
Sugar & Gur Weekly Research Report

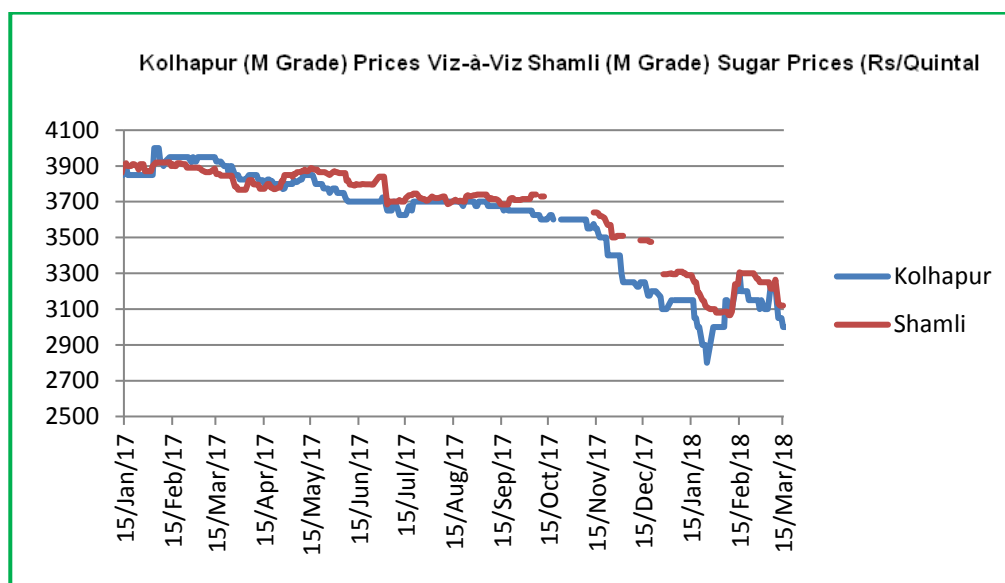
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded weak 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 3100 per quintal this week and previous week was 3160. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3161 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 total investment in the production of one quintal of sugar is at least Rs. 3,450. Right now, the rate of sugar has gone down to Rs. 3,220 [per quintal], which means that we are bearing a loss of at least Rs. 230 per quintal.
- According to the Uttar Pradesh Sugar Mills Association (UPSMA), farmers sold cane worth Rs. 22,880 crore to sugar mills and received Rs. 16,380.78 crore till March 16. Overall, mill owners have managed to pay about 71.59% of the total money they owe.

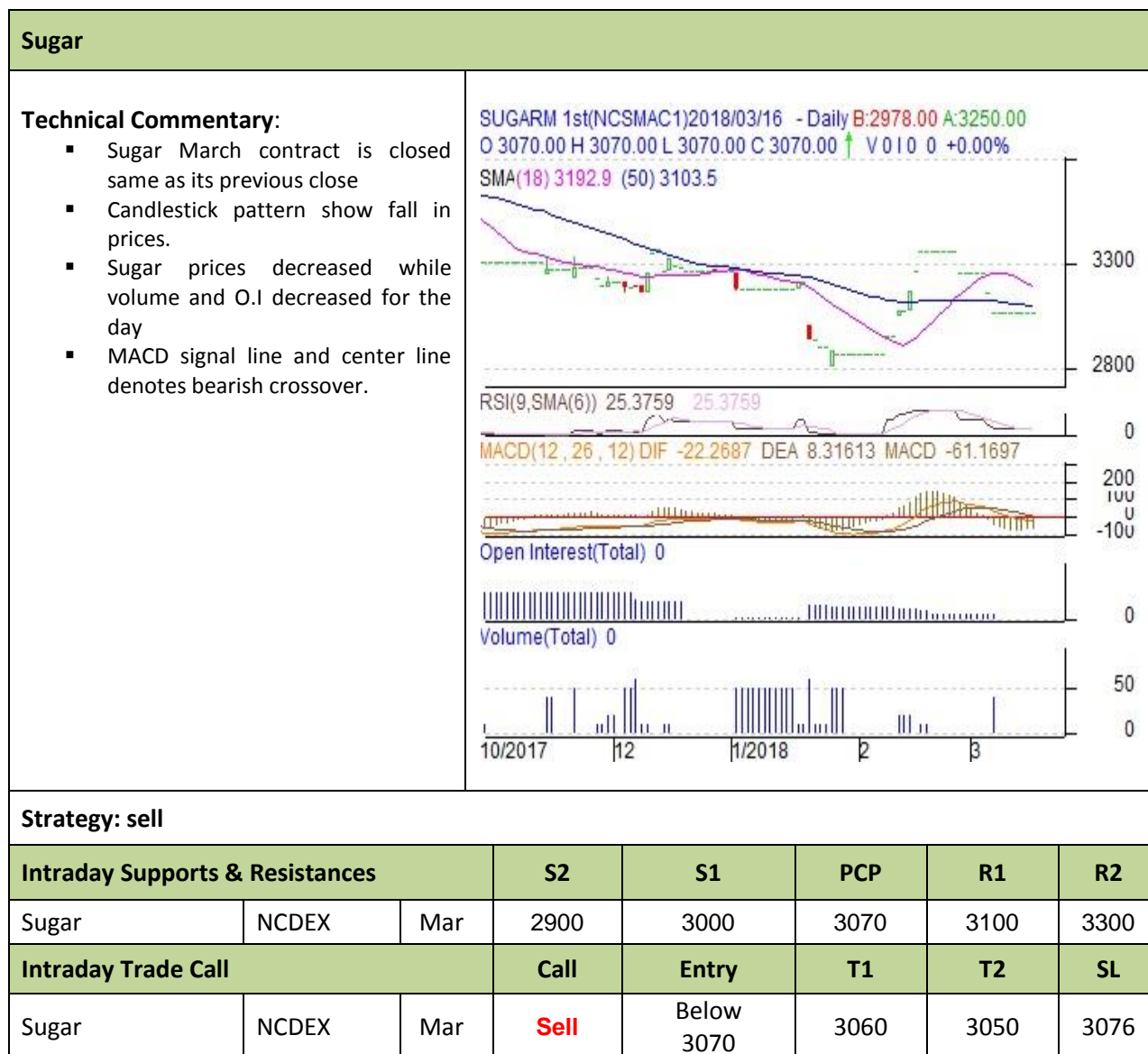
- India will soon bring in rules to force sugar mills to export millions of tonnes of surplus supplies to prop up local prices, a move that could drag down global rates, which have hovered near eight-and-a-half month lows.

Previous Update

- 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 28th February 2018, 479 sugar mills were still working i.e., 43 sugar mills have shut crushing operations in the current season.
- Production among major sates, 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 28th 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.
- 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.
- 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.
- 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.
- 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 3100 /quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3400 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

- Raw-sugar futures in New York are down 17 percent this year to 12.65 cents a pound. That's the biggest loss among the 22 components of the Bloomberg Commodity Index.

- Mexico crushed 2.248 million mt of sugarcane in week 18 of the 2017-18 season that began on November 6, a 0.4% decrease compared with the crush in the same week in 2016-17, according to government data. The sugarcane yield in the most recent week averaged 68.48 mt/ha, down 0.34% from a 68.81 mt/ha average in the same week last year, data from agriculture ministry branch SAGARPA showed.

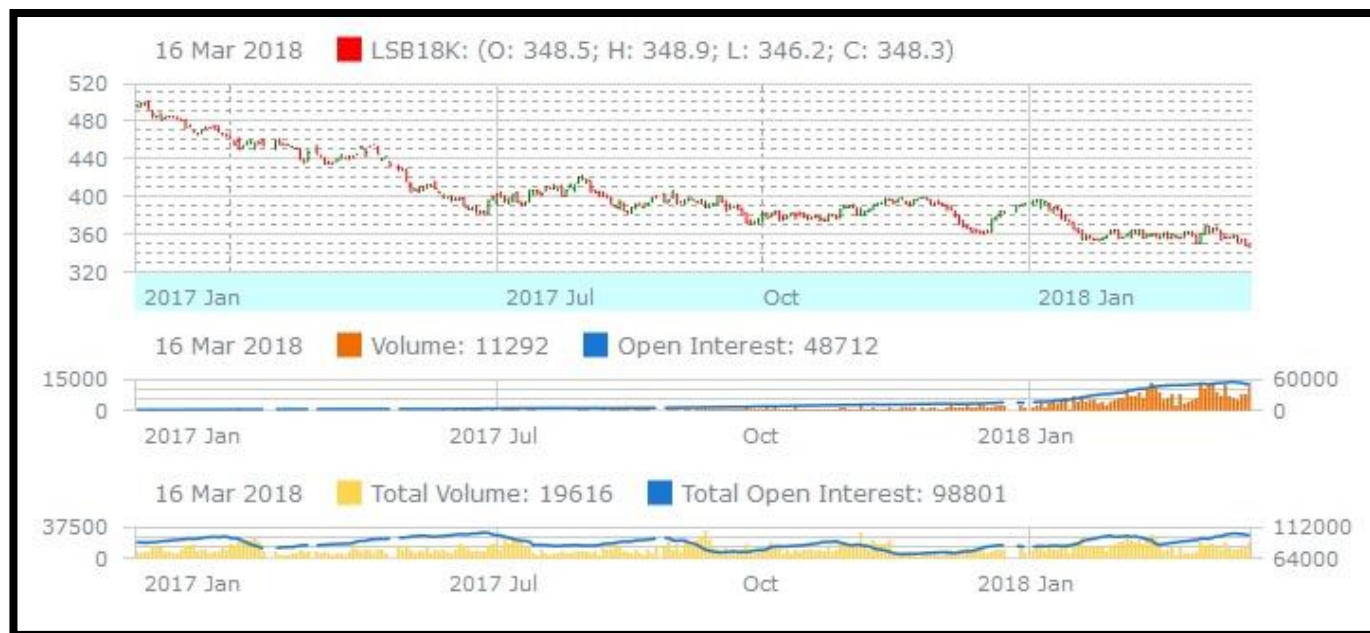
Previous Updates

- 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.
- 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.
- 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.

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 350, T1 370

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'18	348	350

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 below 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	12.7	13.0

Gur Market Scenario

Spot gur market mostly traded weak 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 2526/ quintal which is similar to last year.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2200/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
			9th to 15th March, 2018	3rd to 8th March, 2018	
Sugar	Delhi	M-Grade	3197	3335	-138
		S-Grade	3177	3315	-138
Uttar Pradesh	Khatauli	M-Grade	3238	3333	-94
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3245	3258	-13
	Dhampur	S-Grade Ex-Mill	3225	3238	-13
	Dhampur	L-Grade Ex-Mill	3295	3308	-13
Maharashtra	Mumbai	M-Grade	3405	3434	-29
	Mumbai	S-Grade	3177	3202	-25
	Nagpur	M-Grade	3225	3285	-60
	Nagpur	S-Grade	3100	3155	-55
	Kolhapur	M-Grade	3100	3160	-60
	Kolhapur	S-Grade	2975	3030	-55
Assam	Guhawati	S-Grade	3284	3339	-56
Meghalaya	Shillong	S-Grade	3295	3350	-55
Andhra Pradesh	Vijayawada	M-Grade	3580	3672	-92
	Vijayawada	S-Grade	3520	3612	-92
West Bengal	Kolkata	M-Grade	3465	3540	-75
Tamil Nadu	Chennai	S-Grade	3435	3500	-65
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-Mar-18	8-Mar-18	15-Feb-18	15-Mar-17
Delhi	Delhi	M-Grade	3085	3325	3515	3900
	Delhi	S-Grade	3065	3305	3495	3880
Uttar Pradesh	Khatauli	M-Grade	3220	3315	3560	3905
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3250	3250	3230	3840
	Dhampur	S-Grade Ex-Mill	3230	3230	3210	3820
	Dhampur	L-Grade Ex-Mill	3300	3300	3280	3890
Maharashtra	Mumbai	M-Grade	3390	3420	3520	4272
	Mumbai	S-Grade	3150	3192	3270	4016
	Nagpur	M-Grade	3125	3350	3425	4050
	Nagpur	S-Grade	3025	3175	3325	3950
	Kolhapur	M-Grade	3000	3225	3300	3925
	Kolhapur	S-Grade	2900	3050	3200	3825
Assam	Guhawati	S-Grade	3207	3360	3512	4146
Meghalaya	Shillong	S-Grade	3220	3370	3520	4145
Andhra Pradesh	Vijayawada	M-Grade	3500	3640	3700	4200
	Vijayawada	S-Grade	3440	3580	3640	4100
West Bengal	Kolkata	M-Grade	3280	NA	3760	4065
Tamil Nadu	Chennai	S-Grade	3300	3500	3600	3825
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)			9th to 15th March,2018	3rd to 8th March,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2494	2534	-40
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	29000	22000	7000
	Muzaffarnagar	Khurpa (Fresh)	2165	2228	-62
	Muzaffarnagar	Laddoo (Fresh)	2394	2460	-66
	Muzaffarnagar	Rascut (Fresh)	2092	2093	-1
	Hapur	Chaurasa	2155	2186	-31
	Hapur	Balti	2143	2160	-17
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4400	50

	Belgaum	Mudde (Average)	3300	3350	-50
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2693	2750	-58
	Gulbarga	Other (Average)	3583	3258	326
	Mahalingapura	Penti (Average)	3298	3211	86
	Mandya	Achhu (Medium)	3725	3520	205
	Mandya	Kurikatu (Medium)	3517	3240	277
	Mandya	Other (Medium)	3487	3180	307
	Mandya	Yellow (Medium)	3663	3560	103
	Shimoga	Achhu (Average)	4100	3733	367

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			15-Mar-18	8-Mar-18	15-Feb-18	15-Mar-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2510	2565	2613	2913
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	7000	5000
	Muzaffarnagar	Khurpa	2205	2225	2638	2700
	Muzaffarnagar	Laddoo	2388	2475	2650	2933
	Muzaffarnagar	Rascut	2063	2113	2175	2468
	Hapur	Chaurasa	2113	2175	2250	2650
	Hapur	Balti	2113	2150	2225	2625
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4400	4600	4900
	Belgaum	Mudde (Average)	3300	NA	3300	3500
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	3500
	Gulbarga	Other (Average)	3650	3300	NA	3640
	Mahalingapura	Penti (Average)	3201	NA	NA	3714
	Mandya	Achhu (Medium)	3700	3600	3200	3900
	Mandya	Kurikatu (Medium)	3500	3400	3000	3500
	Mandya	Other (Medium)	3450	3350	3000	3500
	Mandya	Yellow (Medium)	3750	3550	NA	3800
	Shimoga	Achhu (Average)	NA	NA	3800	4900



	Contract Month	14-Mar-18	7-Mar-18	Change
ICE Sugar #11 (US Cent/lb)	18-May	12.76	12.79	-0.03
	18-Jul	12.97	12.99	-0.02
	18-Oct	13.33	13.37	-0.04
LIFFE Sugar (US \$/MT)	18-May	353.90	354.10	-0.20
	18-Aug	349.70	350.10	-0.40
	18-Oct	350.70	352.00	-1.30

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