



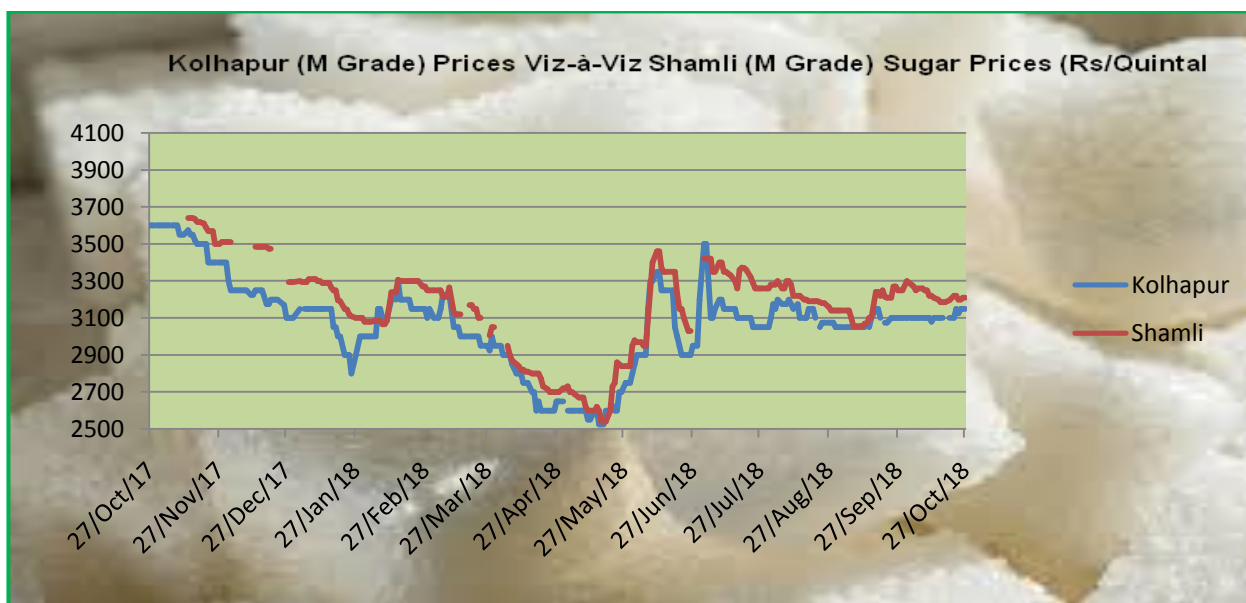
# **Sugar & Gur Weekly Research Report**

## **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 3145 per quintal last week gaining INR 45 from the previous week; while spot sugar prices for the same grade in Shamli district is 3208 per quintal at the end of last week, gaining INR 18 rupees per quintal against previous week's average price.



### Price Outlook:

- Wholesale sugar prices were noticed firm during last 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
<b>After announcement of the export incentives for sugar millers in the country &amp; Festive demand</b>	<b>Bullish</b>
<b>Higher cane acreage for 2018-19 &amp; Agriwatch production estimated to rise 35.5 mn tonnes in 2018-19</b>	<b>Bearish</b>

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

### Domestic Market Highlights

#### Recent Updates:

- ***Sugarcane crushing in Uttar Pradesh had been started from last week, in the shadow of farmers' outstanding of Rs 78 billion for the previous 2017-18 season. There are 119 mills in UP, of which 94 are privately owned and 24 are run by cooperatives. Late rains and hailstorms in some western UP districts, coupled with higher night temperatures, have delayed maturity of the sugarcane crop. In the last 4-5 days, the night temperatures have started to fall below 20 degree Celsius and there is marked difference in day and night temperatures, which would hasten the process of maturity and result in speedier crushing operations and higher recovery as well.***
- ***This year, UP cane acreage is estimated at 2.6 million hectares (MH), up 18 per cent from about 2.2 MH during 2017-18, when UP had clocked sugar production of over 12 million tonnes (mt), with farmer's payables touching Rs 354 billion. With higher acreage this season, the farmers' payouts are likely to top last year's record levels and add to the woes in the backdrop of mute sugar prices and market glut, both locally and globally.***
- ***India's state-run trading company MMTC Ltd has issued an international tender to overseas buyers to sell and export 50,000 tonnes of Indian white crystal sugar. Tender deadline are Oct. 31 and the sugar can be exported from Indian east and west coast ports in break-bulk ships. There will be an option to purchase a further 50,000 tonnes.***
- ***As per the Agriwatch latest estimate, India's sugar production is expected to decline to 322 LT in 2018/19 then 322.5 last year. A couple of major cane growing regions of Maharashtra, including Marthawada, had poor rainfall this season. And mild white grub infestation has been reported in States of Karnataka and few parts of Maharashtra. Apart from from that, cane yield and sugar recovery are expected to decline in Uttar Pradesh due to water logging in the fields.***
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#### Previous 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.**

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3145 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 3100 per quintal respectively.
- Relative Strengths Indicator is indicating upward movement.

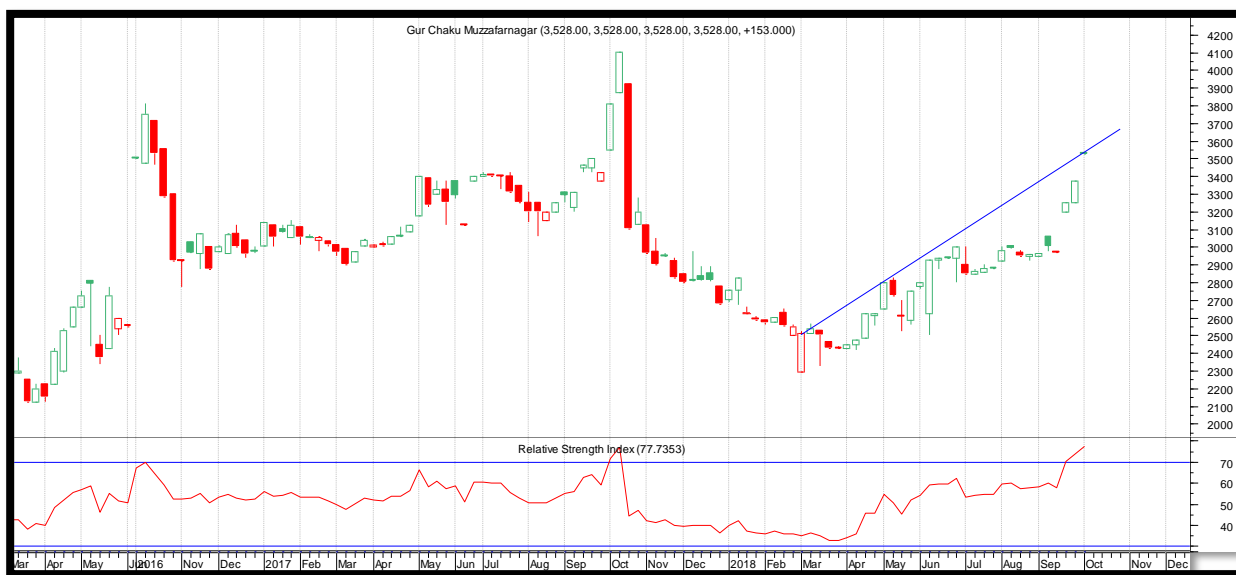


#### Technical Analysis - Chaku Sukha-gur(Cold))at Spot (Muzaffarnagar) market.

##### Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 3028 /quintal this week

- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 3000 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	121.49	227.59	193.31
B	Estimated sugar production	202.85	320	322.5	99.2	160.8	44.42	18.16
C	Imports	4.46	2.85	0	0	0	0	0
D	Estimated sugar availability (A + B + C)	284.31	361.09	420.59	197.29	282.29	272.01	211.47
E	Exports	0.46	3	3	0	1	1	1
F	Availability for domestic consumption (D - E)	283.85	358.09	417.59	197.29	281.29	271.01	210.47
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	154.59	121.49	227.59	193.31	154.67

Source: Agriwatch and ISMA

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

*As per the Agriwatch latest estimate, India's sugar production is expected to decline to 322 LT in 2018/19 then 320 last year. A couple of major cane growing regions of Maharashtra, including Marthawada, had poor rainfall this season. And mild white grub infestation has been reported in States of Karnataka and few parts of Maharashtra. Apart from from that, cane yield and sugar recovery are expected to decline in Uttar Pradesh due to water logging in the fields.*

*On the other hand, sugar domestic consumption is expected to rise to 263 lakh tonnes in 2018-19 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> 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**

- ***Sugar output from the main producing region in Brazil fell 43 percent in the first half of October as rains delayed cane processing and mills continued to favor ethanol production over sugar, cane industry group Unica said on last week.*** Mills in Brazil's center-south region produced 1.11 million tonnes of sugar in the first half of October compared to 1.28 million tonnes in the previous two-week period and 2 million tonnes at the same time last year, Unica said. Cane crushing fell to 25.58 million tonnes versus 27.64 million tonnes in the second half of the previous month and 32.5 million tonnes seen at this time last year.
- ***The sugar factories processed 5.89 mln tonnes of beet into 757,900 tonnes of sugar as of October 24, the National Association of Sugar Producers (Ukrsukor) reported.***
- ***Sugar beet was harvested from an area of 79,300 ha by October 26, or 79.8% of the 99,300 ha (300 ha less than previously assumed) to be harvested this season, according to the Ministry of Agriculture.***
- ***Raw sugar futures in New York ended with slight losses as the market consolidated after hitting a 9-1/2-month high of 14.24¢ in the previous session.***

**Previous Updates**

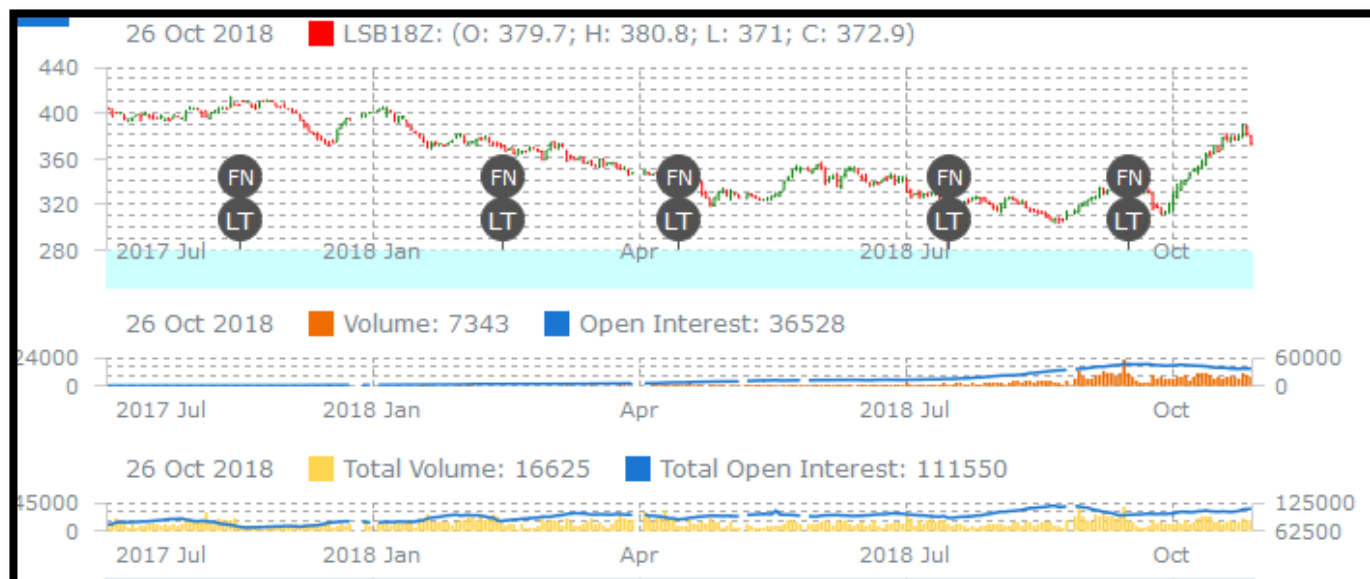
- ***Brazil has decided to cut down sugar production by earmarking more cane for manufacturing ethanol, so India finds a space where the domestic surplus can be accommodated.*** To achieve it, we will have to produce sugar of 45 ICUMSA grade. Currently, we produce sugar whose grade is between 100-150 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 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.



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

- LIFFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 374,T1 375

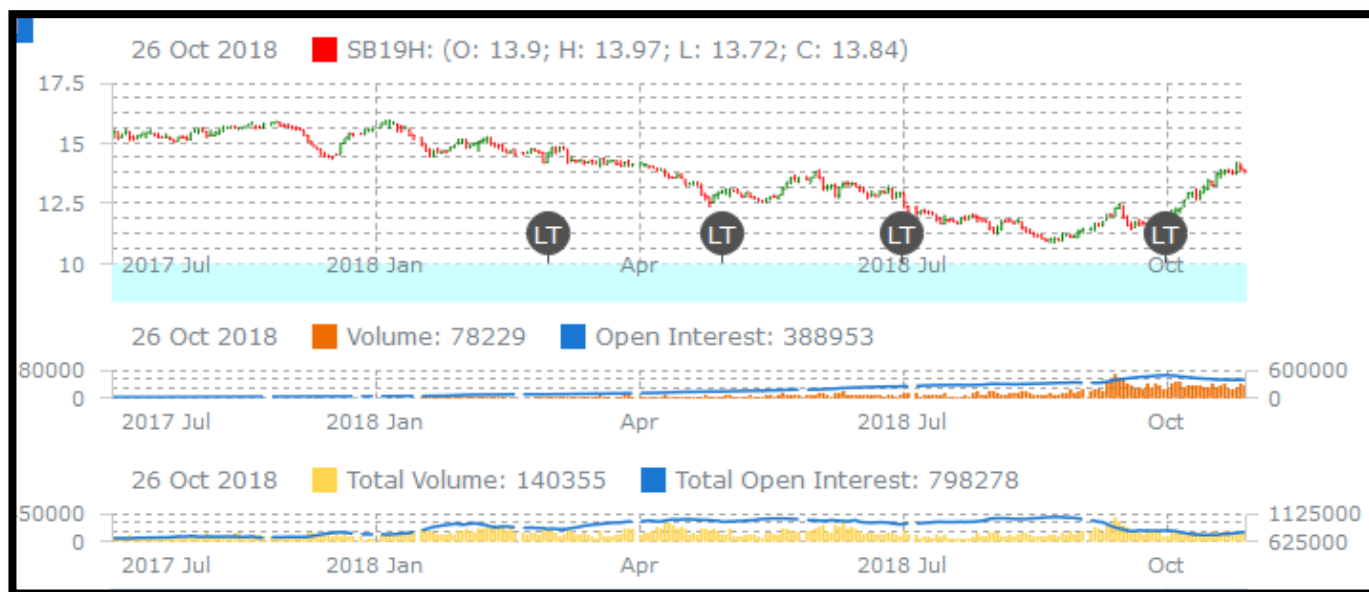
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	372.9	370-375


**ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)**
**Technical Commentary:**

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness 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	13.84	12-15





Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			12th to 18th Oct,2018	19th to 25th Oct,2018	
Delhi	Delhi	M-Grade	3208	3320	-113
	Delhi	S-Grade	3188	3300	-113
Uttar Pradesh	Khatauli	M-Grade	3405	3400	5
	Ramala	M-Grade	#DIV/0!	NA	-
	Dhampur	M-Grade Ex-Mill	3204	3303	-100
	Dhampur	S-Grade Ex-Mill	3184	3283	-100
	Dhampur	L-Grade Ex-Mill	3254	3353	-100
Maharashtra	Mumbai	M-Grade	3385	3525	-140
	Mumbai	S-Grade	3198	3271	-73
	Nagpur	M-Grade	3225	3250	-25
	Nagpur	S-Grade	3125	3175	-50
	Kolhapur	M-Grade	3100	3125	-25
	Kolhapur	S-Grade	3000	3050	-50
Assam	Guhawati	S-Grade	3309	3360	-51
Meghalaya	Shillong	S-Grade	3320	3370	-50
Andhra Pradesh	Vijayawada	M-Grade	3600	3730	-130
	Vijayawada	S-Grade	3540	3670	-130
West Bengal	Kolkata	M-Grade	3595	3600	-5
Tamil Nadu	Chennai	S-Grade	3244	3500	-256
	Dindigul	M-Grade	3585	3680	-95

	Coimbatore	M-Grade	<b>3580</b>	3700	<b>-120</b>
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	<b>3450</b>	3450	<b>Unch</b>
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)			12th to 18th Oct,2018	19th to 25th Oct,2018	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha(Cold)	3276	3117	<b>159</b>
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	<b>Unch</b>
	Muzaffarnagar	Khurpa (Fresh)	0	0	<b>Unch</b>
	Muzaffarnagar	Laddoo (Fresh)	0	0	<b>Unch</b>
	Muzaffarnagar	Rascut (Fresh)	0	0	<b>Unch</b>
	Hapur	Chaurasa	#DIV/0!	#DIV/0!	-
	Hapur	Balti	#DIV/0!	#DIV/0!	-
<b>Andhra Pradesh</b>	Chittur	Gold	3950	4400	<b>-50</b>
		White	3167	4000	-
		Black	2483	2700	<b>-217</b>
<b>Maharashtra</b>	Latur	Lal Variety	0	#DIV/0!	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4250	4250	<b>Unch</b>
	Belgaum	Mudde (Average)	3100	3100	<b>Unch</b>
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	3000	3013	<b>-13</b>
	Gulbarga	Other (Average)	3214	3114	<b>100</b>
	Mahalingapura	Penti (Average)	3102	3138	<b>-36</b>
	Mandya	Achhu (Medium)	3225	3200	<b>25</b>
	Mandya	Kurikatu (Medium)	3000	3000	<b>Unch</b>
	Mandya	Other (Medium)	2925	2963	<b>-38</b>
	Mandya	Yellow (Medium)	3250	3138	<b>113</b>
	Shimoga	Achhu (Average)	3683	3650	<b>33</b>

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			25-Oct-18	18-Oct-18	25-Sep-18	25-Oct-17
<b>Delhi</b>	Delhi	M-Grade	3200	3250	3106	3771
	Delhi	S-Grade	3180	3230	3086	3751
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3430	3410	3400	3810
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3250	3200	3160	3680
	Dhampur	S-Grade Ex-Mill	3230	3180	3140	3660

	Dhampur	L-Grade Ex-Mill	3300	3250	3210	3730
Maharashtra	Mumbai	M-Grade	3400	Closed	Closed	3872
	Mumbai	S-Grade	3210	Closed	Closed	3732
	Nagpur	M-Grade	3275	Closed	3225	3725
	Nagpur	S-Grade	3175	Closed	3125	3625
	Kolhapur	M-Grade	3150	Closed	3100	3600
	Kolhapur	S-Grade	3050	Closed	3000	3500
Assam	Guhawati	S-Grade	3360	Closed	3309	3816
Meghalaya	Shillong	S-Grade	3370	Closed	3320	3820
Andhra Pradesh	Vijayawada	M-Grade	3600	Closed	3600	3993
	Vijayawada	S-Grade	3540	Closed	3540	3933
West Bengal	Kolkata	M-Grade	3590	Closed	3640	4110
Tamil Nadu	Chennai	S-Grade	3260	Closed	3225	3775
	Dindigul	M-Grade	3540	3540	3530	0
	Coimbatore	M-Grade	3640	3580	3620	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	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)			25-Oct-18	18-Oct-18	25-Sep-18	25-Oct-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3025	3200	0	3253
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	9000
	Muzaffarnagar	Khurpa	NA	0	0	2878
	Muzaffarnagar	Laddoo	NA	0	0	3128
	Muzaffarnagar	Rascut	NA	0	0	2588
	Hapur	Chaurasa	NA	NA	0	2763
	Hapur	Balti	NA	NA	0	2813
Andhra Pradesh	Chittur	Gold	4400	Closed	4000	0
		White	4000	Closed	3800	0
		Black	2600	Closed	2800	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4250	NA	4450	5150
	Belgaum	Mudde (Average)	3100	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	3100	NA	3000	NA
	Gulbarga	Other (Average)	NA	NA	3211	4150
	Mahalingapura	Penti (Average)	3169	NA	NA	3895
	Mandya	Achhu (Medium)	3200	NA	3050	4100
	Mandya	Kurikatu (Medium)	3000	NA	3000	3900
	Mandya	Other (Medium)	2900	NA	2900	3650



	Mandya	Yellow (Medium)	3350	NA	3000	4000
	Shimoga	Achhu (Average)	3650	NA	3550	4450

International Sugar Prices (Weekly)				
	Contract Month	25-Aug-18	18-Aug-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	14.18	14.08	0.10
	19-Mar	13.97	13.87	0.10
	19-May	14.06	13.94	0.12
LIFFE Sugar (US \$/MT)	18-Oct	385.00	386.9	-1.90
	18-Dec	381.40	378.6	2.80
	19-Mar	379.50	377.9	1.60

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