Month	28-Feb-18	21-Feb-18	Change
ICE Sugar #11 (US Cent/lb)	18-Mar	13.48	13.38	0.10
	18-May	13.38	13.27	0.11
	18-Jul	13.49	13.43	0.06
LIFFE Sugar (US \$/MT)	18-May	361.30	356.70	4.60
	18-Aug	358.50	356.30	2.20
	18-Oct	361.40	360.00	1.40

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2017 Indian Agribusiness Systems Pvt Ltd.