



Sugar & Gur Weekly Research Report

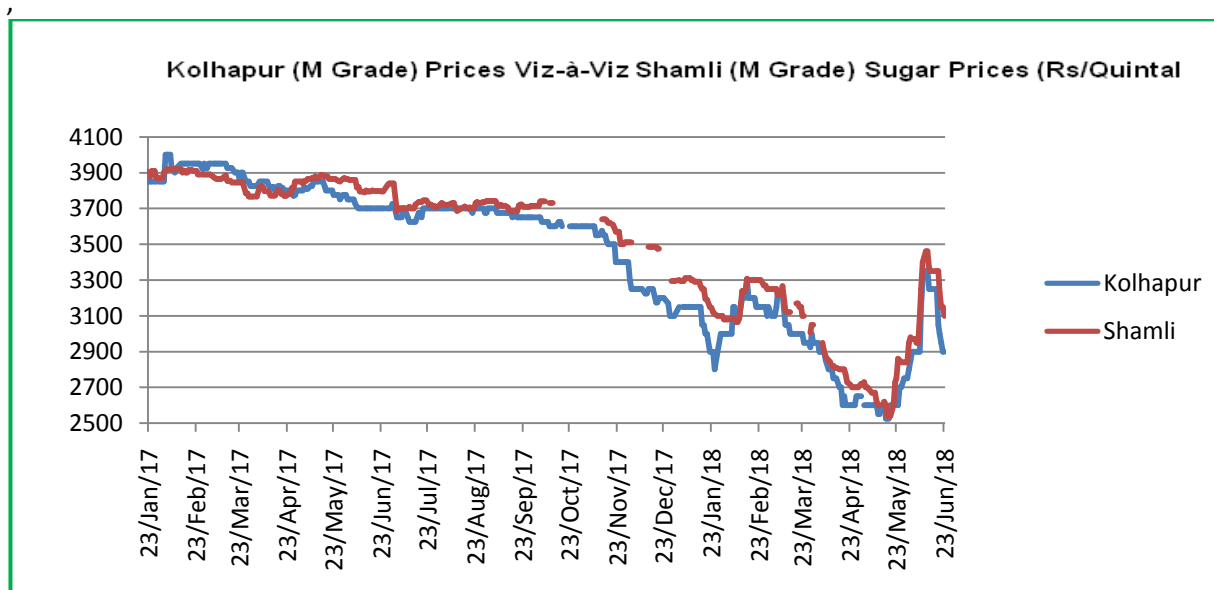
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Domestic Sugar Market Summary

Spot sugar prices at benchmark Kolhapur market gained after a series of government interventions to support the mills reeling under falling sugar prices as the stocks surges in the sugar mills. As part of the measures, government has fixed minimum ex-mill prices at Rs.2900 across the country, creation of a buffer stock of 3 million MT of sugar and soft loans for creating ethanol production capacity.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3008 per quintal last week declined INR 369 per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3221 per quintal at the end of last week, declined 50 rupees per quintal against previous week's average prices



Price Outlook:

- Sugar prices at the wholesale markets witnessed a sharp jump on the back of Rs 8,500-crore bailout package coupled with increased off take by bulk consumers amid tight supplies. and again started falling from past few days.

Price Projection for the Next Month

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2950–Rs 3500 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
India pitching to export 1.5 mn tons of sugar to China under China's 50% tariff category	Bullish
Surplus sugar production of 32 mn tonnes against only 20.3 mn tonnes last year	Bearish
Higher cane acreage for 2018-19	Bearish

Domestic Market Highlights
Recent Updates

- Sugar mills in Uttar Pradesh, the country's largest sugar and sugarcane producing state, have been put on a 15-day notice to settle cane dues of over Rs 123 billion, failing which stringent action will be taken against them.
- Amid record sugar production coupled with sugarcane arrears in Uttar Pradesh (UP), the Yogi Adityanath government has urged the Centre to increase the monthly sugar sale quota of state mills by 60 per cent to a million tonnes (MT).
- UP sugarcane commissioner Sanjay Bhoosreddy has written to the union food ministry for increasing the sugar sale quota from 0.625 MT to 1 MT for June so that the financial liquidity of mills can improve and aid in for settling arrears.
- Over a week, after the sugar package was notified, sugar prices have improved across the country. In Maharashtra, the ex-mill price is above Rs 30a kg while in UP it's around Rs 32.
- India is likely to export around 500,000 tonnes, or just a quarter of the volume mandated by the government for overseas sales in the 2017-18 season amid higher prices at home industry officials told Reuters.
- Mills are not interested in exports as they are getting higher prices in the local market. Said Verma director general of the Indian Sugar Mills Association.
- Mills in UP are struggling to clear cane dues despite two incentives by the Centre in less than a month. This, sugar mills in the state said, would be easily wiped off in the days to come and mills would also have some liquidity to commence operations in the coming crushing season, starting in the next 100 days.
- On the creation of buffer stock of 3 million tons announced earlier the Union Ministry of Consumers Affairs and Public Distribution has decided to finance the cost of sugar and storage at mill-owned godowns along with sugar pledged by mills with banks, instead of buying sugars. It will also bear a finance cost of 12 per cent a year or actual interest charge by the banks, whichever is lower, along with insurance and storage charges at 1.5% per year.
- With assured returns for growers, coupled with better water availability, and limited realization in the competitive crop, there is a marked shift to sugarcane cultivation and the acreages may be high by 25%. According to Maharashtra Sugar Commissionerate the area under sugar cane cultivation during 2018-19 is expected to be around 11.26 lakh hectares from 9.2 lakh hectares in 2017-18.

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Previous Updates

- The sugarcane area is higher by 0.5 lh mainly on rise in acreage in Uttar Pradesh, Maharashtra, Karnataka, Haryana, Bihar and Andhra Pradesh.
- The benchmark M30 variety of sugar, which had hit the lowest this season to Rs 2,762 a quintal on May 19 on a supply glut, rose sharply over the next three weeks to trade at Rs 3,341 in the wholesale Vashi Mandi on last week.
- Sugar production is estimated to be around 31 million tonnes and consumption 25 million tonnes. With an opening stock of 4 million tonnes, the year will close with a total stock of 10 million tonnes that will be carried forward to the 2018-19 sugar season.
- Cane area under cultivation in Karnataka is about to increase 10-15 % in 18/9 vs 17/18. Supportive weather and good rainfall were the reasons for increase in acreage.
- The expenditure in creating a buffer stock of 3 mt is estimated to be Rs 11.75 billion, while the interest burden the Centre will bear for providing loans of up to Rs 44 billion for setting up a fresh ethanol capacity is estimated to be around Rs 13.32 billion. This totals around Rs 41 billion, far short of the Rs 70 billion claimed by the government.
- In the case of ethanol, the package entails that banks will not charge interest on loans taken for setting up an ethanol capacity in the first year. From the second year onwards, they will be charged a subsidised interest rate of 6 per cent, whose burden on the exchequer is expected to be around Rs 13.32 billion.
- At present, the cost of producing sugar in north India, mainly UP, is around Rs 3,500 a quintal, while the exmill sale price is around Rs 3,350 a quintal.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3008 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs3400 and Rs 2900per 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

Sugar	
<p>Technical Commentary:</p> <ul style="list-style-type: none"> There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts. Prices gained after 7 weeks of fall in the week ending this Friday In the daily chart the prices has gained but there is no bullish reversal pattern has evolved. Seems that the prices is to consolidate in the range with good probability of touching the recent lows again. RSI showing some strength with prices remaining below 9 and 18 days EMA. 	<p>SUGARM 1st(NC:SMAC1)2018/06/25 - Daily B:3060 O 2925.00 H 2925.00 L 2925.00 C 2925.00</p> <p>SMA(18) 2899.7 (50) 2784.5</p> <p>RSI(9,SMA(6)) 89.4956 88.4786</p> <p>MACD(12, 26, 12) DIF 39.4571 DEA 34.6121 MA 1200</p> <p>Open Interest(Total) 0</p> <p>Volume(Total) 0</p> <p>5/2017 9 11 1/2018 5</p>
<p>Strategy: Wait</p>	

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jul	2761	2864	2925	3100	3164
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jul	Wait				

* 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.

Sugar Domestic Balance Sheet

	2015-16	2016-17	2017-18	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	90.8	77	38.24	38.24	58.18	176.99	123.87
Estimated sugar production	251.25	202.85	320	94.64	169.76	23.58	12.02
Imports	0	4.46	2.85	1	1.85	0	0
Estimated sugar availability (A + B + C)	342.05	284.31	361.09	133.88	229.79	200.57	135.89
Exports	16.56	0.46	3	0	0	1	2
Availability for domestic consumption (D - E)	325.49	283.85	358.09	133.88	229.79	199.57	133.89
Estimates sugar consumption	248.49	245.61	260	75.7	52.8	76.7	54.8
Carry out stock (G - H)	77	38.24	98.09	58.18	176.99	122.87	79.09

Note: Indian sugar marketing year begins from October – September.

As per the Agriwatch estimate, India's sugar production is expected to rise to 320 LT in 2017/18 as the country is expecting a good cane crop this marketing year particularly from the state of Uttar Pradesh & Maharashtra. Agriwatch is expecting Maharashtra to produce 75 LT of sugar in 2017-18 (01st October, 2017 -30th September, 2018)

In addition, Uttar Pradesh is also expected to produce a large quantity of sugar this year too due to a surge in cane area, yield and sugar recovery. Agriwatch is expecting U.P to produce 102 LT of sugar in 2017-18 (01st October, 2017 -30th September, 2018); while Karnataka is expected to produce 21 LT of sugar during the same duration.

On the other hand, sugar domestic consumption is expected to rise to 260.00 lakh tonnes in 2017-18 (01st October, 2017 – 30th September, 2018).

At the same time, with a higher domestic sugar production and an urge to earn more foreign exchange, the country's exports are expected to 3.00 LT in 2017-18. As even good production in Thailand, Brazil and other our neighbor countries expecting less export demand

International Market Highlights

Recent Updates

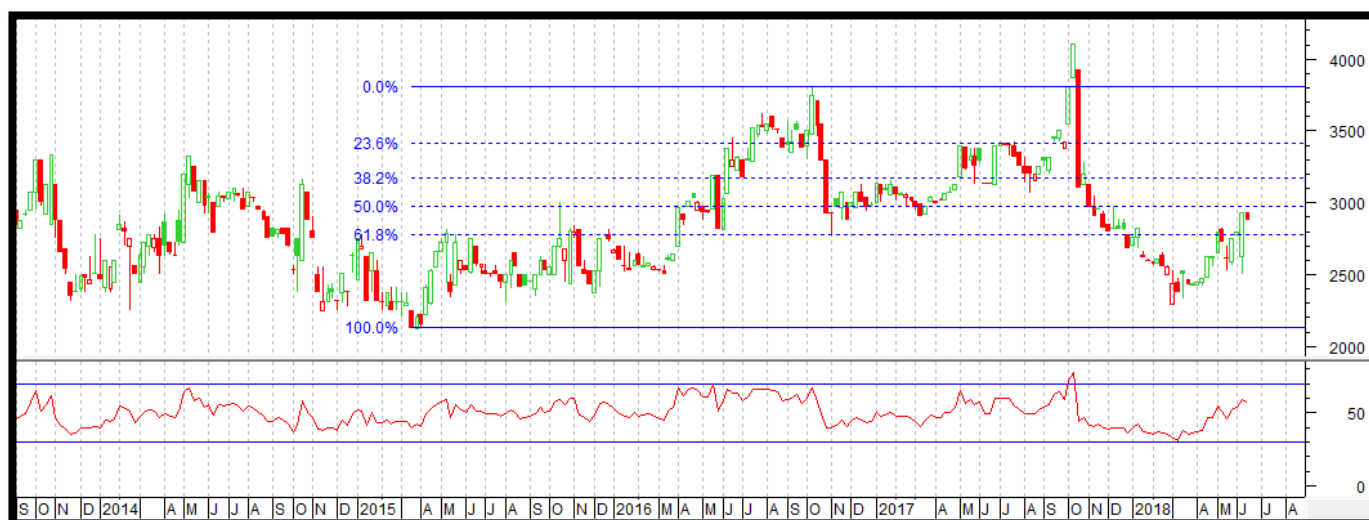
- Australian sugar production is forecast to increase by 2.8% to 4.830 million tonnes in 2018/19 from 4.700 mln a year ago, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) said in its quarterly update in June.
- Mexico's 2017/18 sugarcane crush is close to completion as another six mills concluded operations in the week to June 16, leaving just two out of 51 operational, official data showed.
- Rabobank has estimated the production of Indian sugar at 34 million tons whereas for Thailand at 15.7 million tons for the season 2017-18. Further in 2018-19 Rabobank is expecting Indian sugar production at 35.5 million tons and Thai sugar at 14.5 million tons. According to them in 2018-19 a surplus of another 5 million tons will be added on season's end stock of 10.5 million tons.

Previous Updates

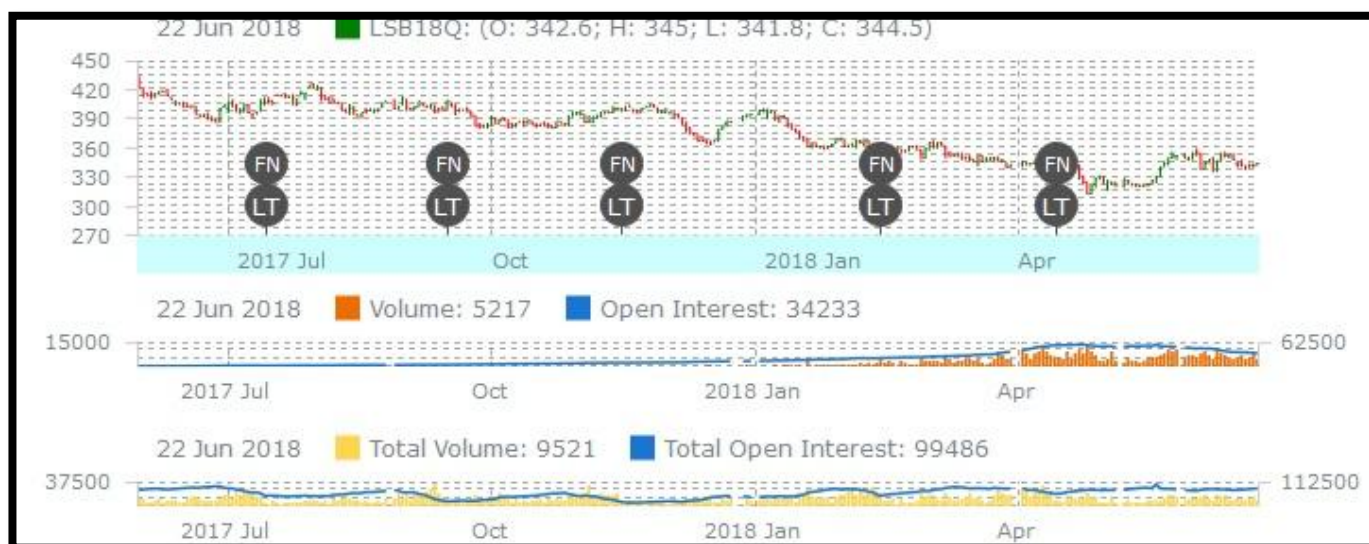
- Raw sugar futures in New York rebounded sharply as the nearby July contract rose back above the 12¢/lb threshold in its biggest one-day rally of the year.
- The USDA reduced its estimate of total US sugar supply for 2018/19 by 44,387 short tons, raw value, to 14.203 mln in its June WASDE report on lower beginning stocks and lower cane sugar production.
- sugar experienced a wave of Brazilian selling as the Real hit two-year lows last week, bringing producers an unexpected profit windfall.
- French sugar group Cristal Union has abolished the minimum beet price for the 2018/19 campaign as it expects sugar prices to fall further in coming months.
- Mexico's 2017/18 sugarcane crush continued to wind down as production dropped to 55,127 tonnes in the week to June 9 from 92,959 a week earlier, industry data showed.

Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2820/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 2950 and Rs 2700 per quintal respectively.

Technical Analysis - Gur (Chaku) at Spot (Muzaffarnagar) market.

International Sugar Futures Price Projection
LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Aug'18 Contract)
Technical Commentary

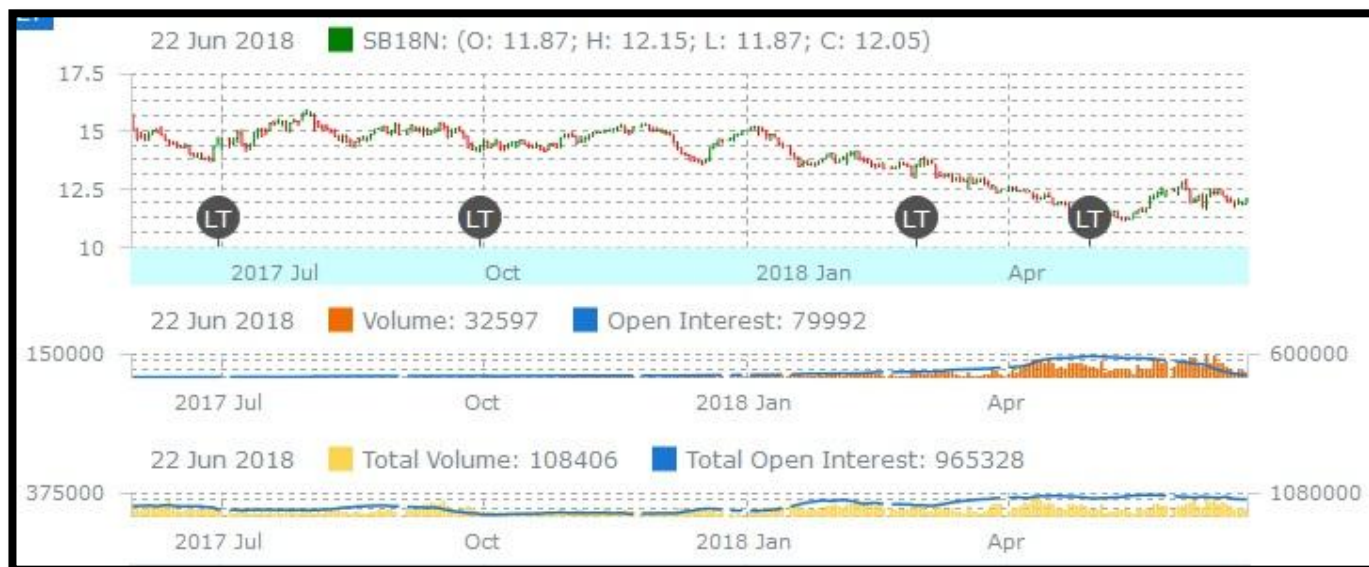
- LIFFE future market trends strong for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 350, T1 370



International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Aug'18	344	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 13 targeting 13.8



International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'18	12.05	11-14

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			15th to 21st June, 2018	8th to 14th June, 2018	
Delhi	Delhi	M-Grade	3286	3422	-136
	Delhi	S-Grade	3266	3402	-136
Uttar Pradesh	Khatauli	M-Grade	3444	3473	-29
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3396	3435	-39
	Mumbai	S-Grade	3170	3205	-36
	Nagpur	M-Grade	3225	3400	-175
	Nagpur	S-Grade	3135	3300	-165
	Kolhapur	M-Grade	3100	3275	-175
	Kolhapur	S-Grade	3010	3175	-165
Assam	Guhawati	S-Grade	3319	3487	-167

Meghalaya	Shillong	S-Grade	3330	3495	-165
Andhra Pradesh	Vijayawada	M-Grade	3660	3590	70
	Vijayawada	S-Grade	3600	3530	70
West Bengal	Kolkata	M-Grade	3530	3660	-130
Tamil Nadu	Chennai	S-Grade	3416	3442	-26
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			21-Jun-18	14-Jun-18	21-May-18	21-Jun-17
Delhi	Delhi	M-Grade	3150	3400	2860	3850
	Delhi	S-Grade	3130	3380	2840	3830
Uttar Pradesh	Khatauli	M-Grade	3380	3440	2650	3830
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3300	3300	2540	3750
	Dhampur	S-Grade Ex-Mill	3280	3280	2520	3730
	Dhampur	L-Grade Ex-Mill	3350	3350	2590	3800
Maharashtra	Mumbai	M-Grade	3350	3460	2896	3986
	Mumbai	S-Grade	3116	3210	2650	3822
	Nagpur	M-Grade	3075	3375	2725	3825
	Nagpur	S-Grade	3025	3275	2625	3750
	Kolhapur	M-Grade	2950	3250	2600	3700
	Kolhapur	S-Grade	2900	3150	2500	3625
Assam	Guhawati	S-Grade	3207	3461	2801	3943
Meghalaya	Shillong	S-Grade	3220	3470	2820	3945
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	3060	4100
	Vijayawada	S-Grade	3600	3600	3000	4040
West Bengal	Kolkata	M-Grade	3440	3580	2930	NA
Tamil Nadu	Chennai	S-Grade	3300	3500	2800	3725
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)			15th to 21st June,2018	8th to 14th June,2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2940	2887	53
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	1200	-

	Muzaffarnagar	Khurpa (Fresh)	2794	2762	32
	Muzaffarnagar	Laddoo (Fresh)	3213	3098	114
	Muzaffarnagar	Rascut (Fresh)	2450	2375	75
	Hapur	Chaurasa	2600	2440	160
	Hapur	Balti	2600	2480	120
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	2900	2850	50
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2960	2958	3
	Gulbarga	Other (Average)	2835	2777	58
	Mahalingapura	Penti (Average)	3040	3142	-101
	Mandya	Achhu (Medium)	3438	3472	-34
	Mandya	Kurikatu (Medium)	3150	3150	Unch
	Mandya	Other (Medium)	3275	3200	75
	Mandya	Yellow (Medium)	3367	3340	27
	Shimoga	Achhu (Average)	3900	3688	213

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			21-Jun-18	14-Jun-18	21-May-18	21-Jun-17
Uttar Pradesh	Muzaffarnagar	ChakuSukha	NA	NA	2588	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	3000	NA
	Muzaffarnagar	Khurpa	NA	2750	2350	NA
	Muzaffarnagar	Laddoo	NA	NA	2570	NA
	Muzaffarnagar	Rascut	NA	NA	2225	NA
	Hapur	Chaurasa	2650	2500	Closed	NA
	Hapur	Balti	2650	2500	Closed	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4300	4300	4400	5000
	Belgaum	Mudde (Average)	3000	2800	2900	3500
	Belthangadi	Yellow (Average)	NA	NA	NA	NR
	Bijapur	Achhu	3000	2950	2700	3455
	Gulbarga	Other (Average)	2875	2830	2880	3520
	Mahalingapura	Penti (Average)	NA	3230	NA	3456
	Mandya	Achhu (Medium)	3400	3500	3500	3850
	Mandya	Kurikatu (Medium)	3150	3150	3250	3800
	Mandya	Other (Medium)	3250	3300	3300	3650

	Mandya	Yellow (Medium)	3350	3400	3400	3850
	Shimoga	Achhu (Average)	3900	NA	3750	4550

International Sugar Prices (Weekly)				
	Contract Month	20-Jun-18	13-Jun-18	Change
ICE Sugar #11 (US Cent/lb)	18-Jul	11.89	12.51	-0.62
	18-Oct	12.19	12.76	-0.57
	19-Mar	12.84	13.36	-0.52
LIFFE Sugar (US \$/MT)	18-Aug	342.10	353.40	-11.30
	18-Oct	338.30	351.20	-12.90
	18-Dec	339.00	352.50	-13.50

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