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# Sugar & Gur Weekly Research Report

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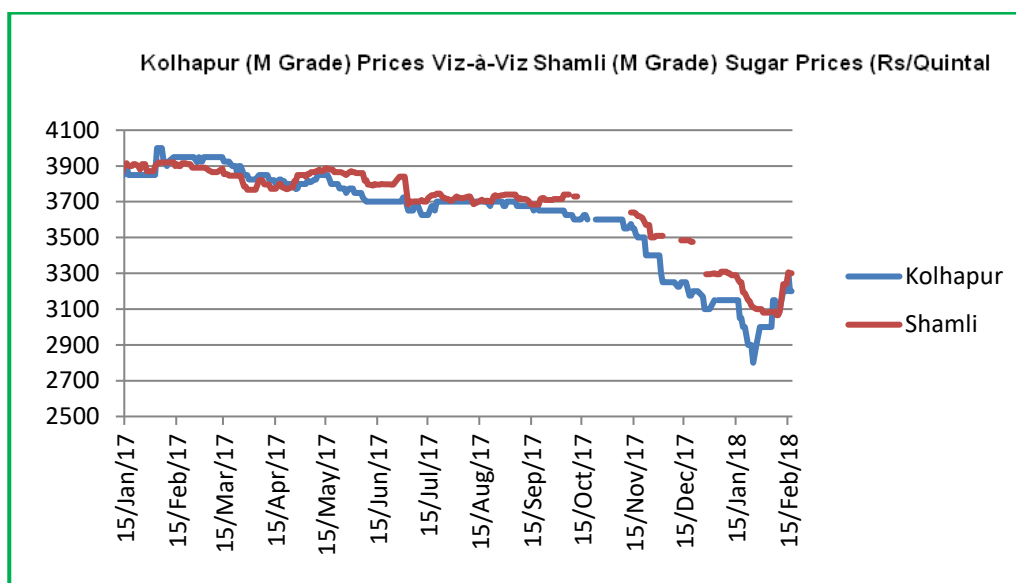
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## Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded firm during the week following subdued domestic demand from stockiest and bulk consumers.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3160 per quintal this week and previous week was 3140. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3232 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

- The Indian Sugar Mills Association (ISMA) said that the sugar industry in the country had produced 230.5 lakh tonnes of sugar between October 1, 2017, and February 28, 2018, as against 162.45 lakh tonnes during the same period last year, up by 42 percent.
- 522 sugar mills across the country were crushing sugarcane in the current season. As on 28<sup>th</sup> February 2018, 479 sugar mills were still working i.e., 43 sugar mills have shut crushing operations in the current season.

- Production among major states, Uttar Pradesh has produced 73.95 lac tons whereas Maharashtra has produced 84.24 lac tons and Karnataka has produced 33.44 lac tons till 28<sup>th</sup> February 2018. Sugar mills have still not started closing in Uttar Pradesh, but have started shutting their operations in Maharashtra and Karnataka.
- Larger sugar production in the current sugar season as also expected in the next season (2018-19), there is a need to be export at least 1.5 million tonne in the current season itself over the next 6-7 months. This will give extra cash flows to the sugar mills, which in turn, will improve cane price payments to the sugarcane farmers and will reduce the cane price arrears, which is accumulating very fast to uncomfortable levels, said Indian Sugar Mills' Association (ISMA) in a release on last week. And Sources said that Sugar mills owed nearly Rs 14,000 crore to sugarcane farmers at the end of January in the ongoing marketing season.

### Previous Update

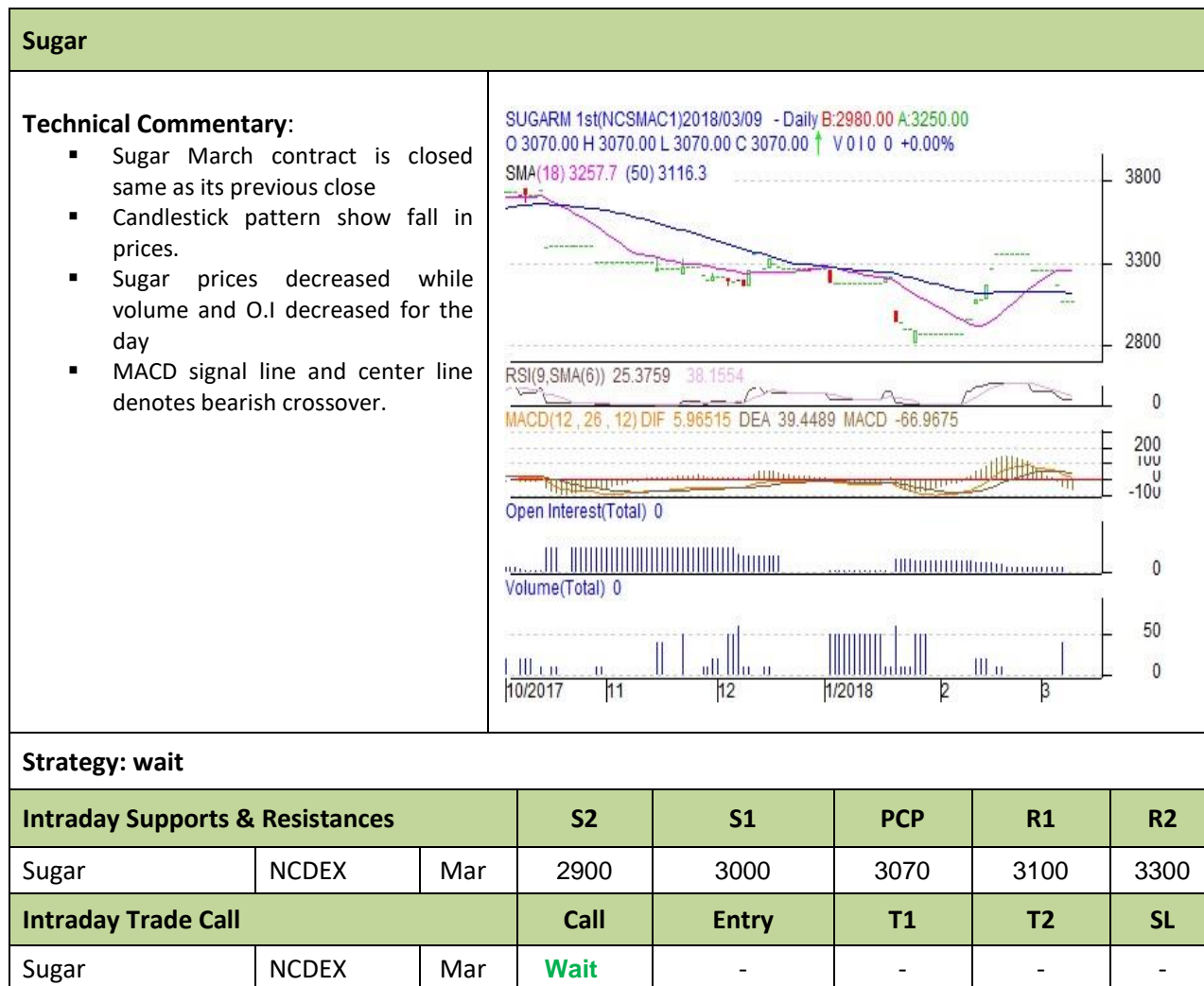
- The latest data shows cane crushing in Maharashtra during the current season, as on last month, to have already touched 760.93 lt, with the corresponding sugar output at 83.64 lt even with a lower recovery of 10.99 per cent. Moreover, all the 185 mills in the state are still running.
- Based on current 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 be higher than the current estimates, the ICRA said.
- Maharashtra State Cooperative Bank (MSCB) 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.

#### 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 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**

- U.S. cane sugar production is increased 10,000 short tons, raw value (STRV) to 4.021 million based on a processor report from Texas. Re-export imports for 2017/18 are increased by 150,000 STRV to 400,000 based on pace to date. Exports for 2017/18 are increased by 50,000 STRV to 150,000. Ending stocks for 2017/18 are residually projected at 1.953 million STRV, implying a stocks-to-use ratio of 15.5 percent, up from last month's 14.6 percent.

- Mexico sugar production for 2017/18 is decreased by 50,000 metric tons (MT) to 6.050 million due to lower sugarcane area. Imports are increased 35,000 MT to 170,000 based on increased pace to date reported by the Comité Nacional Para El Desarrollo Sustentable de la Caña de Azúcar (CONADESUCA) through the end of January 2018.
- According to CONADESUCA, the increase reflects imports for consumption of sugar sourced from the United States. The projection of Mexico sugar exports to the United States is raised by 984 MT, reflecting sugar that was exported under a 2016/17 export license but recorded by the U.S. Census Bureau as imported in 2017/18. The 2017/18 Export Limit previously established by the U.S. Department of Commerce exceeds the projected Target Quantity of U.S. Sugar Needs calculated from the March 2018 WASDE. Unchanged ending stocks are projected at 22.0 percent of consumption to meet needs before the start of production in 2018/19. Exports to non-U.S. destinations are residually projected at 260,997 MT, a decrease of 15,984 from last month.

### Previous 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%.
- 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.



### 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	357	360

### 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	13.50	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 2700/ quintal which is similar to last year.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2441/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2800 and Rs 2500 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			3rd to 8th March,2018	23rd to 1st March,2018	
Delhi	Delhi	M-Grade	3335	3420	-85
	Delhi	S-Grade	3315	3400	-85
Uttar Pradesh	Khatauli	M-Grade	3333	3443	-110
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3258	3200	58
	Dhampur	S-Grade Ex-Mill	3238	3180	58
	Dhampur	L-Grade Ex-Mill	3308	3250	58
Maharashtra	Mumbai	M-Grade	3434	3440	-6
	Mumbai	S-Grade	3202	3230	-28
	Nagpur	M-Grade	3285	3267	18
	Nagpur	S-Grade	3155	3167	-12
	Kolhapur	M-Grade	3160	3142	18
	Kolhapur	S-Grade	3030	3042	-12
Assam	Guhawati	S-Grade	3339	3351	-12
Meghalaya	Shillong	S-Grade	3350	3362	-12
Andhra Pradesh	Vijayawada	M-Grade	3672	3800	-128
	Vijayawada	S-Grade	3612	3740	-128
West Bengal	Kolkata	M-Grade	3540	3586	-46
Tamil Nadu	Chennai	S-Grade	3500	3550	-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			8-Mar-18	1-Mar-18	8-Feb-18	8-Mar-17
Delhi	Delhi	M-Grade	3325	3372	3201	3910
	Delhi	S-Grade	3305	3352	3181	3890
Uttar Pradesh	Khatauli	M-Grade	3315	Closed	3250	3910
	Ramala	M-Grade	NA	Closed	NA	NA
	Dhampur	M-Grade Ex-Mill	3250	Closed	3050	3845
	Dhampur	S-Grade Ex-Mill	3230	Closed	3030	3825
	Dhampur	L-Grade Ex-Mill	3300	Closed	3100	3895

<b>Maharashtra</b>	Mumbai	M-Grade	3420	3460	3350	4250
	Mumbai	S-Grade	3192	3220	3096	4026
	Nagpur	M-Grade	3350	3275	3225	4075
	Nagpur	S-Grade	3175	3175	3125	3975
	Kolhapur	M-Grade	3225	3150	3100	3950
	Kolhapur	S-Grade	3050	3050	3000	3850
<b>Assam</b>	Guhawati	S-Grade	3360	3360	3309	4172
<b>Meghalaya</b>	Shillong	S-Grade	3370	3370	3320	4170
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3640	3800	3460	4200
	Vijayawada	S-Grade	3580	3740	3400	4100
<b>West Bengal</b>	Kolkata	M-Grade	NA	Closed	NA	4050
<b>Tamil Nadu</b>	Chennai	S-Grade	3500	3500	3300	3825
<b>Chattisgarh</b>	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)			3rd to 8th March,2018	23rd to 1st March,2018	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha(Cold)	2534	2495	39
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	22000	49000	-27000
	Muzaffarnagar	Khurpa (Fresh)	2228	2327	-100
	Muzaffarnagar	Laddoo (Fresh)	2460	2433	27
	Muzaffarnagar	Rascut (Fresh)	2093	2110	-18
	Hapur	Chaurasa	2186	2219	-33
	Hapur	Balti	2160	2200	-41
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4400	4600	-200
	Belgaum	Mudde (Average)	3350	3450	-100
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2750	2800	-50
	Gulbarga	Other (Average)	3258	3080	178
	Mahalingapura	Penti (Average)	3211	3363	-152
	Mandya	Achhu (Medium)	3520	3492	28
	Mandya	Kurikatu (Medium)	3240	3033	207
	Mandya	Other (Medium)	3180	3025	155
	Mandya	Yellow (Medium)	3560	3560	Unch
	Shimoga	Achhu (Average)	3733	3683	50

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			8-Mar-18	1-Mar-18	8-Feb-18	8-Mar-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2565	2518	2580	2985
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	6000	7000	8000
	Muzaffarnagar	Khurpa	2225	2213	2568	2688
	Muzaffarnagar	Laddoo	2475	2425	2555	2920
	Muzaffarnagar	Rascut	2113	2075	2163	2480
	Hapur	Chaurasa	2175	2213	2213	2638
	Hapur	Balti	2150	2188	2200	2613
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4600	4800	4900
	Belgaum	Mudde (Average)	NA	NA	NA	3400
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2550	2475	3435
	Gulbarga	Other (Average)	3300	NA	3160	3455
	Mahalingapura	Penti (Average)	NA	3319	NA	3821
	Mandya	Achhu (Medium)	3600	3450	3200	3850
	Mandya	Kurikatu (Medium)	3400	3200	3000	3500
	Mandya	Other (Medium)	3350	3100	3000	3500
	Mandya	Yellow (Medium)	3550	3600	3100	3650
	Shimoga	Achhu (Average)	NA	NA	3750	4500

International Sugar Prices (Weekly)				
	Contract Month	7-Mar-18	28-Feb-18	Change
ICE Sugar #11 (US Cent/lb)	18-May	12.79	13.38	-0.59
	18-Jul	12.99	13.49	-0.50
	18-Oct	13.37	13.81	-0.44
LIFFE Sugar (US \$/MT)	18-May	354.10	361.30	-7.20
	18-Aug	350.10	358.50	-8.40
	18-Oct	352.00	361.40	-9.40

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