

Sugar &Gur Weekly Research Report

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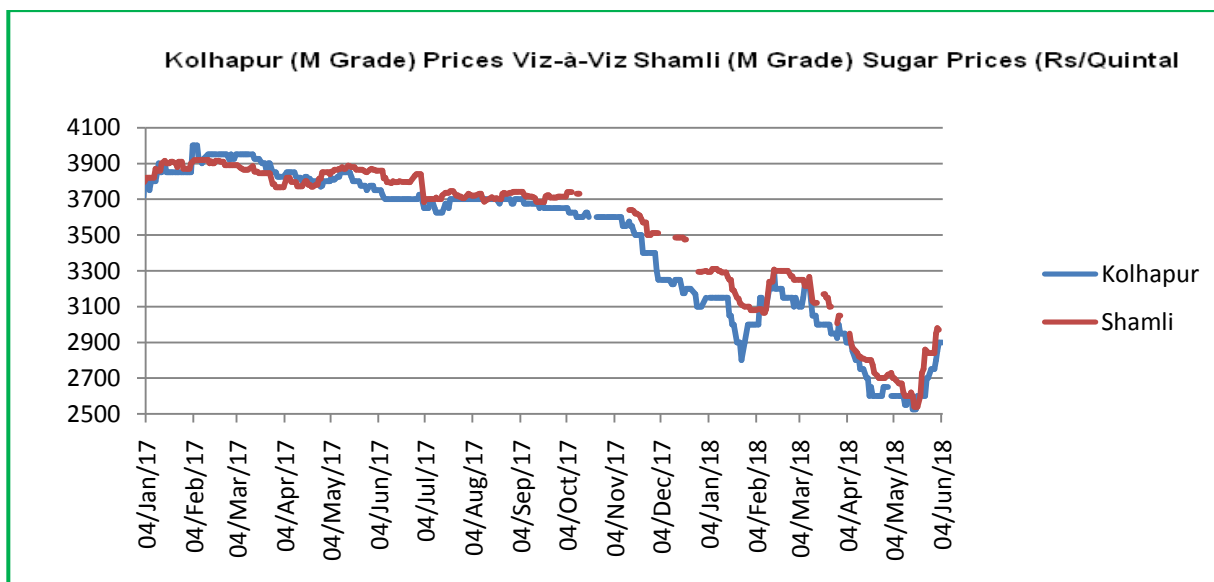
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market gained after a series of government interventions to control the free falling sugar prices as the stocks surge in the sugar mills.

The average price for sugar 'M' grade in Kolhapur market weakened to INR 2814 per quintal in a week, compared 2597 per quintal previous week.

However weekly spot sugar prices for the same variety/grade in Shamli district is 2903 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 Rs2500 - 3000 per quintal next week.

Domestic Market Highlights

Recent Updates

- India's sugar output is likely to scale record highs in the next marketing season, with farmers choosing to plant the crop despite falling prices and around 200 billion rupees (\$2.96 billion) in delayed payments from mills for the current harvest.
- The Centre may create a 3-million-tonne sugar buffer stock to help sugar mills to tide over the crisis triggered by overproduction, Union Food Minister Ram Vilas Paswan said on last week.

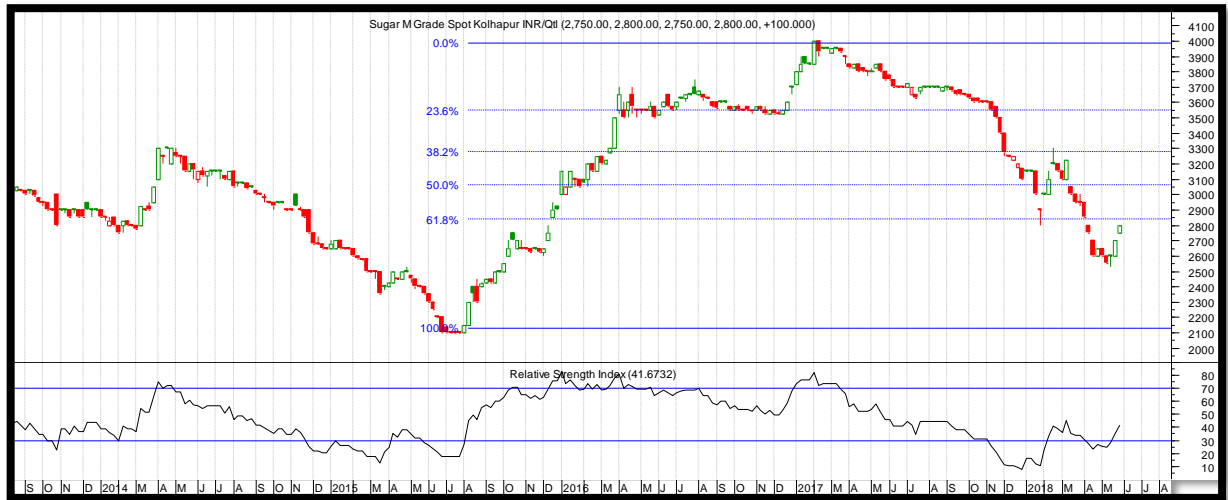
- At the current sowing there are expectations that sugar production to a fresh peak in the next marketing season. It is noted that the sowing is 1.7% high against last year till last week. And with the good monsoon prospects the yield and sugar recovery is expected to remain high. Markets is expecting production to be higher than 32 million ton of this year. Further in Maharashtra Apart from new plantings, large amounts of ratoon crops will also be available due to the low cost of taking a second harvest.
- The Cabinet is likely to approve a plan to set a minimum price at which millers can sell sugar, among a series of steps, to help improve domestic prices that have fallen below the cost of production amid a glut in production.

Previous Updates

- The cooperative sugar mills in Haryana has crushed 443.13 lakh quintal of sugarcane producing 44.15 lakh quintal sugars according to Haryana Sugarfed.
- Ongoing sugar campaign is sowing increased area this year. The cultivated area of sugarcane has increased by 1.6 per cent over that of the previous year. Till 25th of May 48.67 lakh hectares has been brought under sugar.
- With policy support from government sugar mills in Maharashtra are planning to sign export contracts with neighboring countries before the start of the next season. Mills are targeting 3-3.5 million tonnes (mt) exports of raw sugar to Bangladesh and China and another 2-2.5 mt of white sugar to Sri Lanka.
- Maharashtra's current sugar season officially ended on Wednesday with the last of the 187 mills ceasing operations. The state has produced 10.7 mt of sugar, the highest in the last 10 years. Last year Maharashtra produced just 4.2 mt of sugar.
- Millers are planning to start the new season crushing a month early as compared to beginning in post Diwali and plan to produce only raw sugar for exports. The total export of raw sugar is expected to be 5-6 mt, in coming season. As the international prices has firmed up indianugar has gained parity for exports.
- The Ministry Consumer Affairs, Food and Public Distribution has moved a draft Cabinet note on creating a sugar buffer stock of three million tonnes and fixing a minimum ex-mill price to help cash-starved millers clear cane arrears which have surged to about Rs 22,000 crore.
- In Punjab with the bumper production of Sugar the molasses prices has also crashed with the prices tumbled to INR 120 .per quintal against the prices of INR 600 per quintal last year.
- According to data accessed from cane commissioner office, all 16 sugar mills (private and cooperative combined) crushed around 840 lakh quintals of cane this year as compared to 675 lakh quintals last year. The sugar recovery this year was 81 lakh quintals compared to 66 lakh quintals in 2016-17.
- The molasses produced in the state this year is anywhere between 33.6-37.8 lakh quintals. Around 95 per cent of molasses in the state is used by distillery and the remaining by cattle feed industry.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2814 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs2900 and Rs 2700 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.

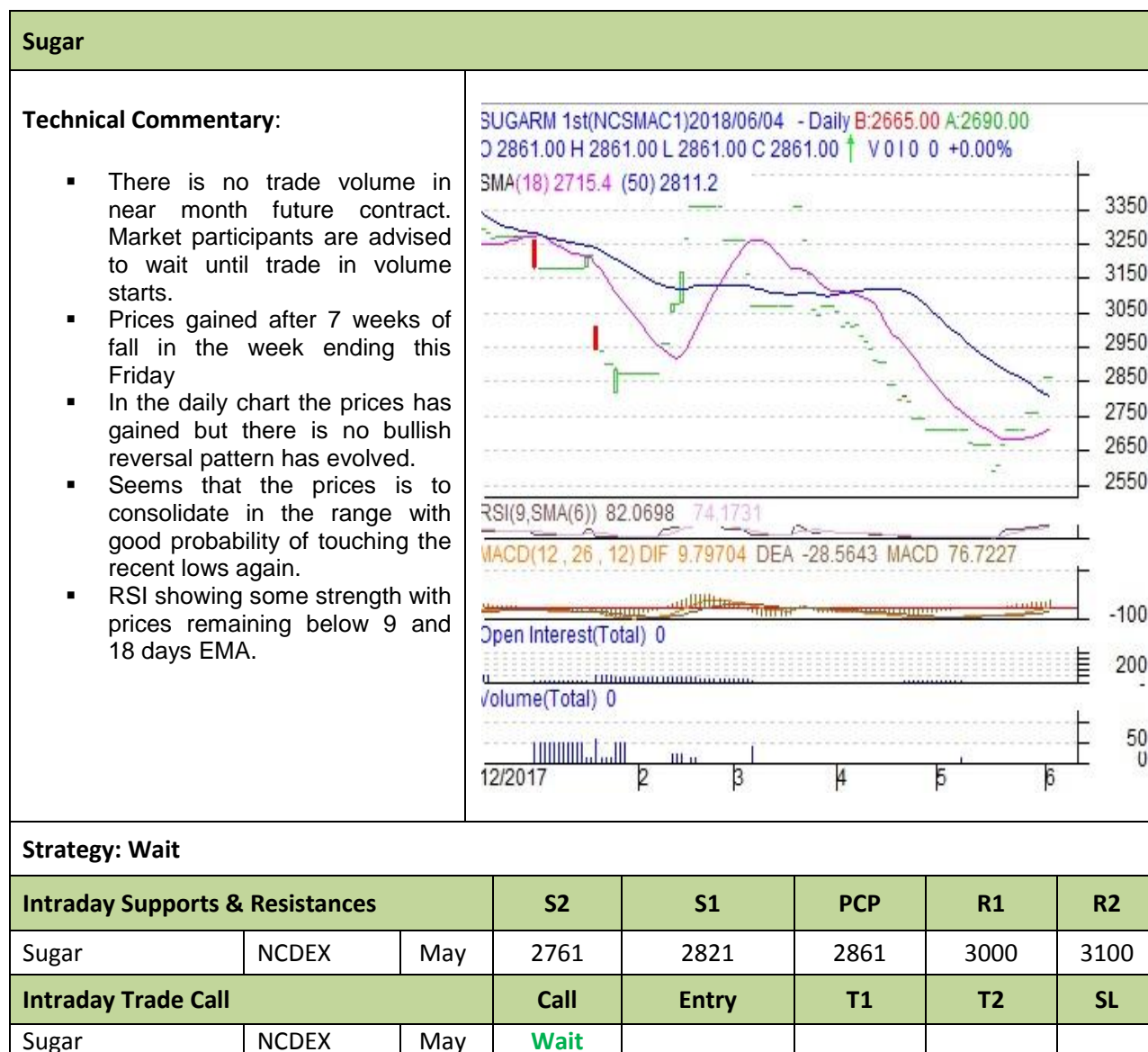


Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Cont



* 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

ICE Sugar 11 and LIFFE Sugar gained over a week over the production concerns in Brazil and expected decline in sugar stocks over rise in ethanol production.

International Market Highlights

Recent Updates

- Brazil's truck strike has continued for 10th day and has started to affect global commodity markets as the country's vast sugar industry shuts down more of its processing plants. However the impact on sugar will be short lived as the supplies in world is huge.
- Coming in the opening months of Brazil's harvest season – and at a time when more remunerative ethanol returns are drawing cane away from the sweetener - the country's ongoing trucker strike is helping to fuel a recently firmer than expected trend in the futures markets.
- Thailand's record sugarcane crush ends at almost 135 mln tones. The last mills ended the record-breaking 2017/18 season on May 31, after 182 days of operations.
- Mexico produced 121,891 tonnes of sugar, total, in the week to May 26, down from 141,103 a week earlier but above 94,209 in the same week a year ago, official data showed.
- Raw sugar futures in New York built on their gains of the previous sessions despite an easing of production and export disruptions in Brazil and a large global supply glut.

Previous Updates

- Brazil's centre-south, the world's largest sugar producing region, is likely to have less cane to process this year than previously expected due to a prolonged period without widespread.
- Sugar production in Cuba is 40% down over heavy rainfall and unsupportive government policy. Cuba used to produce 1.8 million tons which this year is expected to be around 1.1 million tons.
- Brazilian mills are expected to have allocated only 37.7 percent of cane to sugar, the lowest for that period since 2015/16. Rest is expected to be used for the production of ethanol. Some Brazilian sugar mills in the centre-south region have reduced cane harvesting work because of short diesel fuel supplies owing to a nationwide truckers protest.
- Brazilian sugar producers operations have been affected by nationwide truckers protests against high diesel prices that entered a third day on Wednesday.
- Indonesia has issued import permits for 635,000 tonnes of raw sugar for household consumption for March-September 2018 delivery, according to the Trade Ministry.
- According to a statement on China Merchandise Reserve Management Center, Indian sugar refiners and exporters will meet Chinese importers and processors in Beijing next month to discuss opening up market access. India hopes to export more of its sugar to China before and after the next cane-crushing season in the South Asian country, which starts in October this year.

- Beet sugar sowing is under way in the Volga region, Ukraine and EU and the price decline has been a concern to the farmers. As sugar prices were attractive in 2017, beet growers prepared for the end of quotas by increasing their production areas for the 2017/2018 campaign. Last season France and Germany, the two main producers, increased land under sugar beet by 25%. This year however the acreages are low in France. The EU abolished limits on sugar beet production at the end of September 2017, dramatically boosting output and paving the way for the EU to become a net exporter for the first time in more than a decade.

International Sugar Futures Price Projection

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



Technical Commentary

- LIFE future market trends strong for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 360, T1 370

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Aug'18	353	340-360

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

Technical Commentary:

- ICE raw sugar futures trend upward for the week.

- Last candlestick depicts bullishness in the market. Strategy: sell at 12.78 targeting 12.60

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'18	12.52	11-13



Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2760/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2900 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
Sugar			25th May to 31st May,2018	18th May to 24th May,2018	
Delhi	Delhi	M-Grade	2985	2840	145
	Delhi	S-Grade	2965	2820	145
Uttar Pradesh	Khatauli	M-Grade	2958	2747	212
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	2833	2612	222
	Dhampur	S-Grade Ex-Mill	2813	2592	222
	Dhampur	L-Grade Ex-Mill	2883	2662	222
Maharashtra	Mumbai	M-Grade	2984	2910	74
	Mumbai	S-Grade	2803	2690	112
	Nagpur	M-Grade	2867	2717	150
	Nagpur	S-Grade	2767	2617	150
	Kolhapur	M-Grade	2742	2592	150
	Kolhapur	S-Grade	2642	2492	150
Assam	Guhawati	S-Grade	2945	2793	152
Meghalaya	Shillong	S-Grade	2962	2812	150
Andhra Pradesh	Vijayawada	M-Grade	3145	3073	72
	Vijayawada	S-Grade	3078	3013	65
West Bengal	Kolkata	M-Grade	3160	3004	156
Tamil Nadu	Chennai	S-Grade	2942	2828	113
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			31-May-18	24-May-18	30-Apr-18	31-May-17
Delhi	Delhi	M-Grade	3090	2844	2910	3900
	Delhi	S-Grade	3070	2824	2890	3880
Uttar Pradesh	Khatauli	M-Grade	2950	2910	2785	3890
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	2800	2750	2660	3900
	Dhampur	S-Grade Ex-Mill	2780	2730	2640	3880
	Dhampur	L-Grade Ex-Mill	2850	2800	2710	3950
Maharashtra	Mumbai	M-Grade	3016	2930	3012	4082
	Mumbai	S-Grade	2836	2736	2746	3886
	Nagpur	M-Grade	2925	2725	2775	3900

	Nagpur	S-Grade	2825	2625	2675	3850
	Kolhapur	M-Grade	2800	2600	2650	3775
	Kolhapur	S-Grade	2700	2500	2550	3725
Assam	Guhawati	S-Grade	3004	2801	2852	4045
Meghalaya	Shillong	S-Grade	3020	2820	2870	4045
Andhra Pradesh	Vijayawada	M-Grade	3150	3100	3100	4120
	Vijayawada	S-Grade	3080	3040	3040	4080
West Bengal	Kolkata	M-Grade	3130	3130	NA	4060
Tamil Nadu	Chennai	S-Grade	3000	2875	3000	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)			25th May to 31st May, 2018	18th May to 24th May, 2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2765	2602	163
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	11900	11500	400
	Muzaffarnagar	Khurpa (Fresh)	2456	2373	83
	Muzaffarnagar	Laddoo (Fresh)	2736	2601	135
	Muzaffarnagar	Rascut (Fresh)	2379	2271	108
	Hapur	Chaurasa	2313	2293	20
	Hapur	Balti	2500	2368	132
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	3040	2867	173
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2775	2754	21
	Gulbarga	Other (Average)	2763	2867	-105
	Mahalingapura	Penti (Average)	2776	2804	-28
	Mandya	Achhu (Medium)	3417	3492	-75
	Mandya	Kurikatu (Medium)	3225	3200	25
	Mandya	Other (Medium)	3342	3300	42
	Mandya	Yellow (Medium)	3150	3413	-263
	Shimoga	Achhu (Average)	3725	3738	-13

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			31-May-18	24-May-18	30-Apr-18	31-May-17
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2763	2563	2653	3275
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1200	1500	3000	600
	Muzaffarnagar	Khurpa	2463	2388	2430	3153
	Muzaffarnagar	Laddoo	2838	2625	2640	3303
	Muzaffarnagar	Rascut	2250	2288	2105	2628
	Hapur	Chaurasa	2313	2313	Closed	NA
	Hapur	Balti	2500	2500	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4400	4400	4400	4900
	Belgaum	Mudde (Average)	3100	3000	NA	3500
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2750	3030	3350
	Gulbarga	Other (Average)	2780	2850	NA	3640
	Mahalingapura	Penti (Average)	NA	2825	2917	3469
	Mandya	Achhu (Medium)	3500	3450	3250	4150
	Mandya	Kurikatu (Medium)	3100	3250	3200	4000
	Mandya	Other (Medium)	3400	NA	3200	3950
	Mandya	Yellow (Medium)	3150	3400	NA	4100
	Shimoga	Achhu (Average)	3750	3750	NA	4600

International Sugar Prices (Weekly)				
	Contract Month	30-May-18	23-May-18	Change
ICE Sugar #11 (US Cent/lb)	18-Jul	12.60	12.35	0.25
	18-Oct	12.82	12.72	0.10
	19-Mar	13.60	13.58	0.02
LIFFE Sugar (US \$/MT)	18-Aug	348.90	349.40	-0.50
	18-Oct	346.20	345.80	0.40
	18-Dec	350.40	350.00	0.40



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