
Sugar & Gur Weekly Research Report

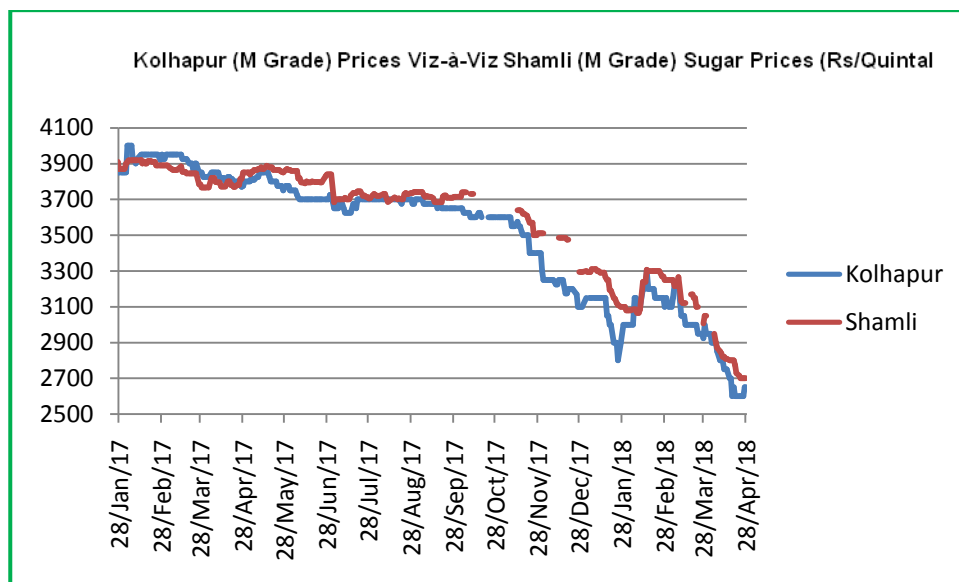
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Domestic Sugar Market Summary

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 2600 per quintal this week and previous week was 2691. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 2719 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to weaken 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

- Benchmark physical market under a week review at Kolhapur and Muzaffar Nagar traded negative on the back of poor sugar demand on higher sugar production coupled with panic sugar selling from millers to minimize cane arrears.
- Farmer's cane arrear issue is likely to add up pressure on govt and sugar mills as well which is expected to direct centre governing body to maintain/ revise upward domestic sugar prices in medium term.

- Sugar prices have declined to their lowest level in 28 months owing to distress sales by mills on account of storage problems. Storage problems are because of a production glut this season. With the output being 30 million tonnes by mid-April.
- Moving further, though at reduced pace, 227 sugar mills are still crushing sugarcane and may likely to drag up 2017-18 sugar output to 31 mln ton.
- Looking at current juncture, ambiguous government policy towards sugar economy, normal S-W monsoon forecasts, depressed global sugar market, panic sugar selling from millers, hand to mouth sugar demand, piling of cane dues, and surging sugar output directs prices to trade on negative note in moving forward.
- The Centre is considering various options to help sugarcane farmers whose arrears have ballooned. The options include giving a production subsidy to sugarcane farmers, slapping a sugar cess on sales, reducing GST on ethanol being procured from sugar mills, and increasing the purchase price of ethanol for sugar mills.
- The Minister said that reducing the GST on ethanol from the current 18 per cent to, say, 5 per cent will encourage more diversion of sugarcane into ethanol production. The possibility of increasing ethanol price paid by oil marketing companies from the current Rs 40.85 per litre can also be considered. The production subsidy could be similar to the Rs4.5 per quintal subsidy given to sugarcane farmers in 2015. There may be a need to increase it to at least Rs 7-8 per quintal this time, an industry source said.

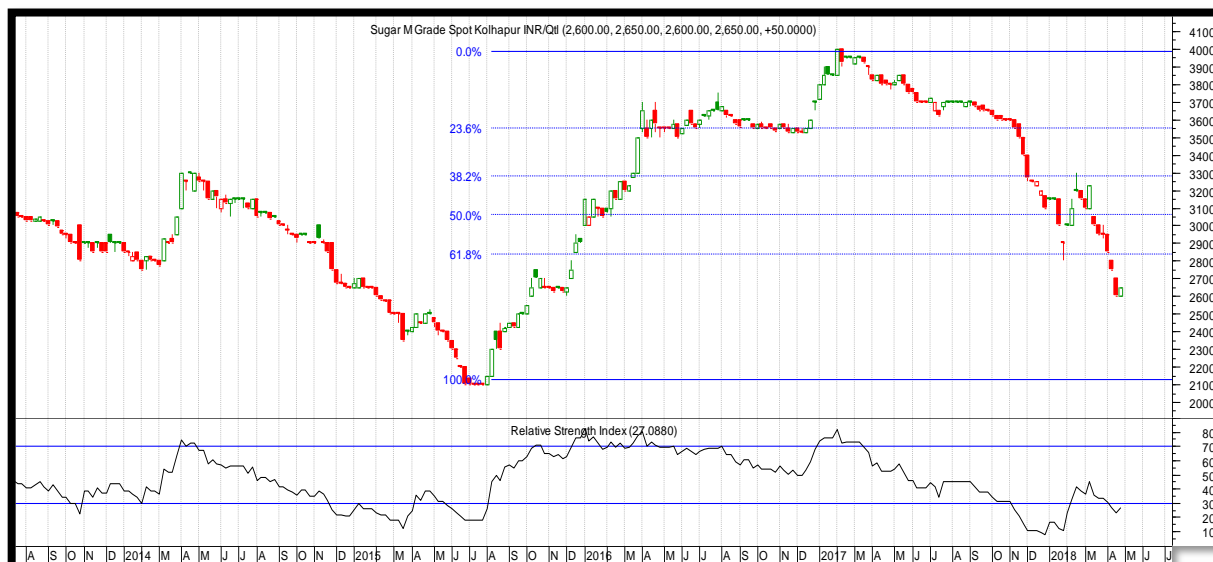
Previous Updates

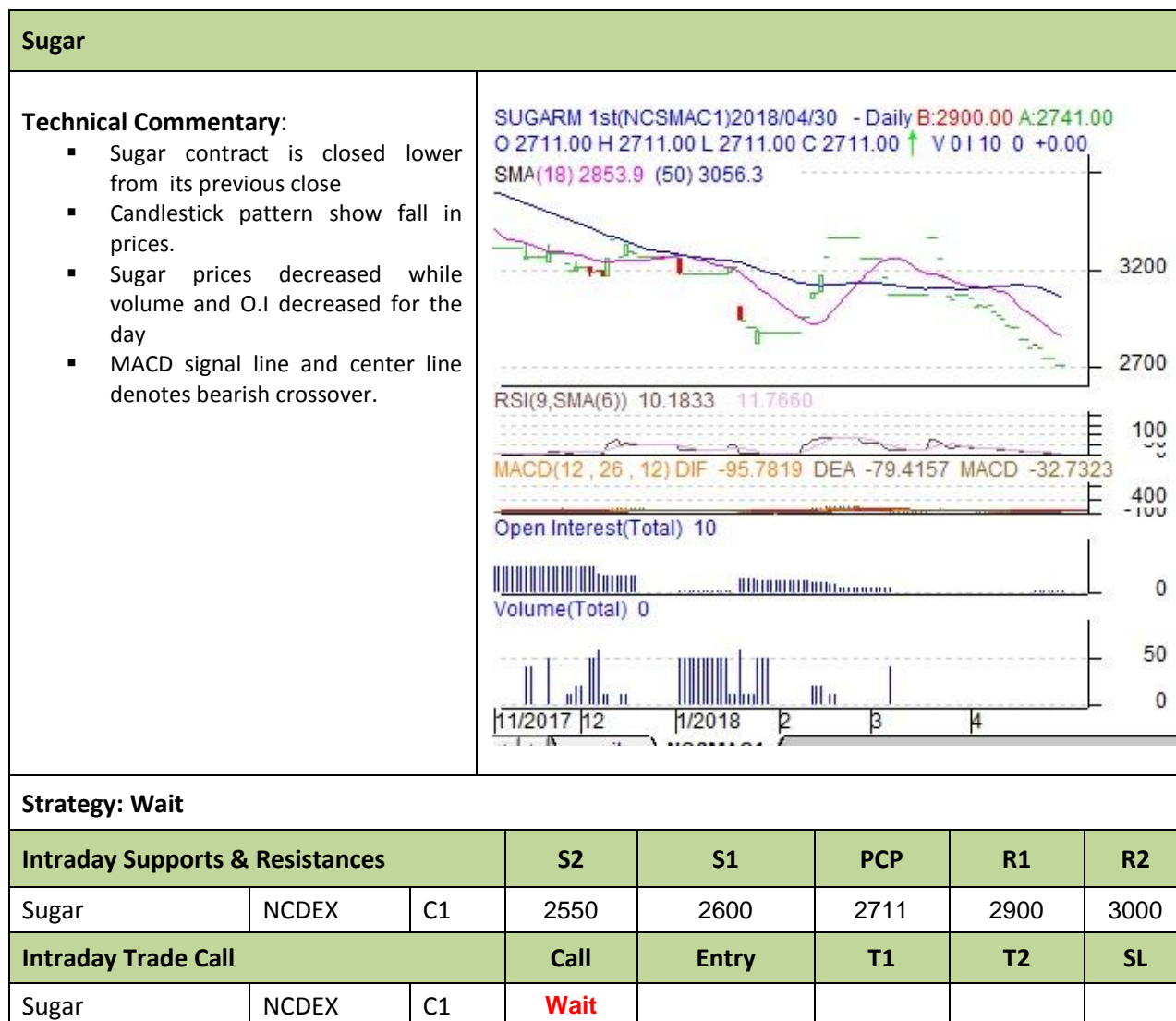
- Indian Sugar Mills Association has forecast the country's production at 29.5 million tonnes for the current season; it estimates consumption of 25.5-26 mt. With four mt of carryover stock from the previous year, the overall surplus might jump to 7.5-8 mt. The government has, to reduce this surplus, 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2616 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3000 and Rs 2500 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

- Production updates from world's largest sugar producer and exporter (Brazil), in the end of crushing season 2017-18, its mills crushed 596.31 mln ton cane with resulted sugar output of 36.05 mln ton which is marginally up (1.21%) compared to previous season's 35.62 mln ton.
- Benchmark New York raw sugar futures were quoted around 11.35 cents per pound on Friday, slightly better than seen earlier this week when futures went below 11 cents and reached the lowest levels in two and a half years.

- According to data from brokerage and consultancy INTL FCS tone, compiled by Reuters, Brazilian exportable surplus would fall from 30 million tonnes in the 2016-17 global crop year (October/September) to 22.2 million tonnes in the current crop year.
- The world's biggest and second biggest sugar producers, Brazil and Thailand, as well as Australia, Asia's second biggest sugar exporter, are working together to raise awareness of the issue at a meeting of the Global Sugar Alliance in May, with the aim of stopping India and Pakistan from subsidizing sugar exports, said Sirivuth Siamphakdee, chairman of the Thai Sugar Millers Corporation (TSMC).
- The International Sugar Organization projected the global sugar surplus in 2017/18 (October/September) would be 5.15 million tons, up from a previous forecast of 5.03 million tons

Previous 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.
- 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.

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

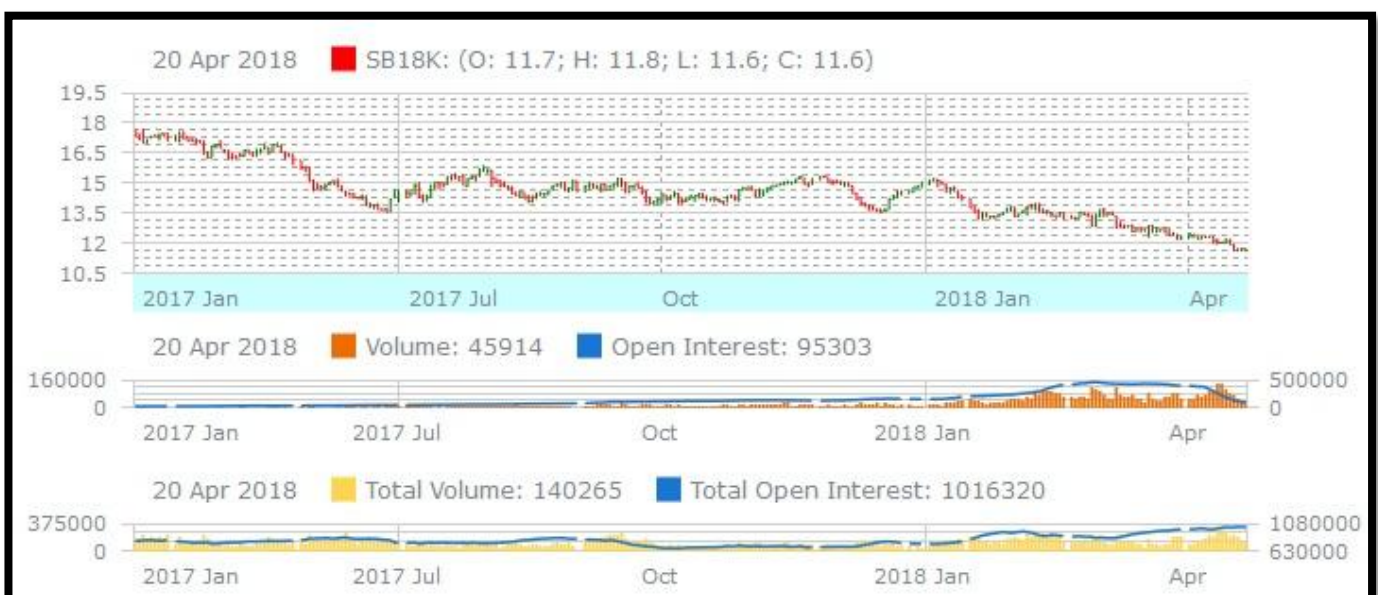
Technical Commentary



- 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	345	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.

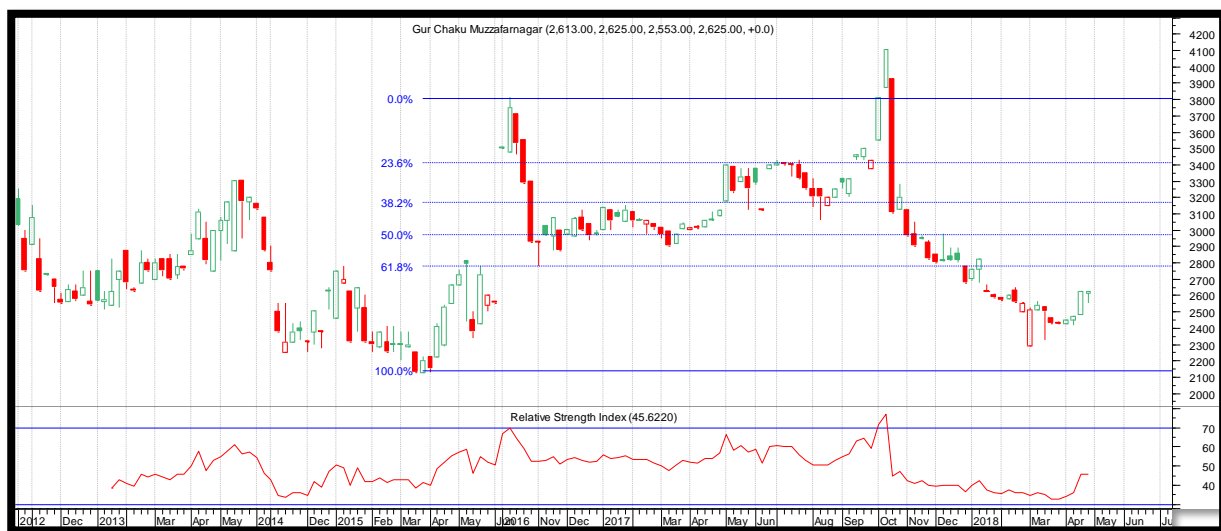
Strategy: sell below 12.00 with a target of 14.00

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	11.22	10-13

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 2845/ quintal.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs2598 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3000 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			20th to 26th April,2018	13th to 19th April,2018	
Delhi	Delhi	M-Grade	2988	3078	-90
	Delhi	S-Grade	2968	3058	-90
Uttar Pradesh	Khatauli	M-Grade	2791	2878	-88
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2710	2823	-113
	Dhampur	S-Grade Ex-Mill	2690	2803	-113
	Dhampur	L-Grade Ex-Mill	2760	2873	-113
Maharashtra	Mumbai	M-Grade	3052	3174	-122
	Mumbai	S-Grade	2744	2845	-101
	Nagpur	M-Grade	2725	2817	-92
	Nagpur	S-Grade	2625	2717	-92
	Kolhapur	M-Grade	2600	2692	-92
	Kolhapur	S-Grade	2500	2592	-92
Assam	Guhawati	S-Grade	2801	2894	-93
Meghalaya	Shillong	S-Grade	2820	2912	-92
Andhra Pradesh	Vijayawada	M-Grade	3247	3395	-148
	Vijayawada	S-Grade	3187	3335	-148
West Bengal	Kolkata	M-Grade	3070	3137	-67
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			26-Apr-18	19-Apr-18	26-Mar-18	26-Apr-17
Delhi	Delhi	M-Grade	3000	3040	3064	3850
	Delhi	S-Grade	2980	3020	3044	3830
Uttar Pradesh	Khatauli	M-Grade	2770	2845	NA	3860
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	2660	2800	3050	3810
	Dhampur	S-Grade Ex-Mill	2640	2780	3030	3790
	Dhampur	L-Grade Ex-Mill	2710	2850	3100	3860

Maharashtra	Mumbai	M-Grade	3016	3100	3290	4230
	Mumbai	S-Grade	2720	2782	3070	3950
	Nagpur	M-Grade	2725	2775	3075	3925
	Nagpur	S-Grade	2625	2675	2975	3845
	Kolhapur	M-Grade	2600	2650	2950	3800
	Kolhapur	S-Grade	2500	2550	2850	3720
Assam	Guhawati	S-Grade	2801	2852	3157	4040
Meghalaya	Shillong	S-Grade	2820	2870	3170	4040
Andhra Pradesh	Vijayawada	M-Grade	3100	3320	3500	4140
	Vijayawada	S-Grade	3040	3260	3440	4100
West Bengal	Kolkata	M-Grade	3050	3080	3300	4050
Tamil Nadu	Chennai	S-Grade	3200	3200	3200	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)			20th to 26th April,2018	13th to 19th April,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2606	2517	89
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	21500	23500	-2000
	Muzaffarnagar	Khurpa (Fresh)	2367	2257	110
	Muzaffarnagar	Laddoo (Fresh)	2573	2531	42
	Muzaffarnagar	Rascut (Fresh)	2065	1924	141
	Hapur	Chaurasa	2210	2080	130
	Hapur	Balti	2195	2083	112
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	2766	3000	-234
	Gulbarga	Other (Average)	2759	2750	9
	Mahalingapura	Penti (Average)	3014	3086	-72
	Mandya	Achhu (Medium)	3258	3288	-29
	Mandya	Kurikatu (Medium)	3083	3200	-117
	Mandya	Other (Medium)	2960	3063	-103
	Mandya	Yellow (Medium)	3210	3267	-57
	Shimoga	Achhu (Average)	3550	3683	-133

Commodity			Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)	Centre	Variety	26-Apr-18	19-Apr-18	26-Mar-18	26-Apr-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2553	2588	2425	3088
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	2500	8000	1500
	Muzaffarnagar	Khurpa	2325	2313	2175	2893
	Muzaffarnagar	Laddoo	2613	2575	2325	3128
	Muzaffarnagar	Rascut	2063	1975	2008	2290
	Hapur	Chaurasa	2225	2125	Closed	2750
	Hapur	Balti	2250	2125	Closed	2750
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4400	4400	4950
	Belgaum	Mudde (Average)	NA	NA	NA	3700
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	2800	2700	NA	NA
	Gulbarga	Other (Average)	NA	2850	3750	NA
	Mahalingapura	Penti (Average)	3013	3032	NA	3442
	Mandya	Achhu (Medium)	3200	3300	3650	4250
	Mandya	Kurikatu (Medium)	2900	3200	3400	4000
	Mandya	Other (Medium)	3100	3100	3550	3750
	Mandya	Yellow (Medium)	NA	3350	3600	3900
	Shimoga	Achhu (Average)	NA	3700	NA	4850

International Sugar Prices (Weekly)				
	Contract Month	25-Apr-18	18-Apr-18	Change
ICE Sugar #11 (US Cent/lb)	18-May	10.86	11.74	-0.88
	18-Jul	11.12	11.91	-0.79
	18-Oct	11.43	12.14	-0.71
LIFFE Sugar (US \$/MT)	18-Aug	312.30	341.10	-28.80
	18-Oct	311.40	334.90	-23.50
	18-Dec	318.20	338.10	-19.90

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