

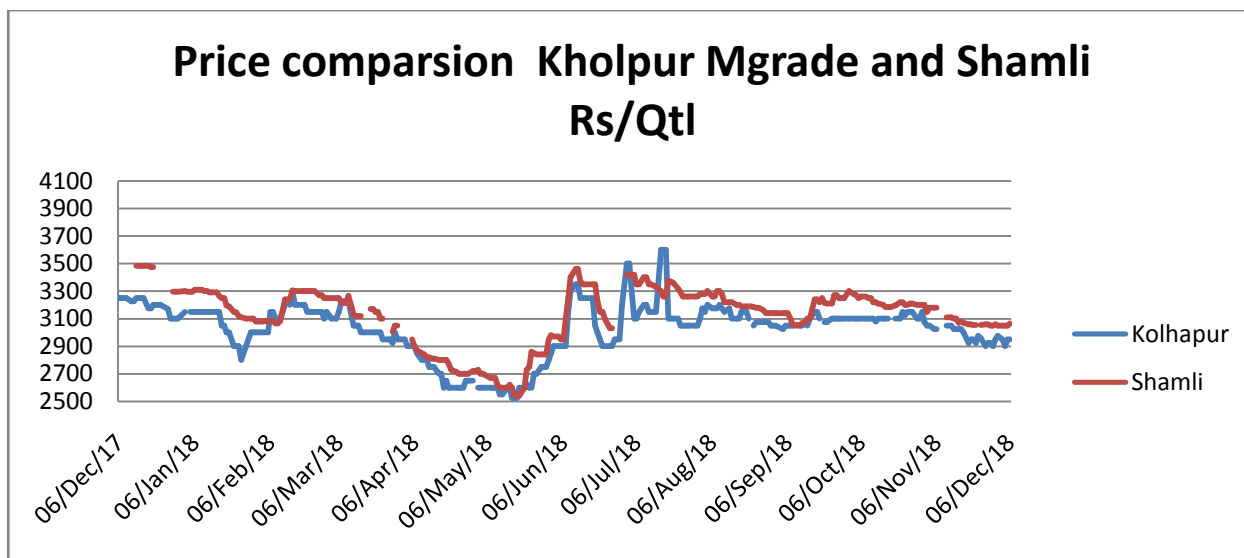
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2945 per quintal last week gaining INR 25 from the previous week; while spot sugar prices for the same grade in Shamli district is 3056 per quintal at the end of last week, unchanged from previous week's average price.



Price Outlook:

- Sugar wholesale market prices were slightly improved during the week. This was despite trade expectations that the release quota of 1.9 million tonnes for Dec was slightly lower than probable demand. The government said that sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar shall be eligible to sell additional quantity of sugar in addition to the quantity of White /Refined sugar prescribed for domestic sale.

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 2900–Rs 3300 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
<i>Sugar production during the current 2018-19 SS is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States.</i>	Bullish
<i>After announcement of the export incentives for sugar millers in the country &Festive demand</i>	Bullish

<i>Higher cane acreage for 2018-19</i>	Bearish
<i>Tightening of restriction on monthly sales</i>	Bullish
<i>MSP at Mill gate fixed at Rs 2900/ Qtl for refined Sugar</i>	Bullish
<i>Announcement for creation of 3 mn tonnes of buffer stock</i>	Bullish

Domestic Market Highlights

Recent Updates:

- ***Sugar wholesale market prices were slightly improved during the week. This was despite trade expectations that the release quota of 1.9 million tonnes for Dec was slightly lower than probable demand.*** The government said that sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar shall be eligible to sell additional quantity of sugar in addition to the quantity of White /Refined sugar prescribed for domestic sale.
- ***Sugar mills across the country have produced close to 40 lakh tonnes (lt) of sugar till November 30, very similar to that in the corresponding period in the 2017-18 sugar season,*** showed data released by the Indian Sugar Mills Association (ISMA) on last week. Maharashtra mills produced 18 lt, 21 per cent more year-on-year, while Uttar Pradesh accounted for 9.5 lt, 27.5 per cent lower (13.11 lt). Karnataka mills produced 7.93 lt, up 13 per cent. Mills in Gujarat, produced 1.95 lt sugar. Mills, in other States, so far contributed 2.3 lt.
- ***India's sugar industry is eyeing exports to China and hoping for positive outcome from the talks with the Chinese delegation. If China decides to buy sugar from India, the Indian industry hopes to export about 2 million tonnes of sugar.*** This will be a big boost to the industry which is struggling to get exports moving owing to the fall in international prices, appreciation of Indian rupee and a section of traders holding on to the commodity in the hope that domestic prices will increase.

Previous Updates

- ***As per sources, Sugar mills in Bijnor have paid the dues of Rs. 341 crore to the cane farmers when they got the government announcement of soft loan worth Rs. 4000 crore for sugar mills. Total dues of the cane farmers is Rs. 501 crore.***
- ***According to Green pool analyst, India may produce total 32.3 million sugar in 2017/18 and 34.1 million tonnes in 2018/19. While, it has revised down its estimates for European Union sugar output at 17.1 million Tonnes in 2018/19 from its previous estimate i.e. 17.7 million tonnes due to hot dry weather condition in major beet growing countries over the summer.***
- ***According to the Indian Sugar Mills Association, total sugar stocks of India are likely to increase during the 2018/19 season despite an expected dip in production to 31.5 million tonnes from the previous season's 32.5 million tonnes. Indian sugar consumption may stand near 26 million tonnes and exports figure is likely to touch the target of 5 million as a result stocks may reach to 11.2 million tonnes from 10.7 million. The average price of cane in India was \$42.30 per tonne in the 2017/18 season, compared with***

\$24.06 in Australia, \$25.11 in Brazil and \$27.45 in Thailand. India is offering higher sugar prices to its farmers.

- **As per Reuter sources, the UP government may rise the sugarcane price by about ~10 a quintal for the current crushing season and most of the bank placed sugarcane in the negative list due to uncertainties around sugarcane-sugar pricing and demand-supply mismatch.** In the previous season, SAP (state-advised price) prices was placed higher by ~10 a quintal from ~305 a quintal to ~315 a quintal for the common variety of sugarcane. On the other hand, farmers expect and demand the cane price to be hiked to almost ~400 a quintal due to increase in costs of farm inputs, including diesel, labour and fertilizer.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 29245 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3100 and Rs 2900 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.

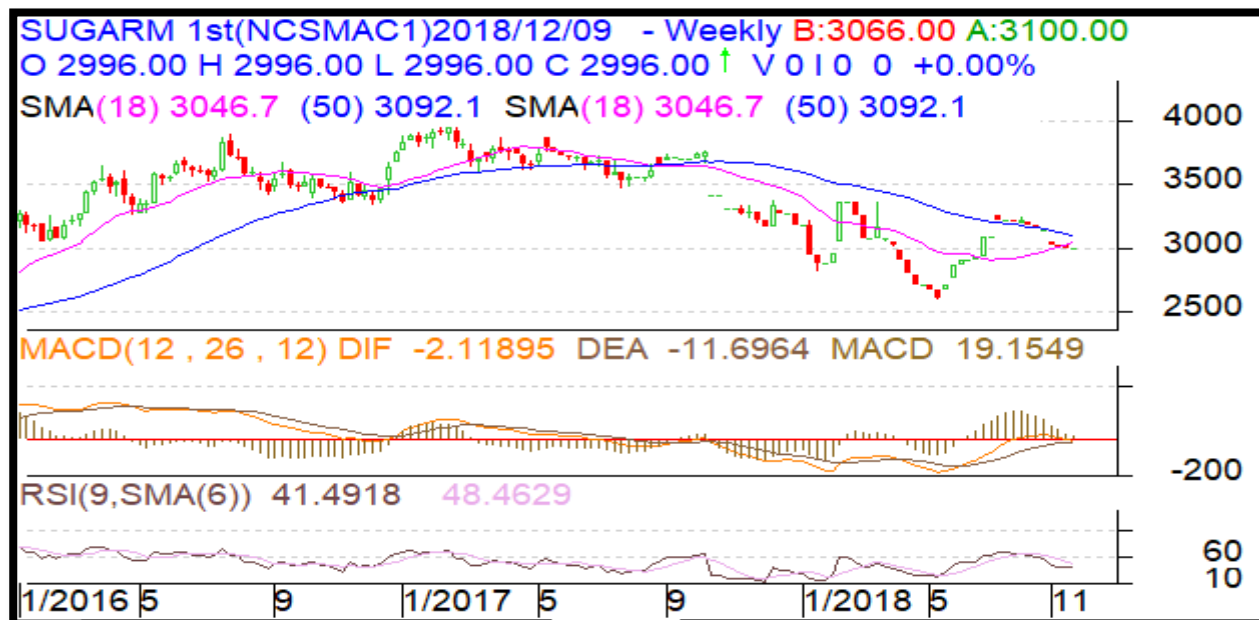


Technical Analysis - Chaku Sukha-gur(Cold))at Spot (Muzaffarnagar) market.

Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2610/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2600 per quintal respectively.



Domestic Sugar Market Technical Analysis (Future Market)
Commodity: Sugar
Exchange: NCDEX
Contract: Sugar 1 M Con (Dec)


Strategy: Wait							
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2850	2900	2996	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Wait				

* Do not carry-forward the position next day.

Technical Commentary:

- There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.
- In the daily chart the prices has gained but there is no bullish reversal pattern has evolved.
- Seems that the prices are 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.

Sugar Domestic Balance Sheet

	SUGAR BALNCE SHEET 2018-19(LT)							
	SUGAR BALNCE SHEET 2018-19(LT)	2016-17	2017-18	2018-19	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	77	38.24	98.09	98.09	121.49	227.59	193.31
B	Estimated sugar production	202.85	321	320	99.2	160.8	44.42	18.16
C	Imports	4.46	2.85	0	0	0	0	0
D	Estimated sugar availability (A + B + C)	284.31	362.09	418.09	197.29	282.29	272.01	211.47
E	Exports	0.46	3	3	0	1	1	1
F	Availability for domestic consumption (D - E)	283.85	359.09	415.09	197.29	281.29	271.01	210.47
G	Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
H	Carry out stock (F - G)	38.24	99.09	152.09	121.49	227.59	193.31	154.67

▪ Source: Agriwatch and ISMA

- **Note:** Indian sugar marketing year begins from October – September.
- As per the Agriwatch latest estimate, India's sugar production is expected to be 320 LT in 2018/19 then 321 last year. A couple of major cane growing regions of Maharashtra, including Marthawada, had poor rainfall this season. And mild white grub infestation has been reported in States of Karnataka and few parts of Maharashtra. Apart from that, cane yield and sugar recovery are expected to decline in Uttar Pradesh due to water logging in the fields.
- 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 300 LT in 2018-19.

International Market Highlights
Recent Updates

- **Australia's total sugar cane crush so far has topped 32.029 million tonnes against 31.644 mln last season, Australian Sugar Milling Council (ASMC) data showed.**
- **Sugarcane crushing in Brazil's Centre/South (CS) fell to only 21.296 million tonnes in the first half of November, the lowest in seven years for this period and even less than the 24.858 mln in the second half of October, Unica data showed.**
- **The German Sugar Industry Association (WVZ) sharply cut its sugar production forecast for 2018/19 to 4,210,714 tonnes, in its third estimate in November, down from a forecast for 4,411,642 tonnes issued last month.**
- **After weeks in the grip of a bear malaise, raw sugar futures finally picked up this week, taking more account of emerging support from the supply side of the market.**

Previous Updates

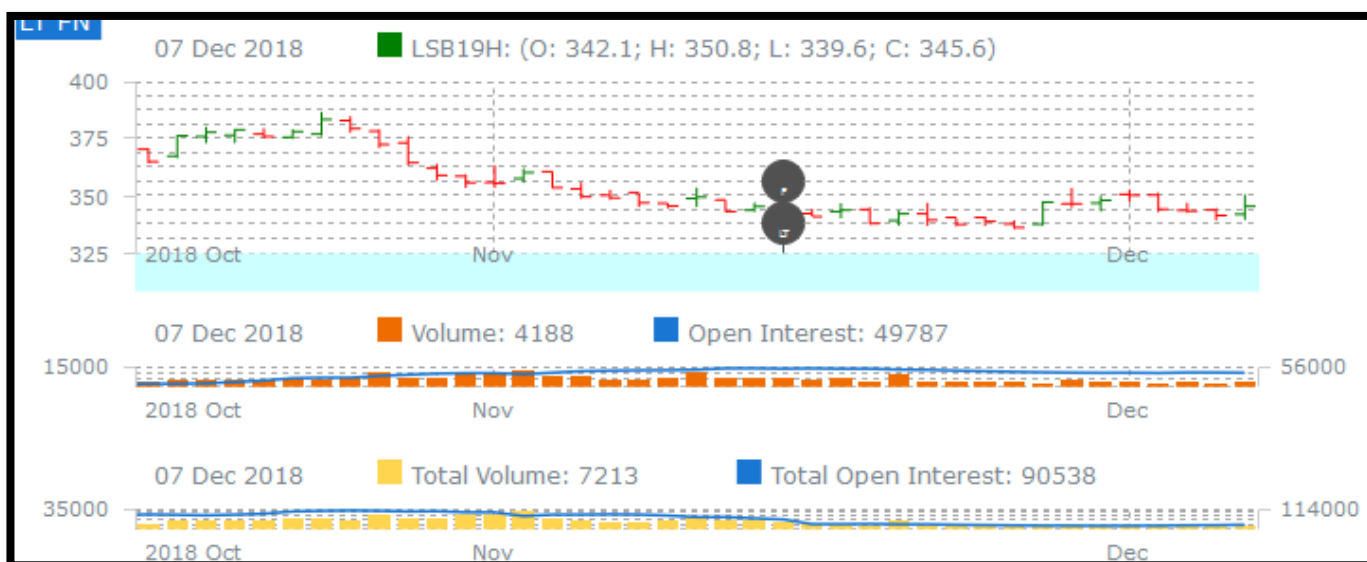
- **The U.S. Department of Agriculture, in its Nov. 8 World Agricultural Supply and Demand Estimates report, lowered from October its forecast for 2018-19 U.S. beet sugar and total sugar production, but also lowered forecasts for domestic sugar use. For the current year (2018-19), beet sugar production was lowered 262,000 short tons, raw value, to 4,974,000 tons, down 5% from the October forecast and down 5.8% from record high production in 2017-18 of 5,279,000 tons. Cane sugar production was forecast at 4,041,000 tons this year, up 15,000 tons from October and up 27,000 tons from 2017-18. Imports were left unchanged from October, resulting in total supply forecast at 13,809,000 tons, down 268,000 tons from October due to lower production and lower beginning stocks, forecast at 1,993,000 tons.**
- **Total deliveries in 2018-19 were forecast at 12,320,000 tons, down 85,000 tons from October, with deliveries for food at 12,175,000 tons, down 75,000 tons, or 0.6%, from October but up 1.1% from 12,048,000 tons in 2017-18, which was lowered by 52,000 tons from October. The ending stocks-to-use ratio for 2018-19 was forecast at 11.3%, down from 12.7% projected in October and compared with 16% in 2017-18. The U.S.D.A. is expected to increase allowed imports from Mexico in the December WASDE as outlined in agreements between the two countries, which requires a minimum 13.5% ending stocks-to-use ratio.**
- **According to the operational data of Uksugar Association, as of November 5, 1.03 million tonnes of sugar were produced. There are 39 sugar refineries in operation and one refinery has already completed the production season. 7.9 million tonnes of sugar beet have been processed, which is 2.5% less than last year's figures. As it was predicted earlier, according to the climate conditions, this year sugar content is lower than last year's level — 16.26% to 17.21%, sugar output is lower too — 13.31 to 14.24%. As of November 5, 231 thousand hectares of sugar beet were harvested, accounting for 83% of the total harvested areas. Most of sugar beet crops were harvested in Vinnytsia, Poltava and Ternopil regions.**
- **Brazilian mills are expected to increase the amount of cane they allocate to sugar production next season due to better prices for the sweetener, which will lead to a rise in sugar output of 3 million tonnes, broker and consultancy INTL FCStone said on Wednesday. FCStone expects Brazil's center-south to produce 29.6 million tonnes of sugar in the 2019/20 season that starts in April versus 26.3 million tonnes in 2018/19, which was the country's smallest output in years and almost 10 million tonnes lower than in the previous crop.**

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

Technical Commentary

- LIFFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 350, T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	345	345-360

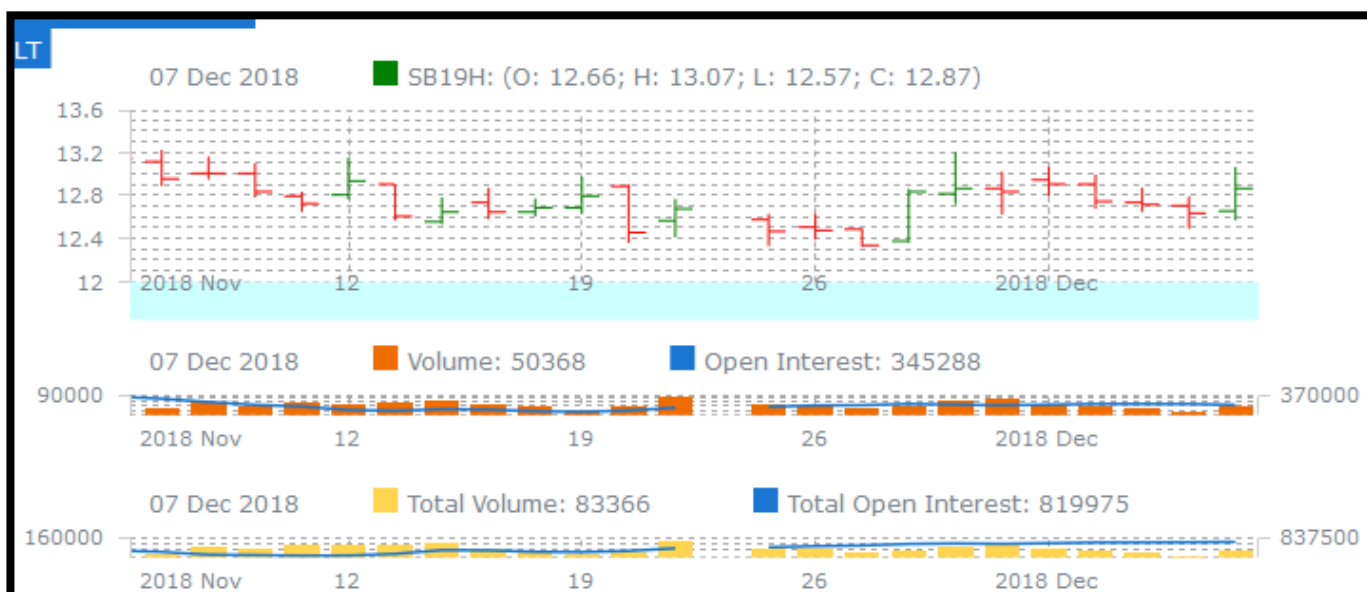


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market. Strategy: sell at 12.90 Targeting 15.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'19	12.87	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			30th to 6th Dec 2018	23rd to 29th Nov 2018	
Delhi	Delhi	M-Grade	2945	2937	8
	Delhi	S-Grade	2925	2917	8
Uttar Pradesh	Khatauli	M-Grade	3189	3161	28
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3043	3026	17
	Dhampur	S-Grade Ex-Mill	3023	3006	17
	Dhampur	L-Grade Ex-Mill	3093	3076	17
Maharashtra	Mumbai	M-Grade	3264	3315	-51
	Mumbai	S-Grade	3092	3085	8
	Nagpur	M-Grade	3071	3056	15
	Nagpur	S-Grade	3031	3029	2
	Kolhapur	M-Grade	2946	2931	15
	Kolhapur	S-Grade	2906	2904	2
Assam	Guhawati	S-Grade	3213	3212	2
Meghalaya	Shillong	S-Grade	3226	3224	2
Andhra Pradesh	Vijayawada	M-Grade	3510	3520	-10
	Vijayawada	S-Grade	3460	3460	Unch
West Bengal	Kolkata	M-Grade	3470	3518	-48
Tamil Nadu	Chennai	S-Grade	3121	3063	58
	Dindigul	M-Grade	3410	3465	-55
	Coimbatore	M-Grade	3450	3580	-130
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

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			6-Dec-18	29-Nov-18	6-Nov-18	6-Dec-17
Delhi	Delhi	M-Grade	3000	2897	3130	3495
	Delhi	S-Grade	2980	2877	3110	3475
Uttar Pradesh	Khatauli	M-Grade	3200	3160	3345	3535
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3050	3020	3200	3400
	Dhampur	S-Grade Ex-Mill	3030	3000	3180	3380
	Dhampur	L-Grade Ex-Mill	3100	3070	3250	3450
Maharashtra	Mumbai	M-Grade	3256	3256	3390	3672

	Mumbai	S-Grade	3092	3076	3206	3440
	Nagpur	M-Grade	3075	3025	3150	3375
	Nagpur	S-Grade	3025	3025	3050	3295
	Kolhapur	M-Grade	2950	2900	3025	3250
	Kolhapur	S-Grade	2900	2900	2925	3170
Assam	Guhawati	S-Grade	3207	3207	3233	3481
Meghalaya	Shillong	S-Grade	3220	3220	3245	3490
Andhra Pradesh	Vijayawada	M-Grade	3500	3520	3630	3800
	Vijayawada	S-Grade	3460	3460	3570	NA
West Bengal	Kolkata	M-Grade	3460	3490	3620	3830
Tamil Nadu	Chennai	S-Grade	3150	3025	3300	3700
	Dindigul	M-Grade	3420	3400	NR	NA
	Coimbatore	M-Grade	3450	3580	NR	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	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)			30th to 6th Dec 2018	23rd to 29th Nov 2018	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2433	2457	-24
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	47000	46000	1000
	Muzaffarnagar	Khurpa (Fresh)	2273	2393	-120
	Muzaffarnagar	Laddoo (Fresh)	2618	2638	-20
	Muzaffarnagar	Rascut (Fresh)	2041	2061	-20
	Hapur	Chaurasa	2170	2181	-11
	Hapur	Balti	2140	2200	-60
Andhra Pradesh	Chittur	Gold	3950	3900	133
		White	3750	3817	-
		Black	3600	3240	360
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3250	3250	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2575	2864	-289
	Gulbarga	Other (Average)	3530	3688	-158
	Mahalingapura	Penti (Average)	2975	3034	-60
	Mandya	Achhu (Medium)	2758	3000	-242
	Mandya	Kurikatu (Medium)	2683	2860	-177
	Mandya	Other (Medium)	2667	2820	-153
	Mandya	Yellow (Medium)	2883	3000	-117

	Shimoga	Achhu (Average)	3263	3340	-78	
Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			6-Dec-18	29-Nov-18	6-Nov-18	6-Dec-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	NA	2913
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	NA	5000
	Muzaffarnagar	Khurpa	2275	2325	NA	2713
	Muzaffarnagar	Laddoo	2693	2675	NA	2900
	Muzaffarnagar	Rascut	2043	2028	NA	2238
	Hapur	Chaursa	2150	2188	NA	2563
	Hapur	Balti	2175	2188	NA	2500
Andhra Pradesh	Chittur	Gold	4000	3800	3800	NA
		White	3800	3800	3400	NA
		Black	3600	3400	2500	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4250	4250	NA	4900
	Belgaum	Mudde (Average)	3300	3200	NA	3800
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2800	NA	NA
	Gulbarga	Other (Average)	NA	3750	NA	3150
	Mahalingapura	Penti (Average)	NA	3047	NA	3512
	Mandya	Achhu (Medium)	2650	2900	NA	3500
	Mandya	Kurikatu (Medium)	2600	2850	NA	3300
	Mandya	Other (Medium)	2600	2800	NA	3200
	Mandya	Yellow (Medium)	2950	2950	NA	3500
	Shimoga	Achhu (Average)	NA	3400	NA	3850

International Sugar Prices (Weekly)				
	Contract Month	5-Dec-18	28-Nov-18	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.72	12.84	-0.12
	19-May	12.83	12.93	-0.10
	19-Jul	12.92	13.03	-0.11
LIFFE Sugar (US \$/MT)	19-Mar	343.50	347.40	-3.90
	19-May	348.50	350.60	-2.10
	19-Aug	353.50	355.20	-1.70

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