

### Price Outlook:

**Indian Sugar markets were slightly firmer in May compared to previous month.** We expect sugar prices may trade steady in June month due to lower demand in domestic market and lower exports due to higher domestic prices. Sales quota announced for June month fixed at 21.5LT although this month sales quota is higher than May (21LT).

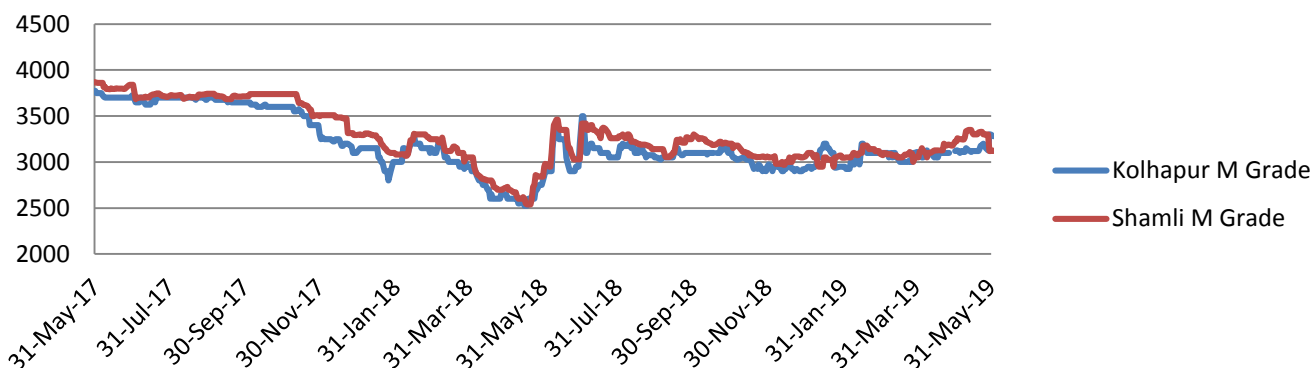
### Price Projection for the Next Month:

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 May month.

### Domestic Sugar Market Summary:

However, the average price for sugar 'M' grade in key Kolhapur market settled at Rs.3130.38 per quintal May month up by INR 47.00 from the previous month; while spot sugar prices for the same grade in Shamli district is 3291.29 per quintal at the end of May month, up by 150.16 INR against previous month's average price Rs. 3141.13.

### Price comparsion Kholpur M- grade and Shamli Rs/Qtl



### 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.	Bearish
After announcement of the export incentives for sugar millers in the country & Announcement for creation of 3 mln tonnes of buffer stock	Bullish
Higher cane acreage for 2019-20	Bearish
Tightening of restriction on monthly sales	Bullish

## Domestic Market Highlights

### Recent Updates:

**Government fixes June sales quota slightly higher at 21.5 LT to each of 534 mills** in the country against 21LT for last month along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota.

**Maharashtra sugar millers have opted to export sugar through third party quota at Rs. 28-28.5/kg selling 3-4 lakh tonnes sugar.** Tepid demand of sugar in the domestic market, millers are not able to sell its sugar at MSP. This has forced them to store sugar stocks in open and as monsoon is arriving very soon according to IMD, therefore, selling sugar on third party export quota over and above their own export quota, helped the mills liquidate the excess sugar with them.

**Sugar domestic consumption is likely to increase by 2-3% in this sugar season to 258 lakh tonnes** this year according to ICRA in its recent report. Sugar production in 2019 is expected to be marginally higher at around 32.5-33.0 million MT higher by at least 6.5-7.0 million MT when compared to 32.2 million MT in 2018.

**Haryana cooperative sugar mills received Rs.350 crore on Tuesday** to clear arrears and paying off to sugarcane farmers for crushing season of 2018-19. Payments of Rs.1,098.38 crore had been made till now and outstanding dues is decided to pay in the next coming week.

**The centre has asked the sugar mills to calculate the cost of sugar production which may range around Rs.34 but the sources says that the stress would be relieved if the prices are finalized at Rs.35-36.** The government has finally came with initiation for the solution regarding setting of the minimum support price which is much lower than the cost of sugar production.

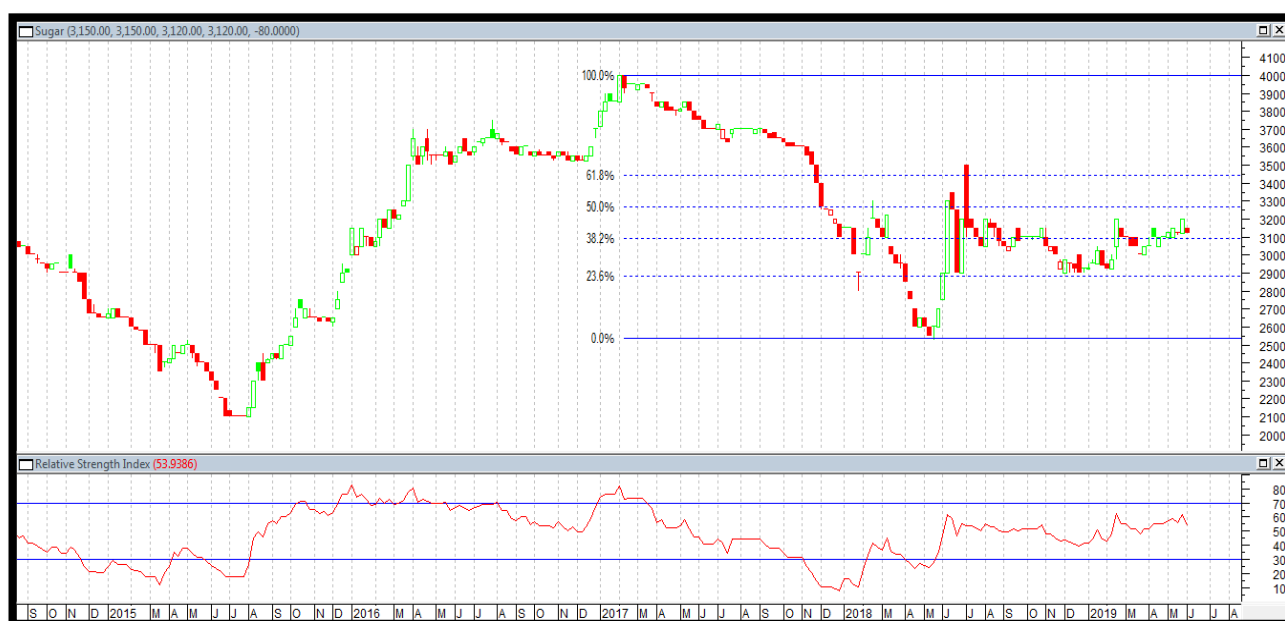
**Banks have sanctioned a soft loan of Rs.689 crore 2 lakh 79 thousand to 42 sugar mills in Maharashtra** to aid the factories to clear the pending cane arrears due to glut in production resulting in depressed prices. The Central government will bear the interest for one year on this loan.

**The Maharashtra government** informed that water storage in Aurangabad Division, which comprises Aurangabad, Beed, Hingoli, Parbhani and Osmanabad districts, was 0.43 per cent as against 23.44 per cent at the same time last year affecting the sugarcane production in the coming season.

**Farmers have started uprooting sugarcane** in the severely drought affected regions of Maharashtra to feed their animals. This is expected to hit sugarcane growth. Apart from this, sugarcane has also been damaged due to heat waves in the state. Moreover, farmers have decided to switch to other crops like soybean and pulses amongst others to boost their farm income. All these factors are set to bring down the overall cane sowing area by 10-15 per cent in the next sugar season (SS) October 2019 to September 2020.

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

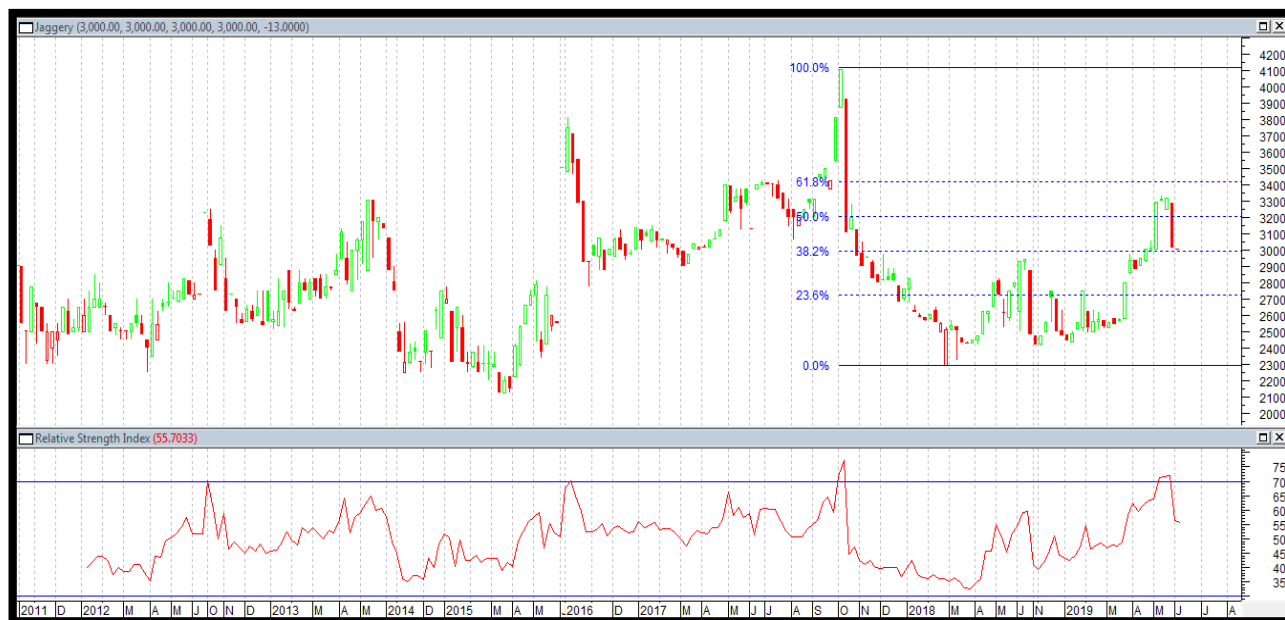
- Sugar spot prices at benchmark Kolhapur market closed at Rs3120 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3250 and Rs3080 per quintal respectively.
- RSI is in the neutral region.



#### Technical Analysis - ChakuSukha-gur(fresh) at Spot (Muzaffarnagar)market.

##### Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed slightly higher at Rs3000/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3350 and Rs 3150 per quintal respectively.
- RSI is in neutral region.



### 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
<b>Sugar</b>	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
<b>Sugar</b>	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	81.7	81.7	101.1	197.6	157.32
Estimated sugar production	202.85	321	328	98.2	160.2	44.42	17.18
Imports	4.46	2.85	0	0	0	0	0
Estimated sugar availability (A + B + C)	284.31	357.95	409.7	179.9	261.3	242.02	174.5
Exports	4.6	16.25	30	3	10	7	10
Availability for domestic consumption (D - E)	279.71	341.7	379.7	176.9	251.3	235.02	164.5
Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
Carry out stock (F - G)	34.1	81.7	116.7	101.1	197.6	157.32	108.7

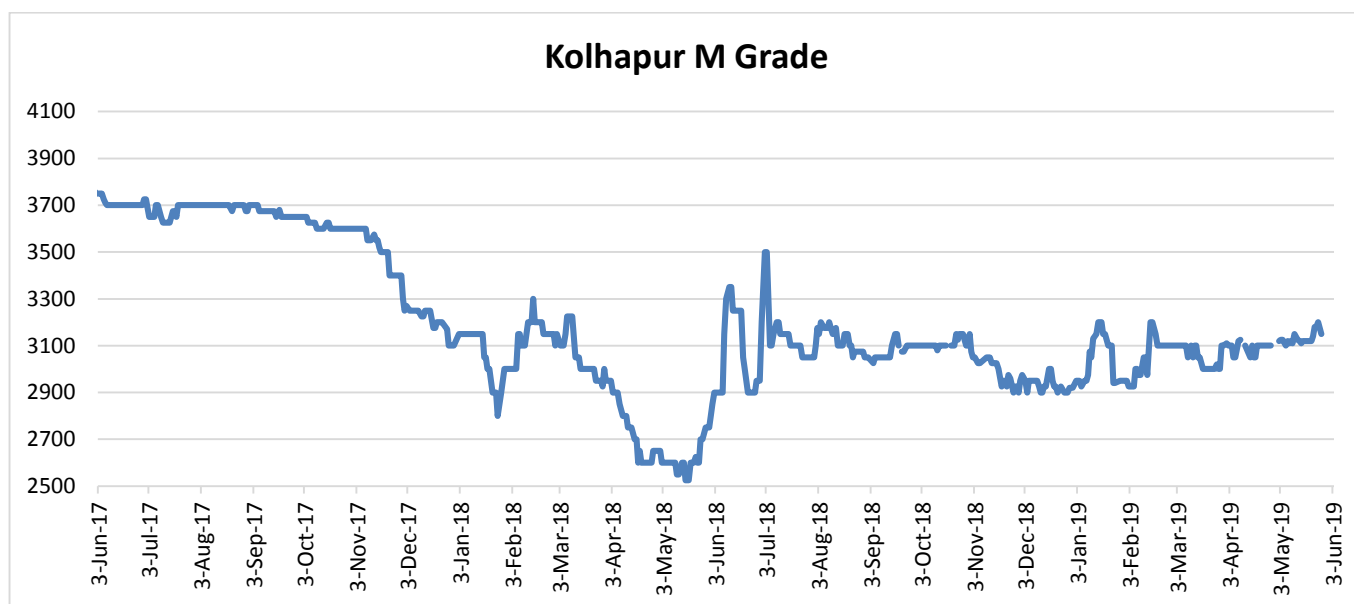
Source: Agriwatch and ISMA

- Note:** Indian sugar marketing year begins from October – September.
- As per the Agriwatch latest estimate, India's sugar production is expected to be higher at 328 LT in 2018/19 then 321 last year. Although couple of major cane growing regions of Maharashtra, including Marthawada, had poor rainfall this season and mild white grub infestation has been reported in some states but due to higher recovery this year in both North and South India the production is expected to be higher. Apart from that, cane yield and sugar recovery are expected to be 11.5% in U.P and 11.14% in Maharashtra.
- On the other hand, sugar domestic consumption is expected to rise to 263 lakh tonnes in 2018-19 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> 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 LT 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	3080-3230
	Jun	3060-3250
	July	3100-3200



### International Sugar Market Summary:

ICE May Contract raw sugar on 3<sup>rd</sup> June closed slightly up at \$13.49 (cent/lb) as compared to \$12.42 of previous month and LIFFE Sugar on 3<sup>rd</sup> May closed up by \$359.3MT as compared to \$327.2MT of previous month. The Brazilian real in May month supported the sugar prices and reach 1-1/2 month high against the dollar and stronger real discourages the exports in Brazil compared to previous month. Also USDA released that world consumption is likely to increase in next season by 1.4%.

### Bullish and Bearish factors for International sugar:

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	Bullish
The USDA estimates that global 2019/20 sugar production will climb +1% y/y to 181 MMT	Bearish
Brazil's state-owned agency Conab has pegged cane production in 2019/20 in the centre-south region at 567 mln tn, about 1% lower from a year earlier	Bullish
Brazil's production is forecast to rebound 2.5 million tons to 32.0 million, according to USDA Report	Bullish
The recent gain in crude oil prices, which is positive for ethanol prices and may prompt Brazil's sugar mills to divert more cane to making ethanol,	Bullish

**International Market Highlights:**

**July NY world sugar #11 (SBN19) on Tuesday closed up by +0.23 (+1.89%).** Also, sugar prices received a boost after data from Brazil's Trade Ministry on Tuesday showed that Brazil May sugar exports fell -15% y/y to 1.781 MMT.

**Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT** and Brazil's sugar mills will increase their percentage of cane crushing to produce sugar to 39.1% from 34.9% in 2018/19. In addition, the USDA estimated that global 2019/20 sugar production will climb +1% y/y to 180.7 MMT and that global sugar consumption will climb by +1.4% y/y to 176.4 MMT. That will reduce global 2019/20 sugar ending stocks by -6.0% y/y to 47.8 MMT.

**Ethanol output reached 1.78 billion liters in the first half of May**, 14% less than in the same period a year earlier, even amid very strong demand in the local market as the biofuel continues to have a price advantage over gasoline. Whereas According to a report by Unica, center-south mills crushed 38.63 million tonnes of cane in the first half of May, 9.7% less than a year earlier, and produced 1.59 million tonnes of sugar, 16% less than in same period last season due to unfavourable weather conditions.

**India's sugar production is likely to decline 8.4 per cent to 30.3 million tonnes** for the second straight year in the 2019-20 marketing year that would begin from October because of likely fall in sugarcane output, according to a latest USDA report.

**Sucden report said that global sugar deficit of 2.5 million tonnes is expected in 2019/20** after a small surplus in the previous year. Indian sugar production in 2019/20 is seen between 27 and 28 million tonnes, while **Thai sugar production** is seen at 13.5 million tonnes compared to 14.6 million tonnes in the previous year.

**Demand for molasses is seen firming up in 2019-20 as ethanol blending capacity will also go up.** The government's bio-fuel policy aims to achieve 20% ethanol blending with petrol by 2030 and 10% by 2022, from around 7% now.

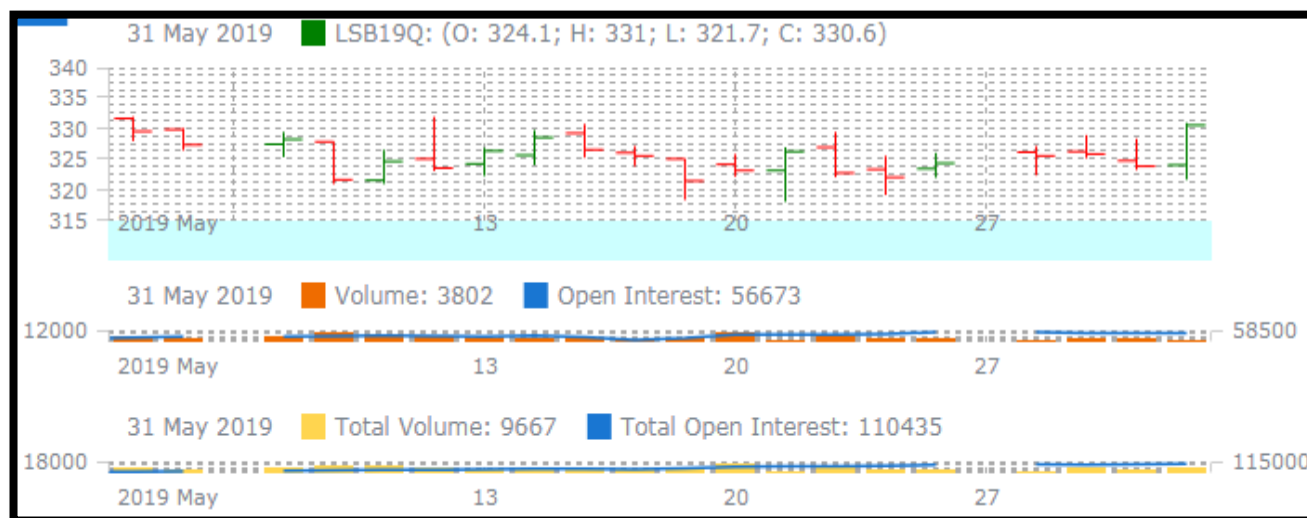
## International Sugar Futures Price Projection

### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (AUG 19 Contract)

#### Technical Commentary

- LIFFE future market bullish for the week.
- Last candlestick of the week depicts bullish in the market.
- Strategy: Buy at level 322,T1 335

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Aug'19	330.60	325-332



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

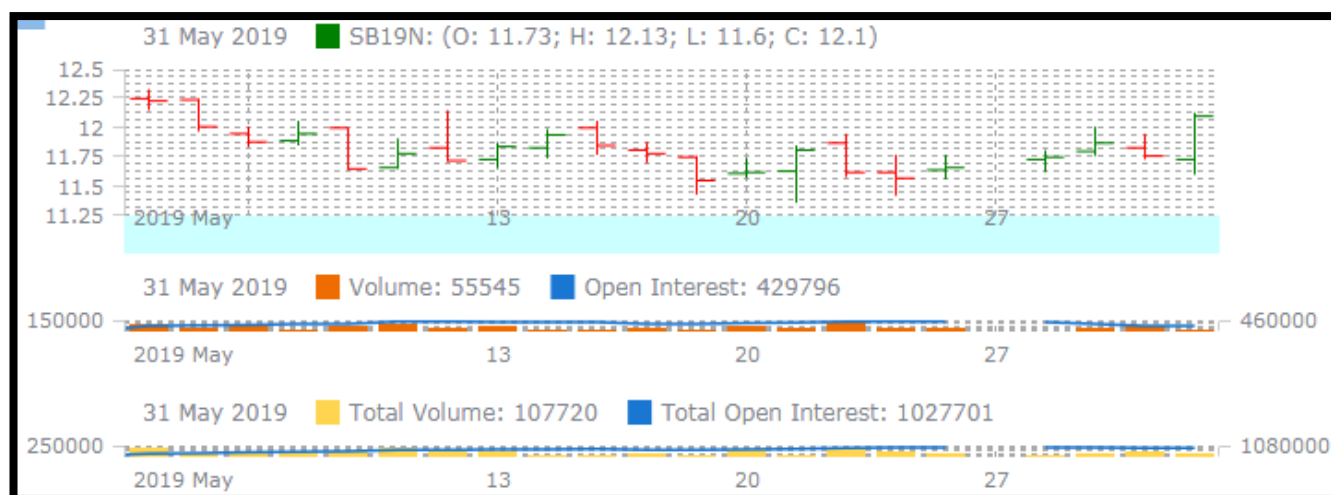
#### Technical Commentary:

- ICE raw sugar futures were firm.
- Last candle stick of the week depicts buy in future market as open position is increasing.

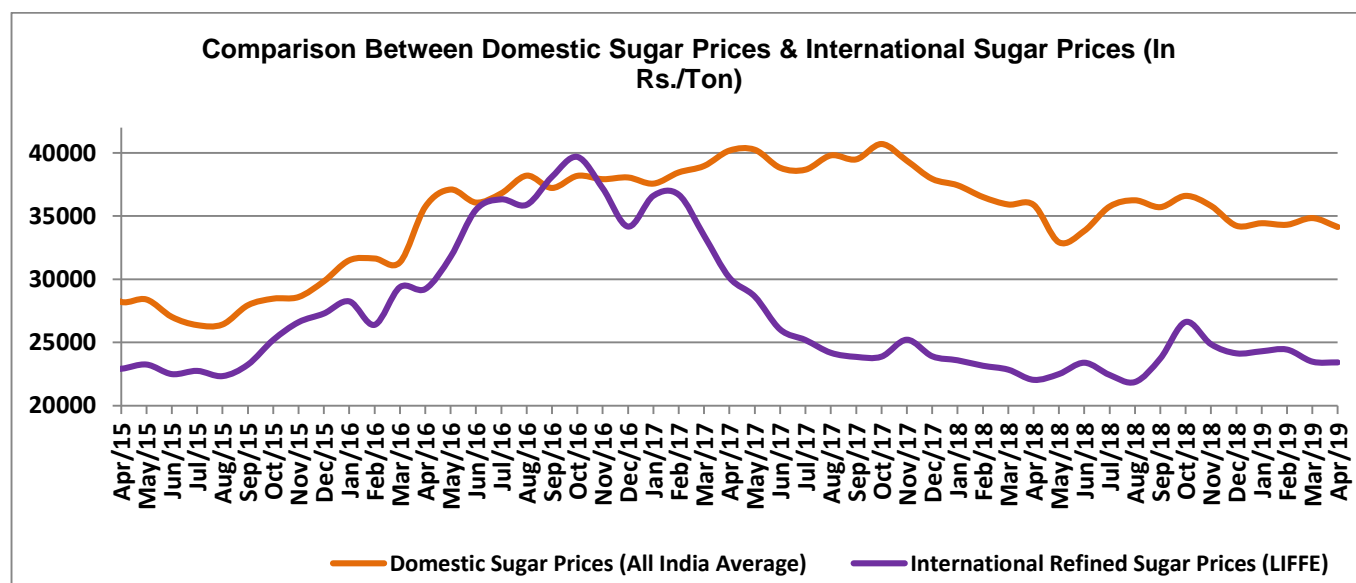
Strategy: Buy at rate 11.50 Targeting 13.2.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'2019	12.1	11.5-13





### 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			May,19	Apr,2019	
Delhi	Delhi	M-Grade	3270	3149	121
	Delhi	S-Grade	3250	3129	121
Uttar Pradesh	Khatauli	M-Grade	3409	3255	154
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3263	3120	143
	Dhampur	S-Grade Ex-Mill	3243	3100	143
	Dhampur	L-Grade Ex-Mill	3313	3170	143
Maharashtra	Mumbai	M-Grade	3372	3324	48
	Mumbai	S-Grade	3247	3215	32
	Nagpur	M-Grade	3255	3208	47
	Nagpur	S-Grade	3225	3153	72
	Kolhapur	M-Grade	3130	3083	47
	Kolhapur	S-Grade	3100	3028	72
Assam	Guhawati	S-Grade	3410	3337	73
Meghalaya	Shillong	S-Grade	3420	3348	72
Andhra Pradesh	Vijayawada	M-Grade	3644	3549	95
	Vijayawada	S-Grade	3583	3494	89
West Bengal	Kolkata	M-Grade	3605	3489	116
Tamil Nadu	Chennai	S-Grade	3583	3246	337
	Dindigul	M-Grade	3590	3567	23
	Coimbatore	M-Grade	3616	3520	96
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3394	3400	-6

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)			May,19	Apr,2019	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3199	2800	399
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3777	6818	-3041
	Muzaffarnagar	Khurpa (Fresh)	2848	2558	290
	Muzaffarnagar	Laddoo (Fresh)	3153	2880	273
	Muzaffarnagar	Rascut (Fresh)	2580	2310	270
	Hapur	Chaurasa	2884	2468	416

	Hapur	Balti	2051	2443	<b>-392</b>
Andhra Pradesh	Chittur	Gold	3559	4150	<b>-591</b>
		White	3393	3692	<b>-299</b>
		Black	3030	3250	<b>-220</b>
Maharashtra	Latur	Lal Variety	0	0	<b>Unch</b>
Karnataka	Bangalore	Mudde (Average)	4350	4257	<b>93</b>
	Belgaum	Mudde (Average)	2783	2812	<b>-30</b>
	Belthangadi	Yellow (Average)	0	#DIV/0!	<b>-</b>
	Bijapur	Achhu	3009	3040	<b>-31</b>
	Gulbarga	Other (Average)	2769	2989	<b>-220</b>
	Mahalingapura	Penti (Average)	3124	3126	<b>-2</b>
	Mandya	Achhu (Medium)	3446	3713	<b>-267</b>
	Mandya	Kurikatu (Medium)	3260	3375	<b>-115</b>
	Mandya	Other (Medium)	3234	3419	<b>-185</b>
	Mandya	Yellow (Medium)	3365	3577	<b>-212</b>
	Shimoga	Achhu (Average)	3700	3825	<b>-125</b>

### Spot Sugar Prices Scenario (Monthly):

International Sugar Prices (Monthly)				
	Contract Month	31-May-19	30-Apr-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	13.33	11.99	<b>1.34</b>
	19-Jul	11.89	12.34	<b>-0.45</b>
	19-Oct	12.24	12.69	<b>-0.45</b>
LIFFE Sugar (US \$/MT)	19-May	357.73	367.1	<b>-9.37</b>
	19-Aug	325.89	334.9	<b>-9.01</b>
	19-Oct	330.52	340.3	<b>-9.78</b>

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