



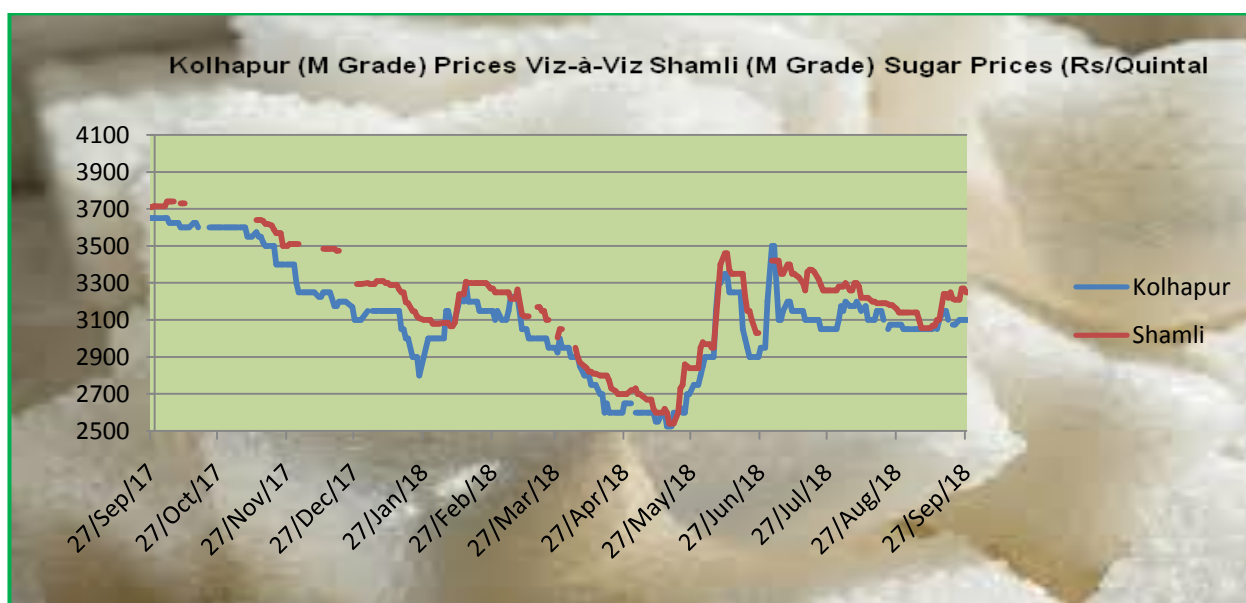
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3100 per quintal last week unchanged per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3227 per quintal at the end of last week, gaining 31 rupees per quintal against previous week's average price.



Price Outlook:

- Sugar prices in most of the markets were noticed firm last week. Sugar stocks gained from this move and Sugar prices have risen up to Rs 20-50 per quintal at the wholesale market due to aggressive offtake by stockists and bulk consumers after the hike in ethanol price. Marketmen said frantic buying by bulk consumers such as soft uch as soft-drink, ice-cream and confectioners coupled with thin supplies lifted sweetener prices notably high. And After announcement of the export incentives for sugar millers in the country, sugar prices in most of the markets were noticed firm last 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 3500 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
After announcement of the export incentives for sugar millers in the country	Bearish
Higher cane acreage for 2018-19 & Agriwatch production estimated to rise 35.5 mn tonnes in 2018-19	Bearish

<i>Tightening of restriction on monthly sales</i>	Bullish
<i>MSP at Mill gate fixed at Rs 2900/ Qtl for refined Sugar</i>	Bullish
<i>Announcement for creation of 3 mn tonnes of buffer stock</i>	Bullish

Domestic Market Highlights

Recent Updates:

- ***The 1st advance estimate of production of sugarcane for 2018-19 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 26th September, 2018. The Production of Sugarcane is estimated at 383.89 million tonnes which is higher by 6.99 million tonnes than the last years production of 376.90 million tonnes. Further, it is higher by 41.85 million tonnes than the average production of last five years.***
- ***The Union government on last week announced a Rs 5,500 crore package for the sugar industry, including over two-fold jump in production aid to cane growers and transport subsidy to mills for exports. The Centre will provide assistance to mills by compensating expenditure towards internal transport, freight, handling and other charges to facilitate 5 million tonnes (MT) export during the 2018-19 (October-September).***
- ***A transport subsidy of Rs 1,000 per tonne will be given for mills located within 100 kms from the ports, Rs 2,500 per tonne for mills located beyond 100 kms from the port in the coastal states and Rs 3,000 per tonne for mills located in other than coastal states or actual expenditure, whichever is lower.***
- ***Uttar Pradesh's (UP) chief minister Yogi Adityanath set November 30 as the deadline for private sugar millers to settle cane dues of INR86.83 billion for the 2017/18 crushing season, according to local press reports***

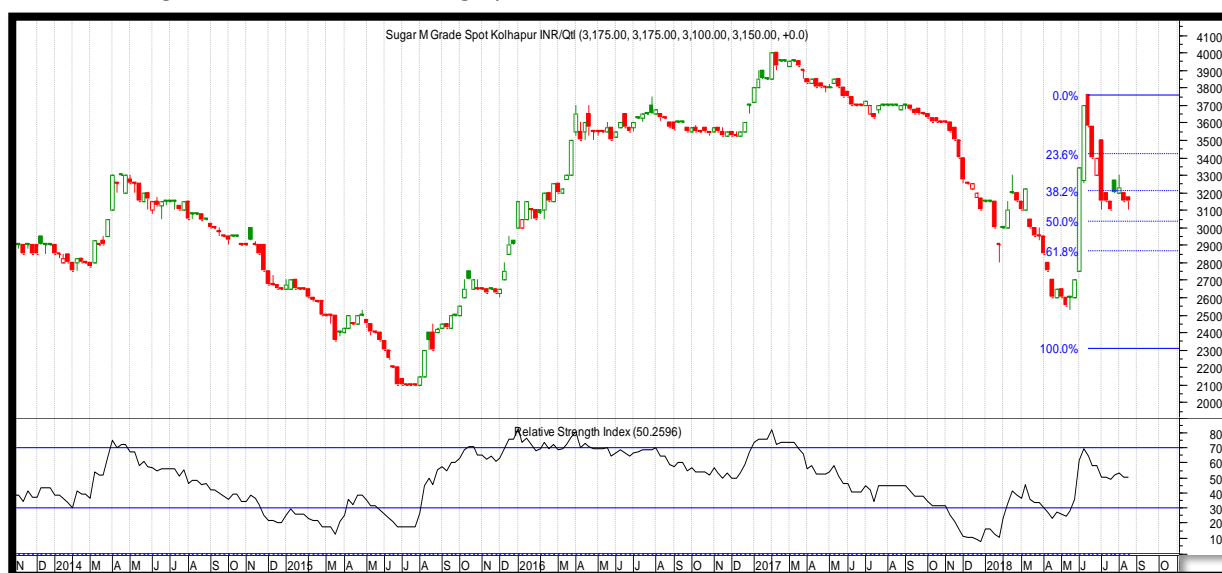
Previous Updates

- ***Maharashtra's sugar production is likely to be 10% lower in the 2018-19 season than the earlier estimates of the government and industry owing to deficient rainfall and incidence of white grub, which are expected to reduce per hectare sugarcane productivity. The overall sugar production of the state can decline 10% than estimated earlier. It will go below 100 lakh tonnes, said BB Thombre, president, Western Indian Sugar Mills Association (WISMA). Production of sugarcane in Marathwada, Solapur, Ahmednagar and Khandesh areas will decline 15-20% due to insufficient rainfall.***
- ***The Union cabinet on last week didn't consider Rs 4,500 crore plan to more than double the production assistance paid to sugarcane farmers and transport subsidy to sugar exporting mills. The cabinet committee on economic affairs may take up the food ministry's proposal next week, sources said. The ministry has proposed sharp increase in production assistance to farmers to Rs 13.88 per quintal for 2018-19 marketing year (October-September) from Rs 5.5 per quintal at present. The proposal to raise production assistance and transport subsidy of Rs 3,000 per tonne to mills for exports of 5 million tonnes of surplus sugar is part of the government plan to clear over Rs 13,500 crore arrears sugar mills have towards farmers.***

- **Till 20th 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.**
- **Price hike in Ethanol is a bonus for the sugar mills as it is more profitable compared to producing sugar, thus margins will move up and secondly mills would be able to control their sugar inventory by re-balancing production, thus saving on working capital blocked in inventory.**

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

- *Sugar spot prices at benchmark Kolhapur market closed at Rs 3100 quintal this week.*
- *Next resistance and support level for the coming month has been seen at Rs 3400 and Rs 3000per 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
Contract: Sugar 1 M Cont

Exchange: NCDEX



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

- **Raw sugar futures on ICE rebounded on short-covering on Friday** after plunging to 10-year lows in the prior session. Further reports of dry weather issues in some producing regions did not attract enough support to prevent raw sugar futures heading 'south' again this week.

- **The Ministry of Industry and Trade (MoIT) on September 26 released the results of an auction for a sugar import quota of 94,000 tonnes, according to local press reports.**
- **Russia's sugar beet crop begins to approach its halfway mark of completion, while Belarus reaches its quarter mark, local ministries indicate.** Russian farmers harvested sugar beet from 467,900 ha as of September 27, or 42.2% of the area sown, according to the Ministry of Agriculture.

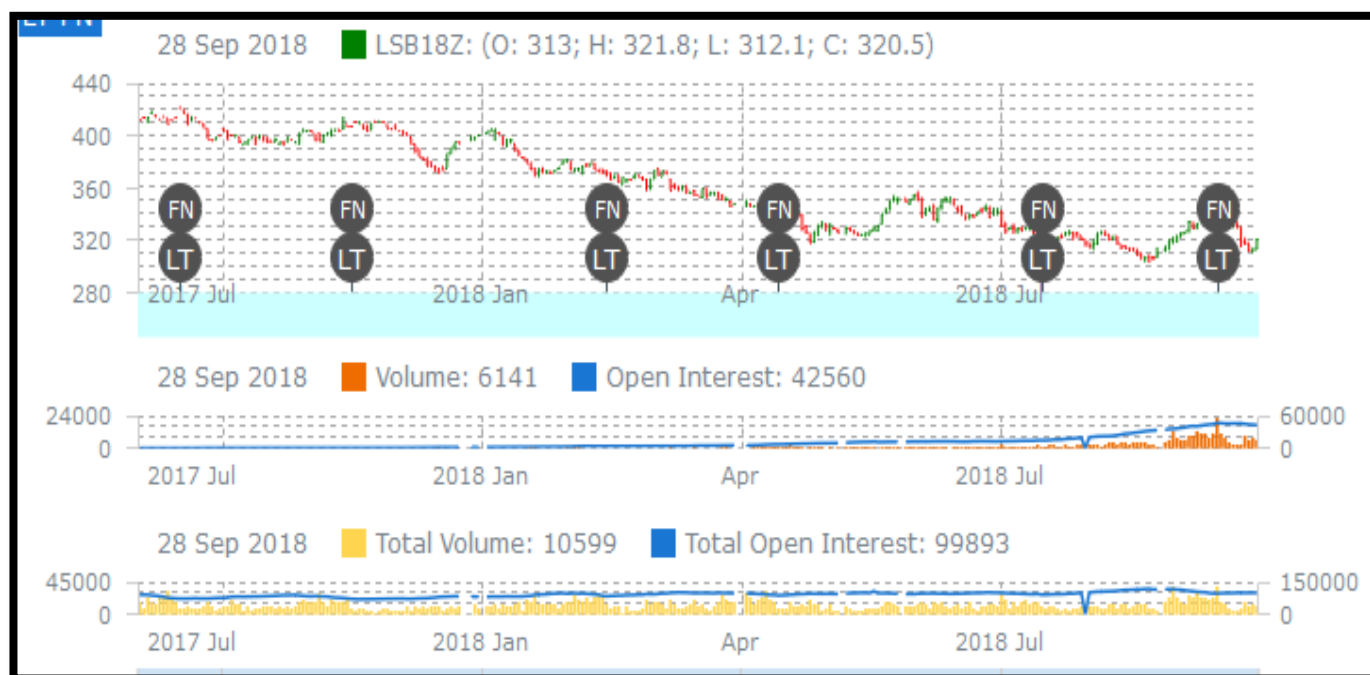
Previous Updates

- **Global sugar prices hit a 56-year low after more than a decade of steady rise, fuelled in part by the ethanol boom in Brazil.** Bumper crops in Thailand (50% up from 2016-17) and expected 20-year record production of 21 million tonnes in EU is expected to keep global prices under pressure.
- **Brazilian and Australian sugar industry groups 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.
- **Brazil's ethanol output is seasonal and typically peaks during the fourth quarter (October–December) of each year.** The peak coincides with the harvest of sugarcane, the primary feedstock used in Brazil's ethanol production. This seasonal fuel ethanol production can lead to significant monthly variations in Brazil's total petroleum and other liquids production.
- UNICA, the Brazilian sugarcane industry association, has announced sales of hydrous ethanol set a new bi-weekly record during the second half of August, reaching 1.05 billion liters (277.38 million gallons).
- **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.

International Sugar Futures Price Projection
LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'18 Contract)
Technical Commentary

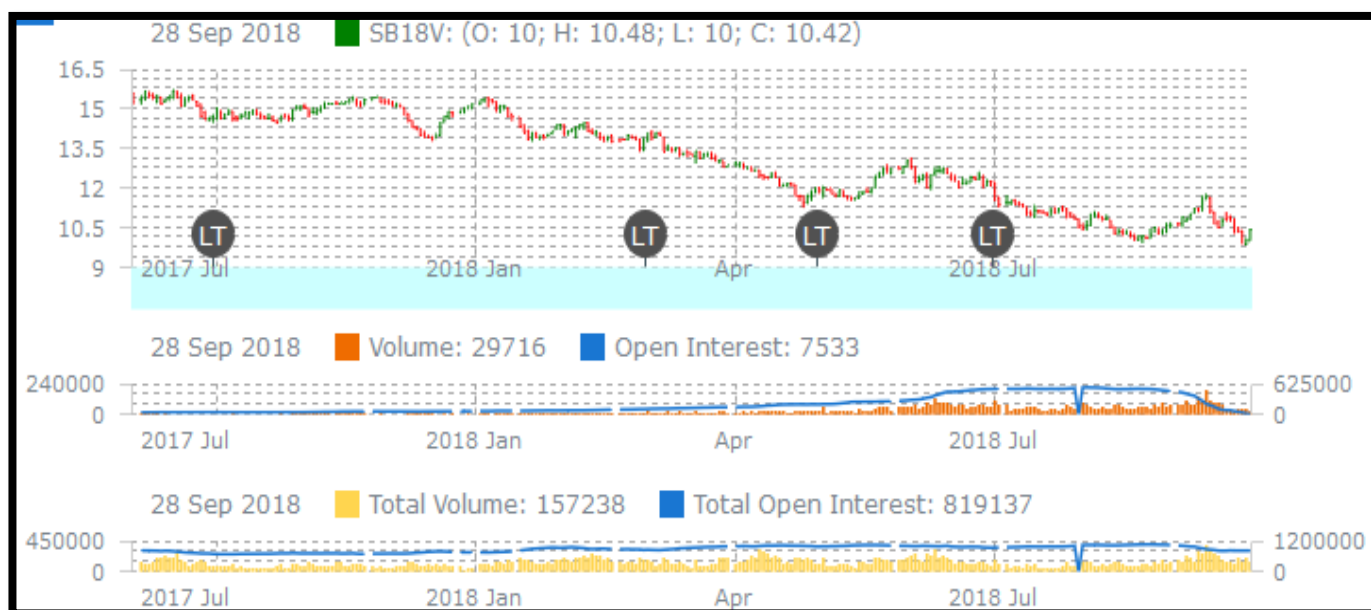
- LIFFE future market trends firm for the week.
- Last candlestick depicts bullishness in the market.
- Strategy: sell below 330,T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	320	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 bullishness in the market. Strategy: sell at 10.60 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	10.48	10-13



Spot Sugar Prices Scenario (Weekly)						
Commodity			Today	Week Ago	Month Ago	Year Ago
Sugar	Centre	Variety	27-Sep-18	20-Sep-18	27-Sep-18	27-Sep-17
Delhi	Delhi	M-Grade	3040	3180	3040	3776
	Delhi	S-Grade	3020	3160	3020	3756
Uttar Pradesh	Khatauli	M-Grade	3400	3380	3400	3780
	Ramala	M-Grade	0	0	0	0
	Dhampur	M-Grade Ex-Mill	3200	3150	3200	3680
	Dhampur	S-Grade Ex-Mill	3180	3130	3180	3660
	Dhampur	L-Grade Ex-Mill	3250	3200	3250	3730
Maharashtra	Mumbai	M-Grade	3316	3330	3316	3920
	Mumbai	S-Grade	3216	3200	3216	3740
	Nagpur	M-Grade	3225	Closed	3225	3775
	Nagpur	S-Grade	3125	Closed	3125	3675
	Kolhapur	M-Grade	3100	Closed	3100	3650
	Kolhapur	S-Grade	3000	Closed	3000	3550
Assam	Guhawati	S-Grade	3309	Closed	3309	3867
Meghalaya	Shillong	S-Grade	3320	Closed	3320	3870
Andhra Pradesh	Vijayawada	M-Grade	3600	3640	3600	3993
	Vijayawada	S-Grade	3540	3580	3540	3933
West Bengal	Kolkata	M-Grade	3640	3640	3640	NA
Tamil Nadu	Chennai	S-Grade	3225	3250	3225	3800
	Dindigul	M-Grade	3520	3520	3520	0

	Coimbatore	M-Grade	3620	3620	3620	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3450	3450	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)			27-Sep-18	20-Sep-18	27-Sep-18	27-Sep-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3375	3250	0	3375
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	0	0
	Muzaffarnagar	Khurpa	0	0	0	NA
	Muzaffarnagar	Laddoo	0	0	0	NA
	Muzaffarnagar	Rascut	0	0	0	2825
	Hapur	Chaurasa	0	0	0	NA
	Hapur	Balti	0	0	0	NA
Andhra Pradesh	Chittur	Gold	4050	3900	4050	0
		White	4000	3400	4000	0
		Black	2900	2600	2900	0
Maharashtra	Latur	Lal Variety	0	0	0	0
Karnataka	Bangalore	Mudde (Average)	4450	4450	4450	5200
	Belgaum	Mudde (Average)	3100	31005	3100	3800
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	3000	3000	3000	NA
	Gulbarga	Other (Average)	3150	3250	3150	3540
	Mahalingapura	Penti (Average)	3039	3063	3039	3929
	Mandya	Achhu (Medium)	3050	3150	3050	4200
	Mandya	Kurikatu (Medium)	3000	3050	3000	3700
	Mandya	Other (Medium)	2950	2950	2950	3600
	Mandya	Yellow (Medium)	3000	3100	3000	4150
	Shimoga	Achhu (Average)	3550	3850	3550	4100

International Sugar Prices (Weekly)				
	Contract Month	27-Sep-18	20-Sep-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	10.05	10.8	-0.75
	19-Mar	10.91	11.62	-0.71
	19-May	11.02	11.76	-0.74
LIFFE Sugar (US \$/MT)	18-Oct	325.00	341.7	-16.70
	18-Dec	313.00	330.2	-17.20
	19-Mar	314.30	332.5	-18.20

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