

Price Outlook:

In the spot wholesale markets, sugar prices are sustaining mixed trend because of supply surplus and expectations of achieving lower sugarcane crop due to the damage caused by the delayed monsoon. We expect Indian sugar prices may trade in range of 3100 to 3320 Rs/qrtl in coming days.

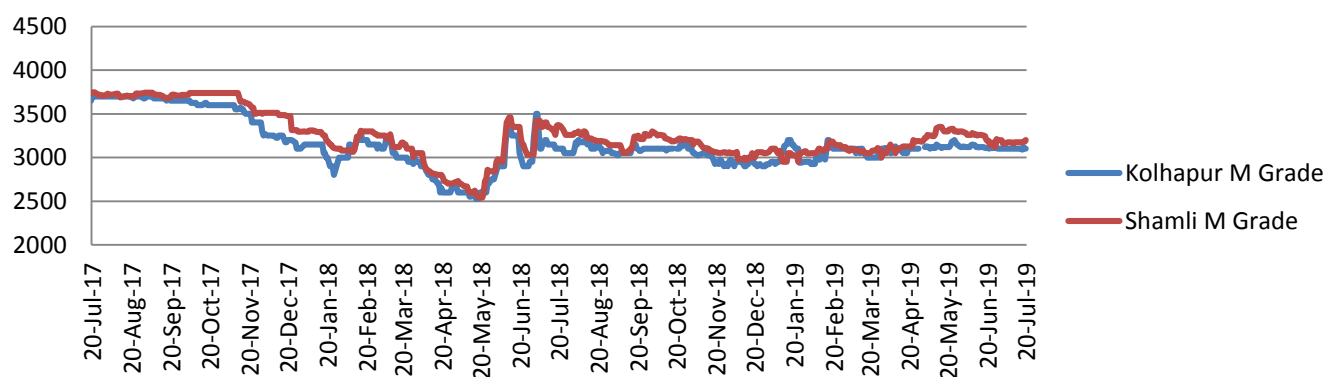
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3100 -3200 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3101.6 per quintal this week, while spot sugar prices for the same grade in Shamli district is Rs.3180 per quintal during the week, up by 10 INR against previous week's average price.

Price comparison Kholpur M- grade and Shamli Rs/Qtl

**Fundamental summary:**

Price Drivers	Impact
Sugar production during the current 2019-20 SS is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States.	Bullish
Indian Sugar Mills Association expects to export a record 7 million MT of sugar in 2019/20 to reduce its huge stockpiles, up from 3 million MT in 2018/19	Bullish
Higher cane acreage for 2019-20	Bearish
Tightening of restriction on monthly sales	Bullish
MSP at Mill gate fixed at Rs 3100/ Qtl for refined Sugar	Bullish
Announcement for creation of 5 mn tonnes of buffer stock	Bullish

Domestic Market Highlights

Recent Updates:

- **The Agriculture Ministry has released the sugarcane area as on 18th July, the area progressed slightly to 50.01 lakh ha.** The area is slightly higher by 1.69 lakh ha against the normal area and lagging behind by 2.03 lakh ha from the corresponding period in the previous year. The large decrease in area is seen in Telangana, Maharashtra, Tamil Nadu and AP by 35%, 23.64%, 22.9%, and 10.85% respectively from last year. The south India and some parts of Maharashtra have been affected adversely due to bad rainfall scenario in the current monsoon.
- **The widespread awareness of sugar consumption among the people is concerning the sugar industry adversely.** The recent decision made by the big industries like Nestle to make sugar free chocolate bars to avoid excess sugar content usage. Although Nestle has cut down 32 per cent of table sugar in its products, especially on children's foods, between 2000 and 2013. Another change was made by FSSAI that proposed changes for the FMCG sector where the packaged food companies are to label high fat, sugar and salt content levels on the front side of the package with a code of "Red" colour which will depict the consumers that sugar consumption is harmful for health. However, this will reduce the consumption to lower levels in the coming season against this year.
- **India has allowed 1239 tonnes of raw sugar exports to US upto 30th September '19 under TRQ (Tariff rate quota) which enables shipments on relatively low tariffs.** It is a preferential quota that the country enjoys duty free exports upto 10,000 tonnes to US and additional quantity to the allotted quota would be charged higher tariffs on the imports to US.
- **India is likely to continue the export subsidies on sugar even after Brazil, Guatemala and Australia lodged complaint at WTO** as it is against the global trade practices. Export subsidies are important so as to clear increase the shipment of sugar and thus helping in reducing the rising sugar inventories.
- **According to the ministry, India has huge potential of manufacturing ethanol as in 2018, country's ethanol market was of Rs 11,000 crore and this year it will probably go up to Rs 20,000 crore.** The government has decided to proceed with a phase wise approach to achieve this target. The first generation of ethanol is expected to be produced from molasses, second generation will be from sugar cane juice and the third generation of ethanol will be generated from biomass. The government wants to accelerate the use of ethanol as fuel and also requested the petroleum ministry to start giving permission

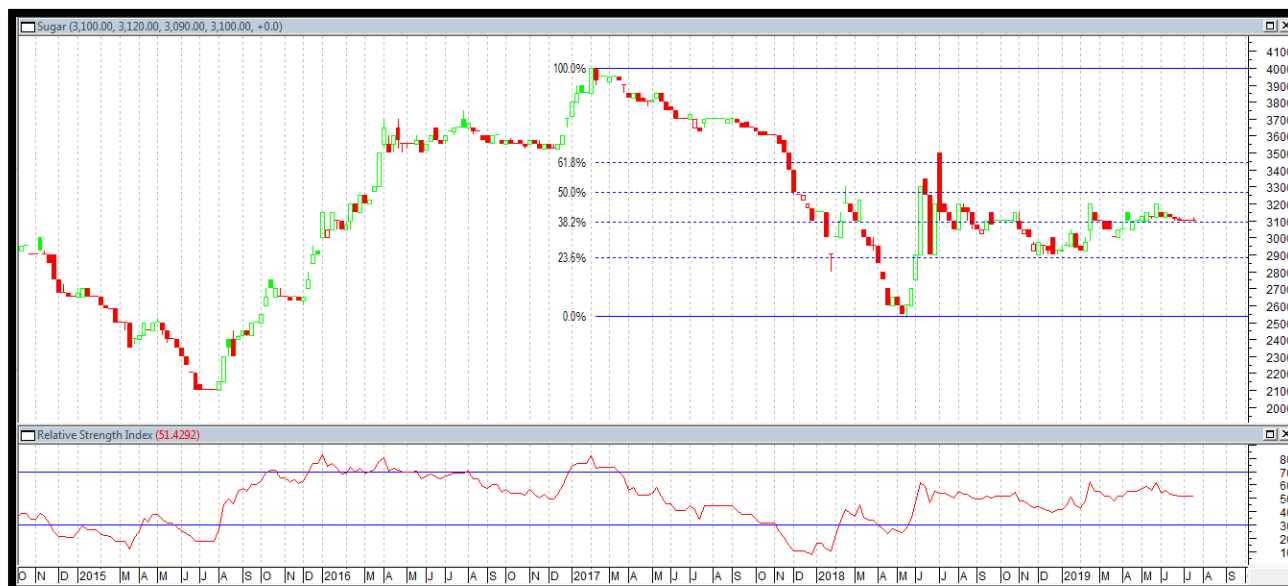
for setting up of ethanol pumps. This step will encourage the sugar mills to divert the sugar production to ethanol production from next year and would help clearing the sugar stockpiles in India.

Previous Updates

- **Sugarcane acreage in the latest report released by Ministry of Agriculture as on 11th July'19 stood same at 49.98 lakh hectare 3.96% lower compared to last year in the same period (52.04 lakh ha) whereas ahead by 3.51% compared to normal area of the corresponding week. The crop condition is average but the deficient rainfall in the coming weeks would affect the crop adversely on yield.**
- **The all India sugar consumption has been declined since last month and the higher sales quota is being severely affecting the sugar industry.** The mills are not able to sell sugar according the total quota allocated to them due to lower demand. Due to disparity in prices as Indian sugar is much costlier than any country and due to quality issues, India is facing hurdles in exporting its stock as well as due to the global glut the demand has seen a dip this year.
- **According to All India Sugar Trade Association,** the Central Government should introduce dual MSP where Central Northern states MSP to be higher than that of Central Southern states or Maharashtra State Government gives transport subsidy for the difference of transportation cost which can enable Maharashtra to sell the allotted quota allotted every month.
- **Since Oct'18 to May'19, the Central Government has allocated 60.50 LMT to sugar mills in Maharashtra and mills are able to sale only approximately 46 LMT failing to sell 14 LMT and hence falling short of cash liquidity worth Rs. 4350 crores. There is excess transportation cost difference of Rs.1800 to Rs.2000 per MT which Maharashtra seeks help from the Government.**

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

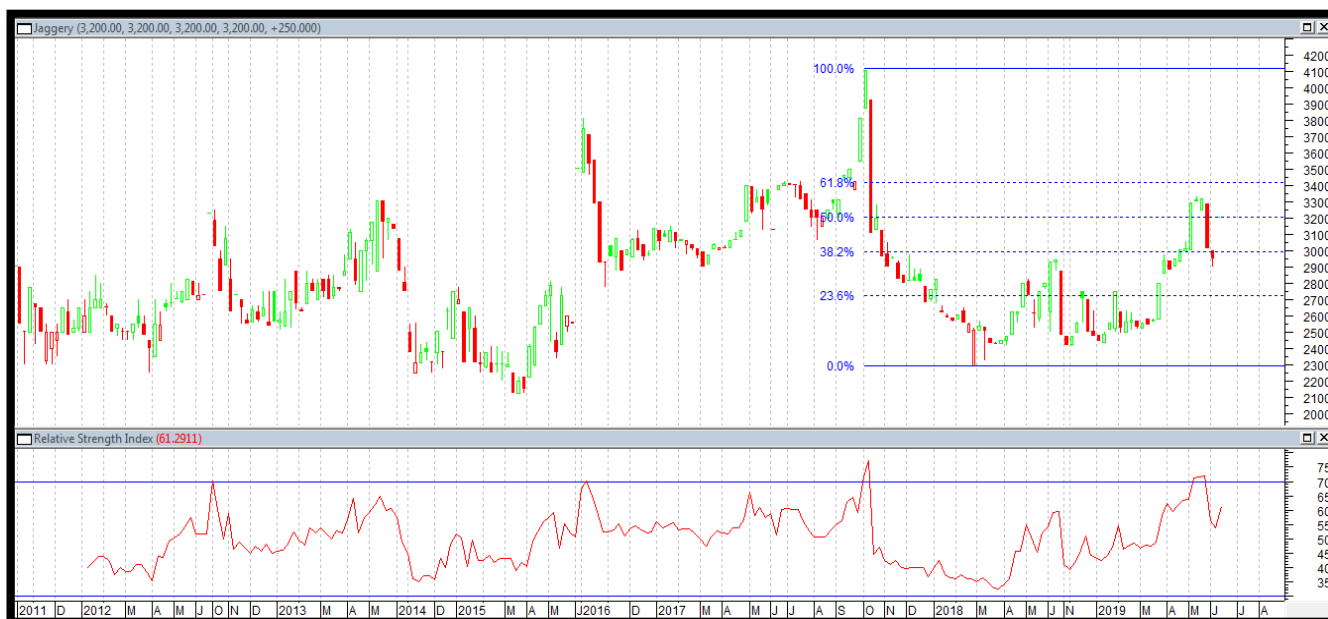
- Sugar spot prices at benchmark Kolhapur market closed at Rs3100 quintal this week.
- Next resistance and support level for the coming week is expected at Rs 3150 and Rs2900 per quintal respectively.
- RSI is in the neutral region.



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

Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market were steady as there were no arrivals in the market.
- The new arrivals will start after October,2019.



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 2019-20(LT)								
SUGAR BALNCE SHEET 2018-19(LT)	2016-17	2017-18	2018-19*	2019-20*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	77	34.1	82.67	128.76	128.76	137.00	211.23	166.15
Estimated sugar production	202.85	321.96	331.09	295.00	88.32	144.08	43.55	19.05
Imports	4.46	2.85	0	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	284.31	358.91	413.76	423.76	217.08	281.08	254.78	185.20
Exports	4.6	16.24	33	50.00	5.00	16.67	11.67	16.67
Availability for domestic consumption (D - E)	279.71	342.67	380.76	373.76	212.08	264.42	243.11	168.53
Estimates sugar consumption	245.61	260	252	260.50	75.08	53.19	76.96	55.27
Carry out stock (F - G)	34.1	82.67	128.76	113.26	137.00	211.23	166.15	113.26

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 331.09 LT in 2018/19 than 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 decline to 252 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 33 LT in 2018-19.

International Market Highlights

Recent Updates:

October NY world sugar #11 on Friday closed up +0.04 (+0.35%) and Oct ICE London white sugar also closed up +3.10 (+0.99%). A bullish factor for sugar due to the update from India having 18% below normal rainfall during June 1st to July 19th.

Australia Sugar mills crushed only 0.530 mln tonnes of cane in the week to July 14, down from 0.950 mln tonnes a week earlier and also below 1.574 mln in the same period last year, Australian Sugar Milling Council (ASMC) data show. As on 14th July, the total sugarcane crush reached 39.32 lakh tonnes around 12.4% of cane is crushed till now and 7% less compared to previous year at same period of time. South Korea – Australia Free trade agreement (KAFTA) has eliminated the 3% import tariffs on Australian raw sugar. The raw sugar exports from Australia is likely to increase in the coming season.

Total Mexican sugar exports as on 14th July'19 in 2018-19 season starting from October'18, reached 18.96 lakh tonnes with gradual decrease from May month. Followed by decline in exports by 17.9% in the corresponding period last year.

Previous Updates

October NY world sugar #11 (SBV19) on Friday closed down -0.08 (-0.65%). A bullish factor for sugar is strength in the Brazilian real which climbed high against the dollar Friday as the stronger real discourages export selling by Brazil's sugar producers. Sugar prices also have support from reduced sugar output in Brazil, the world's biggest sugar producer, after Unica reported Wednesday that Brazil's 2019/20 Center-South sugar production through June fell -8.9% y/y to 8.905 MMT.

Severe drought circumstances has reduced the total sugar production estimates to 13 million tonnes in Thailand around 7% reduction is expected compared to this year (2018-19). Sugarcane output is expected to decline about 8% to 120 million tonnes in 2019-20 season which will start from Nov'19 due to scanty rainfalls and decreased acreage compared to 130.9 million tonnes of cane in 2018-19. But it is highly dependent on rainfall whether the output would increase or decrease.

Mexico sugar production for 2018/19 is increased by 25,643 MT to 6.425 million MT based on the final season production. Residually estimated exports are increased by the 25,643-MT supply increase to 2.179 million MT. Exports to the United States are estimated at 853,004 MT, an increase of 85,583 MT.

International Sugar Market Summary:

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 180.7 MMT	Bearish
Brazil's sugar mills will increase their percentage of cane crushing to produce sugar to 39.1% from 34.9% in 2018/19	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

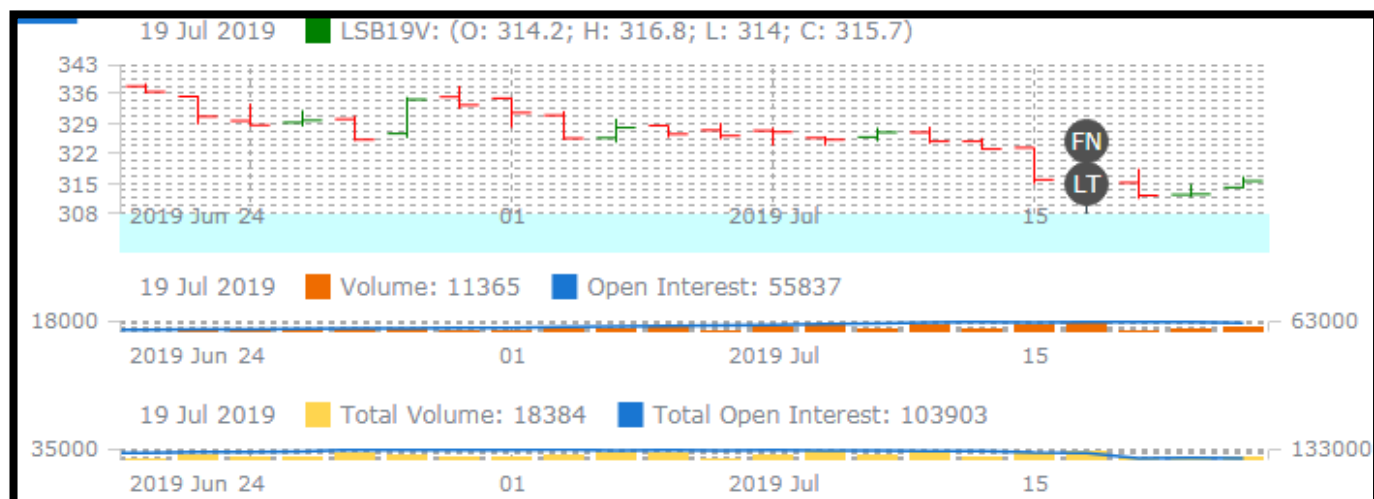
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market slightly bullish for the week also.
- Last candlestick of the week depicts bearish in the market.
- Strategy: Sell at level 315,T1 318

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'19	315.7	310-318

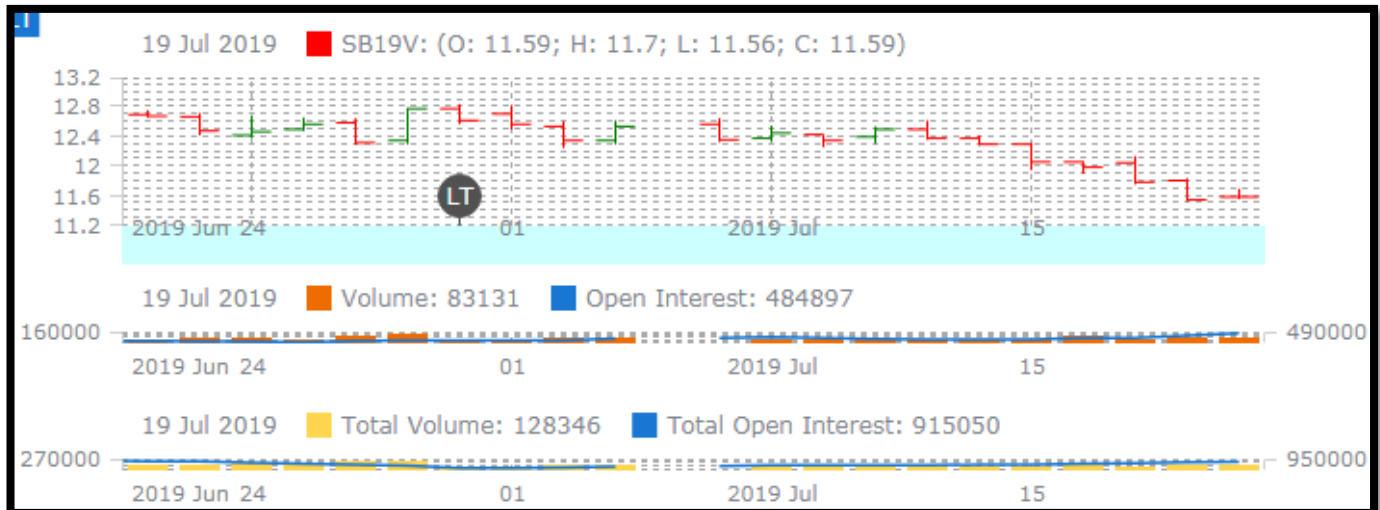


ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

Technical Commentary:

- ICE raw sugar futures were weak.
- Last candle stick of the week depicts sell in future market as open position is increasing.
- Strategy: Sell at rate 12 Targeting 14.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'19	11.59	10-14



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/QtI)		Change
			12th June to 18th July 2019	5th June to 11th July 2019	
Delhi	Delhi	M-Grade	3185	3162	23
	Delhi	S-Grade	3165	3142	23
Uttar Pradesh	Khatauli	M-Grade	3247	3266	-19
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3165	3162	3
	Dhampur	S-Grade Ex-Mill	3145	3142	3
	Dhampur	L-Grade Ex-Mill	3215	3212	3
Maharashtra	Mumbai	M-Grade	3318	3306	12
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	3227	3225	2
	Nagpur	S-Grade	3162	3213	-52
	Kolhapur	M-Grade	3102	3100	2
	Kolhapur	S-Grade	3037	3088	-52
Assam	Guhawati	S-Grade	3346	3399	-52
Meghalaya	Shillong	S-Grade	3357	3408	-52
Andhra Pradesh	Vijayawada	M-Grade	3560	3570	-10
	Vijayawada	S-Grade	3500	3510	-10
West Bengal	Kolkata	M-Grade	3607	3642	-35
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3560	3573	-13
	Coimbatore	M-Grade	3650	3650	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	Unch

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)			12th June to 18th July 2019	5th June to 11th July 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	0	0	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	Unch
	Muzaffarnagar	Khurpa (Fresh)	0	0	Unch
	Muzaffarnagar	Laddoo (Fresh)	0	0	Unch
	Muzaffarnagar	Rascut (Fresh)	0	0	Unch
	Hapur	Chaurasa	0	3000	-
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	0	1300	-
		White	0	1233	-
		Black	0	1133	-
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	3200	3225	-25
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3100	3040	60
	Gulbarga	Other (Average)	3340	3224	116
	Mahalingapura	Penti (Average)	3243	3196	46
	Mandya	Achhu (Medium)	3150	2917	233
	Mandya	Kurikatu (Medium)	2992	2808	183
	Mandya	Other (Medium)	2933	2808	125
	Mandya	Yellow (Medium)	3167	2950	217
	Shimoga	Achhu (Average)	3660	3640	20

International Sugar Prices (Weekly)				
	Contract Month	18-Jul-19	11-Jul-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1782.58	2105.19	-322.61
	20-Mar	1947.72	2050.03	-102.31
	20-May	1967.78	2065.35	-97.57
LIFFE Sugar (US \$/MT)	19-Aug	2333.64	2404.94	-71.30
	19-Oct	2388.76	2173.07	215.70
	19-Dec	2221.34	2280.46	-59.12

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