

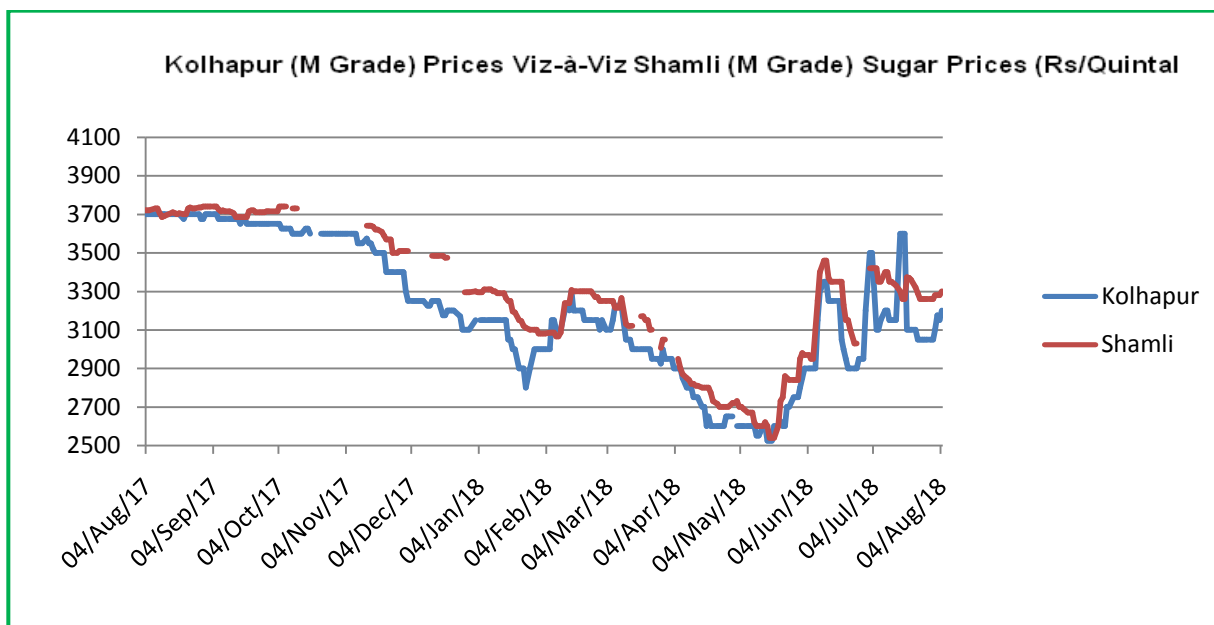
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

- The prices of M-30 grades of sugar have noticed slightly up across the country on during the week. Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3120 per quintal last week gaining INR 62 per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3276 per quintal at the end of last week, gaining 01 rupees per quintal against previous week's average prices



Price Outlook:

- Sugar prices at the wholesale markets noticed firm 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

- Sugarcane arrears to farmers have come down to Rs 16,600 crore from the peak of Rs 23,232 crore in May-end due to various measures taken by the government to help the sugar industry.
- India's move to find new markets for its sugar ahead of the 2018-19 crushing season has met with partial success so far, with Bangladesh and Malaysia showing interest in importing raws from the country while Indonesia wants India to lower the import duties on palm oil before it allows import of sugar. Bangladesh, Indonesia, Malaysia, and China are the four countries that India has targeted in the first phase to export surplus raw sugar either through government-to-government deals or even otherwise. Negotiations are still on with China, and while India can potentially export 1.5-2.0 million tonnes of raw sugar to China, Beijing recently imposed a huge tariff on sugar imports, hurting any possibility of India making headway.
- According to reports from the cane commissioner's office, till July 27, sugar mills in UP still owed farmers Rs 11,231 crore in cane payment for the current season which ended last month.
- With less than one month to go in the current 2017/18, Philippines is unlikely to hit its production target of 2.27 million tonnes of sugar, which was already below the 2.5 mln seen in 2016/17. The Thailand Sugar Mills Association expects that the country will produce about 13 mln tonnes of sugar in the 2018/19 (Nov/Oct) campaign, only slightly below the all-time high of 14 mln seen this season.
- The Haryana government has released an amount of Rs200 crore to sugar mills to clear the pending payment of sugarcane farmers for the year 2017-18. This was disclosed by Minister of state cooperation Mr. Manish Kumar .
- Sugar production during 2018-19 is likely to rise 10% year-on-year to more than 35 million tonnes. Domestic consumption of sugar in India is estimated to be around of 25 million tonnes. The USDA Foreign Agricultural Service, In its own estimates, said India is likely to consume a total of 26.5 million tonnes of sugar every year. That makes us the highest sugar consuming country in the world. But india is already the second-largest producer of sugar, so our supply is doing just fine.

Previous Updates

- Surplus production of sugar during the current sugar season had resulted in depressed sugar prices which is adversely affecting the realization by the sugar mills from sale of sugar in the open market. Low realization from sale of sugar in the country during 2017-18 sugar season resulted in accumulation of cane price arrears. The arrears to farmers remain at Rs 17,825crore, according to an 18 July ISMA release.
- Nearly 4,00,000 tonnes of sugar is in the process of being exported from India to countries in the Middle East as also Sri Lanka. Mills are required to export 20 lakh tonnes of sugar in the current 2017-18 marketing year (October-September) to avail of a subsidy of Rs 55 per tonne offered by the government.
- ISMA made a presentation to CACP on 24th July 2018, regarding the pricing policy on sugarcane for 2019-20 SS. In the presentation, ISMA strongly recommends that if Indian sugar has to be competitive globally, then cane prices need rationalization and policy be made at par with world practice. Rangarajan Committee report on cane price fixation should be implemented at the earliest, and mills should be allowed to pay 75% of revenue realized from sugar as cane price. ISMA also requested CACP should either prescribe Minimum Selling Price of Sugar, which would support the FRP the Government is fixing.

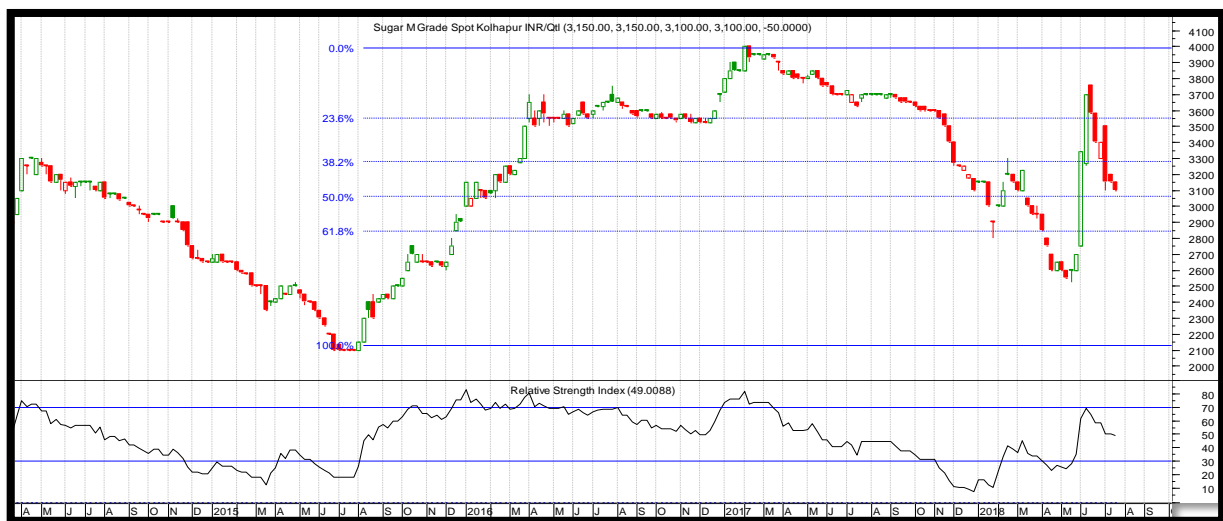
- As per the Agriwatch estimate, India's sugar production is expected to rise to 355 LT in 2018/19 as the country is expecting a good cane crop this marketing year particularly from the state of Uttar Pradesh & Maharashtra. Agriwatch is expecting Maharashtra to produce 10-15% of more sugar in 2018-19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

Monsoon Update:

- Private weather forecaster Skymet has downgraded its outlook for this year's monsoon to 'below normal' from its earlier forecast of normal rains for the season, saying August and September were likely to witness depressed rainfall. The monsoon could end up at 92% of LPA, with Aug likely to see poor rainfall at 88% and September performing a shade better at 93%. The monsoon is likely to go into a prolonged weak phase during August.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3120 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 3000 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.

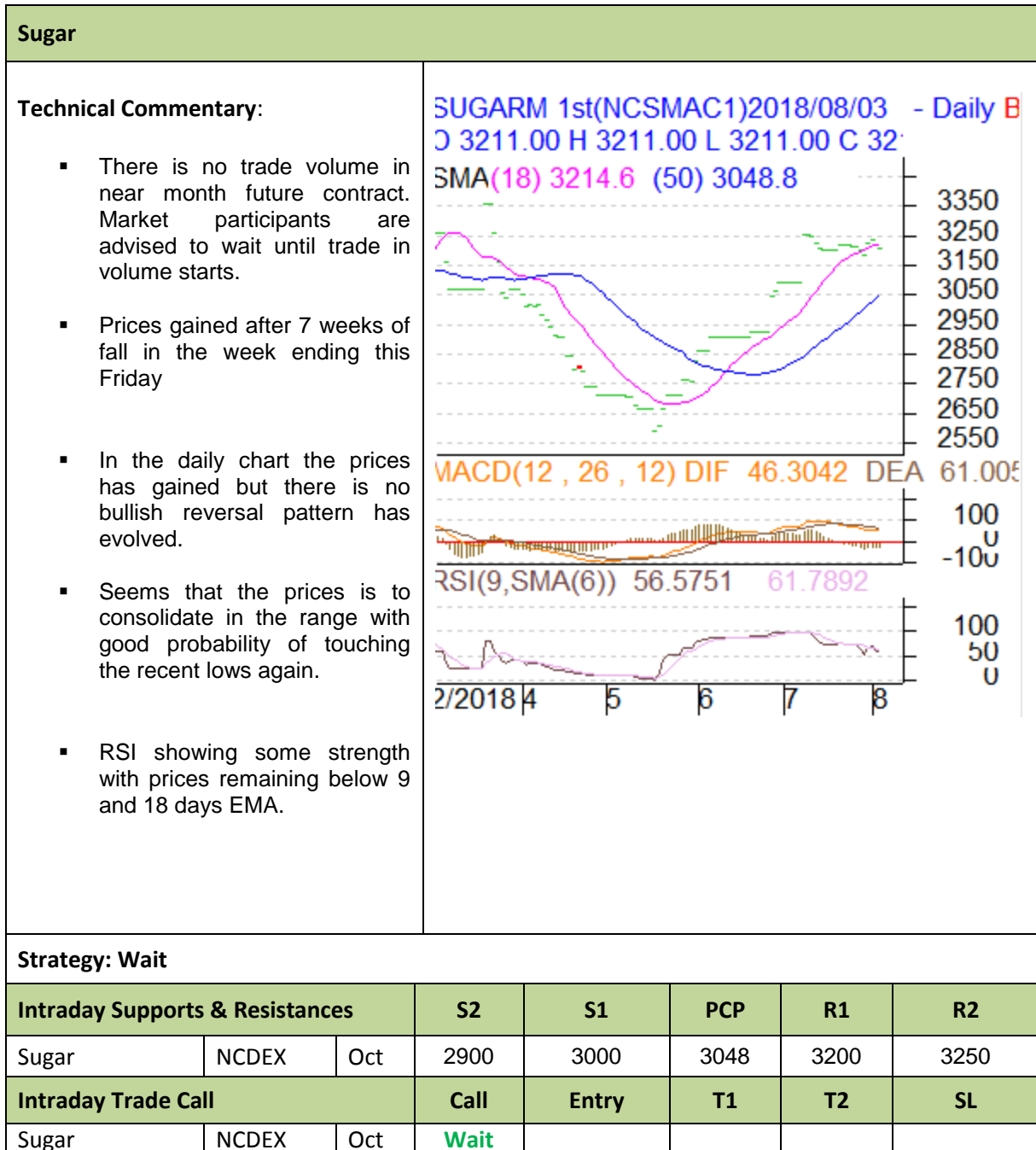


Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Cont



* 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

- Brazil exported only 1.885 mln tonnes of sugar, raw value, in July 2018, down from 1.946 mln a month earlier and significantly below 2.703 mln in the same month last year.
- According to Australian Sugar Milling Council, Australian Sugar mills crushed 1.608 million tonnes of cane in the week to July 29, up from 1.548 mln last week and also above the 1.526 mln in the same week in 2017.

- Australia's federal government has decided to invest A\$2.2 million (\$1.6 million) in a blockchain initiative as a way to make its key sugar production more competitive, local media reported on Tuesday. Prime Minister Malcolm Turnbull's coalition backed Sustainable Sugar Project, which targets Queensland, the major sugar export region of Australia. The initiative will use blockchain capabilities to improve productivity, profitability, and sustainability in the sugarcane farms.
- The Thai Sugar Mills Association expects that the country will produce about 13 mln tonnes of sugar in the 2018/19 (Nov/Oct) campaign, only slightly below the all-time high of 14 mln seen this season.
- According to reports from the cane commissioner's office, till July 27, sugar mills in UP still owed farmers Rs 11,231 crore in cane payment for the current season which ended last month.
- With less than one month to go in the current 2017/18, Philippines is unlikely to hit its production target of 2.27 million tonnes of sugar, which was already below the 2.5 mln seen in 2016/17. The Thailand Sugar Mills Association expects that the country will produce about 13 mln tonnes of sugar in the 2018/19 (Nov/Oct) campaign, only slightly below the all-time high of 14 mln seen this season.
- Sugar production during 2018-19 is likely to rise 10% year-on-year to more than 35 million tonnes. Domestic consumption of sugar in India is estimated to be around of 25 million tonnes. The USDA Foreign Agricultural Service, In its own estimates, said India is likely to consume a total of 26.5 million tonnes of sugar every year. That makes us the highest sugar consuming country in the world. But india is already the second-largest producer of sugar, so our supply is doing just fine.

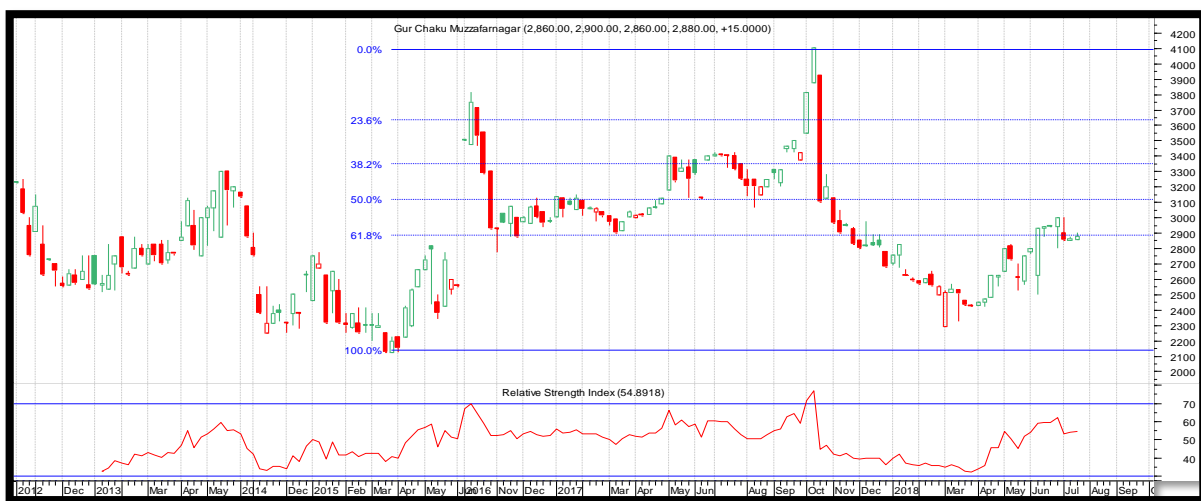
Previous Updates

- Currently, global sugar prices are hovering around 10.58 cents/lb. Global Trade experts expects world sugar price to remain below 13 cents/ lb till March'19.
- Sugar mills in the Centre/South processed only 44.879 mln tonnes of cane in the first half of July, down from 45.566 mln in the second half of last month.
- The final price for sugar is in and the estimated value for the 2017-2018 crop is not sweet news for farmers who will be paid an estimated 45 dollars and 47 cents per ton. That's the figure released today by American Sugar Refinery/Belize Sugar Industry to the three cane farmers' associations in the north. For the previous crop, farmers received approximately 53 dollars per ton of sugar cane taken to the mills. The new estimated price will now see farmers get a second payment of between three dollars and ninety cents and six dollars and thirty-four cents per ton when compared to last year when they received over eleven dollars.
- 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.

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

Gur Market Scenario

- 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.
- There are no arrivals at market.



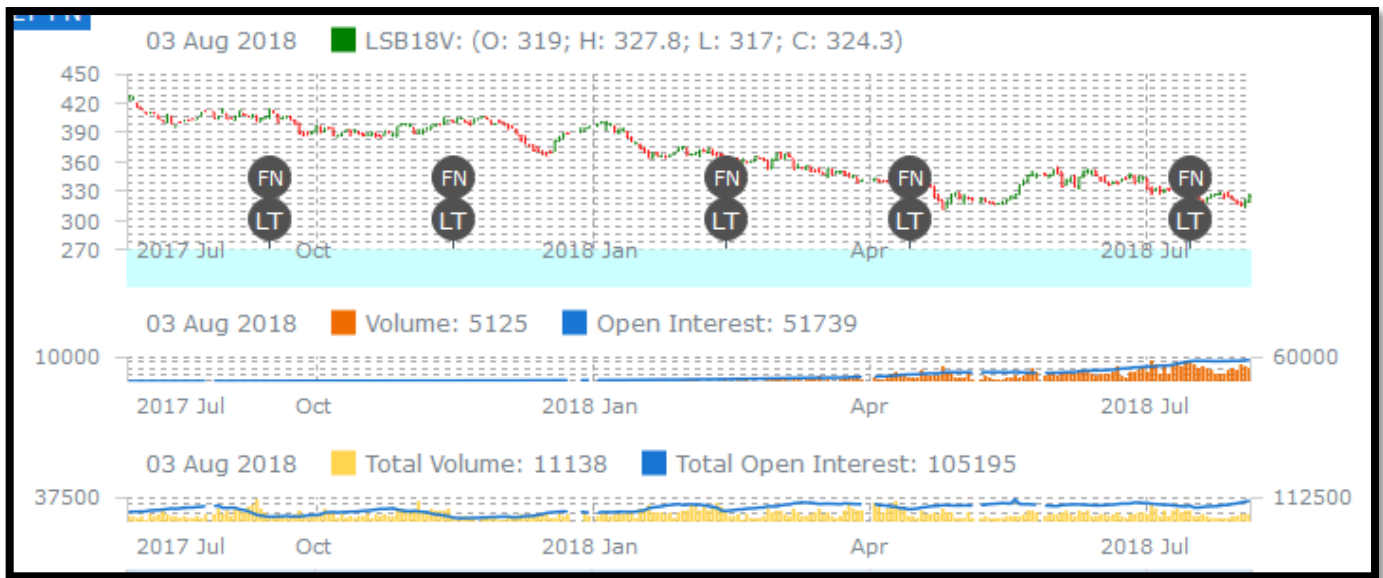
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 320,T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Oct'18	317	300-340

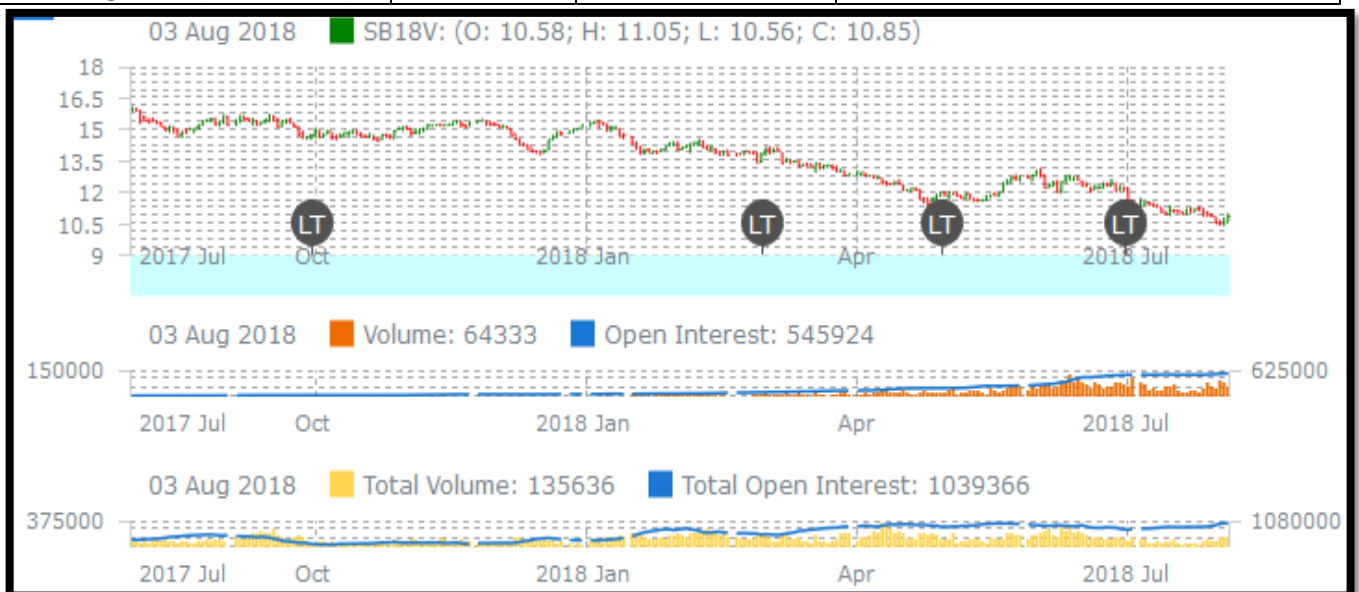


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearish in the market. Strategy: sell at 11.00 targeting 13

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Oct'18	10.85	10-13



Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			02-Aug-18	26-Jul-18	02-Jul-18	02-Aug-17
Delhi	Delhi	M-Grade	3250	3250	3400	3790
	Delhi	S-Grade	3230	3230	3380	3770
Uttar Pradesh	Khatauli	M-Grade	3300	3350	3500	3815
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3300	3280	3400	3750
	Dhampur	S-Grade Ex-Mill	3280	3260	3380	3730
	Dhampur	L-Grade Ex-Mill	3350	3330	3450	3800
Maharashtra	Mumbai	M-Grade	3420	3576	3520	3992
	Mumbai	S-Grade	3282	3316	3326	3806
	Nagpur	M-Grade	3300	3175	3625	3825
	Nagpur	S-Grade	3200	3125	3425	3775
	Kolhapur	M-Grade	3175	3050	3500	3700
	Kolhapur	S-Grade	3075	3000	3300	3650
Assam	Guhawati	S-Grade	3385	3309	3613	3969
Meghalaya	Shillong	S-Grade	3395	3320	3620	3970
Andhra Pradesh	Vijayawada	M-Grade	3640	3680	3740	3971
	Vijayawada	S-Grade	3580	3620	3680	3914
West Bengal	Kolkata	M-Grade	3580	3620	NA	4080
Tamil Nadu	Chennai	S-Grade	3525	3500	NA	3850
	Dindigul	M-Grade	3680	366	0	0
	Coimbatore	M-Grade	3550	3550	0	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3450	NR	0

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			02-Aug-18	26-Jul-18	02-Jul-18	02-Aug-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2975	2880	0	3213
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	NA
	Muzaffarnagar	Khurpa	NA	0	0	NA
	Muzaffarnagar	Laddoo	NA	0	0	NA
	Muzaffarnagar	Rascut	2675	2650	2650	2725
	Hapur	Chaurasa	2750	2750	Closed	NA
	Hapur	Balti	NA	NA	Closed	NA
Andhra Pradesh	Chittur	Gold	4600	4300	0	0

		White	4500	4000	0	0
		Black	2600	2800	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4300	4300	4300	4900
	Belgaum	Mudde (Average)	3000	3010	2900	3800
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	3100	3000	3000	NA
	Gulbarga	Other (Average)	2995	2850	2850	3650
	Mahalingapura	Penti (Average)	3247	3323	3134	3762
	Mandya	Achhu (Medium)	3150	3300	3000	3600
	Mandya	Kurikatu (Medium)	2950	3000	2900	3500
	Mandya	Other (Medium)	2900	3000	2900	3350
	Mandya	Yellow (Medium)	3150	3200	3150	3700
	Shimoga	Achhu (Average)	3950	3950	3800	4400

International Sugar Prices (Weekly)

	Contract Month	01-Aug-18	25-Jul-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	10.85	11.19	-0.34
	19-Mar	11.29	11.99	-0.70
	19-May	11.49	12.16	-0.67
LIFFE Sugar (US \$/MT)	18-Oct	314.50	327.40	-12.90
	18-Dec	314.80	325.70	-10.90
	19-Mar	318.90	330.60	-11.70

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