

Sugar & Gur Weekly Research Report

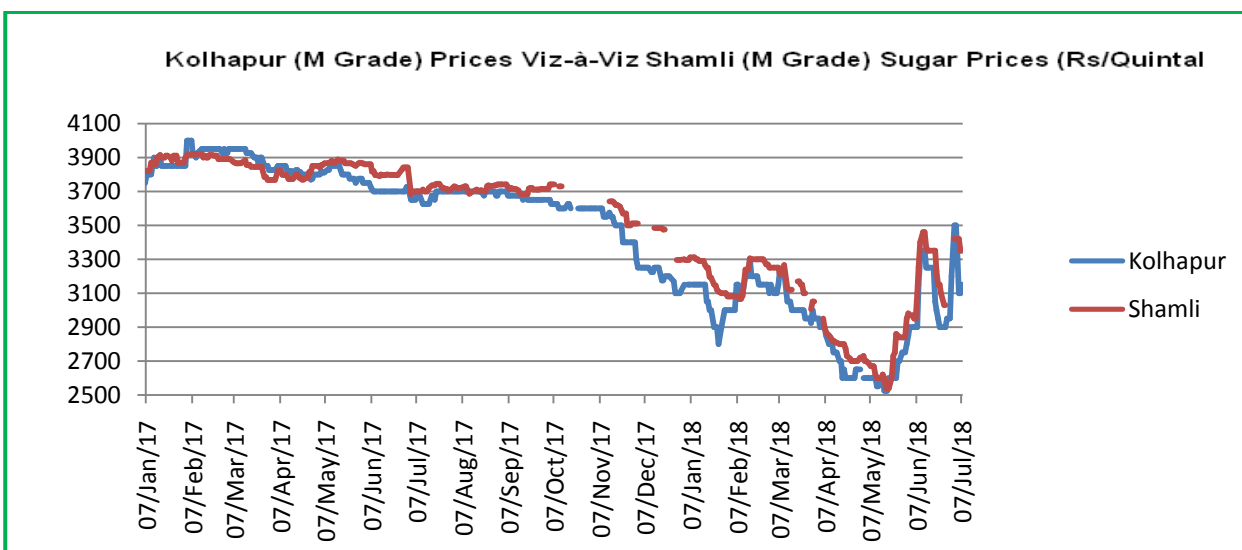
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Domestic Sugar Market Summary

- Sugar prices have firmed up about 10% over last week after the central government kept the quantity of sweetener sugar mills can sell in open market in July lower than normal monthly limits and industry expectations.

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3264 per quintal last week declined INR 289 per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3396 per quintal at the end of last week, declined 366 rupees per quintal against previous week's average prices



Price Outlook:

- Sugar prices at the wholesale markets noticed firm during the week.

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 3200–Rs 3500 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
Government kept the quantity of sweetener sugar mills can sell in open market in July lower than normal monthly limits	Bullish
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

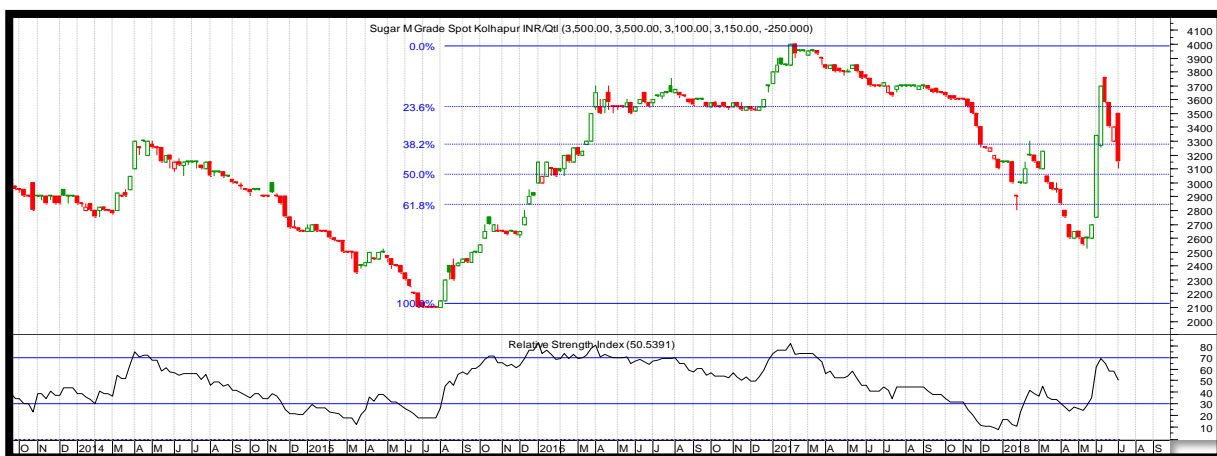
- The total sugarcane sown area as on 06th July 2018, as per reports received from States, stands at 50.44 lakh hectares as compared to 49.64 lakh hectares at this time last year.
- The directorate of sugar under the food ministry has allocated total sales quota of 11.60 lakh tonnes to mills in Uttar Pradesh for June and July, while Maharashtra has got 15.77 lakh tonnes for these two months.
- The UP Sugar Cane Authority has written to the central government to increase the quota of sugar that mills can sell to 10 lakh tonnes per month in view of the pending dues of farmers accounting Rs 12000 crores. As per quota fixed by the central government, mills in the state can sell sugar worth Rs 1,650 crore every month, thereby making it all more difficult for them to clear dues.
- The government is considering a proposal to raise the fair and remunerative price (FRP) of cane to Rs 275 per quintal for the marketing year starting October, against Rs255 this year.
- In the current season 2017-18, the total production of molasses stood at over 5.32 million tonnes (MT). However, only 2.97 MT of the stock was lifted, leaving unsold stock of almost 2.55 MT with mills (which includes the opening stock from the previous sugar season).

Previous Updates

- In June, sugar mills in Maharashtra could not finish sale of their allotted quota at Rs 2,900 a quintal. The quantity of their unsold stocks is estimated to be 200,000 tonnes," said Praful Vithalani, Chairman, All India Sugar Trade Association (AISTA).
- Sugar Industry demanded that the sugar MSP be revised to almost Rs 35/kg for Uttar Pradesh, the country's top producer, and Rs 33/kg for mills located in the western and southern regions, notably Maharashtra, Karnataka and Tamil Nadu.
- The government on last week hiked the price of ethanol produced from C molasses by Rs 2.85 per litre to Rs 43.70 for the new season starting December. In a first, it also fixed the price of ethanol produced from B heavy molasses at Rs 47.49 per litre in its bid to encourage sugar mills to divert cane for producing ethanol over the sweetener to bail out for the sugar mills.
- To create a buffer stock of 3 million tonnes (mt) of sugar to help the industry tide over a glut in production, the government has provisionally allocated quota of sugar that could be maintained by different sugar mills as buffer stock. The authorities have given the mills time till Wednesday to decide whether they want to participate in the scheme as well as to decide whether they would settle for a lesser quantum than that has been tentatively allocated.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3275 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3400 and Rs 3300 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.

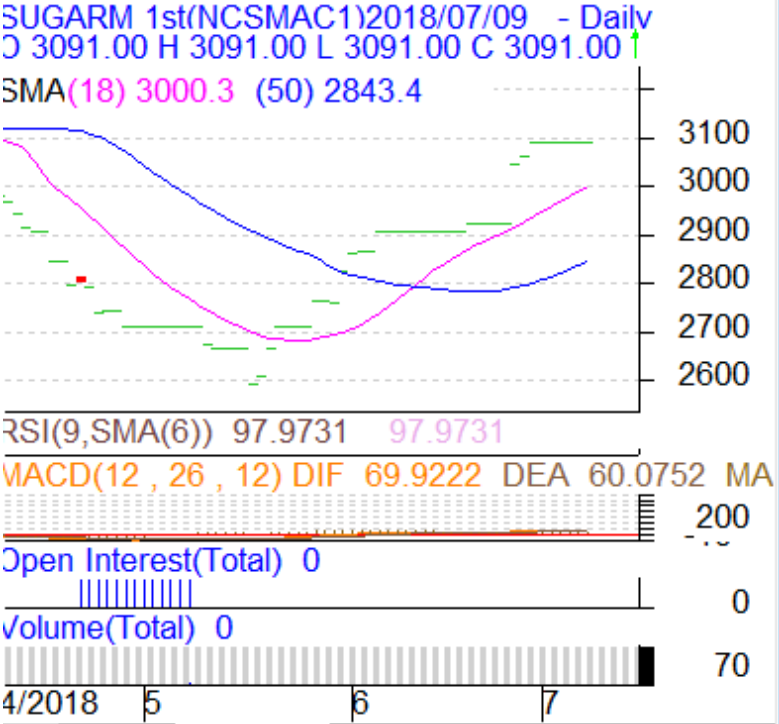


Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Cont

Sugar							
Technical Commentary: <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(NCSMAC1)2018/07/09 - Daily O 3091.00 H 3091.00 L 3091.00 C 3091.00 ↑ SMA(18) 3000.3 (50) 2843.4</p>  <p>RSI(9,SMA(6)) 97.9731 97.9731 MACD(12 , 26 , 12) DIF 69.9222 DEA 60.0752 MA 200 Open Interest(Total) 0 Volume(Total) 0</p>				
			<p>Strategy: Wait</p>				
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jul	3047	3064	3091	3100	3150

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

		2016-17	2017-18	2018-19	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	77	38.24	98.09	188.09	212.95	235.05	202.83
B	Estimated sugar production	202.85	320	355	100.66	187.78	46.48	20.08
C	Imports	4.46	2.85	0	0	0	0	0
D	Estimated sugar availability (A + B + C)	284.31	361.09	453.09	288.75	400.73	281.53	222.91
E	Exports	0.46	3	2	0	0	1	1
F	Availability for domestic consumption (D - E)	283.85	358.09	451.09	288.75	288.75	280.53	221.91
G	Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
H	Carry out stock (F - H)	38.24	98.09	188.09	212.95	235.05	202.83	166.11

Source: Agriwatch and ISMA

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

As per the Agriwatch estimate, India's sugar production is expected to rise to 355 LT in 2018/19 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 10-15% of more sugar in 2018-19 (01st October, 2018 -30th September, 2019)

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 125 LT of sugar in 2018-19 (01st October, 2017 -30th September, 2018); while Karnataka is expected to produce 40 to 45 LT of sugar during the same duration.

On the other hand, sugar domestic consumption is expected to rise to 263 lakh tonnes in 2018-19 (01st October, 2018 – 30th September, 2019).

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 rise from 200 LT in 2018-19.

International Market Highlights

Recent Updates

- Philippine raw-sugar production as of June 17 declined by 15.3 percent to 2.064 million metric tons, from 2.437 MMT recorded in the same period last year, according to preliminary data from the Sugar Regulatory Administration (SRA).

- The European Commission has cut its forecast for sugar production in the bloc in 2018/19 to 20.1 mln tonnes from a previous projection of 20.4 mln, according to its quarterly short-term agricultural outlook report.
- Russia's first sugar beet test for the 2018/19 crop, showed an average root weight of only 81 grams, below last year's 92g and sharply below the five-year average of 119.2g, Russian Sugar Producers Union (Soyuzrossakhar) data show.
- Brazil exported only 1.946 million tonnes of sugar, raw value, in June 2018, down from 2.120 mln a month earlier and significantly below 3.128 mln in the same month last year, Trade Ministry data showed.

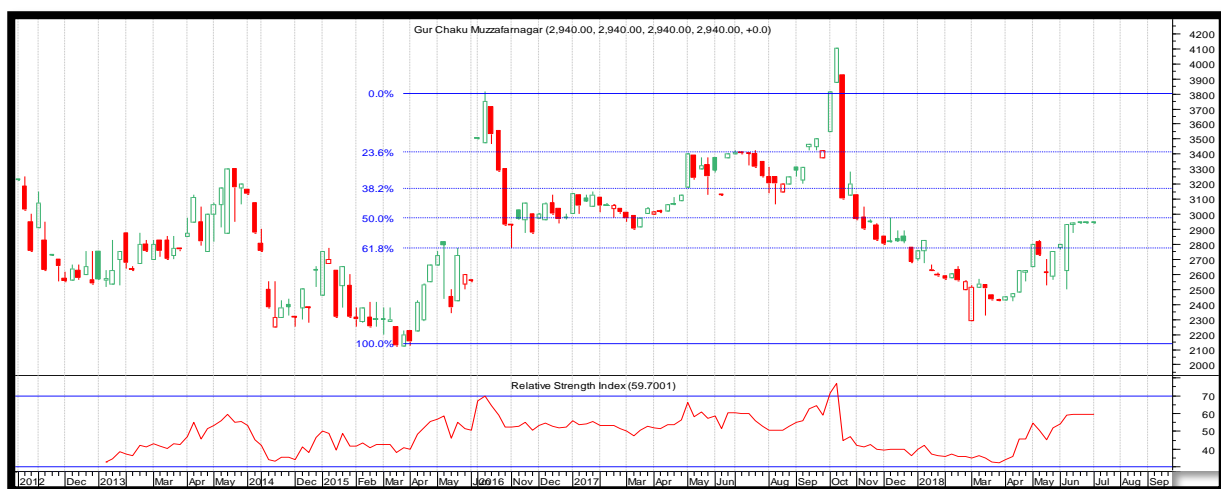
Previous Updates

- Pakistan's sugar exports hit a new peak of 1.359 million tonnes fetching \$474m in July-May 2017-18 as compared to 302,268 tonnes earning \$158m in the same period last fiscal. The average per tonne price dropped to \$348 in 11 months of 2017-18 against \$524 per tonne average price earned in the same period last fiscal. Sugar exports were made to African countries, the Middle East, Nepal, Myanmar, etc.
- The share of cane allocated to sugar production in Brazil's Centre/South (CS) was only 36.47% in the first half of June, down from 49.37% a year ago, the latest Unica data showed.
- Brazilian sugar mills hedged 60.6% of the 2018/19 season's exportable sugar by the end of May, according to local consultancy Archer.

Gur Market Scenario

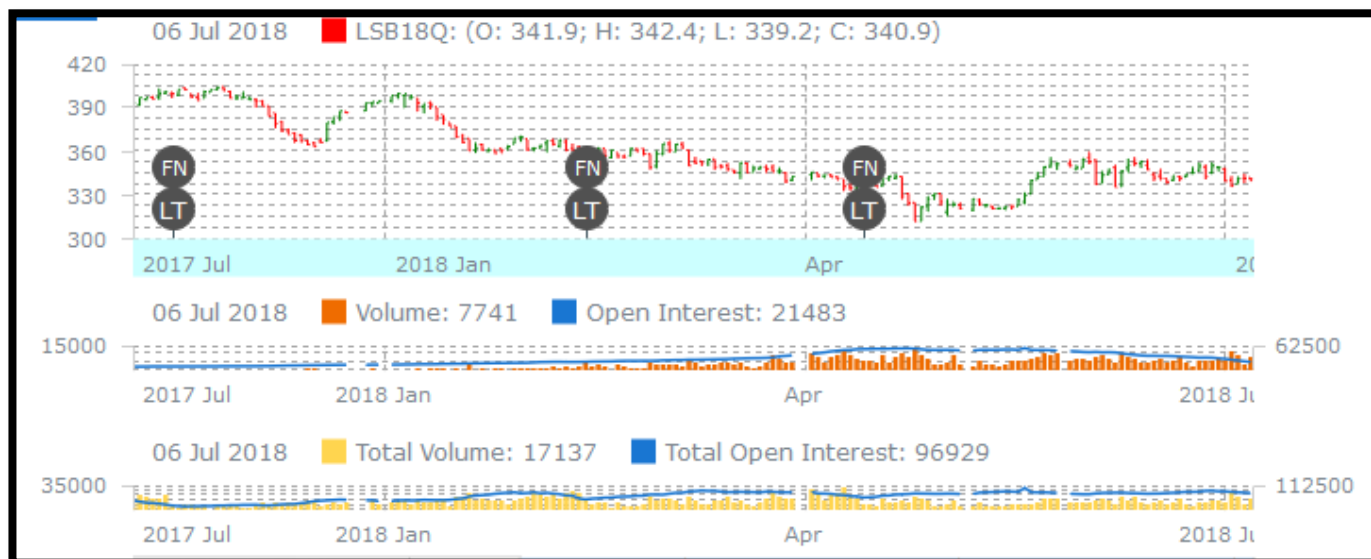
- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2850/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3000 and Rs 2750 per quintal respectively.

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

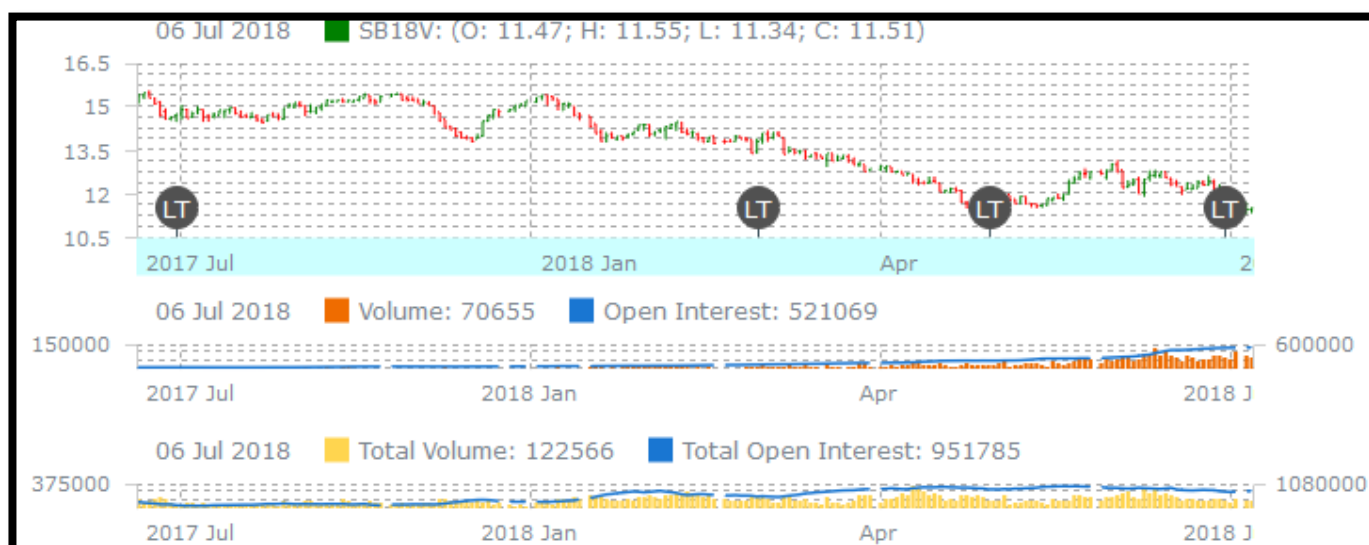
- LIFFE future market trends strong for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 348,T1 360



International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Aug'18	340.9	340-360

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

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearish in the market. Strategy: sell at 12 targeting 14



International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'18	11.51	11-14

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			29th June to 05th July, 2018	22nd to 28th June, 2018	
Delhi	Delhi	M-Grade	3322	3213	108
	Delhi	S-Grade	3302	3193	108
Uttar Pradesh	Khatauli	M-Grade	3412	3271	141
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3358	3167	192
	Dhampur	S-Grade Ex-Mill	3338	3147	192
	Dhampur	L-Grade Ex-Mill	3408	3217	192
Maharashtra	Mumbai	M-Grade	3505	3345	160
	Mumbai	S-Grade	3260	3088	173
	Nagpur	M-Grade	3383	3042	342
	Nagpur	S-Grade	3258	3025	233
	Kolhapur	M-Grade	3258	2917	342
	Kolhapur	S-Grade	3133	2900	233
Assam	Guhawati	S-Grade	3444	3207	237
Meghalaya	Shillong	S-Grade	3453	3220	233
Andhra Pradesh	Vijayawada	M-Grade	3687	3660	27
	Vijayawada	S-Grade	3640	3600	40

West Bengal	Kolkata	M-Grade	3510	3358	152
Tamil Nadu	Chennai	S-Grade	3500	3300	200
	Dindigul	M-Grade	1840	NR	-
	Coimbatore	M-Grade	1850	NR	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3300	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			5-Jul-18	28-Jun-18	5-Jun-18	5-Jul-17
Delhi	Delhi	M-Grade	3300	3200	3300	3725
	Delhi	S-Grade	3280	3180	3280	3705
Uttar Pradesh	Khatauli	M-Grade	3420	3300	3100	3765
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3500	3125	3000	3625
	Dhampur	S-Grade Ex-Mill	3480	3105	2980	3605
	Dhampur	L-Grade Ex-Mill	3550	3175	3050	3675
Maharashtra	Mumbai	M-Grade	3600	3370	3090	3852
	Mumbai	S-Grade	3280	3092	2930	3750
	Nagpur	M-Grade	3225	3075	3025	3775
	Nagpur	S-Grade	3125	3025	2925	3725
	Kolhapur	M-Grade	3100	2950	2900	3650
	Kolhapur	S-Grade	3000	2900	2800	3600
Assam	Guhawati	S-Grade	3309	3207	3106	3918
Meghalaya	Shillong	S-Grade	3320	3220	3120	3920
Andhra Pradesh	Vijayawada	M-Grade	3740	3660	3200	3933
	Vijayawada	S-Grade	3680	3600	3140	3876
West Bengal	Kolkata	M-Grade	3700	3350	3250	NA
Tamil Nadu	Chennai	S-Grade	3500	NA	3200	3800
	Dindigul	M-Grade	3700	NA	NA	NA
	Coimbatore	M-Grade	3700	NA	NA	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3300	NR	NR	NA

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)			29th June to 05th July, 2018	22nd to 28th June, 2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2918	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-

	Muzaffarnagar	Khurpa (Fresh)	2775	2687	88
	Muzaffarnagar	Laddoo (Fresh)	3300	3270	30
	Muzaffarnagar	Rascut (Fresh)	2621	2592	29
	Hapur	Chaurasa	2750	2675	75
	Hapur	Balti	NA	2638	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	2942	2940	2
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3017	3000	17
	Gulbarga	Other (Average)	2916	2922	-6
	Mahalingapura	Penti (Average)	3122	2990	131
	Mandya	Achhu (Medium)	3042	3317	-275
	Mandya	Kurikatu (Medium)	2917	3117	-200
	Mandya	Other (Medium)	2942	2975	-33
	Mandya	Yellow (Medium)	3142	3350	-208
	Shimoga	Achhu (Average)	3790	3830	-40

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			5-Jul-18	28-Jun-18	5-Jun-18	5-Jul-17
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2900	2830	2500	3413
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	300	NA
	Muzaffarnagar	Khurpa	NA	2700	2500	3160
	Muzaffarnagar	Laddoo	NA	3300	2700	3375
	Muzaffarnagar	Rascut	2600	2650	2150	2875
	Hapur	Chaurasa	2750	2750	2325	NA
	Hapur	Balti	NA	NA	2450	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4300	4300	4300	4800
	Belgaum	Mudde (Average)	3000	2950	NA	3600
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3000	2950	2750	NA
	Gulbarga	Other (Average)	2880	NA	2880	3650
	Mahalingapura	Penti (Average)	3188	3004	2806	3475
	Mandya	Achhu (Medium)	3100	3250	3500	3550
	Mandya	Kurikatu (Medium)	2900	3100	3100	3300
	Mandya	Other (Medium)	3000	2900	3000	3350
	Mandya	Yellow (Medium)	3150	NA	3350	3500
	Shimoga	Achhu (Average)	3800	3750	3700	4400

International Sugar Prices (Weekly)				
	Contract Month	4-Jul-18	27-Jun-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	11.39	11.72	-0.33
	19-Mar	12.12	12.05	0.07
	19-May	12.21	12.71	-0.50
LIFFE Sugar (US \$/MT)	18-Aug	336.60	342.40	-5.80
	18-Oct	328.40	337.50	-9.10
	18-Dec	327.00	337.30	-10.30

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