

Sugar & Gur Weekly Research Report

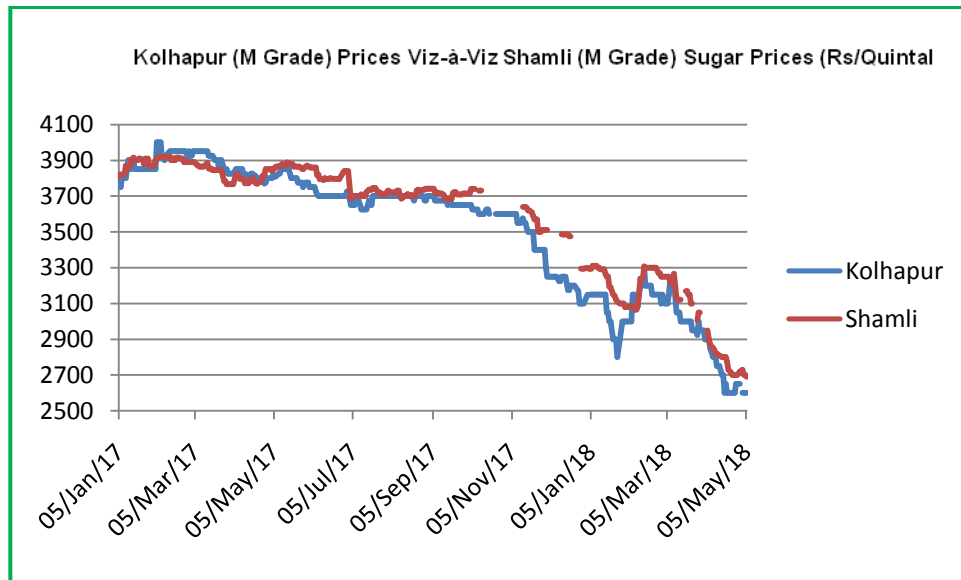
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market traded steady 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 since two weeks there is no change price. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs 2708 per quintal this week.



Price Outlook:

Agriwatch predicts spot sugar prices to weak 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

- Sugar output in the 2017-18 (October-September) season is estimated at over 310 lt against an estimated domestic consumption of about 240 lt. A similar surplus is expected in the coming season. Sugar prices have dropped to Rs 28 a kg, against a cost of production of Rs35. Mills' overdues to sugarcane farmers is pegged at about Rs 18,000 crore.

- The Council is expected to take up a proposal to impose a 5 per cent levy on sugar. This is expected to translate into an increase in retail price of up to Rs 3 a kg. Money collected through cess will be used to provide financial support to the sugarcane farmers.
- Sugar July raw sugar was down 0.09 cents, or 0.8 percent, at 11.66 cents per lb by 1122 GMT. Prices fell sharply in the prior session in tandem with white sugar, after India approved plans to subsidise its cane farmers, which could pave the way for exports to the world market.
- Till April 30, 2018, sugar mills have produced 31.03 MT sugar in the current season. With 130 sugar mills still operating, majorly in Uttar Pradesh, it is expected that sugar production during the current season might end up between 31.5-32 MT," Indian Sugar Mills Association (ISMA).
- India, the world's top sugar producer after Brazil, will spend 15.4 billion rupees (\$231 million) this year to subsidize a part of cane payments made by mills to farmers amid falling prices of the sweetener. India's cabinet approved a payment of 5.5 rupees per 100 kilograms of sugar cane to the farmers in the year that began on Oct. 1, Ravi Shankar Prasad, law and information technology minister, said on last week.
- Running against the principles of the Goods and Services Tax, the Council's 27th meeting being held via video-conferencing on Friday may clear the imposition of a 5% Sugar cess. Currently, the government levies GST Compensation cess to compensate States that may incur losses in the first five years of GST implementation.

Previous 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 adding 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2600 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.



Commodity: Sugar
Contract: May (C1)

Exchange: NCDEX
Expiry: May.18th, 2018



* Do not carry-forward the position next day.

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

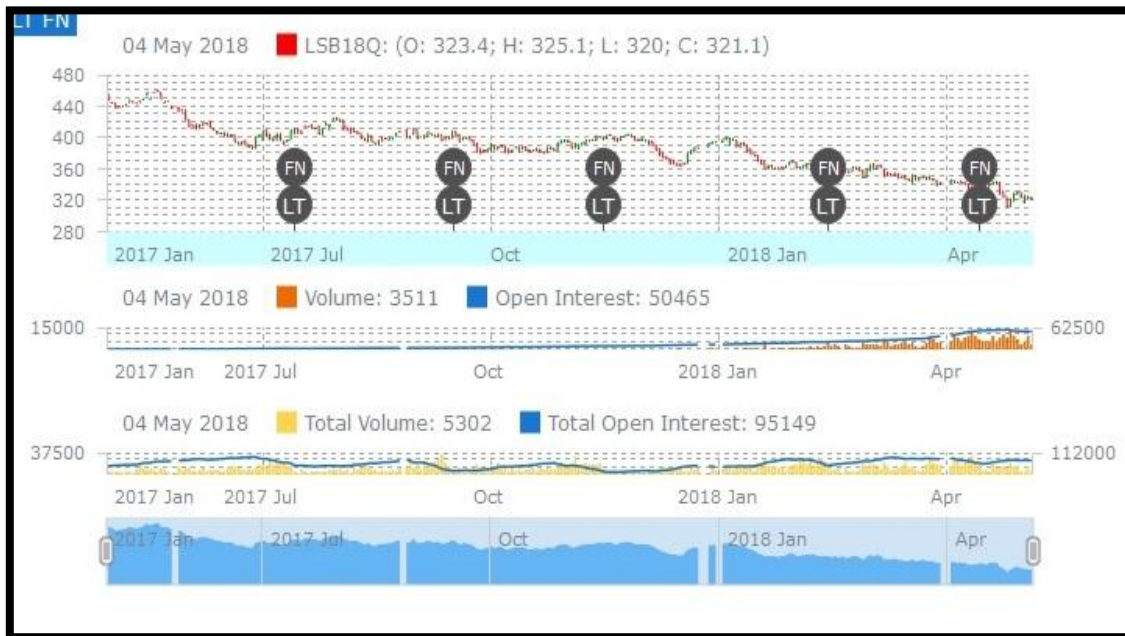
- Guatemala produced 63,207 tonnes of sugar, tel quel, in the week to April 29, down from 88,235 tonnes in the previous week and compared with 52,034 tonnes in the same period a year ago, industry data showed.
- Sugar July raw sugar was down 0.09 cents, or 0.8 percent, at 11.66 cents per lb by 1122 GMT. Prices fell sharply in the prior session in tandem with white sugar, after India approved plans to subsidise its cane farmers, which could pave the way for exports to the world market.
- Thailand's sugarcane crush continues to decelerate though 30 mills were still operational on the last day of April, meaning that just four mills ended crushing operations during the past week.

Previous 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

International Sugar Futures Price Projection

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 330, T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	May'18	321	300-340

ICE (Raw Sugar Exchange) Future Market Scenario (May'18 Contract)



Technical Commentary:

- ICE raw sugar futures trend downward for the month.
- 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 month
ICE Sugar #11 (US Cent/lb)	Mar'18	11.51	11-14

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 3000/ quintal.

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs2664 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3000 and Rs 2600 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
			27th April to 3rd May,2018	20th to 26th April,2018	
Sugar	Delhi	M-Grade	2972	2988	-17
	Delhi	S-Grade	2952	2968	-17
Uttar Pradesh	Khatauli	M-Grade	2779	2791	-12
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2660	2710	-50
	Dhampur	S-Grade Ex-Mill	2640	2690	-50
	Dhampur	L-Grade Ex-Mill	2710	2760	-50
Maharashtra	Mumbai	M-Grade	3009	3052	-43
	Mumbai	S-Grade	2736	2744	-8
	Nagpur	M-Grade	2755	2725	30

	Nagpur	S-Grade	2655	2625	30
	Kolhapur	M-Grade	2630	2600	30
	Kolhapur	S-Grade	2530	2500	30
Assam	Guhawati	S-Grade	2832	2801	30
Meghalaya	Shillong	S-Grade	2850	2820	30
Andhra Pradesh	Vijayawada	M-Grade	3100	3247	-147
	Vijayawada	S-Grade	3040	3187	-147
West Bengal	Kolkata	M-Grade	3025	3070	-45
Tamil Nadu	Chennai	S-Grade	3040	3200	-160
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			3-May-18	26-Apr-18	3-Apr-18	3-May-17
Delhi	Delhi	M-Grade	3000	3000	3087	3920
	Delhi	S-Grade	2980	2980	3067	3900
Uttar Pradesh	Khatauli	M-Grade	2785	2770	3080	3875
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	2660	2660	2965	3797
	Dhampur	S-Grade Ex-Mill	2640	2640	2945	3777
	Dhampur	L-Grade Ex-Mill	2710	2710	3015	3847
Maharashtra	Mumbai	M-Grade	3000	3016	3306	4230
	Mumbai	S-Grade	2736	2720	3040	3936
	Nagpur	M-Grade	2725	2725	3025	3925
	Nagpur	S-Grade	2625	2625	2925	3875
	Kolhapur	M-Grade	2600	2600	2900	3800
	Kolhapur	S-Grade	2500	2500	2800	3750
Assam	Guhawati	S-Grade	2801	2801	3106	4070
Meghalaya	Shillong	S-Grade	2820	2820	3120	4070
Andhra Pradesh	Vijayawada	M-Grade	3100	3100	3500	4120
	Vijayawada	S-Grade	3040	3040	3440	4080
West Bengal	Kolkata	M-Grade	3000	3050	3320	4120
Tamil Nadu	Chennai	S-Grade	3000	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)			27th April to 3rd May,2018	20th to 26th April,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2664	2606	58
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	13200	21500	-8300
	Muzaffarnagar	Khurpa (Fresh)	2450	2367	84
	Muzaffarnagar	Laddoo (Fresh)	2652	2573	78
	Muzaffarnagar	Rascut (Fresh)	2108	2065	42
	Hapur	Chaurasa	2290	2210	80
	Hapur	Balti	2293	2195	98
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	2968	2766	202
	Gulbarga	Other (Average)	2680	2759	-79
	Mahalingapura	Penti (Average)	2910	3014	-105
	Mandya	Achhu (Medium)	3280	3258	22
	Mandya	Kurikatu (Medium)	3140	3083	57
	Mandya	Other (Medium)	3130	2960	170
	Mandya	Yellow (Medium)	3260	3210	50
	Shimoga	Achhu (Average)	NA	3550	-

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			3-May-18	26-Apr-18	3-Apr-18	3-May-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2778	2553	2430	3378
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1200	2500	5000	2000
	Muzaffarnagar	Khurpa	2500	2325	2220	3053
	Muzaffarnagar	Laddoo	2700	2613	2415	3303
	Muzaffarnagar	Rascut	2115	2063	2025	2540
	Hapur	Chaurasa	2325	2225	2100	3000
	Hapur	Balti	2375	2250	2100	3050
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4400	4400	4950
	Belgaum	Mudde (Average)	NA	NA	NA	3800
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2800	2500	NA
	Gulbarga	Other (Average)	NA	2750	2725	3675
	Mahalingapura	Penti (Average)	2858	3013	3126	3541
	Mandya	Achhu (Medium)	3300	3200	3600	NA

	Mandya	Kurikatu (Medium)	3200	2900	3400	NA
	Mandya	Other (Medium)	2950	3100	3400	NA
	Mandya	Yellow (Medium)	3200	3000	3500	NA
	Shimoga	Achhu (Average)	NA	3550	3800	6850

International Sugar Prices (Weekly)				
	Contract Month	2-May-18	25-Apr-18	Change
ICE Sugar #11 (US Cent/lb)	18-Jul	11.75	10.86	0.89
	18-Oct	12.01	11.12	0.89
	19-Mar	13.11	11.43	1.68
LIFFE Sugar (US \$/MT)	18-Aug	323.80	312.30	11.50
	18-Oct	323.50	311.40	12.10
	18-Dec	330.20	318.20	12.00

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