

Location	26-Jul-17	1 Week	1 Month	3 Month	6 Month	1 Year
Kolhapur	3,732	0.2%	-1.1%	-3.3%	-4.0%	-0.3%
Kolkata	3,848	-2.2%	-4.8%	-5.0%	-4.9%	-2.6%
Delhi	3,804	-0.5%	-2.5%	-1.3%	-2.8%	-1.8%
Muzaffarnagar	3,741	-0.3%	-3.6%	-3.6%	-5.1%	-2.8%
NCDEX 1M Future	3,485	-5.0%	-4.5%	-5.8%	-9.9%	-9.9%
NY 11	14.23	-1.9%	12.5%	-5.6%	-30.4%	-25.3%
LIFFE White	389.2	-2.4%	0.1%	-12.8%	-27.9%	-26.3%
USDBRL*	3.139	-0.3%	-5.2%	-1.4%	-0.4%	-3.3%

* Negative: Appreciation

Market Intelligence

Govt of Maharashtra has extended stock limit on sugar until October. As per the Govt notification, wholesalers and retailers in the state are not allowed to hold more than 500 tons and 50 tons of sugar, respectively, for period of one month after they receive the stocks.

- Sugar prices in Kolhapur market traded higher following low inventories in pipeline coupled with festive demand. Post GST inventory holdings with stockists & traders were low also with upcoming festival season; stockists were buying sugar to replenish inventories.
- Meanwhile, prices in other major markets declined due to low off take amidst ample supply. Prices at Muzaffarnagar market declined marginally following lower buying as the state mills still have higher sugar stocks that will cater market need.
- Govt of India also keeping close watch on sugar prices and is likely to take required steps in case of significant price rise ahead of festival season. In a situation of higher prices, Govt may impose stock limit and may import additional white sugar. Govt of India also advised to sugar mills to start mill operation early.
- Sugar prices at Muzaffarnagar is quoting premium to Kolhapur, but in last week spread has narrowed drastically on back of price fall at Muzaffarnagar. The spread between Muzaffarnagar and Kolhapur has narrowed to Rs 10. The trend is expected to continue and prices at Kolhapur may trade at premium over Muzaffarnagar.
- In coming week, sugar prices in Kolhapur market are likely to trade range bound.

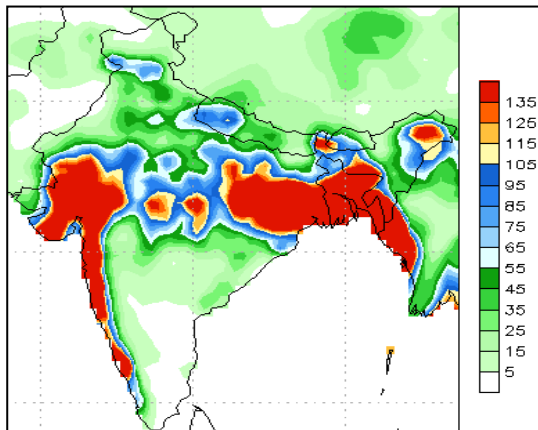
Indian Planting & Weather Update:

- As per Ministry of Agriculture, sugar planting on 21st Jul, 17 pegged at 49.15 lakh ha as compared to 45.22 lakh ha of last year.
- Ample rainfall activity during last monsoon season and higher reservoir levels has prompted for cane planting. Drought situations over Maharashtra and Karnataka during 2016-17 have restricted cane planting which led to drastic reduction in area, which has returned to normal level on 2017-18.
- During last week heavy to moderate rainfall occurred over cane growing areas of Eastern UP, Gujarat and Western Maharashtra. Light to medium rainfall occurred at Marathwada, North Karnataka, Vidarbha, and Eastern MP. The occurred rainfall over growing regions has helped to increase reservoir level. The received rainfall would improve yield.

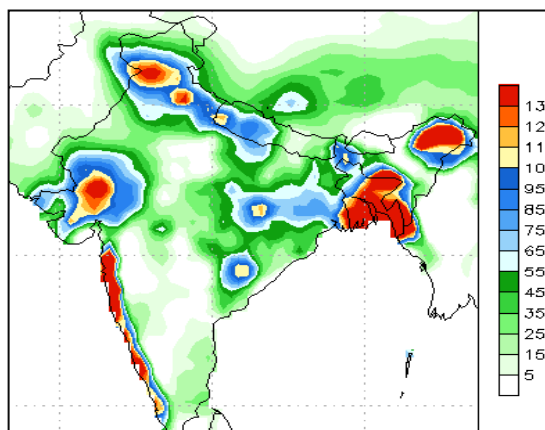
Sugarcane Planting Progress as on 21st Jul, 17 (Lakh ha)				
State	Season Normal	2017-18	2016-17	% Devn
Uttar Pradesh	21.41	22.33	21.79	2.5%
Maharashtra	9.23	9.18	6.33	45.0%
Karnataka	4.05	4.45	4.17	6.7%
Tamil Nadu	3.39	2.54	2.61	-2.7%
Bihar	2.22	2.4	2.3	4.3%
Andhra Pradesh	1.88	1.34	1.35	-0.7%
Gujarat	1.75	1.86	1.87	-0.5%
Others	4.44	5.05	4.80	5.2%
Total	48.37	49.15	45.22	8.7%



Accumulated Rainfall-19th -25th Jul 17

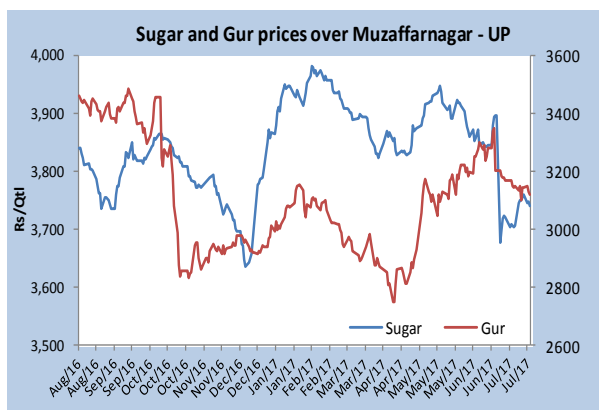
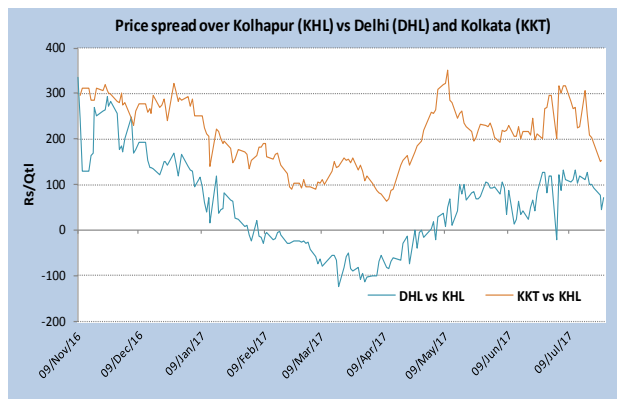
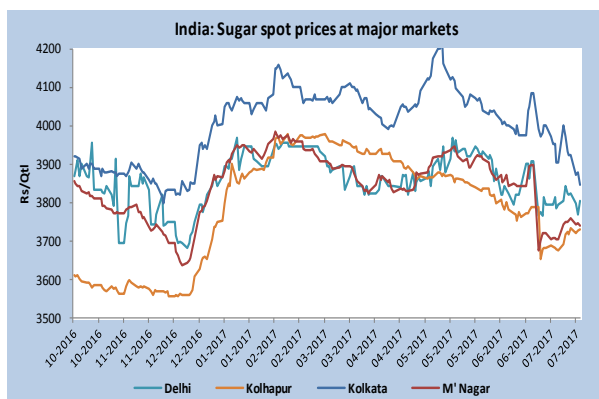


Rainfall Forecast-26th Jul-01st Aug 17



* Source: CPC-NCEP-NOAA. EAR does not subscribe to the political map given here.

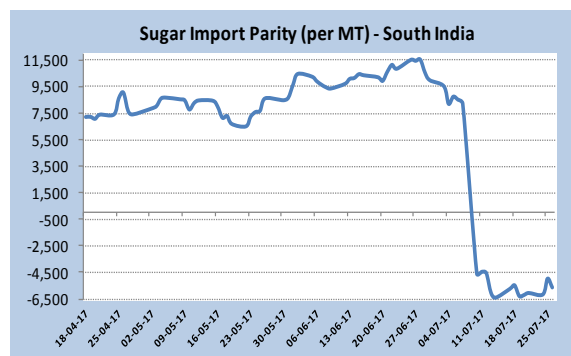
Domestic Spread:



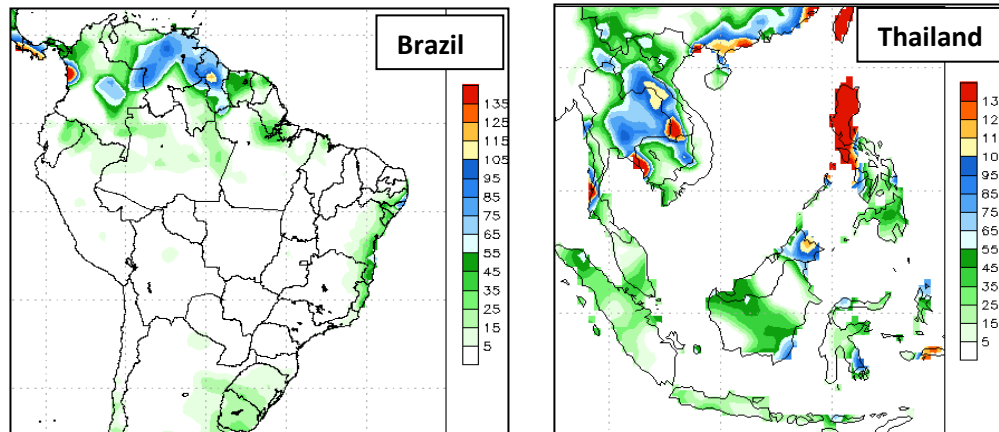
- Prices at major centres fell sharply after GST rollout, however most of the losses were recovered after increase in import duty to 50%,
- Spread between Kolkata Vs Kolhapur narrowed as prices gained at Kolhapur and prices fell at Kolkata simultaneously. The spread was in range of Rs 254-116.
- Gur V/s Sugar spread moved in narrow range as prices of Gur and sugar fell.

Import Competitiveness:

- Govt of India has hiked sugar import duty to 50% from 40%.
- Due to import duty sugar import are at disparity.
- Govt of India has increased import duty to curb sugar import at cheaper level due to fall in raw sugar prices.
- Domestic Sugar prices have gained after increase in import duty.



Global Weather and Production Update:

Rainfall forecast: 26th Jul- 01st Aug,17

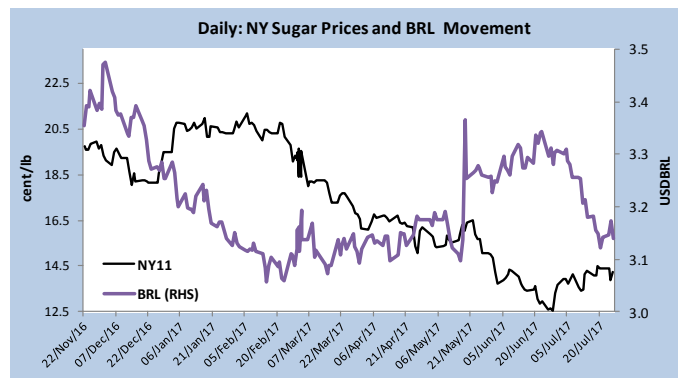
Source: CPC-NOAA

- Dry weather prevailed over CS Brazil in last week and it is likely to continue in coming week too, which would make harvesting easy.
- Heavy to moderate received over Thailand in last week. The spell of heavy to moderate rainfall would continue in coming week. Rainfall over Thailand would improve crop growth and yield.
- Acc to the latest UNICA report of sugar production of FH of Jul, cane crushed in CS Brazil was 47.83 mmt as against 47.08 mmt, higher by 1.6% from last year. Sugar production in CS Brazil during the period was 3.10 mmt as compared to 2.84 mmt of last year, higher by 9.1%.
- Favourable dry weather has helped for higher cane crush and to recover higher ATR. The mix towards sugar reported higher by 1.6% to 135.07 TRS/MT. The mix towards sugar was 50.38%. The total sugar production in CS Brazil is 14.14 mmt as compared to 13.86 mmt of last year, up by 2%.

CS Brazil Crush Update	FH July			SH June			Cumulative		
	2016/17	2017/18	% Varn	2016/17	2017/18	% Varn	2016/17	2017/18	% Varn
Cane Crushed (mmt)	47.08	47.83	1.6%	48.23	47.55	-1.4%	262.67	246.55	-6.1%
Sugar Production (mmt)	2.84	3.10	9.1%	2.80	2.97	6.0%	13.86	14.14	2.0%
Hydrous Ethanol (ml ltrs)	1,075	1,043	-3.0%	1,110	964	-13.2%	6,527	5,432	-16.8%
Anhydrous Ethanol (mln ltrs)	848	843	-0.6%	837	833	-0.5%	4,276	4,059	-5.1%
Total Ethanol (m3)	1,923	1,886	-1.9%	1,947	1,797	-7.7%	10,803	9,491	-12.1%
TRS/MT of cane	132.95	135.07	1.6%	129.8	130.0	0.1%	123.07	125.40	1.9%
% Mix towards Sugar	47.66%	50.38%	2.7%	47.0%	50.5%	3.5%	44.19%	47.99%	3.8%

Global Markets:

- In Global markets, prices of raw sugar once again resumed its bearish trend and declined by 1.9% w/w on higher sugar production in CS Brazil during FH of July.
- Further weighing on prices are expectation of higher sugar production due to suspension of tax hike of gasoline & diesel by Brazilian Court.
- Favourable climatic conditions over Brazil for crushing and over India, Thailand & EU for cane/beet development could lead to

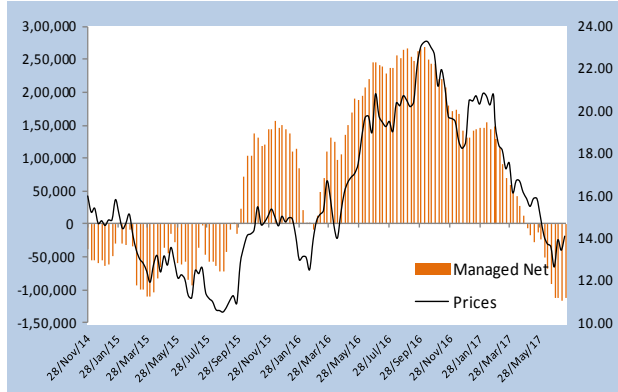




oversupply in market in coming season.

- Meanwhile strengthening of Brazilian real would continue to limit significant fall in prices.
- Overall, sugar prices are likely to trade range bound in coming week.

CFTC/COT data:



- Managed fund reduced the net short positions by 5,930 during the last week.
- As on 18th Jul 2017, net short in sugar stood at -1, 11,621 lots versus -1, 17,551 lots of previous week.
- Managed funds are further likely to add more net short position on back of higher CS Brazil production.



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