

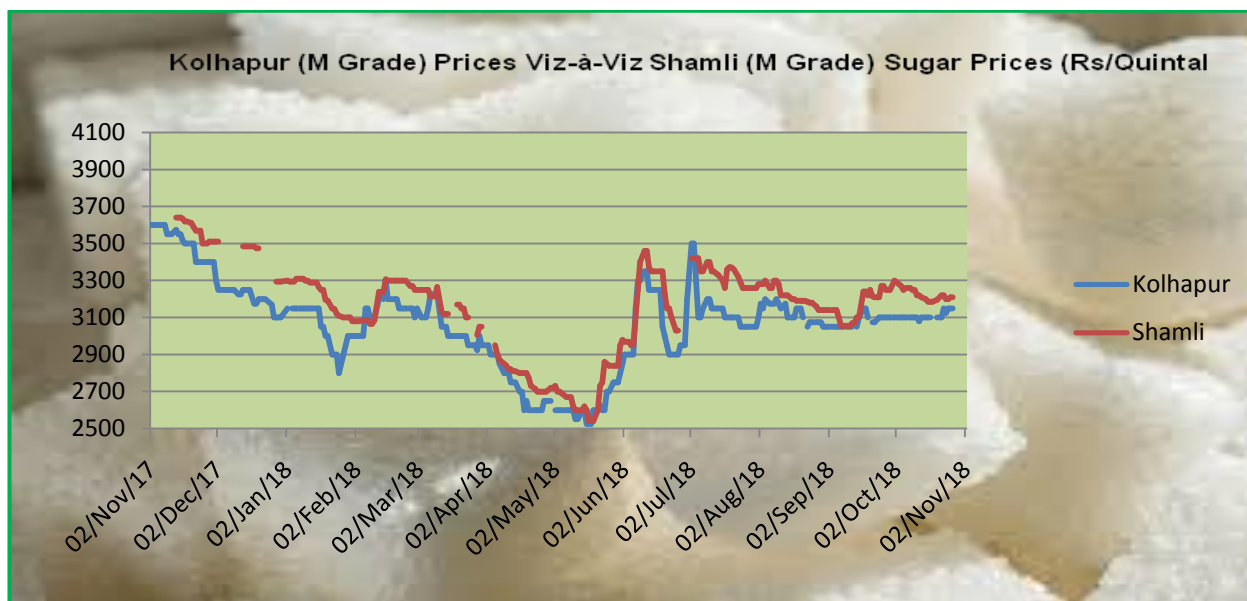
Sugar & Gur Weekly Research Report

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 3115 per quintal last week declined INR -30 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, unchanged against previous week's average price.



Price Outlook:

- Most of the 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 Sep 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
<i>Sugar production during the current 2018-19 SS is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States.</i>	Bullish
<i>After announcement of the export incentives for sugar millers in the country & Festive demand</i>	Bullish

<i>Higher cane acreage for 2018-19</i>	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:

- **Around 18 sugar factories in Maharashtra have commenced crushing for 2018-19 season, crushing some 3.5 lakh to 4 lakh tonnes of cane.** Factories in the state have slowly started the operations, full fledged operations are expected to commence after Diwali. However the farmers have demanded more money for this season's crop, beyond what is considered as fair and remunerative prices (FRP) a farmers' association, has announced that it will not let the mills operate until they agree to pay Rs 200 per tonne over and above the FRP of sugarcane.
- **The earlier ISMA estimates of sugar production reaching to 35 million tonnes in 2018-19 (October to September) sugar season,** the industry now estimates output to be around 31.5 million tonnes, which is even lower than 32.5 million tonnes produced in the 2017-18 season which ended last month. Sugar production during the current 2018-19 SS is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States of UP, Maharashtra and Karnataka and white grub infestation in Maharashtra and North Karnataka. Sugar production in 2018-19 would be around 32 million tonnes and considering diversion for ethanol, production is estimated at 31.5 million tonnes.
- **According to ISMA, sugar production in UP was expected to be higher because of higher cane area under the high yielding variety Co0238.** However, several areas in UP have had untimely rainfall in September 2018 which has adversely affected the growth of the sugarcane at this very important maturity period. Further, some areas have reported water-logging and in some parts of Western UP, there has been sugarcane lodging also. As a result, sugarcane yields and sugar recovery would be impacted. Accordingly, ISMA has revised its sugar production estimates for UP from 13-13.5 MT tonne made in July 2018 to 12.1 MT, which is almost similar to 12.04 MT in 2017-18. In Maharashtra, sugar production is estimated at around 9.5 MT as against 10.72 MT in 2017-18. In July, ISMA had pegged output at 11-11.5 MT. Sugar production in Karnataka is now estimated at 4.2 MT from 4.48 MT projected in July.

Previous 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.
-

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3115 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 2930 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2900 per quintal respectively.



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

	SUGAR BALNCE SHEET 2018-19(LT)	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 (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's center-south is expected to produce 26.38 million tonnes in the 2018/19 season – which is heading into its final weeks** – the lowest amount in 12 years due to a smaller cane crop and higher ethanol production. Previous estimate for the season was for production of 27.28 million tonnes. It projected the new sugar season, which starts in April next year, at a similar level with an output seen at 26.4 million tonnes.
- **Lower Brazilian sugar production this year and next are seen helping to swing global sugar supply from a surplus to a deficit, favoring a recovery in benchmark raw sugar prices in New York.** "Despite the late spike in sugar prices, ethanol continues to give better returns to mills in Brazil, so we expect them to continue to give preference to the fuel next season," Datagro's chief analyst Plinio Nastari told reporters at the consultancy's annual international conference in Sao Paulo.
- **Sugar mills in India have hit a sweet spot with the government export subsidy to bring down inventory and signs of firming international prices after the recent cut in global production estimates to 187 million tonnes (mt) for the year 2018-19** against 203 mt logged in the previous year. The global sugar output this year is almost equal to consumption of 186 mt, though the carry-forward stock of 16 mt will limit any sharp spike in prices. India has an inventory of about 10 mt. Sugar companies have so far exported about 8.3 lakh tonnes of sugar. Of this, about 4.5 lakh tonnes has been traded by sugar mills from Uttar Pradesh.

Previous 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 (Ukrtsukor) 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.**
- **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.

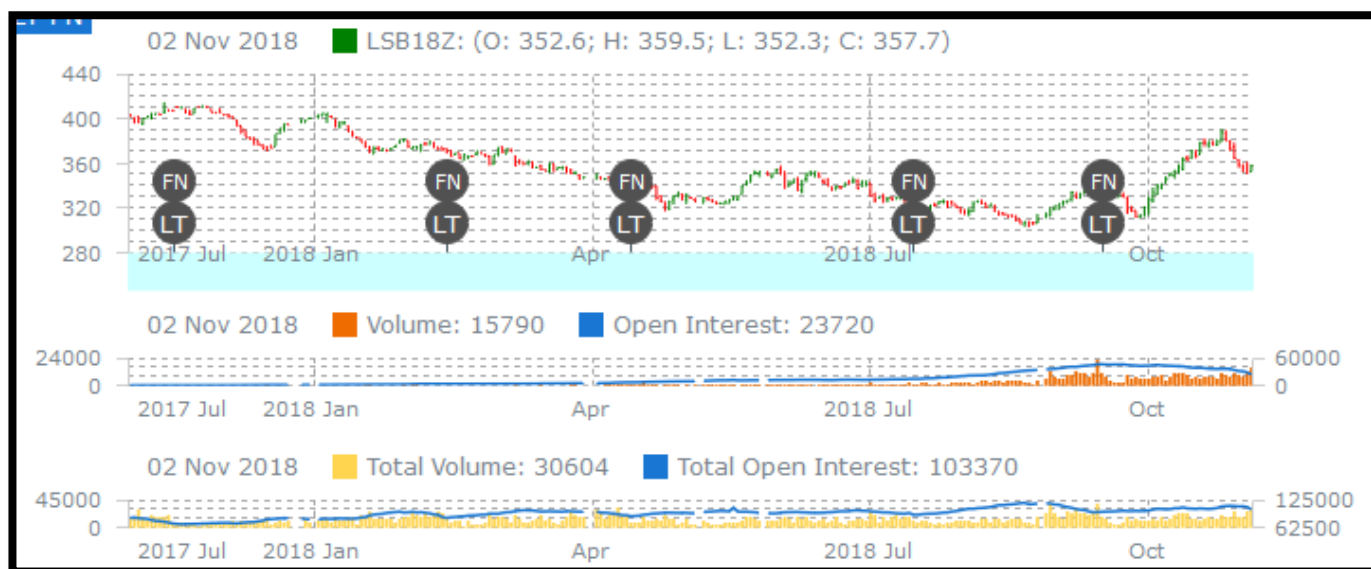
International Sugar Futures Price Projection

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 360,T1 370

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	357.7	350-370

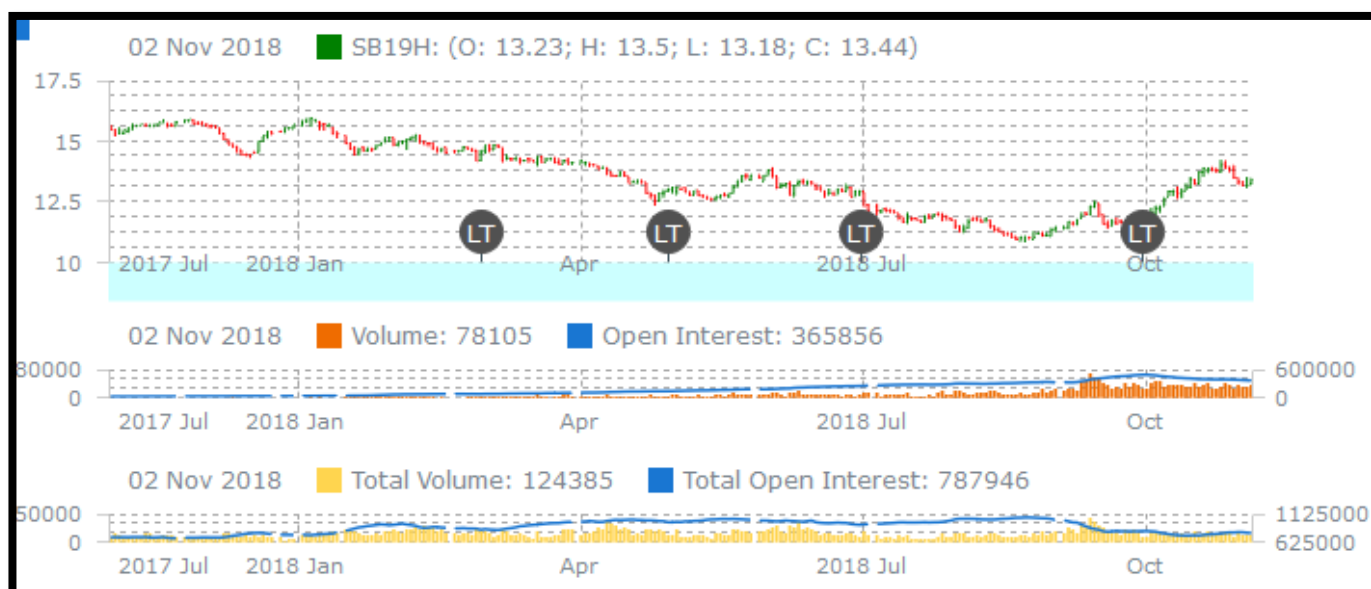


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

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	13.44	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			26th to 01 st Oct,2018	19th to 25th Oct,2018	
Delhi	Delhi	M-Grade	3157	3208	-51
	Delhi	S-Grade	3137	3188	-51
Uttar Pradesh	Khatauli	M-Grade	3410	3405	5
	Ramala	M-Grade	#DIV/0!	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3215	3204	11
	Dhampur	S-Grade Ex-Mill	3195	3184	11
	Dhampur	L-Grade Ex-Mill	3265	3254	11
Maharashtra	Mumbai	M-Grade	3423	3385	38
	Mumbai	S-Grade	3253	3198	55
	Nagpur	M-Grade	3250	3225	25
	Nagpur	S-Grade	3150	3125	25
	Kolhapur	M-Grade	3125	3100	25
	Kolhapur	S-Grade	3025	3000	25
Assam	Guhawati	S-Grade	3334	3309	25
Meghalaya	Shillong	S-Grade	3345	3320	25
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3610	3595	15
Tamil Nadu	Chennai	S-Grade	3260	3244	16
	Dindigul	M-Grade	3530	3585	-55
	Coimbatore	M-Grade	3640	3580	60
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3450	150

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)			26th to 01 st Oct,2018	19th to 25th Oct,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2959	3276	-317
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	Unch
	Muzaffarnagar	Khurpa (Fresh)	#DIV/0!	0	-
	Muzaffarnagar	Laddoo (Fresh)	#DIV/0!	0	-
	Muzaffarnagar	Rascut (Fresh)	#DIV/0!	0	-
	Hapur	Chaursa	#DIV/0!	#DIV/0!	-
	Hapur	Balti	#DIV/0!	#DIV/0!	-
Andhra Pradesh	Chittur	Gold	4350	3950	1183
		White	3950	3167	-
		Black	2675	2483	192
Maharashtra	Latur	Lal Variety	#DIV/0!	0	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3175	3100	75
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	3100	3000	100
	Gulbarga	Other (Average)	3319	3214	105
	Mahalingapura	Penti (Average)	3179	3102	77
	Mandya	Achhu (Medium)	3088	3225	-138
	Mandya	Kurikatu (Medium)	3075	3000	75
	Mandya	Other (Medium)	2913	2925	-13
	Mandya	Yellow (Medium)	3075	3250	-175
	Shimoga	Achhu (Average)	3650	3683	-33

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			01-Nov-18	25-Oct-18	01-Oct-18	01-Oct-17
Delhi	Delhi	M-Grade	3200	3200	3240	#N/A
	Delhi	S-Grade	3180	3180	3220	#N/A
Uttar Pradesh	Khatauli	M-Grade	3400	3430	3440	#N/A
	Ramala	M-Grade	NA	NA	0	#N/A

	Dhampur	M-Grade Ex-Mill	3200	3250	3200	#N/A
	Dhampur	S-Grade Ex-Mill	3180	3230	3180	#N/A
	Dhampur	L-Grade Ex-Mill	3250	3300	3250	#N/A
Maharashtra	Mumbai	M-Grade	3396	3400	3350	#N/A
	Mumbai	S-Grade	3250	3210	3196	#N/A
	Nagpur	M-Grade	3200	3275	3225	#N/A
	Nagpur	S-Grade	3080	3175	3125	#N/A
	Kolhapur	M-Grade	3075	3150	3100	#N/A
	Kolhapur	S-Grade	2955	3050	3000	#N/A
Assam	Guhawati	S-Grade	3263	3360	3309	#N/A
Meghalaya	Shillong	S-Grade	3275	3370	3320	#N/A
Andhra Pradesh	Vijayawada	M-Grade	3630	3600	3600	#N/A
	Vijayawada	S-Grade	3570	3540	3540	#N/A
West Bengal	Kolkata	M-Grade	3620	3590	3560	#N/A
Tamil Nadu	Chennai	S-Grade	3300	3260	3225	#N/A
	Dindigul	M-Grade	3500	3540	3520	#N/A
	Coimbatore	M-Grade	3640	3640	3620	#N/A
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3450	#N/A
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)			01-Nov-18	25-Oct-18	01-Oct-18	01-Oct-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2838	3025	0	#N/A
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	0	#N/A
	Muzaffarnagar	Khurpa	NA	NA	0	#N/A
	Muzaffarnagar	Laddoo	NA	NA	0	#N/A
	Muzaffarnagar	Rascut	NA	NA	0	#N/A
	Hapur	Chaurasa	NA	NA	0	#N/A
	Hapur	Balti	NA	NA	0	#N/A
Andhra Pradesh	Chittur	Gold	4000	4400	4100	#N/A
		White	3900	4000	3400	#N/A
		Black	2500	2600	2600	#N/A
Maharashtra	Latur	Lal Variety	NR	NR	0	#N/A
Karnataka	Bangalore	Mudde (Average)	NA	4250	4450	#N/A
	Belgaum	Mudde (Average)	NA	3100	2600	#N/A
	Belthangadi	Yellow (Average)	NA	NA	NA	#N/A
	Bijapur	Achhu	NA	3100	2900	#N/A
	Gulbarga	Other (Average)	NA	NA	NA	#N/A
	Mahalingapura	Penti (Average)	NA	3169	3044	#N/A
	Mandya	Achhu (Medium)	NA	3200	3050	#N/A

	Mandya	Kurikatu (Medium)	NA	3000	3000	#N/A
	Mandya	Other (Medium)	NA	2900	2850	#N/A
	Mandya	Yellow (Medium)	NA	3350	3050	#N/A
	Shimoga	Achhu (Average)	NA	3650	3550	#N/A

International Sugar Prices (Weekly)				
	Contract Month	01-Nov-18	25-Oct-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	13.49	14.18	-0.69
	19-Mar	13.19	13.97	-0.78
	19-May	13.28	14.06	-0.78
LIFFE Sugar (US \$/MT)	18-Oct	367.30	385	-17.70
	18-Dec	351.90	381.4	-29.50
	19-Mar	355.60	379.5	-23.90

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2017 Indian Agribusiness Systems Ltd.