

Price Outlook:

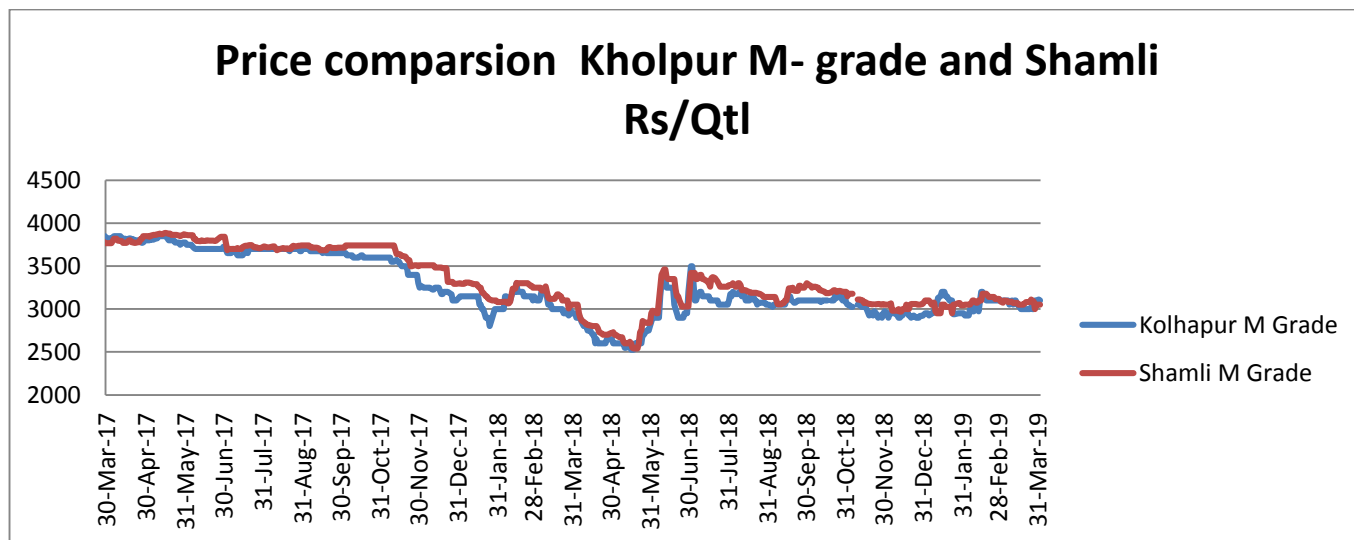
Indian Sugar markets were slightly weaker during last month. We expect sugar prices may trade higher due to high demand for cold drinks and juice makers in coming days with sudden rise in temperature. As well as due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka especially in Maharashtra.

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 3100–Rs 3200 per quintal for next Month.

Domestic Sugar Market Summary:

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs.3050 per quintal March month down by INR 2.00 from the previous month; while spot sugar prices for the same grade in Shamli district is 3080 per quintal at the end of last month, down by 27 INR against previous month's average price.



Bullish and Bearish factors for Domestic sugar:

Factors	Impact
2018-19 SS Production is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States.	Bullish
After announcement of the export incentives for sugar millers in the country & Announcement for creation of 3 mn tonnes of buffer stock	Bullish
Higher cane acreage for 2018-19	Bearish
Tightening of restriction on monthly sales	Bullish

Domestic Market Highlights**Recent Updates:**

The sugar market witnessed sluggish movement during the month. On the back of announcement of Rs.200 hike in ex-mill price from Rs.2,900 to Rs.3,100 per quintal. In Maharashtra, Mill trades are taking place below minimum support price at Rs.3050, whereas, in Uttar Pradesh the ex-mill trades are taking place from Rs.3130 to Rs.3230.

ICRA the rating agency released their revised prediction for total sugar production for 2019-20 at 30.7 million tonnes from its earlier estimate of 31.5 mt due to a decline in Uttar Pradesh, the largest growing state. Also the production may be further hit due to the diversion of 'B' heavy molasses and sugarcane juice away from sugar into ethanol.

India has so far this season shipped out around 1.5 million tonnes of sugar and contracts have been signed for 2.2 million tonnes. The sugar industry, however, expects to export 3-3.5 million tonnes of the sweetener in 2018-19 (Oct-Sept) against Government's target of 5 million tonnes of exports this season which seems unlikely due to the disparity between international and local prices. Sluggish exports from India is also a discouragement for sugar prices. According to industry officials, that Maharashtra has exported about 800,000 tonnes of sugar, including third-party exports. Uttar Pradesh has exported 300,000 tonnes and Karnataka too sent out 300,000 tonnes.

During 2018-19 SS, 527 sugar mills were in operation and they have produced 273.47 lac tons of sugar till 15th March 2019. As on that date, 154 mills have stopped crushing and 373 sugar mills in the country continue their crushing. On the corresponding date last year, 258.20 lac tons had been produced with 399 mills operating as on 15th March 2018. Mills in Maharashtra and Karnataka are closing fast and their crushing season is on the verge of closing.

The Centre in March issued a monthly stock holding limit order for sugar mills for the month under which a quota of 24.5 lakh tonnes of white/refined sugar has been allocated for domestic sale by factories. Last month the government had prescribed a quota of 23.54 lakh tonnes to be sold by the nearly 534 mills during the month.

According to data compiled by the Cane Commissioner's Office in Lucknow, as on March 22, the state's sugar mills have bought cane worth Rs 24,888.65 crore during the current 2018-19 crushing season (October-September) at the state government's fixed ("advised") price of Rs.315 per quintal for normal and Rs.325 per quintal for early-maturing varieties. Adding the dues of Rs.238.81 crore from the previous 2017-18 season takes the total to Rs.10,074.98 crore. Of the Rs 10,074.98 crore, as much as Rs.4,547.97 crore, or over 45 per cent, is due from mills in just six constituencies: Meerut, Baghpat, Kairana, Muzaffarnagar, Bijnor and Saharanpur.

In Maharashtra, sugar production till 15th March' 2019 was 100.08 lac tons, compared with 93.84 lac tons produced last year same period. In the current 2018-19 SS, 85 mills have closed their crushing operations in the State while 110 sugar mills are still operating. On the corresponding date in last season 38 mills had closed their operations while 149 mills were in operation.

In U.P., 116 sugar mills are in operation and 84.14 lac tons of sugar was produced till 15th March 2019, compared with 84.39 lac tons produced on the corresponding date of last year. The annual sugar production of UP, which jumped from an average of about 65 lakh quintal to 120 lakh quintal in past two to three years.

In case of Karnataka, till 15th March, 2019, 67 sugar mills have produced 42.45 lac tons of sugar. 56 mills have closed their operations in the State while 11 mills are in operation. During the corresponding period last year, 65 sugar mills had produced 35.10 lac tons sugar. Of the 65 sugar mills, 17 mills were in operation as on 15th March 2019 and 48 mills had closed their operations.

85 India sugar mills in the state of Maharashtra, India's second-largest sugar producing region, have closed as of March 15 versus 38 mills that closed a year earlier, and that 56 sugar mills closed by March 15 in Karnataka, India's third-biggest sugar-producing region, versus 48 mills that closed a year earlier reported by ISMA.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3050 quintal this Month.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 2900 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.



**Technical Analysis - Chaku Sukha-gur (fresh) at Spot (Muzaffarnagar) market.
Gur Market Scenario**

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2601/quintal this month
- Next resistance and support level for the coming month has been seen at Rs 3000 and Rs 2450 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	2989	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

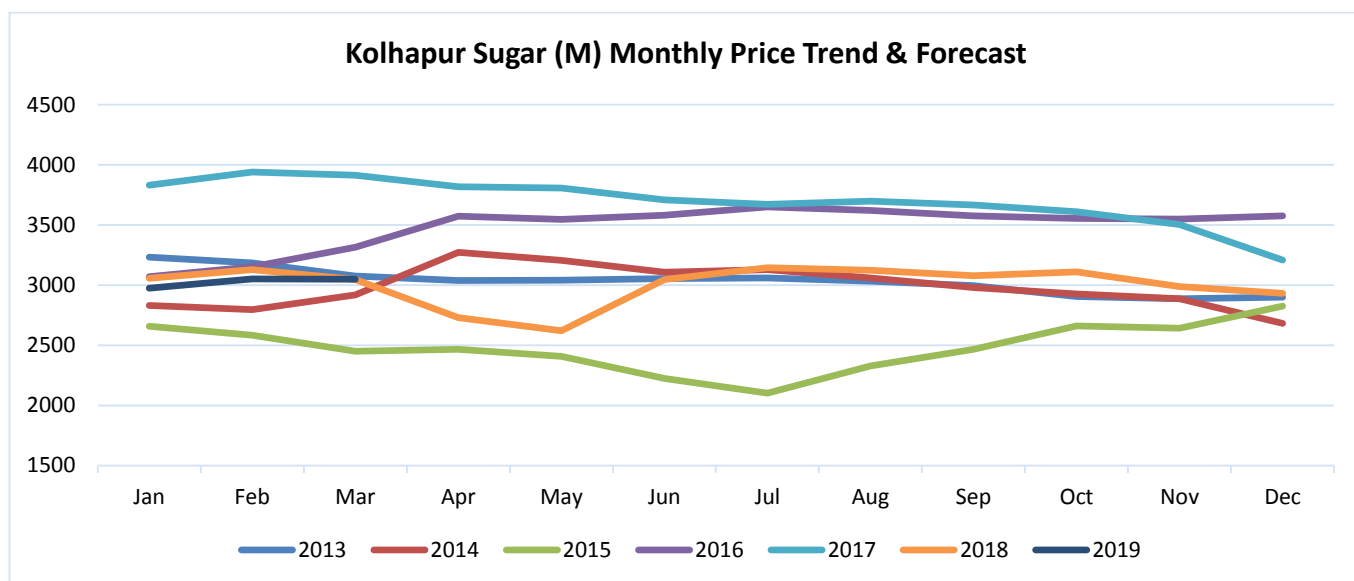
SUGAR BALNCE SHEET 2018-19(LT)	2016-17	2017-18	2018-19	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	77	34.1	67.95	67.95	87.35	183.85	143.57
Estimated sugar production	202.85	321	310	98.2	160.2	36.6	15
Imports	4.46	2.85	0	0	0	0	0
Estimated sugar availability (A + B + C)	284.31	357.95	387.95	166.15	247.55	228.27	160.75
Exports	4.6	30	30.5	3	10	7	10
Availability for domestic consumption (D - E)	279.71	327.95	357.95	163.15	237.55	221.27	150.75
Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
Carry out stock (F - G)	34.1	67.95	94.95	87.35	183.85	143.57	94.95

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 310 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 Maharashtra from 11.67% to 11.24%, and 11.14% in the ongoing season whereas UP has witnessed the opposite, with recovery going up from a mere 9.07% in 2011-12 to 10.84% in 2017-18 and 11.27% so far this season.
- 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 30.5LT in 2018-19.

Domestic Sugar (M- grade) Price Projection for next 3 months

Pariculars	Month	(Rs/Qtl)
Current Average Price	Aug	3120
Projected Price	Sep	2900-3200
	Oct	2900-3300
	Nov	2900-3300
	Dec	2900-3200
	Jan	2900-3250
	Feb	2900-3000
	Mar	3100-3200
	Apr	3050-3190
	May	3050-3200
	Jun	3100-3220
	July	3100-3200



International Sugar Market Summary:

ICE May Contract raw sugar on Mar 29 closed slightly down at \$12.53 (cent/lb) as compared to \$12.78 of previous month and LIFFE Sugar on Mar 29 closed down by \$324.8 MT as compared to \$348 MT of previous month. Higher crude prices on Thursday were abetting for sugar since the higher crude benefits ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus reducing sugar supplies.

Bullish and Bearish factors for International sugar:

Factors	Impact
Brazil 2018/19 ethanol production estimate to a record 32.2 bln liters (+18.6% y/y), citing the action by Brazil's sugar millers to divert less cane juice to produce sugar.	Bullish
ISO's forecast that global 2018/19 sugar production will rise +0.6% y/y to a record 185.2 MMT and that there will be a 2018/19 sugar surplus of 2.2 MMT (vs 2017/18's 7.3 MMT),.	Bearish
Concern about smaller global production after Unica forecasted that Brazil's Center South 2018/19 sugar production will fall -28% y/y to 26 MMT	Bullish
USDA's FAS forecast for 2018/19 sugar production in India, the world's second-largest sugar producer, to climb +5.2% y/y to a record 35.87 MMT,	Bearish
The recent plunge in crude oil prices to a 17-month low, which is negative for ethanol prices and may prompt Brazil's sugar mills to divert less cane to making ethanol,	Bearish

International Market Highlights:

Currency & Commodity: The rupee was trading against the US dollar at 69.50 meanwhile USD traded with BRL at 3.82 during March.

India is struggling with the situation of sugar surplus production. In this way neighboring countries seem to get relief. Bangladesh has emerged as the largest importer of Indian Sugar. Sri Lanka is also buying Indian sugar in large quantities and it is second only after Bangladesh as importer. Since last month, Iran has also been importing Indian sugar in a considerable quantity. Indian sugar mills have so far made an agreement to export 22 lakhs of sugar. Of this, 15 lakh tonnes of sugar has been sent. Sugar industry estimates that till the end of the 2018-19 season the export of sugar will be 30-35 lakh tonnes.

Pakistan bagged an opportunity by winning a 300,000-tonne sugar export quota from China in March taking a lead over India, according to traders. For which India has been waiting since long to bag the export quota from China.

Brazil exported 1.133 mln tonnes of sugar, raw value, in March 2019, down from 1.214 mln in February and the lowest level for the month of March since 2012 compared with 1.802 mln tonnes of sugar exported in March 2018. As only 27 mills were operating in the center-south region of Brazil in the first half of March, compared with 50 mills at this time last year according to Unica. Center-south mills crushed 1.59 million tonnes of cane in the first half of March, 53 percent less than in the same period a year earlier. Due to dry spell in December and January, followed by ample March rains which delayed crushing in mills. Sugar production was marginal at 9,000 MT (80 percent less than previous year) from 48,000MT in the earlier period.

In 2018-19, Brazil converted 65 per cent of its cane into ethanol directly. This helped it to keep sugar production at the required level and also reduce significantly its oil import bill at a time when crude oil prices rose sharply. The first three months of the current year's supply period, about 12 crore litre of ethanol, made from B heavy/sugarcane juice, have been supplied. This has, in turn, reduced sugar production by 1 lakh tonnes so far in the current season.

The expected percentage of sugarcane crushing for sugar production to be 38.3% in Brazil's key Center-South region in the 2019-20 season, according to analysts surveyed by S&P Global Platts. The amount of sugarcane crushed in 2019-20 to total 573.5 million mt, up 0.8% year on year for the current season. Despite the dip in Brazil's production in early March, however, the consensus is for strong Brazilian Center-South sugar production in the coming marketing year of 2019/20 (starting April 1) of +7.7% yr/yr to 28.5 MMT.

ISO's forecast that global 2018/19 sugar production will rise +0.6% y/y to a record 185.2 MMT and that there will be a 2018/19 sugar surplus of 2.2 MMT (vs 2017/18's 7.3 MMT).

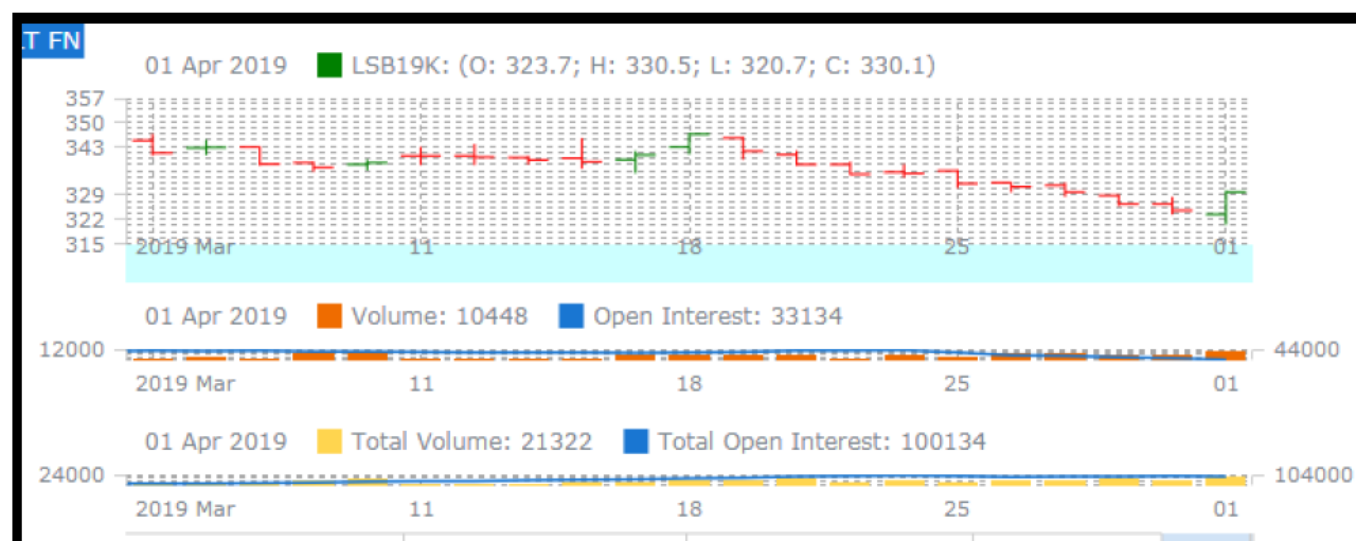
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (May 19 Contract)

Technical Commentary

- LIFFE future market trends weak for the month.
- Last candlestick of the WEEK depicts bullishness in the market.
- Strategy: buy at 340,T1 350

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Apr'19	330.1	340-360

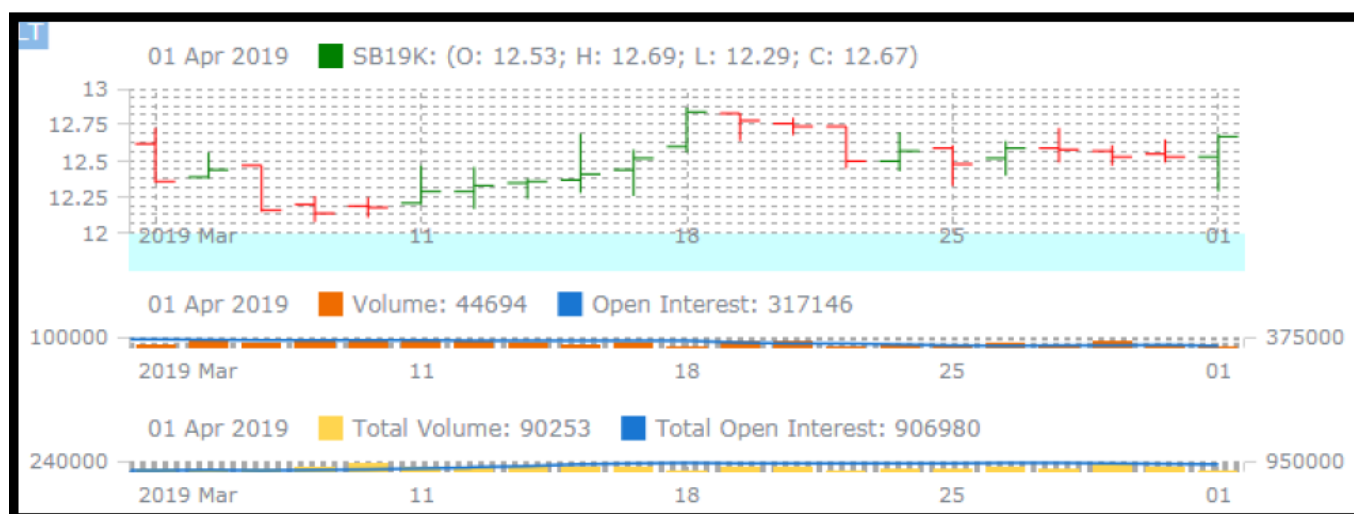


ICE (Raw Sugar Exchange) Future Market Scenario (Apr'19 Contract)

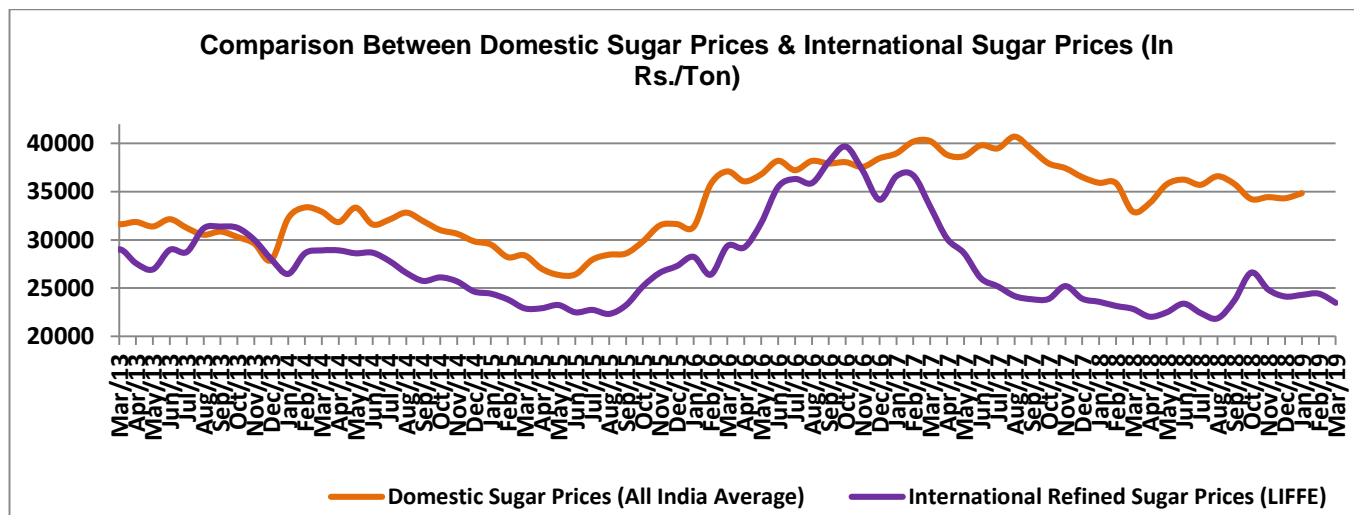
Technical Commentary:

- ICE raw sugar futures trend slightly bullish for the week.
- Last candlestick of the week depicts bearishness in the market. Strategy: sell at 12.75 Targeting 13.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Apr'19	12.67	11-14



Comparison of Indian Sugar Prices (All India Average) and International Refined Sugar Prices (LIFFE)



Source: USDA and Agmark.net

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			Mar,19	Feb,19	
Delhi	Delhi	M-Grade	3101	3122	-21
	Delhi	S-Grade	3081	3102	-21
Uttar Pradesh	Khatauli	M-Grade	3159	3246	-87
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3092	3125	-33
	Dhampur	S-Grade Ex-Mill	3072	3105	-33
	Dhampur	L-Grade Ex-Mill	3142	3175	-33
Maharashtra	Mumbai	M-Grade	3324	3399	-75
	Mumbai	S-Grade	3190	3145	45
	Nagpur	M-Grade	3176	3177	-1
	Nagpur	S-Grade	3134	3136	-1
	Kolhapur	M-Grade	3051	3052	-1
	Kolhapur	S-Grade	3009	3011	-1
Assam	Guhawati	S-Grade	3318	3320	-1
Meghalaya	Shillong	S-Grade	3329	3331	-1
Andhra Pradesh	Vijayawada	M-Grade	3465	3491	-26
	Vijayawada	S-Grade	3406	3451	-45
West Bengal	Kolkata	M-Grade	3468	3495	-27
Tamil Nadu	Chennai	S-Grade	3340	3152	188
	Dindigul	M-Grade	3544	3476	NA
	Coimbatore	M-Grade	3519	3450	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3513	NA
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			Mar,19	Feb,19	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2594	2559	35
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6208	8520	-2312
	Muzaffarnagar	Khurpa (Fresh)	2362	2343	19
	Muzaffarnagar	Laddoo (Fresh)	2574	2547	27
	Muzaffarnagar	Rascut (Fresh)	2063	1988	75
	Hapur	Chaurasa	2357	2276	81
	Hapur	Balti	2312	2223	89
Andhra Pradesh	Chittur	Gold	3979	3621	358

		White	3433	3183	250
		Black	2925	2829	96
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4223	4563	-340
	Belgaum	Mudde (Average)	2480	2919	-439
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	2860	1737	1123
	Gulbarga	Other (Average)	2708	2995	-287
	Mahalingapura	Penti (Average)	3129	3066	63
	Mandya	Achhu (Medium)	3422	2675	747
	Mandya	Kurikatu (Medium)	3169	2533	636
	Mandya	Other (Medium)	3242	2569	673
	Mandya	Yellow (Medium)	3387	2700	687
	Shimoga	Achhu (Average)	2318	3153	-836

Spot Sugar Prices Scenario (Monthly):

International Sugar Prices (Monthly)				
	Contract Month	29-Mar-19	28-Feb-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	12.53	12.73	-0.20
	19-Jul	12.65	12.78	-0.13
	19-Oct	12.95	13.03	-0.08
LIFFE Sugar (US \$/MT)	19-May	324.80	375.70	-50.90
	19-Aug	335.10	348.00	-12.90
	19-Oct	343.50	354.70	-11.20

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