



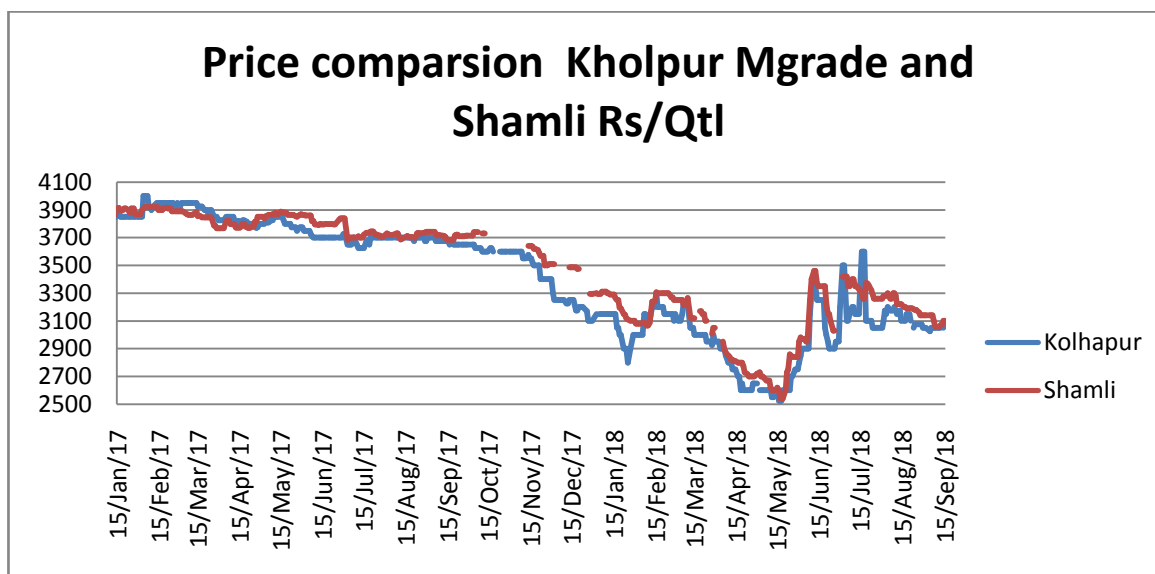
Sugar & Gur Weekly Research Report

Contents

- ❖ Domestic Sugar Market Summary
- ❖ Price Projection
- ❖ Domestic Market Highlights
- ❖ Domestic Sugar Market Technical Analysis (Future Market)
- ❖ Domestic Sugar Market Technical Analysis (Spot Market)
- ❖ International Sugar Market Summary
- ❖ International Market Highlight
- ❖ International Market Technical Analysis (Future Market)
- ❖ Gur Market Scenario/ Technical Analysis (Spot Market)
- ❖ Annexure

Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3062 per quintal last week gaining INR 12 per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3079 per quintal at the end of last week, declined 36 rupees per quintal against previous week's average price.



Price Outlook:

- Sugar prices in most of the markets were noticed weak last week as monthly sugar release quota for September was higher by over 14% from last month to 20 lakh tonnes. Millers, who have been sitting on huge sugar stocks, are expected to begin exporting as margin between domestic and export prices improved slightly.

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 2900–Rs 3300 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
Higher cane acreage for 2018-19 & Agriwatch production estimated to rise 35.5 mn tonnes in 2018-19	Bearish
Tightening of restriction on monthly sales	Bullish
MSP at Mill gate fixed at Rs 2900/ Qtl for refined Sugar	Bullish
Announcement for creation of 3 mn tonnes of buffer stock	Bullish

Domestic Market Highlights

Recent Updates:

- ***The union cabinet on last week increased the procurement price of ethanol produced from B-heavy molasses (also called as intermediary molasses) to Rs 59 a litre from the current Rs 47.13 a litre and that produced from C-heavy molasses to Rs 53 a litre from the existing Rs 43.46 a litre, an increase of 25 per cent. In Such case the sugar production might lead to decrease when the mills start producing ethanol directly from B-molasses.***
- ***Crushing of cane for the 2018-19 sugar season (October-September) set to begin in just over a month, the BJP government in Uttar Pradesh is set to approve a Rs 5,535-crore package to help mills clear their outstanding payment dues to growers, which are now almost at Rs 10,000 crore. The Rs 5,535-crore amount would include Rs 1,010 crore to be disbursed to 24 cooperative factories and Rs 25 crore to the sole state corporation-owned mill. The balance Rs 4,500 crore will be given to private sugar mills — Rs 500 crore as grant and Rs 4,000 crore in the form of soft loans.***
- ***Till 14th Sep 2018, sugarcane has been sown in 51.94 lakh ha, 4.17% higher than 49.86 lakh ha till date last year & 12.04% higher than the normal acreage of 46.36 lakh ha till date. As per ISMA, total area under sugarcane may rise 7.8% to 54.35 la ha in 2018/19 from 50.42 la ha this season.***

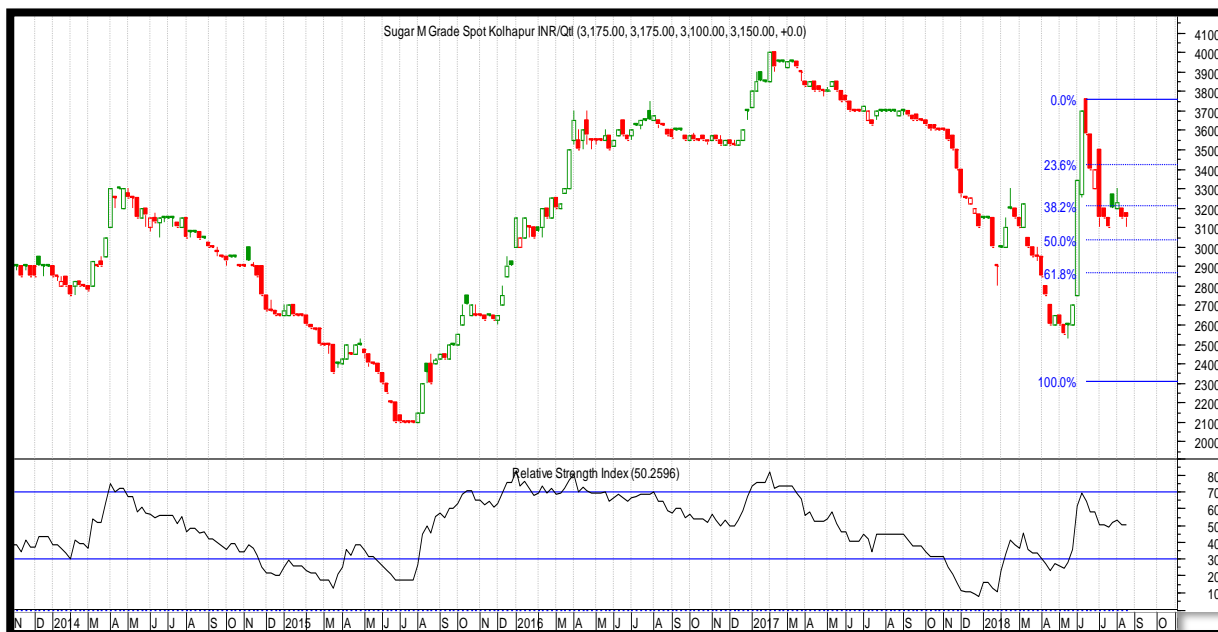
Previous Updates

- ***Average rainfall received in Andhra Pradesh from 1-6-2018 to 5-9- 2018 is recorded as 368.5 mm as against the Normal as on date of 426.9 mm showing by Normal-14 percent. Sugarcane is at vegetative to cane formation stage in major producing districts of Andhra Pradesh. Till 07th Sep 2018, In Andhra Pradesh sugarcane has been sown in 1.37 lakh hectares, 0.03 % higher than 1.34 lakh ha till date last year.***
- ***According to trade sources, the sugar mills are likely to crush 325 million tonnes of sugarcane crush between October 2018 and April 2019. The total sugar cane payment is estimated at Rs. 1,00,000 crore on present sugarcane price fixed by the government. Center has fixed the appropriate and remunerative price (FRP) 275 per quintal for sugar acquisition of 10 percent for marketing year 2018-19.***
- ***The Indian Sugar Mills Association had asked the government earlier this month to allow exports of around 6 mn-7 mn mt for the next season and to raise the minimum selling price of sugar to Rupees 36,000/mt. However, it is yet to be seen what route the government will take to encourage mills to export next season and support domestic prices.***
- ***Crushing of cane for the next sugar season (October 2018-September 2019) would commence in October this year with production Agriwatch expected to be about 35 million tonnes. The mills usually complete crushing of cane by April and they would have to pay a fair remunerative price of Rs 97,000 crore to the farmers next season.***

- **ISMA officials had visited several countries, with some delegations led by government officials, to learn about export opportunities.** Refineries and importers in Bangladesh, Dubai, and China have shown interest to enter into long-term import contracts for raw sugar from October this year. However, exporters are unable to give commitments. These countries want the sugar at prices on a par with countries such as Brazil and Thailand.
- **The food ministry extended the deadline for exporting 2 million tonne of sugar by three months to December** as only a fourth of it has been shipped so far. In March, the government had allowed sugar export in view of record domestic output of 32 MT. Mill-wise, Minimum Indicative Export Quotas (MIEQ) were allocated by the ministry in May. Mills can export either sugar produced in the current 2017-18 season or the next 2018-19 season (October-September). As per the official data, only about 5 lakh tonne sugar has been exported so far.
- **Sugar exports under the MEIS (Merchandise Export from India Scheme) till July end were less than 20 per cent** and it is quite unlikely that sugar mills will be able to meet the target of 20 lakh tonnes by September 30. What has been moved out of mills till the end of July is about 3.5 lakh tonnes of sugar. Some consignments are on their way to ports and some are at ports already. We are completely off the target.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3062 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 3000 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.



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

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3060/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.


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	Oct	2900	3100	3140	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Oct	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

		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. beet sugar production for 2018/19 is projected up 235,923 short tons, raw value STRV) to 5.343 million.*** The increase is based on sugarbeet area and yield forecasts made by NASS in Crop Production, on improved sugar extraction based on processor -reported field conditions heading into the harvest campaign, and on a lower projected beet pile shrink. Based on NASS sugarcane yield and area harvested and processors' forecast area for seed, 2018/19 cane sugar production in Louisiana is increased by 4,021 STRV to 1.785 million. Projected imports from Mexico are reduced to 842,150 STRV and projected high-tier tariff imports are increased to 45,000 STRV. There are no changes to 2018/19 sugar use. Ending stocks for 2018/19 are projected at 1.687 million STRV for a stocks-to-use ratio of 13.5 percent.
- ***Sugar mills in Brazil's Centre/South crushed 43.306 mln tonnes of cane in the second half of August, up from 33.562 mln in the rain-affected first half of the month and also above 39.076 mln in the same period a year ago, Unica data showed.***
- ***Brazilian and Australian sugar industry groups have joined forces and are working together with their respective governments to prepare a formal complaint to the World Trade Organization (WTO) over any possible sugar export subsidy by India, Reuters reported. Brazil and Australia view any subsidy by India, set to take over as the world's largest sugar producer this year, as a grave threat to a recent price recovery.***

Previous Updates

- ***Brazil expected to produce about 30 million tonnes of sugar in the 2018-19 sugar season (including North East Brazil), 22 per cent lower than in the previous year. India, on the other hand, is projected to have an output of 35.5 million tonnes in the 2018-19 season (October-September), breaking the record of 32 million tonnes in 2017-18***
- ***Some of the recently intense downward pressure on the sugar market was lifted this week as lower EU beet estimates encouraged concerns that white sugar deliveries against the soon-to-expire front month (October) would fail to meet the needed level at current prices.***
- ***Raw sugar futures in New York touched a three-week high*** as the market continued a rebound from last week's 10-year low of 9.91¢/lb. and expecting Futures will trade at below 13 cents/Lb till March.
- ***Ukraine is likely to produce about 1.9 mln tonnes of white sugar in 2018/19 (Sep/Aug), down from 2.14 mln in the previous season, according to the National Association of Sugar Producers (Ukrtsukor).***
- ***According to Agricultural Statistic Agency. Brazil's total cane crush in the current crop at 635 million tonnes compared to 625 million tonnes in its May estimate and 633 million tonnes in the previous crop (2017/18). The agency, however, lowered its views for sugar production both for the country and for the***

center-south region. The agency projected center-south cane crush at 587 million tonnes versus 580 million tonnes seen in May and 588 million tonnes reported for the 2017/18 crop.

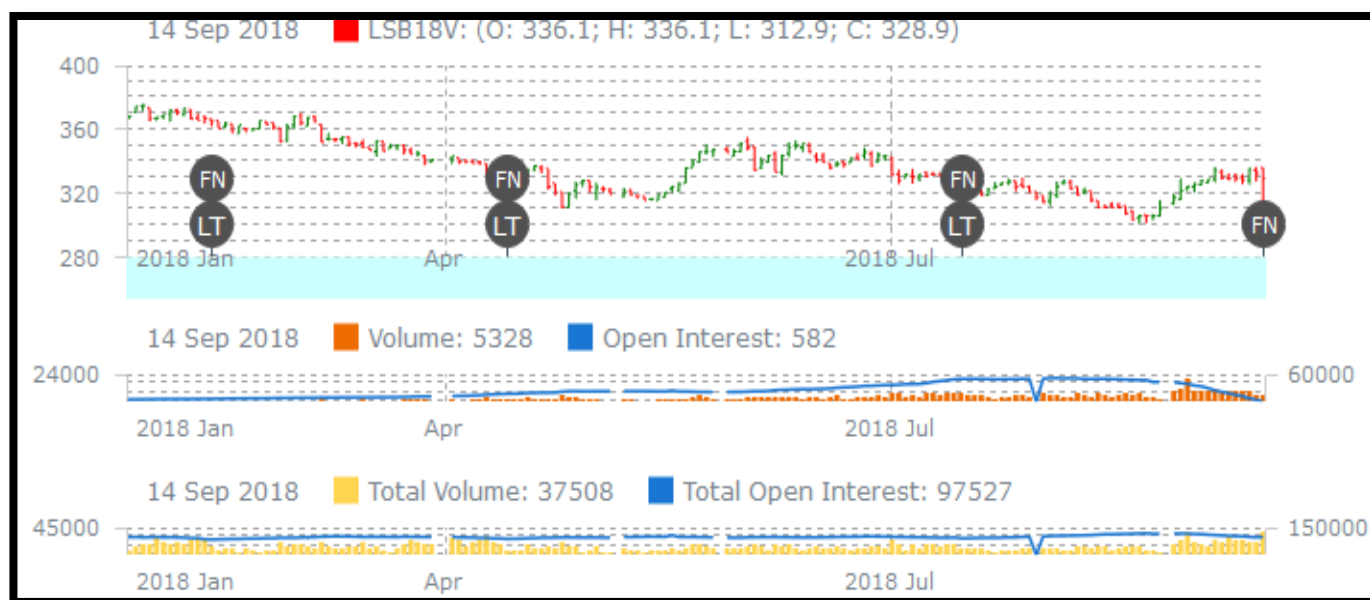
International Sugar Futures Price Projection

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 330,T1 330

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Oct'18	328	300-330

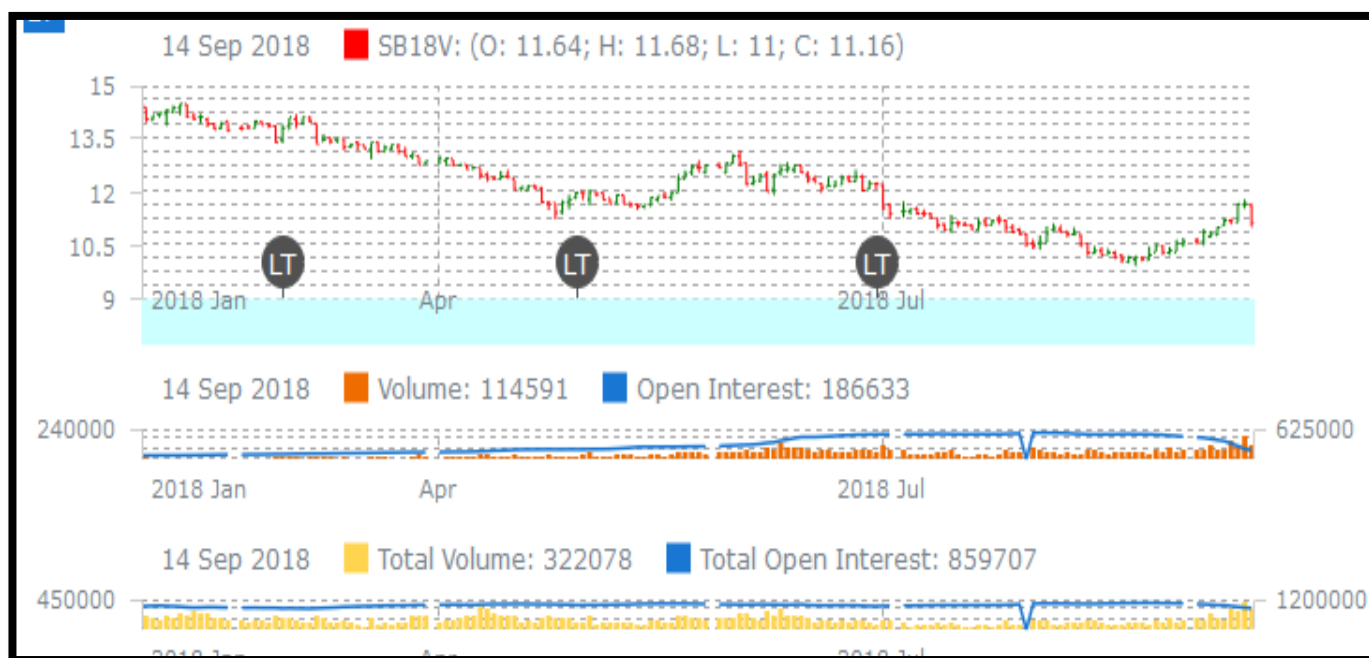


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bullishness in the market. Strategy: sell at 11.01-11.20. Targeting 13.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'18	11.16	10-13



Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			13-Sep-18	06-Sep-18	13-Aug-18	13-Sep-17
Delhi	Delhi	M-Grade	2926	3145	3200	3771
	Delhi	S-Grade	2906	3125	3180	3751
Uttar Pradesh	Khatauli	M-Grade	3210	3240	3345	3760
	Ramala	M-Grade	NA	NA	NA	3655
	Dhampur	M-Grade Ex-Mill	3100	3140	3250	3700
	Dhampur	S-Grade Ex-Mill	3080	3120	3230	3680
	Dhampur	L-Grade Ex-Mill	3150	3190	3300	3750
Maharashtra	Mumbai	M-Grade	Closed	3400	3456	3926
	Mumbai	S-Grade	Closed	3176	3256	3772
	Nagpur	M-Grade	Closed	3175	3300	3800
	Nagpur	S-Grade	Closed	3075	3200	3725
	Kolhapur	M-Grade	Closed	3050	3175	3675
	Kolhapur	S-Grade	Closed	2950	3075	3600
Assam	Guhawati	S-Grade	Closed	3258	3385	3918
Meghalaya	Shillong	S-Grade	Closed	3270	3395	3920
Andhra Pradesh	Vijayawada	M-Grade	3540	3600	3620	3993
	Vijayawada	S-Grade	3480	3540	3560	3933
West Bengal	Kolkata	M-Grade	3560	3450	3590	4140
Tamil Nadu	Chennai	S-Grade	Closed	3325	3500	3900
	Dindigul	M-Grade	3560	3540	3820	0
	Coimbatore	M-Grade	3620	3680	3680	0

Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3450	3600	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)			13-Sep-18	06-Sep-18	13-Aug-18	13-Sep-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	Closed	3000	0	3425
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	0	0	0
	Muzaffarnagar	Khurpa	Closed	0	0	NA
	Muzaffarnagar	Laddoo	Closed	0	0	NA
	Muzaffarnagar	Rascut	Closed	2800	2700	2875
	Hapur	Chaurasa	NA	NA	Closed	NA
	Hapur	Balti	NA	NA	Closed	NA
Andhra Pradesh	Chittur	Gold	Closed	4100	4090	0
		White	Closed	3900	3200	0
		Black	Closed	2500	2900	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4150	4150	5150
	Belgaum	Mudde (Average)	NA	2950	3000	3500
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	3100	2950	NA
	Gulbarga	Other (Average)	NA	3450	3150	3650
	Mahalingapura	Penti (Average)	NA	3185	3217	3642
	Mandya	Achhu (Medium)	NA	3200	3300	3600
	Mandya	Kurikatu (Medium)	NA	3000	3000	3500
	Mandya	Other (Medium)	NA	3000	2950	3550
	Mandya	Yellow (Medium)	NA	3200	3100	3600
	Shimoga	Achhu (Average)	NA	4000	4000	4250

International Sugar Prices (Weekly)				
	Contract Month	30-Aug-18	23-Aug-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	11.68	10.8	0.88
	19-Mar	12.45	11.56	0.89
	19-May	12.56	11.72	0.84
LIFFE Sugar (US \$/MT)	18-Oct	332.60	329.8	2.80
	18-Dec	350.60	329.5	21.10
	19-Mar	350.50	328.3	22.20



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