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# Sugar & Gur Weekly Research Report

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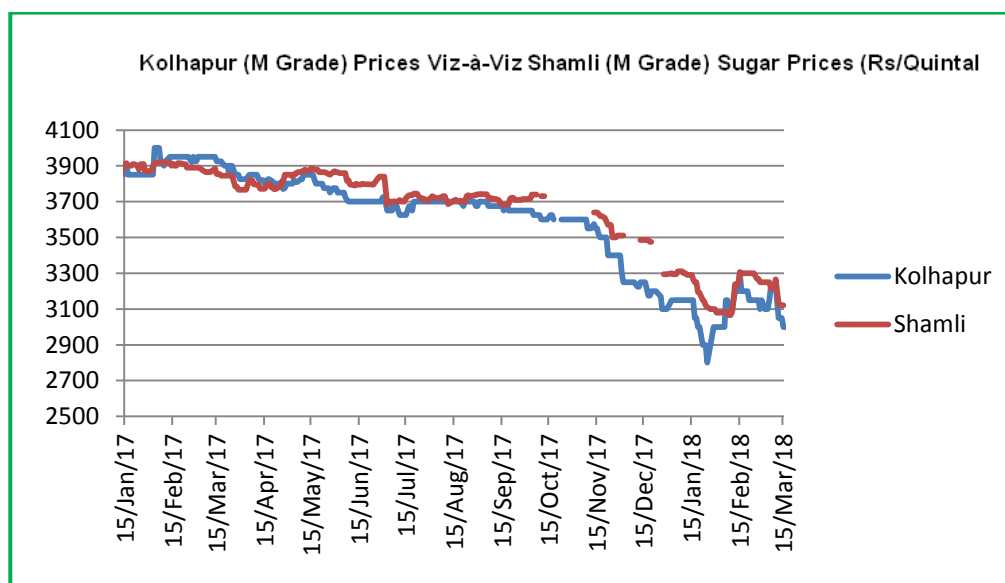
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### Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded 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 2962 per quintal this week and previous week was 3000. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 3064 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 2800 - 3200 per quintal next week.

### Domestic Market Highlights

#### Recent Updates

- The government last week allowed export of two million tonnes of sugar until the end of the 2017-18 marketing year, in order to clear surplus stocks and improve cash flow to millers for making payment to sugarcane farmers. The government has also allowed export of white sugar till September 2018 under the Duty Free Import Authorisation (DFIA) scheme, under which exporters are allowed to import sugar at zero duty within three years.
- Uttar Pradesh has clocked record sugar production of almost 9 million tonnes (mt) in the ongoing crushing season even as sugarcane arrears have piled up to Rs 96 billion.

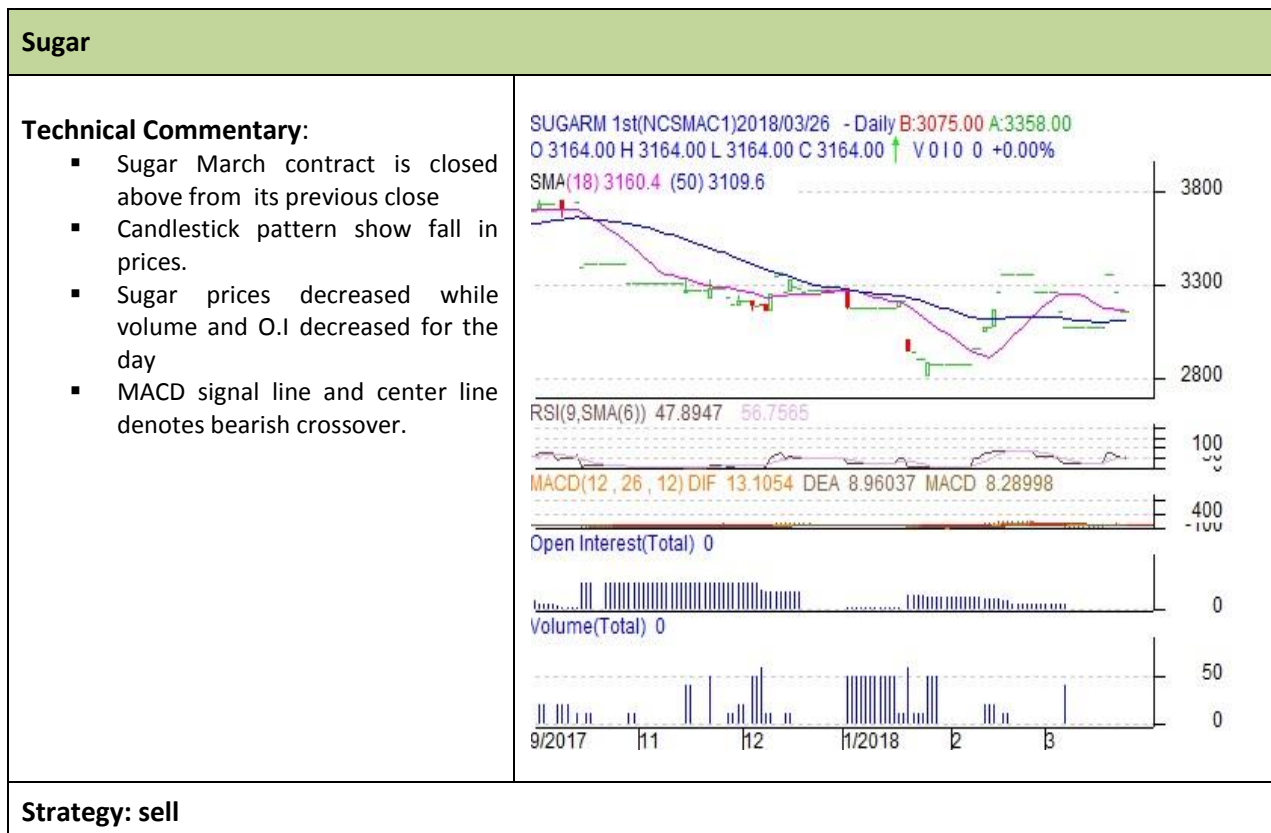
- India's sugar production in the current season is set to touch a record 30 million tonnes, surprising both the industry and the government, with the two biggest producing states of the sweetener reporting bumper output.
- As on March 21, 2018, out of total cane dues payment of Rs 55,553 crore for 2017-18 season, an amount of Rs 41,654 crore has been cleared and Rs 13,899 crore is pending," Minister of State for Food C R Chaudhary said.
- One Quintal of sugar that cost Rs 4200 in March last year has come down to Rs 3200 -3300 per Qtl in the retail market. Industry sources said the price will further go down in next couple of months as arrival of this season's sugar begins.

### Previous Updates

- The sugar market continued its weak trend on selling pressure. Prices at Vashi declined by Rs 10-20 as Maharashtra's mills sold commodity at Rs 10-20 lower previous adding pressure on spot market. *Naka* rates were also down by Rs 20 during the week.
- The government last week scrapped export duty of raw and refined sugar to boost shipments as the country is all set to produce record 29.5 million tonnes of the sweetener in the current 2017-18 marketing season.
- According to trade sources, the abolition of sugar export tax would help push out just 100,000-150,000 tonnes of sugar mostly to neighbouring Bangladesh and Nepal as everywhere else global prices are weak.
- Domestically, ex-mill prices in most places have dropped to around Rs 2,900-3,000 per quintal, while the total cost of production is somewhere around Rs 3,000-3,500 per quintal. This means that for every quintal of sugarcane crushed, the mills are losing around Rs 400-500.
- Sugar mills in the country have so far produced 25.8 million tonnes (mt) of sugar till March 15, which is nearly 47 per cent more than sugar output during the corresponding period last year, ISMA said. Nearly one-fifth of total 523 sugar mills –106 mills – have already completed crushing operations.
- Out of 523 sugar mills in the country, 106 mills have already shut their operations - 31 in Maharashtra, 48 in Karnataka, 5 in Uttar Pradesh, 9 in Tamil Nadu, 7 in Andhra Pradesh and Telangana, and 6 mills in other states —, said Indian Sugar Mills' Association (ISMA) in a release on last week.

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


- Sugar spot prices at benchmark Kolhapur market closed at Rs 2954 /quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2900 per quintal respectively.
- Relative Strengths Indicator is moving in neutral region which indicate range bound movement.

**Domestic Sugar Market Technical Analysis (Future Market)**


Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1	2900	3000	3164	3100	3200
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	C1	<b>Sell</b>	Below 3164	3180	3170	3154

**Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.**

### International Sugar Market Summary

International sugar prices noticed weak tone during the week

### International Market Highlights

#### Recent Updates

- According to EIA data analyzed by the Renewable Fuels Association, ethanol production averaged 1.039 million barrels per day (b/d)—or 43.64 million gallons daily. That is down 10,000 b/d from the week before. The four-week average for ethanol production decreased slightly to 1.043 million b/d for an annualized rate of 15.99 billion gallons.
- Stocks of ethanol were 22.8 million barrels. That is a sizeable 4.2% decrease from last week and the largest weekly draw since mid-August 2014. There were zero imports recorded for the 16th week in a row. Average weekly gasoline demand softened by 1.2% to 386.7 million gallons (9.208 million barrels) daily. This is equivalent to 141.16 billion gallons annualized. Refiner/blender input of ethanol slipped 1.7% to 900,000 b/d, equivalent to 13.80 billion gallons annualized. The ethanol content in gasoline supplied to the market averaged 9.77%, down marginally from 9.82% the previous week.

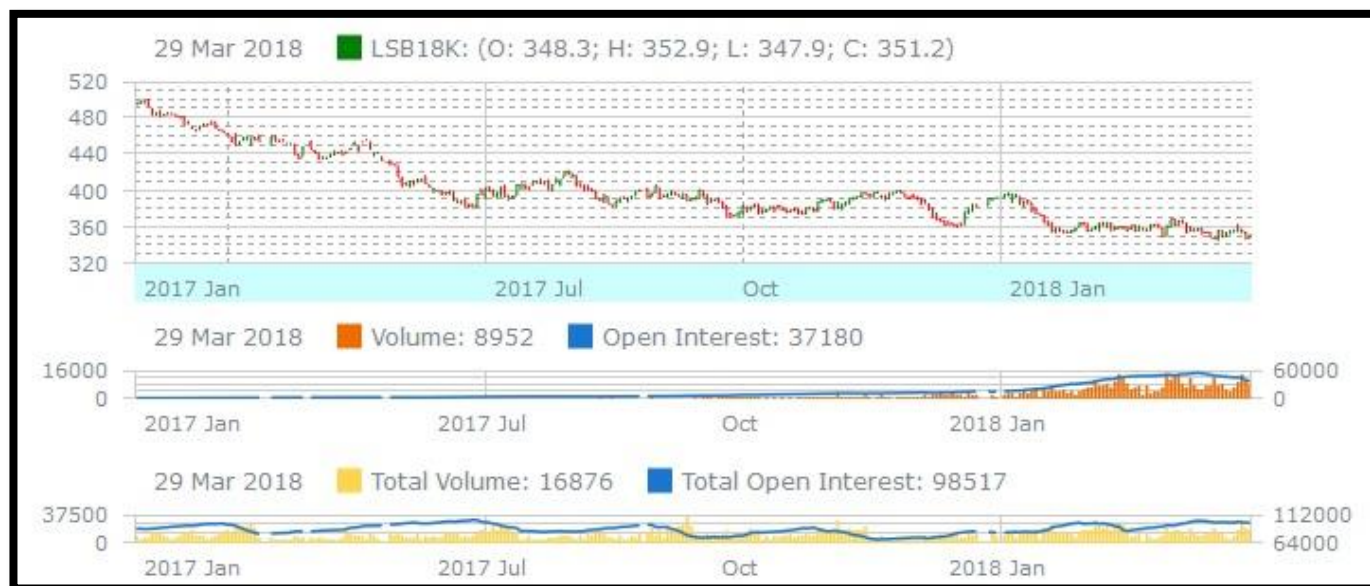
#### Previous Updates

- 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.
- 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.
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- 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 CONADESUC, 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.

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

#### Technical Commentary



- LIFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 350, T1 360

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

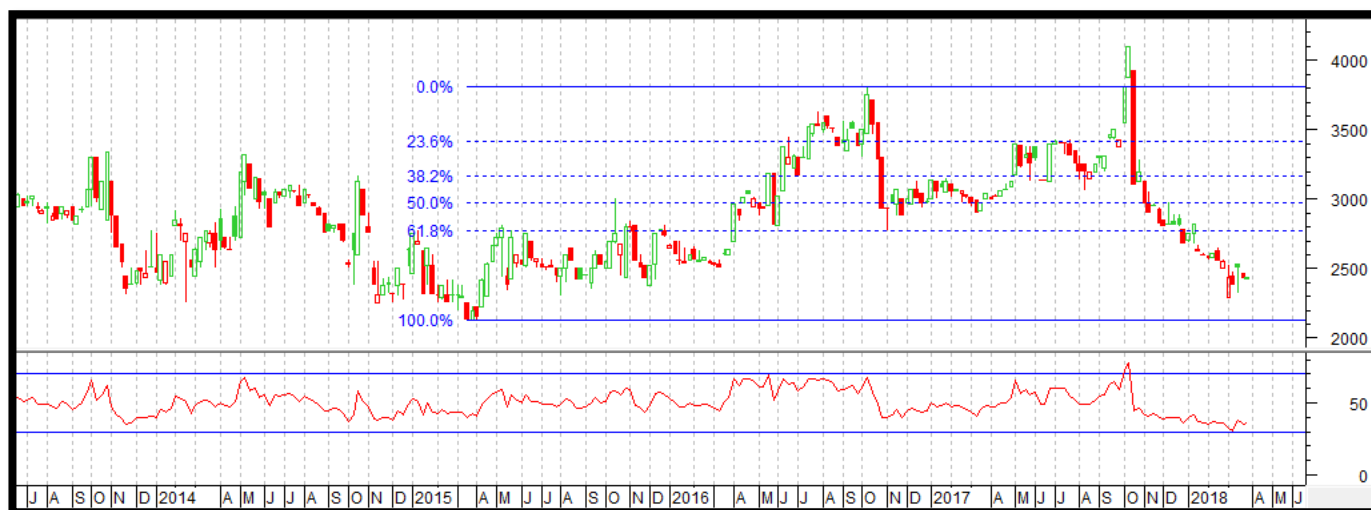
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	12.4	12

### Gur Market Scenario

Spot gur market mostly traded slightly firm 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 2575 / quintal.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs2178 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2800 and Rs 2300 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 29th March, 2018	16th to 22nd March, 2018	
Delhi	Delhi	M-Grade	3096	3133	-37
	Delhi	S-Grade	3076	3113	-37
Uttar Pradesh	Khatauli	M-Grade	3123	3138	-16
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2998	2997	1
	Dhampur	S-Grade Ex-Mill	2978	2977	1
	Dhampur	L-Grade Ex-Mill	3048	3047	1
Maharashtra	Mumbai	M-Grade	3303	3336	-33
	Mumbai	S-Grade	3086	3116	-30
	Nagpur	M-Grade	3088	3125	-38
	Nagpur	S-Grade	2988	3025	-38
	Kolhapur	M-Grade	2963	3000	-38
	Kolhapur	S-Grade	2863	2900	-38
Assam	Guhawati	S-Grade	3169	3207	-38
Meghalaya	Shillong	S-Grade	3183	3220	-38
Andhra Pradesh	Vijayawada	M-Grade	3500	3500	Unch
	Vijayawada	S-Grade	3440	3440	Unch
West Bengal	Kolkata	M-Grade	3307	3338	-31
Tamil Nadu	Chennai	S-Grade	3200	3292	-92



Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

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Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			23rd to 29th March,2018	16th to 22nd March,2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2430	2470	-40
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	32000	39000	-7000
	Muzaffarnagar	Khurpa (Fresh)	2175	2192	-17
	Muzaffarnagar	Laddoo (Fresh)	2350	2405	-55
	Muzaffarnagar	Rascut (Fresh)	1983	2038	-56
	Hapur	Chaurasa	2070	2087	-17
	Hapur	Balti	2110	2093	17
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2575	2740	-165
	Gulbarga	Other (Average)	3792	3662	130
	Mahalingapura	Penti (Average)	3162	3164	-2
	Mandya	Achhu (Medium)	3660	3625	35
	Mandya	Kurikatu (Medium)	3360	3217	143
	Mandya	Other (Medium)	3470	3288	183
	Mandya	Yellow (Medium)	3600	3588	13
	Shimoga	Achhu (Average)	3800	3900	-100

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			29-Mar-18	22-Mar-18	28-Feb-18	29-Mar-17
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2438	2440	2525	3003
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	5000	8000	6000
	Muzaffarnagar	Khurpa	2188	2178	2215	2693
	Muzaffarnagar	Laddoo	2375	2400	2400	3000
	Muzaffarnagar	Rascut	1950	2013	2100	2415
	Hapur	Chaurasa	2125	2075	2208	2700
	Hapur	Balti	2150	2113	2188	2750
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	NA	4400	4600	NA
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2650	NA	NA

	Gulbarga	Other (Average)	NA	3700	NA	NA
	Mahalingapura	Penti (Average)	NA	3145	3334	NA
	Mandya	Achhu (Medium)	NA	3650	3450	NA
	Mandya	Kurikatu (Medium)	NA	3200	3000	NA
	Mandya	Other (Medium)	NA	3100	3000	NA
	Mandya	Yellow (Medium)	NA	NA	3600	NA
	Shimoga	Achhu (Average)	NA	3800	NA	NA

International Sugar Prices (Weekly)				
	Contract Month	28-Mar-18	21-Mar-18	Change
ICE Sugar #11 (US Cent/lb)	18-May	12.21	12.67	-0.46
	18-Jul	12.34	12.87	-0.53
	18-Oct	12.78	13.26	-0.48
LIFFE Sugar (US \$/MT)	18-May	347.80	353.40	-5.60
	18-Aug	339.60	348.60	-9.00
	18-Oct	339.10	349.50	-10.40

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