

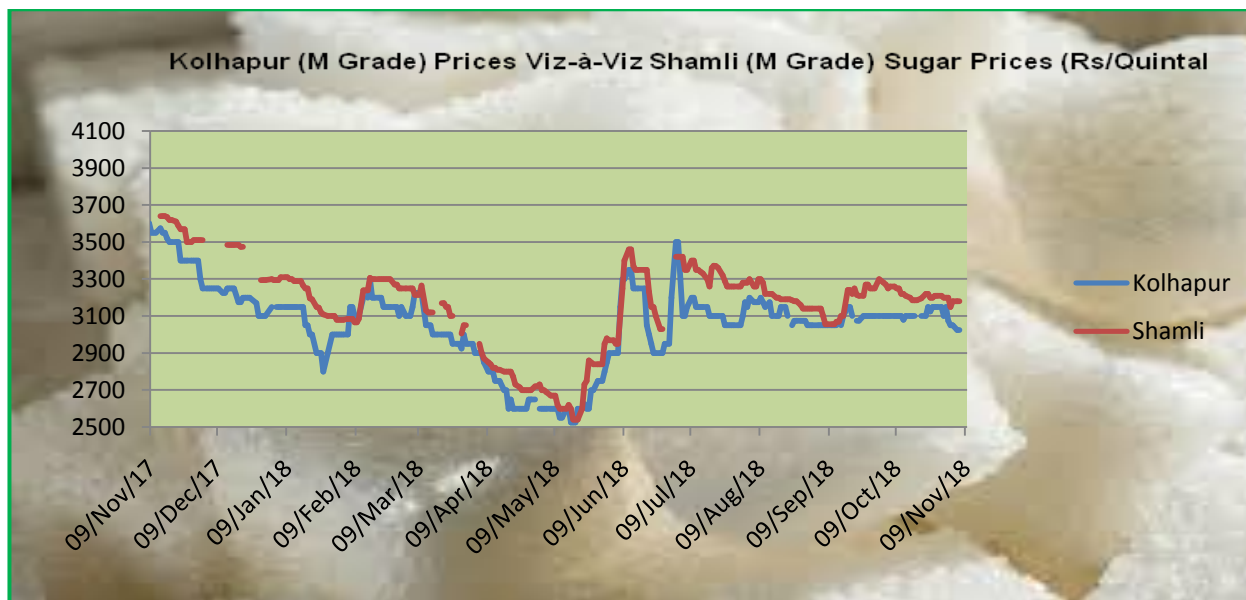
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3037 per quintal last week declined INR -77 from the previous week; while spot sugar prices for the same grade in Shamli district is 3162 per quintal at the end of last week, declined -45 INR against previous week's average price.



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Price Outlook:

- Most of the Wholesale sugar prices were noticed firm during last week. **Sugar Mills are quoting lower prices now on the back of poor demand as buyers have already made purchases for the festival.** Increased selling pressure on domestic mills due to high sales quota for November also weighed on prices. The government has restricted sales by sugar mills in the country at 2.2 mln tn for November in a bid to trim supply in the market. Sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar, shall be eligible to sell additional quantity of sugar in addition to the quantity of white/refined sugar prescribed for domestic sale. Prices of sugar, however, are likely to rise later this month on the back of renewed demand and due to a cut in production estimate for 2018-19 (Oct-Sep) by the Indian Sugar Mills Association.

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 3300 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:

- **Sugar Mills are quoting lower prices now on the back of poor demand as buyers have already made purchases for the festival. Increased selling pressure on domestic mills due to high sales quota for November also weighed on prices. Prices of sugar, however, are likely to rise later this month on the back of renewed demand and due to a cut in production estimate for 2018-19 (Oct-Sep) by the Indian Sugar Mills Association.**
- **Ministry of Commerce said on last week that India will start exporting raw sugar to China from the beginning of next year. This step will help to bridge the trade deficit with neighboring countries. In a statement, the ministry said, An agreement has been made for the export of 15,000 tonnes of raw sugar between the Indian Sugar Mill Association (ISMA) and the Chinese government's public sector undertaking, Kauffo. It has been reported that China plans to import 2 million tonnes of raw sugar from the beginning of next year.**
- **About 10 sugar mills have started crushing operations in UP and another seven-eight are likely to start this week. The government is confident that by mid-November, a majority of the state's 119 mills would be operational, including 94 private mills, 24 cooperatives and one sugar corporation plant. When UP had clocked sugar production of over 12 million tonnes (mt) with farmers' payables touching Rs 354 billion.**

Previous 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.**

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 30375quintal 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 2830 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2600 per quintal respectively.



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

	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

- ***The U.S. Department of Agriculture, in its Nov. 8 World Agricultural Supply and Demand Estimates report, lowered from October its forecast for 2018-19 U.S. beet sugar and total sugar production, but also lowered forecasts for domestic sugar use. For the current year (2018-19), beet sugar production was lowered 262,000 short tons, raw value, to 4,974,000 tons, down 5% from the October forecast and down 5.8% from record high production in 2017-18 of 5,279,000 tons. Cane sugar production was forecast at 4,041,000 tons this year, up 15,000 tons from October and up 27,000 tons from 2017-18. Imports were left unchanged from October, resulting in total supply forecast at 13,809,000 tons, down 268,000 tons from October due to lower production and lower beginning stocks, forecast at 1,993,000 tons.***
- ***Total deliveries in 2018-19 were forecast at 12,320,000 tons, down 85,000 tons from October, with deliveries for food at 12,175,000 tons, down 75,000 tons, or 0.6%, from October but up 1.1% from 12,048,000 tons in 2017-18, which was lowered by 52,000 tons from October. The ending stocks-to-use ratio for 2018-19 was forecast at 11.3%, down from 12.7% projected in October and compared with 16% in 2017-18. The U.S.D.A. is expected to increase allowed imports from Mexico in the December WASDE as outlined in agreements between the two countries, which requires a minimum 13.5% ending stocks-to-use ratio.***
- ***According to the operational data of Ukrugar Association, as of November 5, 1.03 million tonnes of sugar were produced. There are 39 sugar refineries in operation and one refinery has already completed the production season. 7.9 million tonnes of sugar beet have been processed, which is 2.5% less than last year's figures. As it was predicted earlier, according to the climate conditions, this year sugar content is lower than last year's level — 16.26% to 17.21%, sugar output is lower too — 13.31 to 14.24%. As of November 5, 231 thousand hectares of sugar beet were harvested, accounting for 83% of the total harvested areas. Most of sugar beet crops were harvested in Vinnytsia, Poltava and Ternopil regions.***
- ***Brazilian mills are expected to increase the amount of cane they allocate to sugar production next season due to better prices for the sweetener, which will lead to a rise in sugar output of 3 million tonnes, broker and consultancy INTL FCStone said on Wednesday. FCStone expects Brazil's center-south to produce 29.6 million tonnes of sugar in the 2019/20 season that starts in April versus 26.3 million tonnes in 2018/19, which was the country's smallest output in years and almost 10 million tonnes lower than in the previous crop.***

Previous Updates

- ***Sugar output from the main producing region in Brazil fell 43 percent in the first half of October as rains 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.***

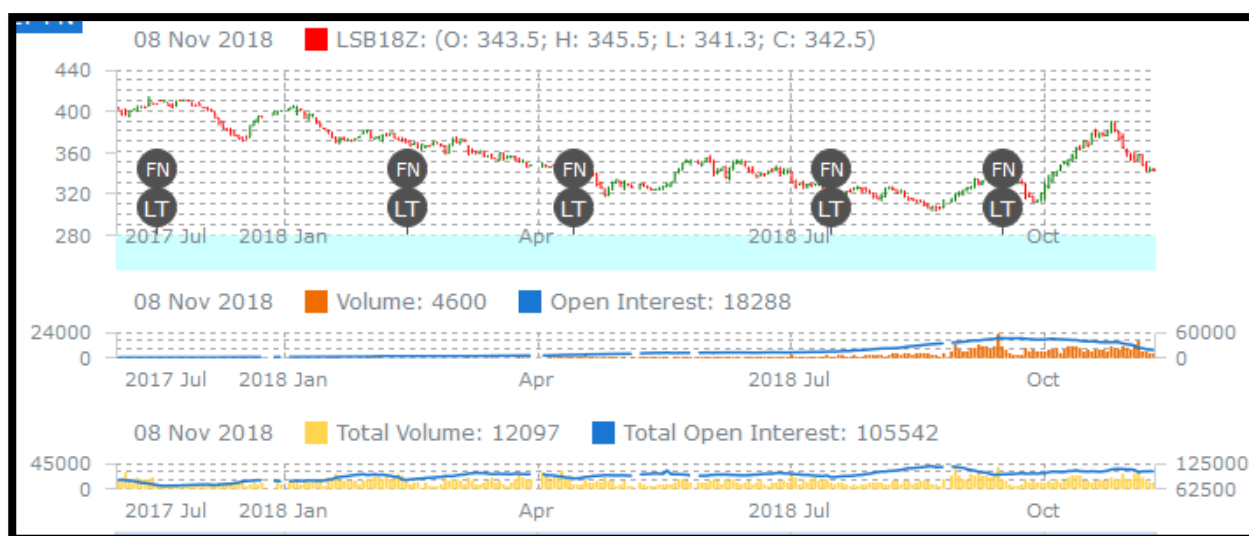
- **Sugar mills in India have hit a sweet spot with the government export subsidy to bring down inventory and signs of firming international prices after the recent cut in global production estimates to 187 million tonnes (mt) for the year 2018-19 against 203 mt logged in the previous year. The global 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.**

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 345,T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	342.5	345-360

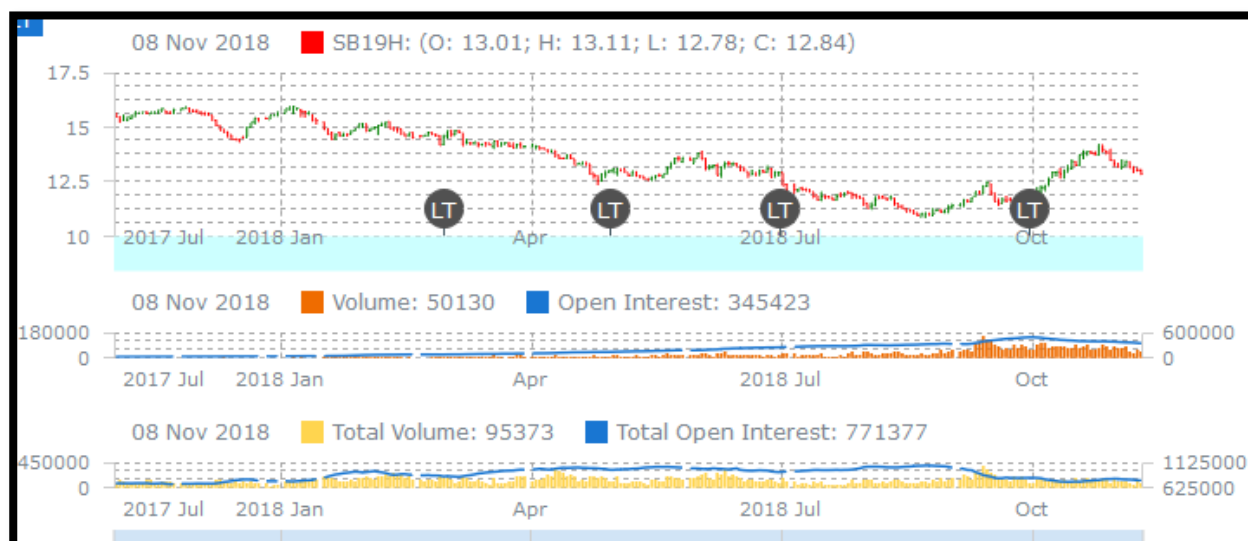


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market. Strategy: sell at 13.00 Targeting 15.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'19	12.84	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/QtL)		Change
Sugar			02 nd to 08 th Nov ,2018	26 th to 01 st nOV,2018	
Delhi	Delhi	M-Grade	3158	3157	1
	Delhi	S-Grade	3138	3137	1
Uttar Pradesh	Khatauli	M-Grade	3346	3410	-64
	Ramala	M-Grade	#DIV/0!	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3200	3215	-15
	Dhampur	S-Grade Ex-Mill	3180	3195	-15
	Dhampur	L-Grade Ex-Mill	3250	3265	-15
Maharashtra	Mumbai	M-Grade	3393	3423	-31
	Mumbai	S-Grade	3221	3253	-33
	Nagpur	M-Grade	3163	3250	-88
	Nagpur	S-Grade	3063	3150	-88
	Kolhapur	M-Grade	3038	3125	-88
	Kolhapur	S-Grade	2938	3025	-88
Assam	Guhawati	S-Grade	3245	3334	-89
Meghalaya	Shillong	S-Grade	3258	3345	-88
Andhra Pradesh	Vijayawada	M-Grade	3630	3600	30
	Vijayawada	S-Grade	3570	3540	30
West Bengal	Kolkata	M-Grade	3620	3610	10
Tamil Nadu	Chennai	S-Grade	3275	3260	15
	Dindigul	M-Grade	3500	3530	-30
	Coimbatore	M-Grade	3640	3640	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

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)			20th to 26th July,2018	02 nd to 08 th Nov ,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2706	2959	-253
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	Unch
	Muzaffarnagar	Khurpa (Fresh)	#DIV/0!	#DIV/0!	-
	Muzaffarnagar	Laddoo (Fresh)	#DIV/0!	#DIV/0!	-
	Muzaffarnagar	Rascut (Fresh)	#DIV/0!	#DIV/0!	-
	Hapur	Chaurasa	#DIV/0!	#DIV/0!	-
	Hapur	Balti	#DIV/0!	#DIV/0!	-
Andhra Pradesh	Chittur	Gold	4000	4350	50
		White	3600	3950	-
		Black	2650	2675	-25
Maharashtra	Latur	Lal Variety	#DIV/0!	#DIV/0!	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3200	3175	25
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	3067	3100	-33
	Gulbarga	Other (Average)	3413	3319	94
	Mahalingapura	Penti (Average)	3276	3179	97
	Mandya	Achhu (Medium)	3100	3088	12
	Mandya	Kurikatu (Medium)	3100	3075	25
	Mandya	Other (Medium)	2950	2913	37
	Mandya	Yellow (Medium)	3100	3075	25
	Shimoga	Achhu (Average)	3575	3650	-75

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			08-Nov-18	01-Nov-18	08-Oct-18	08-Nov-17
Delhi	Delhi	M-Grade	Closed	3200	3240	3705
	Delhi	S-Grade	Closed	3180	3220	3685
Uttar Pradesh	Khatauli	M-Grade	Closed	3400	3430	3780
	Ramala	M-Grade	Closed	NA	0	0
	Dhampur	M-Grade Ex-Mill	Closed	3200	3260	3660
	Dhampur	S-Grade Ex-Mill	Closed	3180	3240	3640
	Dhampur	L-Grade Ex-Mill	Closed	3250	3310	3710
Maharashtra	Mumbai	M-Grade	Closed	3396	3380	3876

	Mumbai	S-Grade	Closed	3250	3220	3676
	Nagpur	M-Grade	Closed	3200	3225	3725
	Nagpur	S-Grade	Closed	3080	3125	3625
	Kolhapur	M-Grade	Closed	3075	3100	3600
	Kolhapur	S-Grade	Closed	2955	3000	3500
Assam	Guhawati	S-Grade	Closed	3263	3309	3816
Meghalaya	Shillong	S-Grade	Closed	3275	3320	3820
Andhra Pradesh	Vijayawada	M-Grade	Closed	3630	3600	3914
	Vijayawada	S-Grade	Closed	3570	3540	3876
West Bengal	Kolkata	M-Grade	Closed	3620	3560	NA
Tamil Nadu	Chennai	S-Grade	3300	3300	3250	3775
	Dindigul	M-Grade	3520	3500	3600	0
	Coimbatore	M-Grade	NR	3640	3620	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			08-Nov-18	01-Nov-18	08-Oct-18	08-Nov-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	Closed	2838	0	2950
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	NA	0	8000
	Muzaffarnagar	Khurpa	Closed	NA	0	2750
	Muzaffarnagar	Laddoo	Closed	NA	0	3038
	Muzaffarnagar	Rascut	Closed	NA	0	2400
	Hapur	Chaurasa	NA	NA	0	2525
	Hapur	Balti	NA	NA	0	2525
Andhra Pradesh	Chittur	Gold	Closed	4000	4050	0
		White	Closed	3900	3600	0
		Black	Closed	2500	2500	0
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	NA	4900
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	NA	NA	4125
	Mahalingapura	Penti (Average)	NA	NA	3109	NA
	Mandya	Achhu (Medium)	NA	NA	NA	3350
	Mandya	Kurikatu (Medium)	NA	NA	NA	3300
	Mandya	Other (Medium)	NA	NA	NA	3100
	Mandya	Yellow (Medium)	NA	NA	NA	3350
	Shimoga	Achhu (Average)	NA	NA	NA	NA

International Sugar Prices (Weekly)				
	Contract Month	08-Nov-18	01-Nov-18	Change
ICE Sugar #11 (US Cent/lb)	18-Oct	13.34	13.49	-0.15
	19-Mar	12.84	13.19	-0.35
	19-May	12.98	13.28	-0.30
LIFFE Sugar (US \$/MT)	18-Oct	361.50	367.3	-5.80
	18-Dec	342.50	351.9	-9.40
	19-Mar	347.10	355.6	-8.50

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