
Sugar & Gur Weekly Research Report

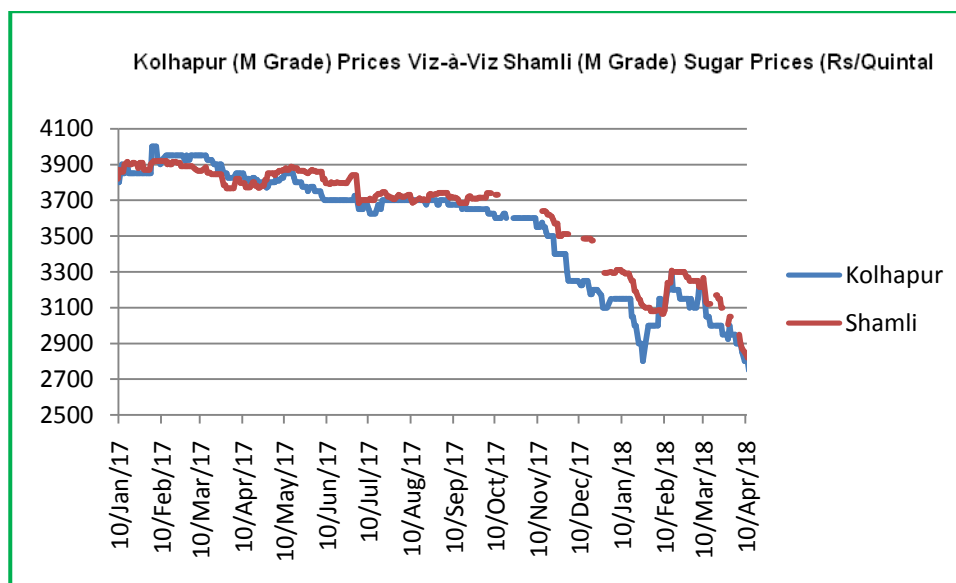
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Domestic Sugar Market Summary

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 2691 per quintal this week and previous week was 2816.66. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 2803 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 2500 - 3000 per quintal next week.

Domestic Market Highlights

Recent Updates

- Indian Sugar Mills Association has forecast the country's production at 29.5 million tonnes for the current season; it estimates consumption of 25.5-26 mt. With four mt of carryover stock from the previous year, the overall surplus might jump to 7.5-8 mt. The government has, to reduce this surplus, also directed mills to export a cumulative two mt by September. The industry says this is impossible, as global prices have also been falling. Excess supply from Brazil and the European Union has led to a big slide in these; any exports would mean losses.
- As per the latest update on sugarcane arrears across the country, as on April 15, total cane arrears have touched Rs 20,683.35 crore. The maximum arrears are from Uttar Pradesh (Rs 8,976.59 crore), Maharashtra (Rs 2,457.55 crore), Karnataka (Rs 2,643.21 crore) and Tamil

Nadu (Rs 2,007.27 crore). The cane arrears have occurred mainly because of steep slide in sugar realization, which is almost lower than Rs 500-600 per quintal when compared with its production cost.

- The association demanded that the government should provide production-linked incentive to cane farmers as it was done in 2015-16 marketing year.
- Sugar production in Maharashtra has almost reached its past record and mills produced 10.49 million tonnes up to April 15, 2018. Mills in Uttar Pradesh produced record 10.48 million tonnes of sugar. Crushing operations are almost over in Karnataka and only one sugar mill was operational as on April 15, 2018. The state has so far produced 3.63 million tonnes of sugar.
- Sugar prices have been under severe pressure in the last 4-5 months and have fallen by Rs 9 per kg across the country. As compared to the cost of production, the current ex-mill sugar prices are around Rs 8 per kg lower and the sugar mills are incurring substantial losses.
- Despite government making it mandatory for sugar mills to export 2 million tonne sugar in 2017-18 marketing year as per the quota allocated to individual mills, India has not started sugar export due to lack of export parity. While mills are hopeful that the central government may announce export incentives, domestic market sugar prices have slid to Rs 26/kg, a new low for the year.

Previous Updates

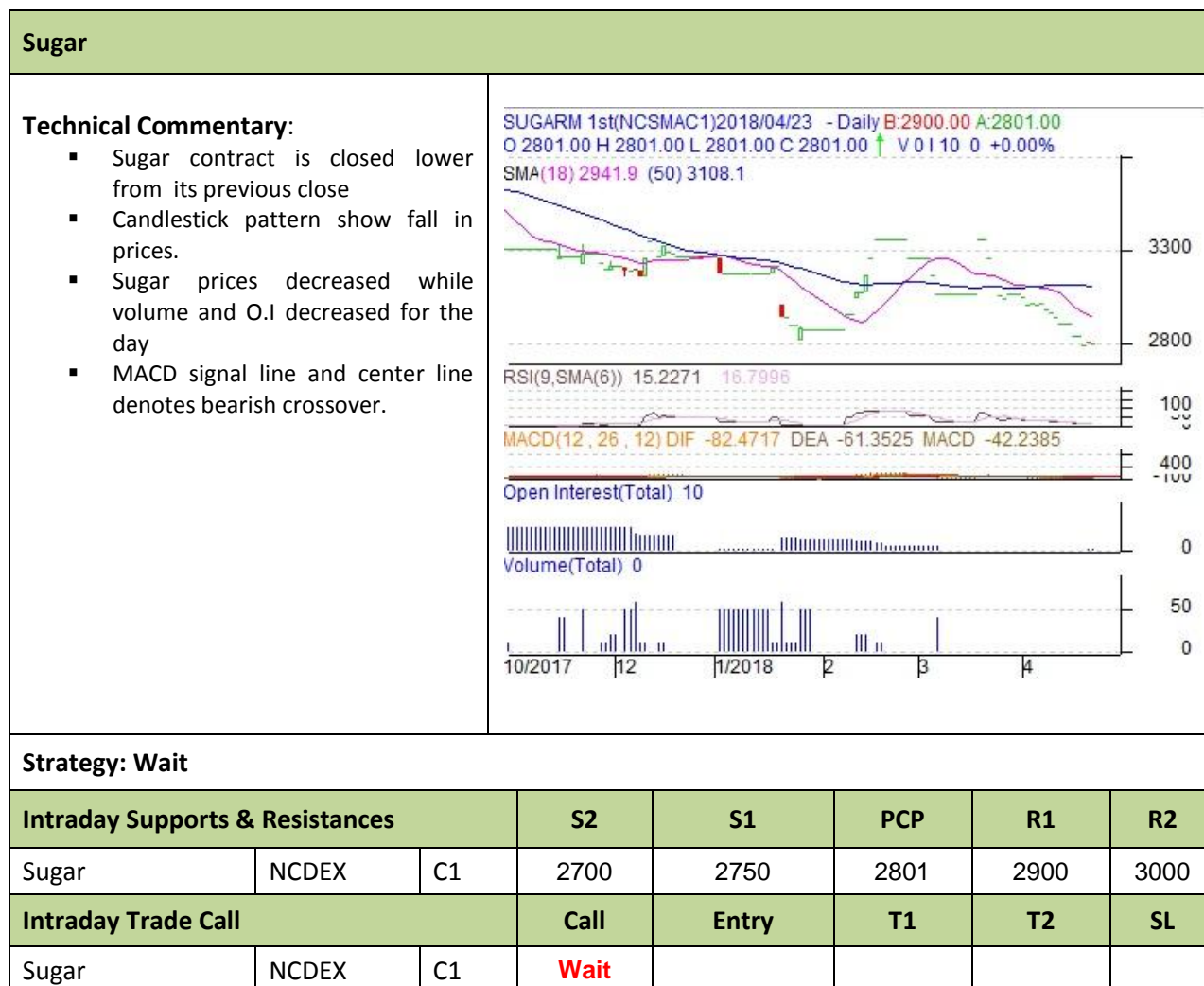
- Falling sugar prices continue to be a cause for concern for millers in Maharashtra, leaving them with little in hand to make cane payments to the farmers. With the Maharashtra State Cooperative Bank (MSCB) deciding to reduce valuations by Rs 120 per quintal.
- Sugar mills in Uttar Pradesh are yet to pay more than Rs. 8,000 crore to cane farmers. According to the State Cane Development department data, the mills are yet to pay Rs. 8,108.94 crore to the farmers after buying their cane till April 4. This has led to a series of protests by farmers.
- The lack of a market-linked procurement mechanism for sugarcane is coming back to haunt the government, industry and investors. Excess output in India has coincided with higher output in Thailand, bringing down global prices. That has meant that even as domestic prices have turned weak, exports are not looking viable either.

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



- Sugar spot prices at benchmark Kolhapur market closed at Rs 2691/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 2900 and Rs 2600 per quintal respectively.
- Relative Strengths Indicator is moving in neutral region which indicate range bound movement.

Domestic Sugar Market Technical Analysis (Future Market)



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

- China's (official) sugar imports reached 380,000 tonnes in March 2018, up sharply from 22,943 in the previous month and the highest monthly count since January 2017, customs data showed.

- As the sugar market awaits a global surplus this season and the next, Thailand and India look set to drive up supplies, regardless of Brazil's production slowdown.
- Kenya expects its sugar production to rise to 420,000-450,000 tonnes in 2018 as the country recovers from a drought-induced drop the previous year, said Solomon Odera, the head of the Sugar Directorate.
- Brazilian sugar exports are expected to fall to 21.3 mln tonnes in the new 2018/19 (Apr/Mar) crop year, down 6.5 mln from 27.8 mln a year earlier due to a smaller cane crush and falling sugar production in both the Centre/South and Northeast regions, according to local consultancy JOB Economia.
- The National Sugar Council (CONADESUCA) reduced its sugar production forecast for the current 2017/18 season to 5,981,309 tonnes, tel quel, from 6,054,787 forecast in early February.
- EU members exported 262,000 tonnes of sugar in March 2018, down from 268,000 in February but up sharply from just 84,300 tonnes in the same month last year, preliminary EU data show.

Previous Updates

- Brazil has proposed that China introduce a quota for imports of Brazilian sugar that would face a 50 percent levy to solve a trade spat between both countries but China is resisting the plan, a person close to the negotiations told Reuters on last week.
- Hydrous ethanol sales in Brazil's Centre-South reached 1.38 billion litres (364 million gallons) last month, a 29.69% year-on-year increase, local sugarcane industry association Unica announced on Tuesday. Anhydrous ethanol sales stood at 773.41 million litres, bringing all ethanol sales to 2.23 billion litres in March. According to Unica, around 79.02 million litres of the biofuel were intended for export while 2.15 billion litres were sold on the domestic market.
- Brazilian mills have been producing much more ethanol as this year's cane crop begins than seen last year, as the fuel is currently more profitable than sugar and demand for ethanol in Brazil is strong. At the same time, Borges says, mills are avoiding closing large export deals as international sugar prices remain low. Brazil, the world's largest producer and exporter of sugar, is finding increasing competition abroad, as Europe, Thailand and India boost output.
- Mexico produced 253,596 tonnes of sugar, in the week to April 7, down a bit from 256,177 in the previous week and also below 256,860 in the same week a year ago, official data showed.
- 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.

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

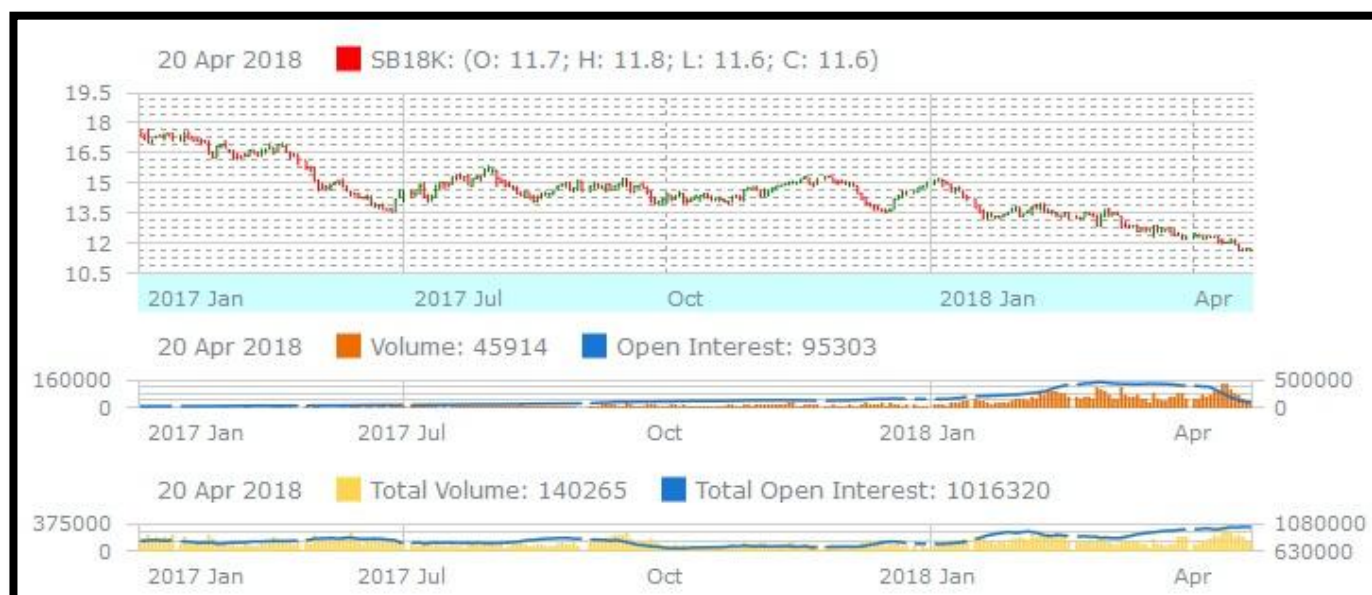
Technical Commentary



- LIFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 340,T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'18	342	320-355

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 12.00 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	11.60	10-13

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 2833/ quintal.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2517/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2700 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			13th to 19th April,2018	6th to 12th April,2018	
Delhi	Delhi	M-Grade	3078	3124	-46
	Delhi	S-Grade	3058	3104	-46
Uttar Pradesh	Khatauli	M-Grade	2878	2983	-105
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2823	2867	-43
	Dhampur	S-Grade Ex-Mill	2803	2847	-43
	Dhampur	L-Grade Ex-Mill	2873	2917	-43
Maharashtra	Mumbai	M-Grade	3174	3241	-66
	Mumbai	S-Grade	2845	2982	-137
	Nagpur	M-Grade	2817	2942	-125
	Nagpur	S-Grade	2717	2842	-125
	Kolhapur	M-Grade	2692	2817	-125
	Kolhapur	S-Grade	2592	2717	-125
Assam	Guhawati	S-Grade	2894	3021	-127
Meghalaya	Shillong	S-Grade	2912	3037	-125
Andhra Pradesh	Vijayawada	M-Grade	3395	3485	-90
	Vijayawada	S-Grade	3335	3425	-90
West Bengal	Kolkata	M-Grade	3137	3268	-131
Tamil Nadu	Chennai	S-Grade	3200	3200	Unch
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			19-Apr-18	12-Apr-18	19-Mar-18	19-Apr-17
Delhi	Delhi	M-Grade	3040	3110	3158	3830
	Delhi	S-Grade	3020	3090	3138	3810
Uttar Pradesh	Khatauli	M-Grade	2845	2909	3180	3807
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	2800	2840	3000	3747
	Dhampur	S-Grade Ex-Mill	2780	2820	2980	3727
	Dhampur	L-Grade Ex-Mill	2850	2890	3050	3797
Maharashtra	Mumbai	M-Grade	3100	3200	3330	4240

	Mumbai	S-Grade	2782	2932	3126	3980
	Nagpur	M-Grade	2775	2875	3125	3940
	Nagpur	S-Grade	2675	2775	3025	3885
	Kolhapur	M-Grade	2650	2750	3000	3815
	Kolhapur	S-Grade	2550	2650	2900	3760
Assam	Guhawati	S-Grade	2852	2954	3207	4080
Meghalaya	Shillong	S-Grade	2870	2970	3220	4080
Andhra Pradesh	Vijayawada	M-Grade	3320	3470	3500	4180
	Vijayawada	S-Grade	3260	3410	3440	4160
West Bengal	Kolkata	M-Grade	3080	3250	3335	4050
Tamil Nadu	Chennai	S-Grade	3200	3200	3300	3750
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)			13th to 19th April,2018	6th to 12th April,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2517	2433	84
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	23500	28000	-4500
	Muzaffarnagar	Khurpa (Fresh)	2257	2163	94
	Muzaffarnagar	Laddoo (Fresh)	2531	2423	108
	Muzaffarnagar	Rascut (Fresh)	1924	1960	-36
	Hapur	Chaurasa	2080	2019	61
	Hapur	Balti	2083	2046	37
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	3000	2717	283
	Gulbarga	Other (Average)	2750	2716	34
	Mahalingapura	Penti (Average)	3086	3131	-45
	Mandya	Achhu (Medium)	3288	3425	-138
	Mandya	Kurikatu (Medium)	3200	3233	-33
	Mandya	Other (Medium)	3063	3217	-154
	Mandya	Yellow (Medium)	3267	3442	-175
	Shimoga	Achhu (Average)	3683	3788	-104

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago

Jaggery(Gur)			19-Apr-18	12-Apr-18	19-Mar-18	19-Apr-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2588	2418	2463	3080
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	4000	8000	10000
	Muzaffarnagar	Khurpa	2313	2163	2190	2675
	Muzaffarnagar	Laddoo	2575	2425	2400	2925
	Muzaffarnagar	Rascut	1975	1950	2040	2300
	Hapur	Chaurasa	2125	2013	Closed	2600
	Hapur	Balti	2125	2038	Closed	2700
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4400	4400	4800
	Belgaum	Mudde (Average)	NA	NA	NA	3700
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2965	2500	NA
	Gulbarga	Other (Average)	NA	2700	3650	3475
	Mahalingapura	Penti (Average)	NA	3025	3161	3692
	Mandya	Achhu (Medium)	3300	3350	3650	4250
	Mandya	Kurikatu (Medium)	3200	3200	3200	4000
	Mandya	Other (Medium)	3100	3000	3100	3950
	Mandya	Yellow (Medium)	3350	3450	3650	4200
	Shimoga	Achhu (Average)	NA	3650	3900	4700

International Sugar Prices (Weekly)				
	Contract Month	18-Apr-18	11-Apr-18	Change
ICE Sugar #11 (US Cent/lb)	18-May	11.74	12.06	-0.32
	18-Jul	11.91	12.12	-0.21
	18-Oct	12.14	12.40	-0.26
LIFFE Sugar (US \$/MT)	18-Aug	341.10	346.20	-5.10
	18-Oct	334.90	335.20	-0.30
	18-Dec	338.10	337.40	0.70

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