

# Sugar & Gur Weekly Research Report

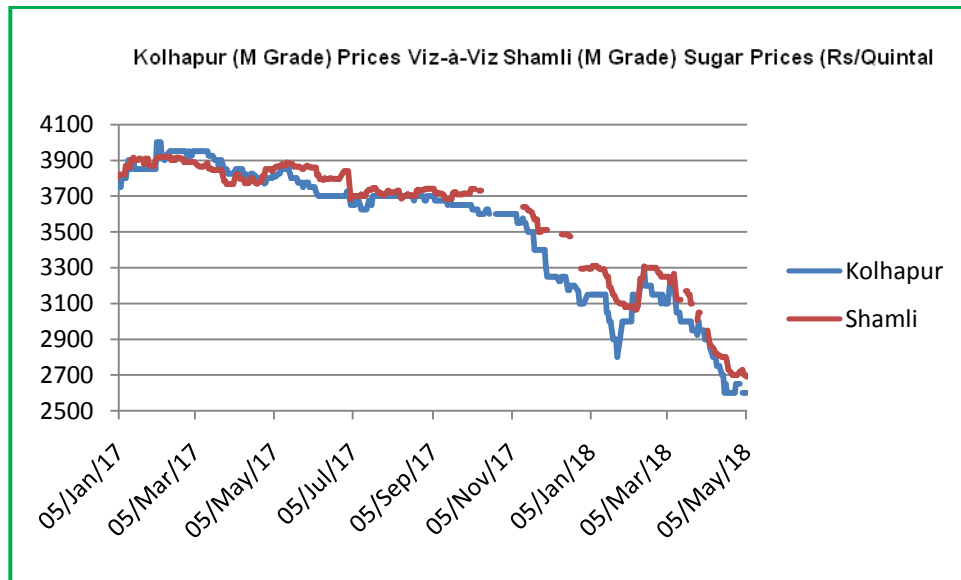
## Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Agriwatch Sweeteners Index
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ Domestic Sugar Market Technical Analysis (Spot Market)
- ❖ International Sugar Market Summary
- ❖ International Market Highlight
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

## 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 2580 per quintal since two weeks there is no change price. Similarly, spot sugar prices for the same variety/grade in Shamli district Rs2622 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 prices went down by Rs 100 per quintal at the wholesale markets in the national capital during week due to a fall in demand from bulk consumers and stockists amid ample stocks on higher supplies from mills.
- At the spot market too ample supplies has been kept the overall sentiments bearish and with culmination of sugar crushing season the production seems to be all time high. ISMA earlier has indicated the production can reach 310 lakh tons. According to USDA the last highest sugar production was recorded in 2014-15 with 300.46 lakh tons.

- With the y-o-y rise in sugar production the molasses prices has also been fallen significantly which is adding the woes to the sugar mills and further declining in the sugar crush margins. The molasses that used to fetch INR 450 per quintal last year is bringing just INR 10-20 this sugar season. Under such situation the sugar mills is expected to continue running in losses and thus the situation of miller's inability to pay arrears is expected to continue.
- The total subsidy amount is expected to be around Rs 1,540 crore, less than a 10th of the outstanding cane dues to sugar farmers. So far, cane arrears were around 19000 crore.
- 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 cost of production of Rs.35. Mills' overdues to sugarcane farmers is pegged at about Rs18,000 crore- a part of which will now be borne by the government.
- With prices crashing govt has come forward to subsidize sugar production and which in turn has resulted in the furor among the major sugar producing countries on the ground of WTO mandate on agricultural subsidies.

### Previous 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.

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

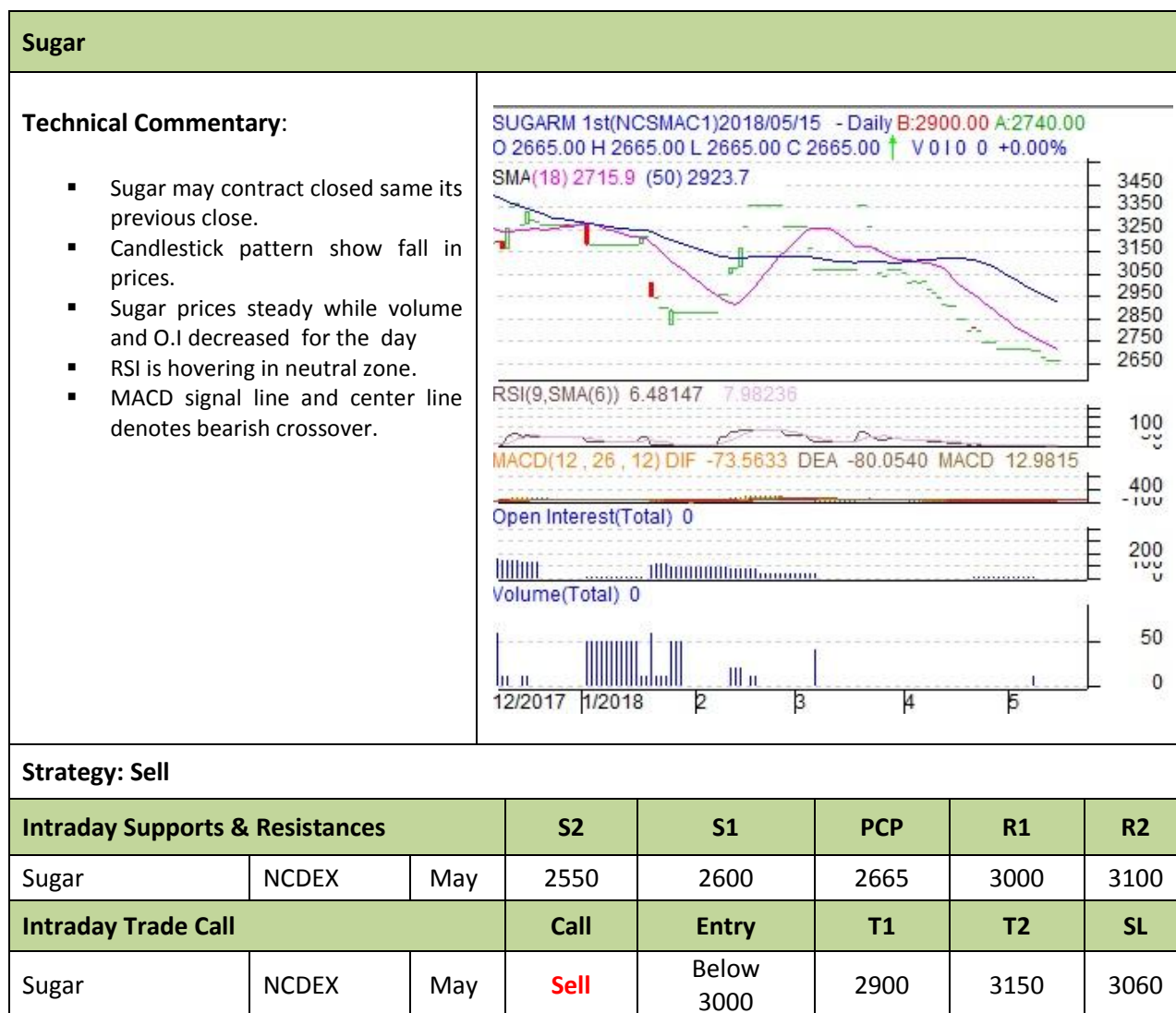
- Sugar spot prices at benchmark Kolhapur market closed at Rs 2580 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 2900 and Rs 2500 per quintal respectively.
- Relative Strengths Indicator is moving in neutral region which indicate range bound movement.



## Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar  
Contract: May (C1)

Exchange: NCDEX  
Expiry: May.18<sup>th</sup>, 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

- Brazil's center-south region will produce 31 million tonnes of sugar in the current 2018/19 crop cycle, down from a March estimate of 31.5 million tonnes and from 36.1 million tonnes last season, according to prepared remarks from the firm at an industry event during New York "Sugar Week."
- Sugar prices continues to spiral down as the market lacks any bullish fundamentals. ICE sugar has also been weakening in the last there session and bearish sentiments is expected to continue in coming days.
- International sugar analysts are expecting the bearish trend in Sugar to continue in coming 1 to two years as carry forward stocks is expected to keep the prices numb.
- With export subsidies offered by Pakistan govt Pakistan continued to dump there surplus stock in the international market and thus is expected to post a record exports this year.
- Meanwhile Thailand has decided to cut its exports of sugar by 500,000 thd tons and direct towards the production of ethanol to be consumed domestically. The surge in crude oil prices has resulted in rice in demand of ethanol and thus millers is expected to direct there surplus stocks toward the production of ethanol.

### Previous 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.

➤ **International Sugar Futures Price Projection**

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

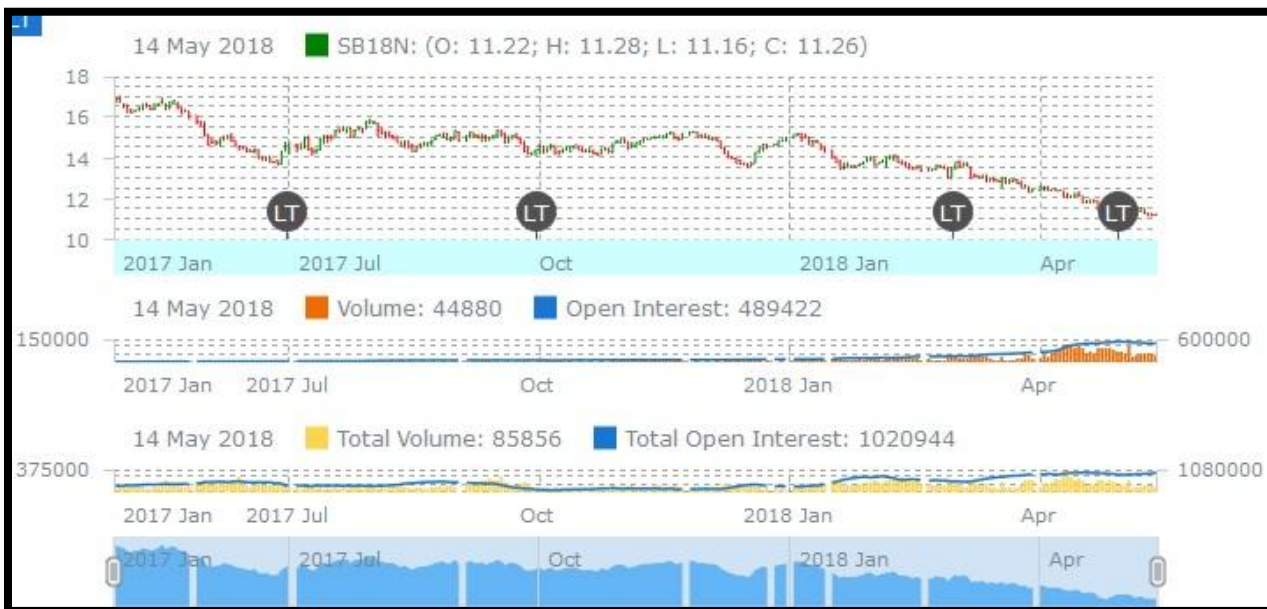


**Technical Commentary**

- 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	321.1	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 12.00 with a target of 14.00

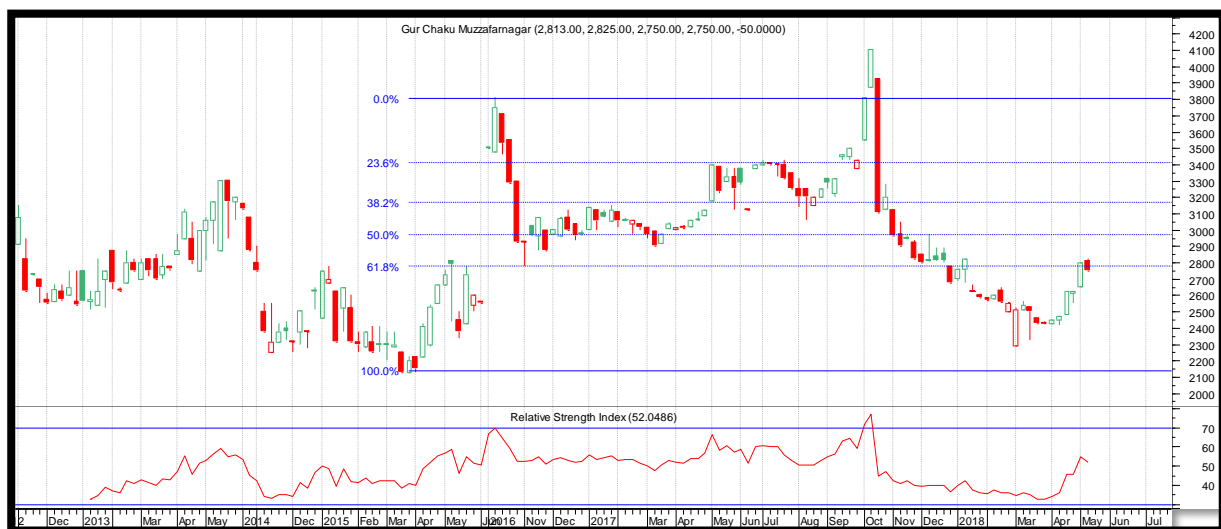
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'18	11.26	11-14



### Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2743 /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
			4th May to 10th May, 2018	27th April to 3rd May, 2018	
Delhi	Delhi	M-Grade	2928	2972	-44
	Delhi	S-Grade	2908	2952	-44
Uttar Pradesh	Khatauli	M-Grade	2775	2779	-4
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2643	2660	-17
	Dhampur	S-Grade Ex-Mill	2623	2640	-17
	Dhampur	L-Grade Ex-Mill	2693	2710	-17
Maharashtra	Mumbai	M-Grade	2980	3009	-29
	Mumbai	S-Grade	2725	2736	-11
	Nagpur	M-Grade	2725	2755	-30
	Nagpur	S-Grade	2625	2655	-30
	Kolhapur	M-Grade	2600	2630	-30
	Kolhapur	S-Grade	2500	2530	-30
Assam	Guhawati	S-Grade	2801	2832	-30
Meghalaya	Shillong	S-Grade	2820	2850	-30
Andhra Pradesh	Vijayawada	M-Grade	3067	3100	-33

	Vijayawada	S-Grade	3007	3040	<b>-33</b>
<b>West Bengal</b>	Kolkata	M-Grade	3000	3025	<b>-25</b>
<b>Tamil Nadu</b>	Chennai	S-Grade	2933	3040	<b>-107</b>
<b>Chattisgarh</b>	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			10-May-18	3-May-18	10-Apr-18	10-May-17
Delhi	Delhi	M-Grade	2890	3000	3150	3920
	Delhi	S-Grade	2870	2980	3130	3900
Uttar Pradesh	Khatauli	M-Grade	2740	2785	2935	3905
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	2600	2660	2840	3800
	Dhampur	S-Grade Ex-Mill	2580	2640	2820	3780
	Dhampur	L-Grade Ex-Mill	2650	2710	2890	3850
Maharashtra	Mumbai	M-Grade	2952	3000	3246	4092
	Mumbai	S-Grade	2710	2736	2980	3912
	Nagpur	M-Grade	2725	2725	2925	3975
	Nagpur	S-Grade	2625	2625	2825	3875
	Kolhapur	M-Grade	2600	2600	2800	3850
	Kolhapur	S-Grade	2500	2500	2700	3750
Assam	Guhawati	S-Grade	2801	2801	3004	4070
Meghalaya	Shillong	S-Grade	2820	2820	3020	4070
Andhra Pradesh	Vijayawada	M-Grade	3060	3100	3470	4120
	Vijayawada	S-Grade	3000	3040	3410	4080
West Bengal	Kolkata	M-Grade	NA	3000	NA	4200
Tamil Nadu	Chennai	S-Grade	2800	3000	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)			4th May to 10th May,2018	27th April to 3rd May,2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2807	2664	143
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	18500	13200	5300
	Muzaffarnagar	Khurpa (Fresh)	2525	2450	75
	Muzaffarnagar	Laddoo (Fresh)	2676	2652	24
	Muzaffarnagar	Rascut (Fresh)	2121	2108	13
	Hapur	Chaurasa	2405	2290	115
	Hapur	Balti	2470	2293	177
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	3200	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2888	2968	-81
	Gulbarga	Other (Average)	2747	2680	67
	Mahalingapura	Penti (Average)	2810	2910	-99
	Mandya	Achhu (Medium)	3500	3280	220
	Mandya	Kurikatu (Medium)	3200	3140	60
	Mandya	Other (Medium)	3117	3130	-13
	Mandya	Yellow (Medium)	3270	3260	10
	Shimoga	Achhu (Average)	3750	NA	-

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			10-May-18	3-May-18	10-Apr-18	10-May-17
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2825	2778	2425	3313
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	1200	5000	2500
	Muzaffarnagar	Khurpa	2550	2500	2163	2988
	Muzaffarnagar	Laddoo	2688	2700	2425	3270
	Muzaffarnagar	Rascut	2125	2115	1975	2688
	Hapur	Chaurasa	2300	2325	2018	NA
	Hapur	Balti	2375	2375	2050	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4400	4400	4950
	Belgaum	Mudde (Average)	NA	3100	NA	3600
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	3000	NA	NA
	Gulbarga	Other (Average)	2750	NA	2725	3625

	Mahalingapura	Penti (Average)	2766	2858	3120	3465
	Mandya	Achhu (Medium)	3550	3300	3350	4200
	Mandya	Kurikatu (Medium)	3200	3200	3200	3900
	Mandya	Other (Medium)	3000	2950	3250	4200
	Mandya	Yellow (Medium)	3300	3200	3500	3900
	Shimoga	Achhu (Average)	NA	3750	3800	4650

International Sugar Prices (Weekly)				
	Contract Month	9-May-18	2-May-18	Change
ICE Sugar #11 (US Cent/lb)	18-Jul	11.29	11.75	-0.46
	18-Oct	11.69	12.01	-0.32
	19-Mar	12.76	13.11	-0.35
LIFFE Sugar (US \$/MT)	18-Aug	323.90	323.80	0.10
	18-Oct	319.40	323.50	-4.10
	18-Dec	327.60	330.20	-2.60

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