



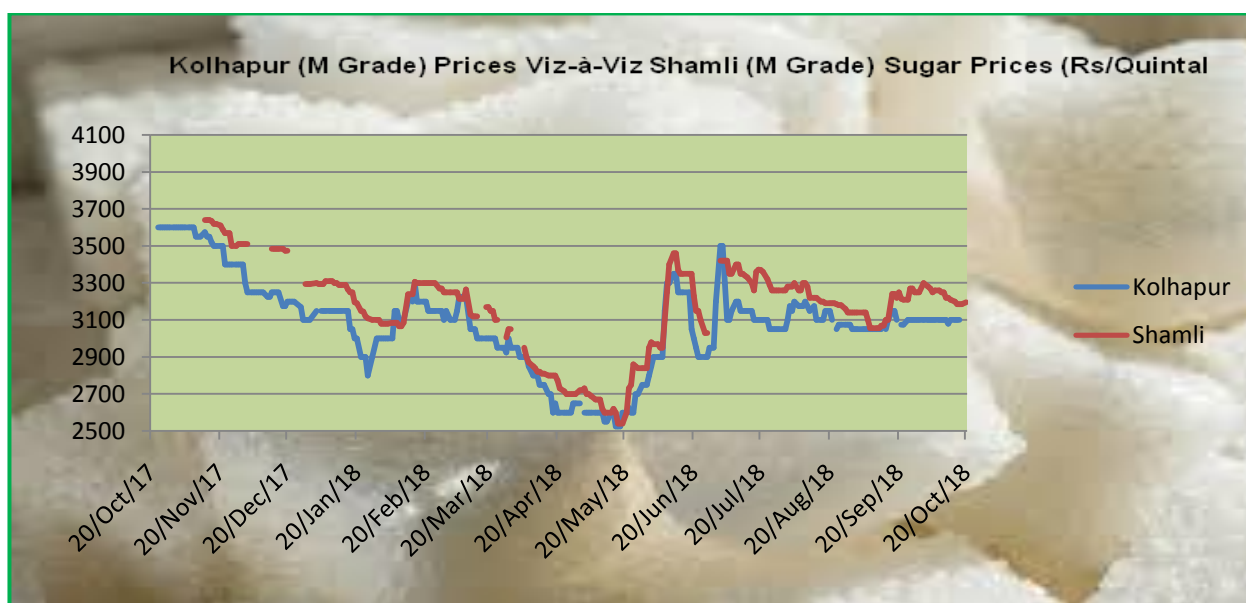
Sugar & Gur Weekly Research Report

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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 from the Past Few weeks; while spot sugar prices for the same grade in Shamli district is 3190 per quintal at the end of last week, declined 45 rupees per quintal against previous week's average price.



Price Outlook:

- Wholesale sugar prices were unchanged from previous week. Spot sugar prices are supportive in the month ahead as festive demand market is expected to get supplied with excessive sugar with the onset of crushing season in India. This was despite trade expectations that the release quota of 2.2 million tonnes for Oct was lower than probable demand.

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 & Festive demand	Bullish
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:

- ***Sugar market ruled steady for the week. Mills continued to sell at prevailing rates to ease their old stocks as new crushing season is expected to start soon.*** The Bombay Sugar Merchants Association spot rates: S-grade hovering at Rs 3,102-3,186 and M-grade Rs3,180-3,516 during the week.
- ***Amid uncertainty over cane farmers' advance payments, dozens of sugar mills in Maharashtra are set to commence crushing for the current season (October 1, 2018 to September 30, 2019) on last week.*** Mills in Uttar Pradesh, however, are waiting for the cane to mature and hope to start crushing around Diwali. With this, sugar mills will delay commencement of their crushing operations by three weeks in Maharashtra and by over six weeks in Uttar Pradesh despite estimates of an all-time high cane crop output in the current season.
- ***According to the First Advanced Estimate of Ministry, the India's sugarcane output is estimated around 384 million tonnes for 2018-19 compared to 377 million tonnes in the previous year.*** Surprisingly, unlike the past few years of cane glut, neither the Maharashtra nor Uttar Pradesh governments encouraged sugar mills to commence crushing for the current season. Both the governments, in consultations with the industry, had announced earlier that crushing activity this year will commence early to control the record high availability of cane.
- ***After a bumper crop, sugar stockpiles in the country, the world's second-largest producer of the sweetener, have more than doubled since last year.*** With another record crop expected in the current growing season, India is subsidizing sugar exports, threatening to glut the market even as prices fell to the lowest in ten years on September 27. But, an infestation of white grubs in Maharashtra, India's second-biggest sugar producing state, and neighboring Karnataka, the third-largest producer, could mean sugar output for the 2018-19 crop year will be 9% less than earlier estimates.

Previous Updates

- ***Wholesale sugar prices were unchanged from previous week.*** Spot sugar prices are supportive in the month ahead as festive demand market is expected to get supplied with excessive sugar with the onset of crushing season in India. This was despite trade expectations that the release quota of 2.2 million tonnes for Oct was lower than probable demand.
- ***According to trade sources, Indian sugar mills have signed deals to export raw sugar for the first time in three years as a rally in New York prices to seven-month highs*** along with government subsidies made exports lucrative. Mills have contracted to export 150,000 tonnes raw sugar at around \$280 per tonne on a free-on-board (FOB) basis for shipment in November-December.

- **In March, India asked mills to export 2 million tonnes of sugar and fixed a mandatory export quota for each mill.** But mills managed to export only around 450,000 tonnes in the 2017/18 marketing year that ended on Sept.30 due to uncompetitive prices. Apart from raw sugar, mills have contracted to export 100,000 tonnes of white sugar at around \$305 per tonne, FOB, for shipment in October-December, three dealers said.
- **Sugar mills will get subsidy up to Rs 11/kg of sugar exported, including production assistance of Rs 1,388/tonnes for growers and transport subsidy of up to Rs 3,000/ tonnes for sugar exports.** India has produced 322.5 lakh tonnes of sugar in 2017-18, and private industry body Indian Sugar Mills Association (ISMA) has estimated a production of 355 lakh tonnes in 2018-19. The country has a carry forward stock of 100 lakh tonnes in 2018-19.
- **Maharashtra's area under sugarcane increased 25% over previous year, reaching 11.42 lakh hectares.** Due to less rainfall, farmers will prefer to keep the ratoon crop. Thus, the share of ratoon crop will be much higher than that of the new plantation next year. As output of the ratoon crop is lesser than the newly planted crop, it will pull down the overall sugarcane production. Incidence of white grub has affected an estimated 20,000 hectares and agronomists have advised farmers to not retain ratoon of such crop.

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 3300 and Rs 3000per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.



Technical Analysis - Chaku Sukha-gur(Cold))at Spot (Muzaffarnagar) market.

Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3246 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3500 and Rs 3200 per quintal



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	98.09	122.95	256.03	223.81
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	198.75	310.73	302.51	243.89
E	Exports	0.46	3	3	0	1	1	1
F	Availability for domestic consumption (D - E)	283.85	358.09	450.09	198.75	309.73	301.51	242.89
G	Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
H	Carry out stock (F - G)	38.24	98.09	187.09	122.95	256.03	223.81	187.09

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 has decided to cut down sugar production by earmarking more cane for manufacturing ethanol, so India finds a space where the domestic surplus can be accommodated.** To achieve it, we will have to produce sugar of 45 ICUMSA grade. Currently, we produce sugar whose grade is between 100-150 ICUMSA. India has a surplus (opening stock) of 10.5 million tonnes from the last season and it is expected to produce around 33.5 million tonnes of the sweetener in 2018-19 starting October.
- **The US Department of Agriculture (USDA) reduced its outlook for US sugar production in 2018/19 (Oct/Sep) by 65,995 tons to 9.262 mln short tons raw value, while the estimate for 2017/18 production was cut by 6,899 tons to 9.248 mln.**

Previous Updates

- **Raw sugar futures in New York ended weaker for the first time in ten sessions as the market was pressured by a weaker Brazilian currency.** Sugarcane crushing in Brazil's Centre/South (CS) fell to 27.643 million tonnes in the second half of September, the lowest in eight years for this period and down from 38.511 mln in the first half, Unica data showed.
- **The world sugar market could see a shortfall in 2019/20 after two years of over-supply as Brazil and the European Union cut production,** but strong Indian output will still weigh on the market, ADM Investor Services International said on last week. The market could swing to a deficit of roughly 2 million tonnes in the 2019/2020 season, from an expected surplus of 4-5 million tonnes in the current 2018/19 season.
- **U.S. sugar supply for 2017/18 is decreased by 58,022 short tons, raw value (STRV). The decrease reflects a reduction in estimated Louisiana cane sugar production for the month of September 2018 and a net reduction in imports.** Imports under tariff-rate quotas (TRQs) are reduced by 62,527 STRV but are partially offset by a 10,000 -STRV increase in high- tier tariff imports and a 1,404-STRV increase in re-export imports. U.S. sugar supply for 2018/19 is reduced by 99,496 STRV. The reduction reflects lower beginning stocks and lower production partially offset by a shift in free trade agreement 2018 calendar year TRQ imports from the third quarter of 2018 to the fourth quarter. Beet sugar production for 2018/19 is reduced 106,719 STRV on a lower sugarbeet production forecast by NASS. Cane sugar production in Louisiana is increased by 40,724 STRV on NASS increases for both sugarcane area and yield forecasts.
- **Mexico sugar exports for 2017/18 are estimated at 1.147 million metric tons (MT), a reduction of 60,116 from last month. Exports are comprised of 1.086 million MT to the United States under export**

licenses and of combined exports of 60,796 MT to non-U.S. destinations and to the U.S. re-export import program. Ending stocks are residually estimated at 1.328 million MT of which 350,358 are required to be exported in 2018/19 before December 31 per provisions administered by the Fideicomiso Maestro para la Exportación de Excedentes de los Ingenios (FIMAE). Mexico sugar exports for 2018/19 are projected to increase 86,207 MT reflecting supplies reported by CONADESUCA under FIMAE provisions.

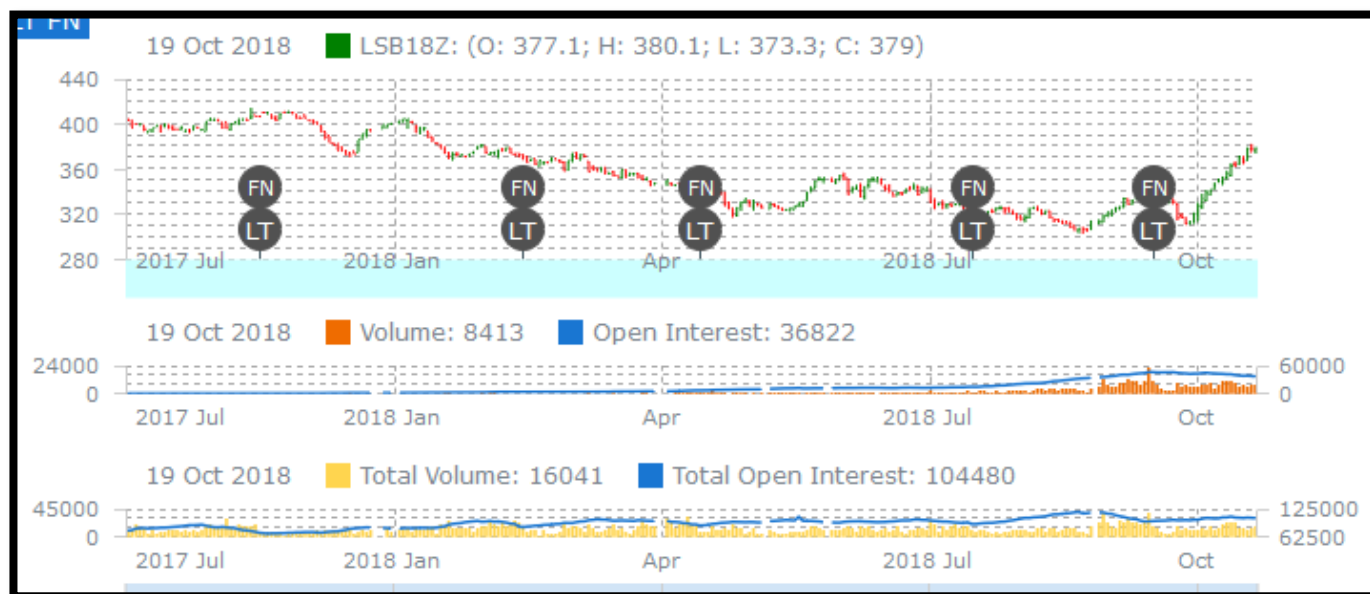
International Sugar Futures Price Projection

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 380, T1 385

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	379	375-385

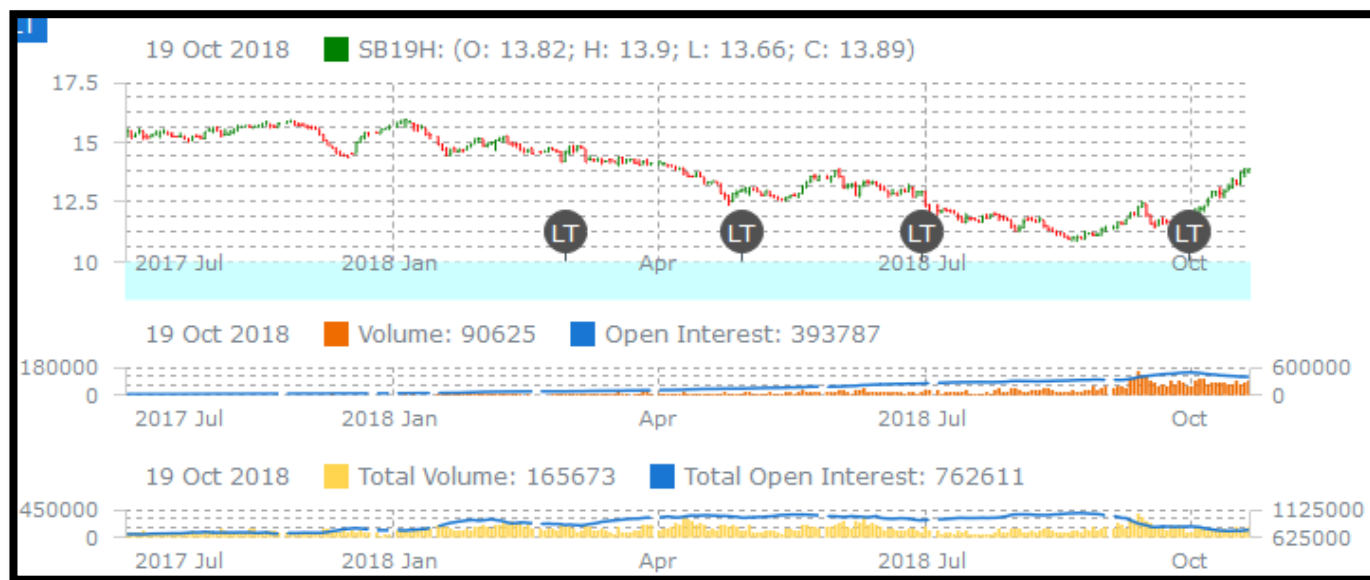


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend Upward for the week.
- Last candlestick depicts bullishness in the market. Strategy: sell at 14.00 Targeting 15.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'18	13.89	12-15



Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			18-Oct-18	11-Oct-18	18-Sep-18	18-Oct-17
Delhi	Delhi	M-Grade	3250	3275	3220	3795
	Delhi	S-Grade	3230	3255	3200	3775
Uttar Pradesh	Khatauli	M-Grade	3410	3425	3430	3810
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3200	3260	3250	3700
	Dhampur	S-Grade Ex-Mill	3180	3240	3230	3680
	Dhampur	L-Grade Ex-Mill	3250	3310	3300	3750
Maharashtra	Mumbai	M-Grade	Closed	3380	3346	3910
	Mumbai	S-Grade	Closed	3196	3206	3742
	Nagpur	M-Grade	Closed	3225	3275	3725
	Nagpur	S-Grade	Closed	3125	3175	3625
	Kolhapur	M-Grade	Closed	3100	3150	3600
	Kolhapur	S-Grade	Closed	3000	3050	3500
Assam	Guhawati	S-Grade	Closed	3309	3360	3816

Meghalaya	Shillong	S-Grade	Closed	3320	3370	3820
Andhra Pradesh	Vijayawada	M-Grade	Closed	3600	3540	3993
	Vijayawada	S-Grade	Closed	3540	3480	3933
West Bengal	Kolkata	M-Grade	Closed	3600	3570	4130
Tamil Nadu	Chennai	S-Grade	Closed	3250	3300	Closed
	Dindigul	M-Grade	3540	3600	3520	0
	Coimbatore	M-Grade	3580	3580	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)			18-Oct-18	11-Oct-18	18-Sep-18	18-Oct-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3200	3350	0	3103
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	8000
	Muzaffarnagar	Khurpa	NA	0	0	2825
	Muzaffarnagar	Laddoo	NA	0	0	3078
	Muzaffarnagar	Rascut	NA	0	0	2553
	Hapur	Chaurasa	NA	0	0	2750
	Hapur	Balti	NA	0	0	2775
Andhra Pradesh	Chittur	Gold	Closed	4050	4100	0
		White	Closed	3150	3900	0
		Black	Closed	2450	2600	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4250	4450	NA
	Belgaum	Mudde (Average)	NA	3100	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	3000	3060	NA
	Gulbarga	Other (Average)	NA	3250	3175	NA
	Mahalingapura	Penti (Average)	NA	3131	3096	NA
	Mandya	Achhu (Medium)	NA	3200	3150	NA
	Mandya	Kurikatu (Medium)	NA	3000	3050	NA
	Mandya	Other (Medium)	NA	3000	2900	NA
	Mandya	Yellow (Medium)	NA	3150	3100	NA
	Shimoga	Achhu (Average)	NA	3450	3950	NA

International Sugar Prices (Weekly)				
	Contract Month	18-Oct-18	11-Oct-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	14.08	13.41	0.67
	19-Mar	13.87	12.92	0.95
	19-May	13.94	13.06	0.88
LIFFE Sugar (US \$/MT)	18-Oct	386.90	369	17.90
	18-Dec	378.60	362.9	15.70
	19-Mar	377.90	361.3	16.60

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