

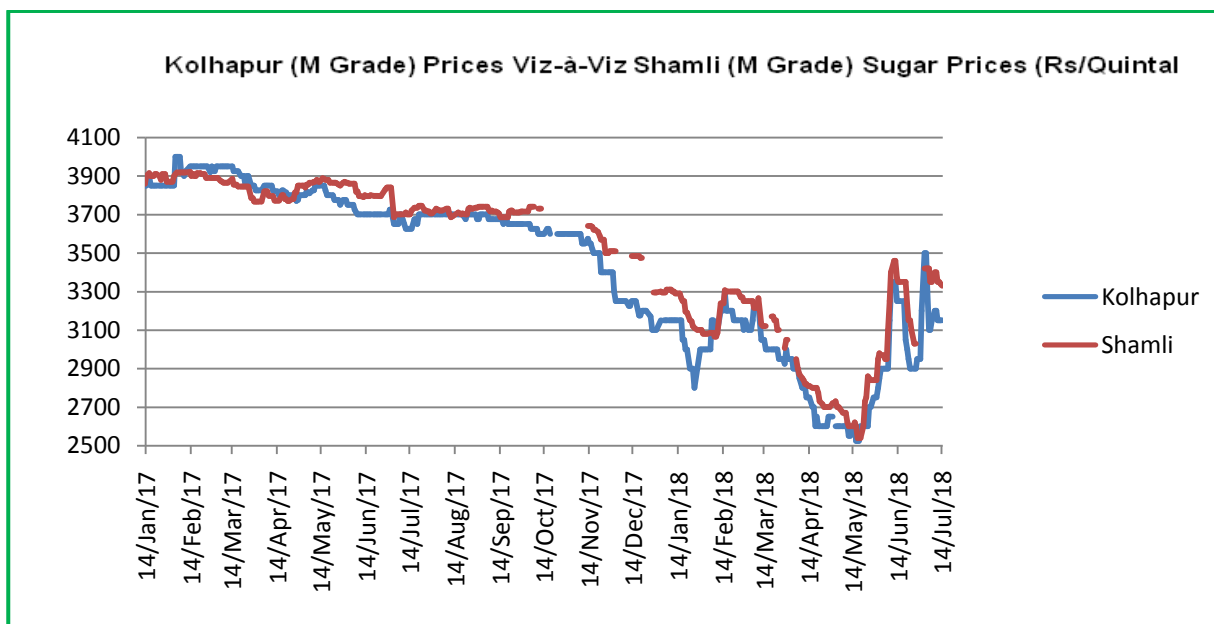
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

- The prices of M-30 grades of sugar have witnessed steady to weak across the country during the week. Sellers notable offload there stock at higher prices.
- Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3166 per quintal last week declined INR 98 per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3361 per quintal at the end of last week, declined 35 rupees per quintal against previous week's average prices



Price Outlook:

- Sugar prices at the wholesale markets noticed weak during the week.

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 3000–Rs 3400 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
Government kept the quantity of sweetener sugar mills can sell in open market in July lower than normal monthly limits	Bullish
India pitching to export 1.5 mn tons of sugar to China under China's 50% tariff category	Bullish
Surplus sugar production of 32 mn tonnes against only 20.3 mn tonnes last year	Bearish
Higher cane acreage for 2018-19	Bearish

Domestic Market Highlights

Recent Updates

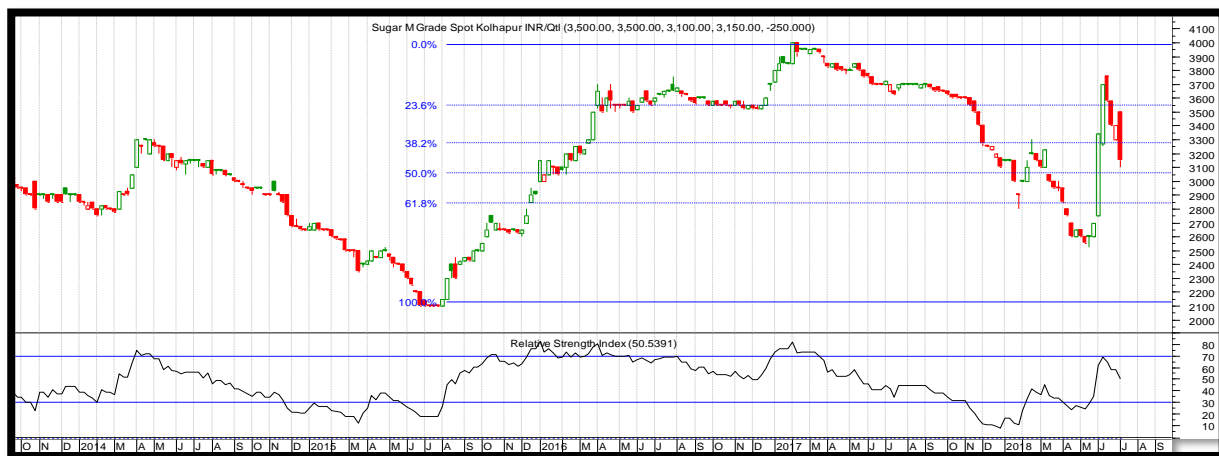
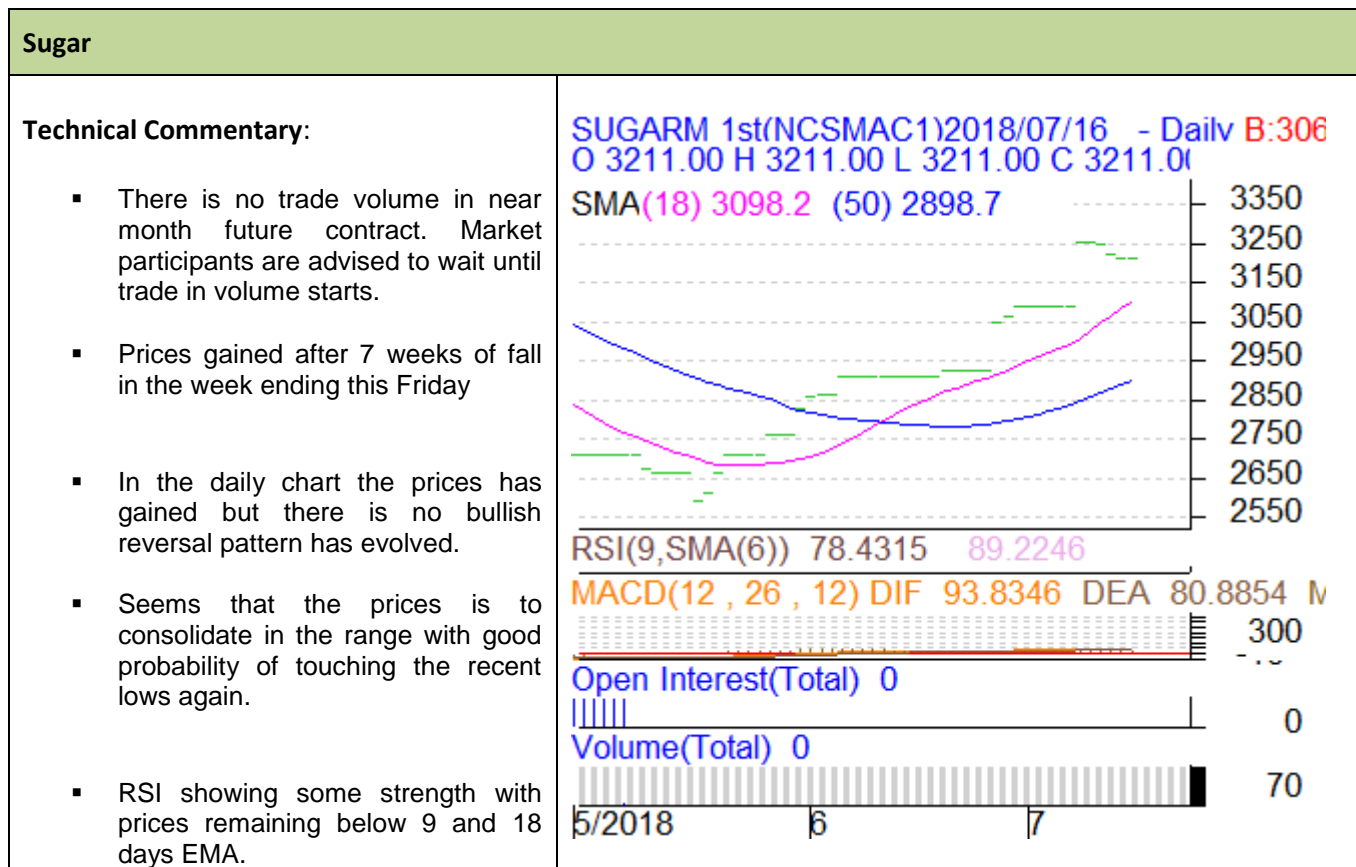
- In India, Sugarcane has been sown in around 50.52 lakh hectares as of 13th July 2018 which is higher than 49.72 lakh hectare covered during corresponding period last year. In Uttar Pradesh, it has been sown in 23.05 lakh hectare which is higher than 22.56 lakh hectare covered during corresponding period last year, In Maharashtra it has been sown 9.49 lakh hectare which is higher than 9.37 lakh hectare covered during corresponding period last year and in Karnataka it has been sown 4.38 lakh hectare which is higher than 4.27 lakh hectare covered during corresponding period last year. Area of 2018-19 is about to increase 5-10% compared to previous year because of supportive weather and availability sufficient water in growing regions.
- The government plans to recommend an 8 per cent increase in the fair and remunerative price (FRP) of sugarcane over the previous year, which the industry fears will make their operations unviable. If FRP is raised to Rs 275/quintal for the 2018-19 season beginning October, mills may find it difficult to pay farmers their dues.
- A ministerial panel on last week mooted GST reduction on ethanol from 18 per cent to 12 per cent but did not favour imposing cess on sugar as arrears to cane farmers are already declining. The Group of Ministers, headed by Assam Finance Minister Himanta Biswa Sarma, will also wait for Attorney General's opinion before taking a view on whether cess can be levied at all under the current Goods and Services Tax (GST) regime, according to officials.

Previous Updates

- The directorate of sugar under the food ministry has allocated total sales quota of 11.60 lakh tonnes to mills in Uttar Pradesh for June and July, while Maharashtra has got 15.77 lakh tonnes for these two months.
- The UP Sugar Cane Authority has written to the central government to increase the quota of sugar that mills can sell to 10 lakh tonnes per month in view of the pending dues of farmers accounting Rs 12000 crores. As per quota fixed by the central government, mills in the state can sell sugar worth Rs 1,650 crore every month, thereby making it all more difficult for them to clear dues.
- The government is considering a proposal to raise the fair and remunerative price (FRP) of cane to Rs 275 per quintal for the marketing year starting October, against Rs255 this year.
- In the current season 2017-18, the total production of molasses stood at over 5.32 million tonnes (MT). However, only 2.97 MT of the stock was lifted, leaving unsold stock of almost 2.55 MT with mills (which includes the opening stock from the previous sugar season).

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3166 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3400 and Rs 3000 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.


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


Strategy: Wait							
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Jul	3064	3094	3211	3300	3450
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Jul	Wait				

* Do not carry-forward the position next day.

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.

Sugar Domestic Balance Sheet

		2016-17	2017-18	2018-19	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
A	Carry in stock	77	38.24	98.09	188.09	212.95	235.05	202.83
B	Estimated sugar production	202.85	320	355	100.66	187.78	46.48	20.08
C	Imports	4.46	2.85	0	0	0	0	0
D	Estimated sugar availability (A + B + C)	284.31	361.09	453.09	288.75	400.73	281.53	222.91
E	Exports	0.46	3	2	0	0	1	1
F	Availability for domestic consumption (D - E)	283.85	358.09	451.09	288.75	288.75	280.53	221.91
G	Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
H	Carry out stock (F - H)	38.24	98.09	188.09	212.95	235.05	202.83	166.11

Source: Agriwatch and ISMA

Note: Indian sugar marketing year begins from October – September.

As per the Agriwatch estimate, India's sugar production is expected to rise to 355 LT in 2018/19 as the country is expecting a good cane crop this marketing year particularly from the state of Uttar Pradesh & Maharashtra. Agriwatch is expecting Maharashtra to produce 10-15% of more sugar in 2018-19 (01st October, 2018 -30th September, 2019)

In addition, Uttar Pradesh is also expected to produce a large quantity of sugar this year too due to a surge in cane area, yield and sugar recovery. Agriwatch is expecting U.P to produce 125 LT of sugar in 2018-19 (01st October, 2017 -30th September, 2018); while Karnataka is expected to produce 40 to 45 LT of sugar during the same duration.

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 200 LT in 2018-19.

International Market Highlights

Recent Updates

- U.S. sugar supply for 2018/19 is increased 143,867 short tons, raw value (STRV) as increases in beginning stocks and imports more than offset a reduction in cane sugar production. The increase in imports results from the Secretary of Agriculture establishing 2018/19 sugar tariff-rate quotas (TRQs) that include an allocation for specialty sugar beyond the minimum level that the United States is bound under the WTO. In addition there is a small increase in projected imports from Mexico. Cane sugar production is reduced in all producing States. Production changes in Florida and Louisiana result from applying updated yield and recovery projections on NASS 2018/19 area harvested forecasts. Texas production is reduced on processor reporting. U.S. sugar use for 2018/19 is reduced by 100,000 STRV on lower deliveries for human consumption. Ending stocks are residually projected at 1.707 million STRV for an ending stocks-to-use ratio of 13.5 percent.
- U.S. beet sugar production for 2017/18 is increased 55,000 STRV to 5.276 million based on processor reporting of late season sucrose recovery from sugar beet slicing to a robust 15.2 percent. High-tier tariff imports are increased 15,000 STRV. Deliveries for human consumption are reduced by 65,000 STRV to 12.235 million on a continuing slow pace as refiners' inventories of raw stocks remain elevated.
- Mexico production for 2017/18 is increased to 6.009 million metric tons (MT) on official preliminary reporting of the completed harvest season. Ending stocks for 2017/18 are estimated at 1.246 million MT based on domestic consumption in 2018/19 before the start of the campaign and sugar that can be exported to the United States in 2018/19 at a return that is expected to be higher than can currently be obtained in the world market. Exports for 2017/18 to non-U.S. destinations are residually increased by 36,375 MT. For 2018/19, exports to the United States are increased by a small amount to 1.417 million MT to equal U.S. Needs as defined in the amended Suspension Agreements.
- Mexican sugar production in the last week of the season was 2,510 tonnes (up from 2,273 a year ago), which brought final output to 6,009,220 tonnes, which was 52,049 tonnes more than a year ago.
- Brazil exported only 1.946 million tonnes of sugar, raw value, in June 2018, down from 2.120 mln a month earlier and significantly below 3.128 mln in the same month last year, Trade Ministry data showed.
- Sugar futures continue to roll along near the bottom of their 2018 trading range, not helped by a generally depressed feel to soft and agri-commodities amid current trade war concerns.

Previous Updates

- Philippine raw-sugar production as of June 17 declined by 15.3 percent to 2.064 million metric tons, from 2.437 MMT recorded in the same period last year, according to preliminary data from the Sugar Regulatory Administration (SRA).
- The European Commission has cut its forecast for sugar production in the bloc in 2018/19 to 20.1 mln tonnes from a previous projection of 20.4 mln, according to its quarterly short-term agricultural outlook report.

- Russia's first sugar beet test for the 2018/19 crop, showed an average root weight of only 81 grams, below last year's 92g and sharply below the five-year average of 119.2g, Russian Sugar Producers Union (Soyuzrossakhar) data show.
- Brazil exported only 1.946 million tonnes of sugar, raw value, in June 2018, down from 2.120 mln a month earlier and significantly below 3.128 mln in the same month last year, Trade Ministry data showed.

Gur Market Scenario

- NO arrivals were noticed at Muzaffarnagar market since two weeks.
- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2850/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3000 and Rs 2750 per quintal respectively.

Technical Analysis - Gur (Chaku) at Spot (Muzaffarnagar) market.

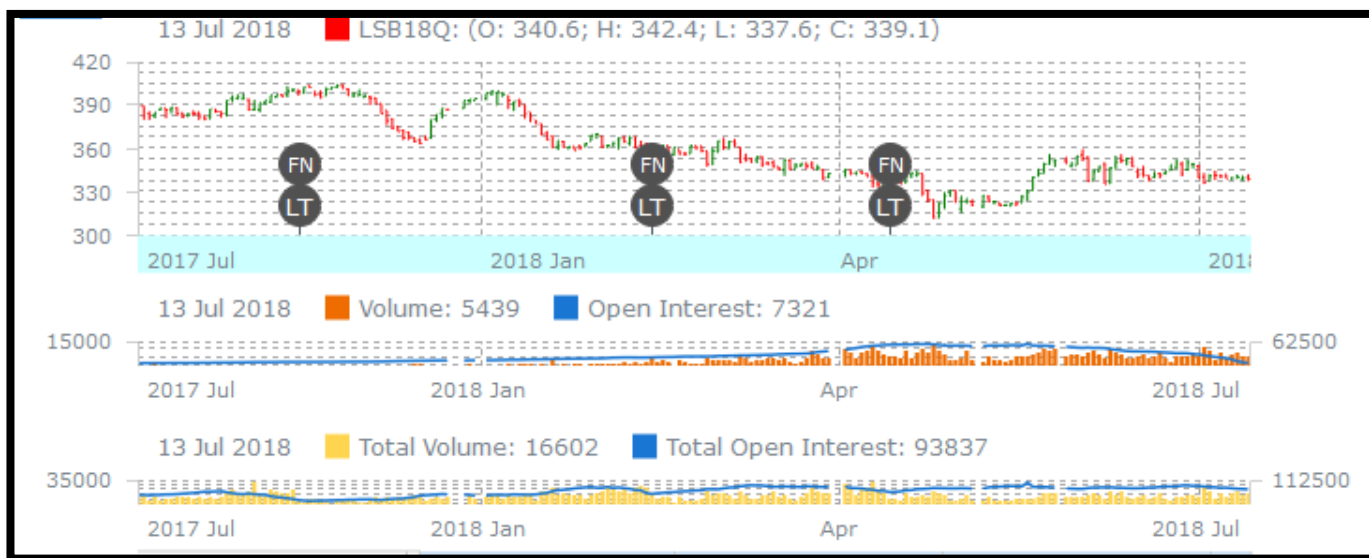


International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market trends strong for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 340,T1 340

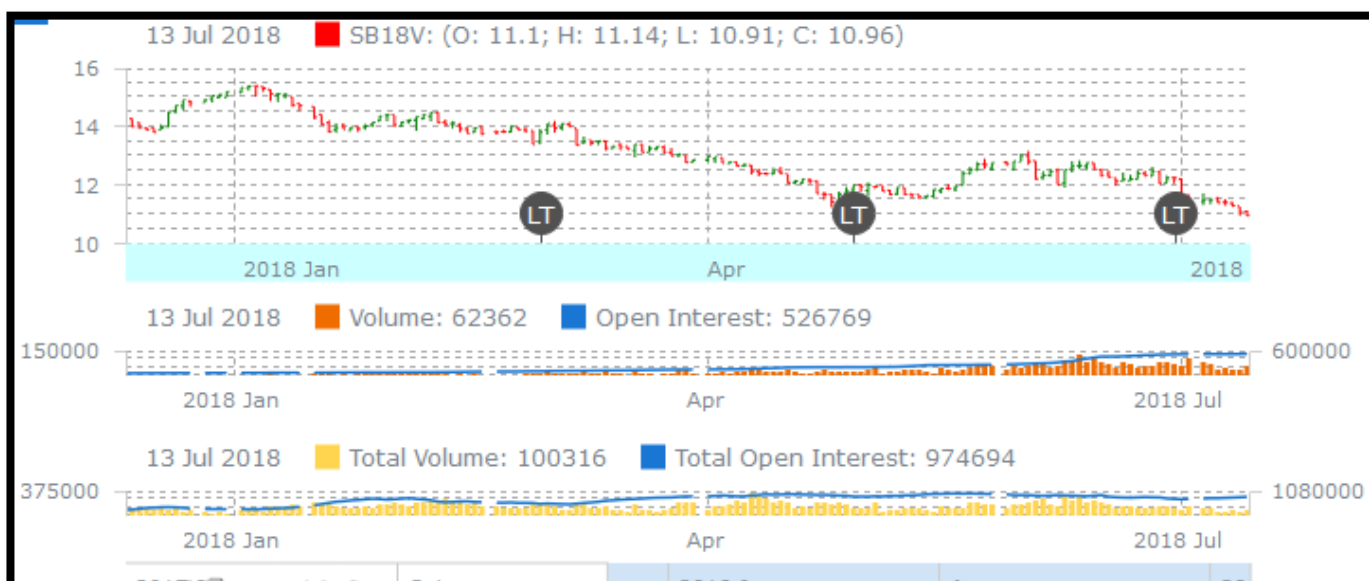


International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Aug'18	339.1	300-340

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

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearish in the market. Strategy: sell at 10.50 targeting 13



International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'18	10.96	10-13

Spot Sugar Prices Scenario:

Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			05th to 12th July,2018	29th June to 05th July,2018	
Delhi	Delhi	M-Grade	3350	3322	28
	Delhi	S-Grade	3330	3302	28
Uttar Pradesh	Khatauli	M-Grade	3418	3412	7
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3342	3358	-17
	Dhampur	S-Grade Ex-Mill	3322	3338	-17
	Dhampur	L-Grade Ex-Mill	3392	3408	-17
Maharashtra	Mumbai	M-Grade	3540	3505	35
	Mumbai	S-Grade	3288	3260	28
	Nagpur	M-Grade	3283	3383	-100
	Nagpur	S-Grade	3183	3258	-75
	Kolhapur	M-Grade	3158	3258	-100
	Kolhapur	S-Grade	3058	3133	-75
Assam	Guhawati	S-Grade	3368	3444	-76
Meghalaya	Shillong	S-Grade	3378	3453	-75
Andhra Pradesh	Vijayawada	M-Grade	3730	3687	43
	Vijayawada	S-Grade	3670	3640	30
West Bengal	Kolkata	M-Grade	3707	3510	197
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
	Dindigul	M-Grade	3697	1840	1857
	Coimbatore	M-Grade	3700	1850	1850
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3300	150

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			12-Jul-18	5-Jul-18	12-Jun-18	12-Jul-17
Delhi	Delhi	M-Grade	3400	3300	3450	3790
	Delhi	S-Grade	3380	3280	3430	3770
Uttar Pradesh	Khatauli	M-Grade	3425	3420	3550	3760
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3325	3500	3400	3685
	Dhampur	S-Grade Ex-Mill	3305	3480	3380	3665
	Dhampur	L-Grade Ex-Mill	3375	3550	3450	3735
Maharashtra	Mumbai	M-Grade	3500	3600	3470	3910
	Mumbai	S-Grade	3282	3280	3240	3762
	Nagpur	M-Grade	3275	3225	3475	3750
	Nagpur	S-Grade	3175	3125	3375	3700
	Kolhapur	M-Grade	3150	3100	3350	3625
	Kolhapur	S-Grade	3050	3000	3250	3575
Assam	Guhawati	S-Grade	3360	3309	3563	3893
Meghalaya	Shillong	S-Grade	3370	3320	3570	3895
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	3660	3933
	Vijayawada	S-Grade	3680	3680	3600	3876
West Bengal	Kolkata	M-Grade	3740	3700	3760	4140
Tamil Nadu	Chennai	S-Grade	3500	3500	3500	3800
	Dindigul	M-Grade	3680	3700	NR	NR
	Coimbatore	M-Grade	3700	3700	NR	NR
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3450	NR	NR

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)			05th to 12th July,2018	29th June to 05th July,2018	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2863	2918	-55
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	2775	-
	Muzaffarnagar	Laddoo (Fresh)	NA	3300	-
	Muzaffarnagar	Rascut (Fresh)	2623	2621	2
	Hapur	Chaurasa	2780	2750	30
	Hapur	Balti	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-

Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3000	2942	58
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3017	3017	Unch
	Gulbarga	Other (Average)	2871	2916	-45
	Mahalingapura	Penti (Average)	3202	3122	81
	Mandya	Achhu (Medium)	3050	3042	8
	Mandya	Kurikatu (Medium)	2900	2917	-17
	Mandya	Other (Medium)	2925	2942	-17
	Mandya	Yellow (Medium)	3133	3142	-8
	Shimoga	Achhu (Average)	3833	3790	43

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			12-Jul-18	5-Jul-18	12-Jun-18	12-Jul-17
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2865	2900	2875	3350
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	NA	NA
	Muzaffarnagar	Laddoo	NA	NA	NA	NA
	Muzaffarnagar	Rascut	2650	2600	NA	2825
	Hapur	Chaurasa	2800	2750	2500	NA
	Hapur	Balti	NA	NA	2500	NA
Maharashtra	Latur	Lal Variety	NR	NR	NR	NR
Karnataka	Bangalore	Mudde (Average)	4300	4300	4300	4800
	Belgaum	Mudde (Average)	3000	3000	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	3000	3000	3135	NA
	Gulbarga	Other (Average)	2880	2880	NA	3550
	Mahalingapura	Penti (Average)	3245	3194	3134	3720
	Mandya	Achhu (Medium)	3100	3100	3500	3800
	Mandya	Kurikatu (Medium)	2900	2900	3150	3500
	Mandya	Other (Medium)	2950	3000	3250	3450
	Mandya	Yellow (Medium)	3150	3150	3450	3600
	Shimoga	Achhu (Average)	3850	3800	3700	4500

International Sugar Prices (Weekly)				
	Contract Month	11-Jul-18	4-Jul-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	11.29	11.39	-0.10
	19-Mar	12.03	12.12	-0.09
	19-May	12.14	12.21	-0.07
LIFFE Sugar (US \$/MT)	18-Aug	340.20	336.60	3.60
	18-Oct	331.30	328.40	2.90
	18-Dec	328.90	327.00	1.90

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