



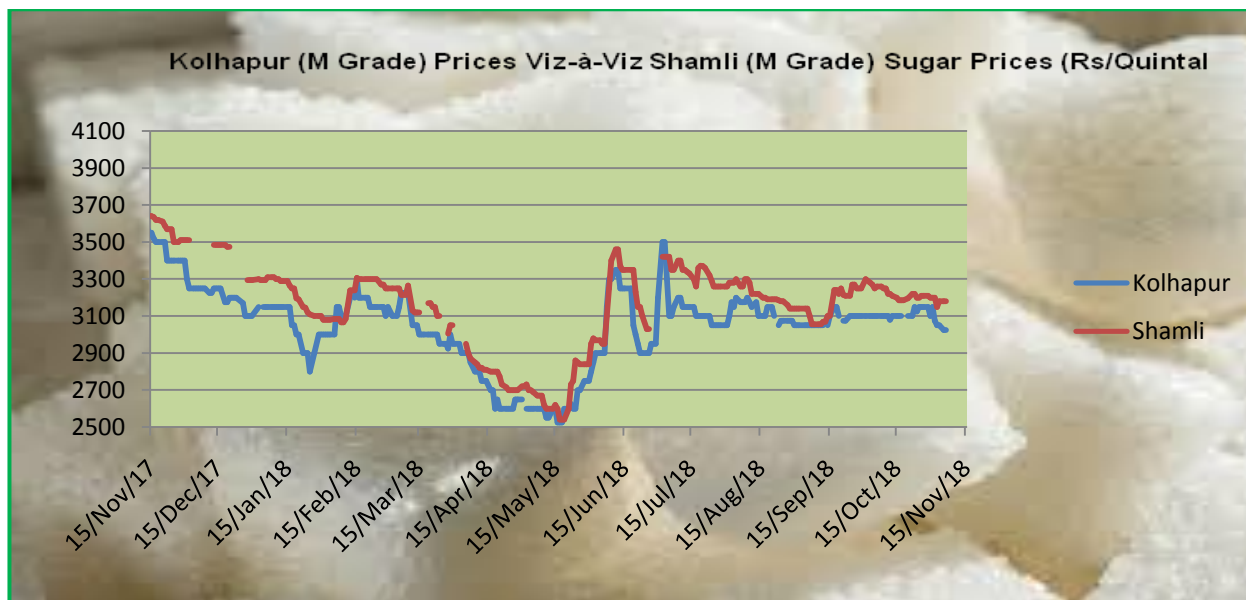
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3025 per quintal last week declined INR -12 from the previous week; while spot sugar prices for the same grade in Shamli district is 3098 per quintal at the end of last week, declined -64 INR against previous week's average price.



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Price Outlook:

- Most of the Wholesale sugar prices were noticed weak during last week. **Sugar Mills are quoting lower prices now on the back of poor demand.** 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:

- **According to National Federation of Cooperative Sugar Factories, Indian sugar mills have produced 10.80 lakh tonne sugar till November 13 as against 19 lakh tonnes they had produced during same period of previous year.** The country is expected to produce 324 lakh tonnes of sugar during 2018-19. Sugar mills from Maharashtra have produced 5.60 lakh tonnes of sugar, while Karnataka and Uttar Pradesh have produced 2.30 lakh tonnes and 1.20 lakh tonnes respectively.
- **Uttar Pradesh, the state government is likely to do a marginal increase for the state advised price (SAP) on sugarcane.** Last year, the state government had increased prices by 3.3% to Rs 315 a quintal. The state is expecting a 12% increase in cane production this year at 213.1 million tons and a similar increase in sugar production at 12.5-13 million tons. As 51 mills out of the 121 in the state already started cane crushing.
- **According to the industry body, India have contracted to export about 8 lakh tonnes of the sweetener so far to countries like Middle East and Sri Lanka.** Out of the total contracted quantity, raw sugar comprises 6 lakh tonnes and the rest 2 lakh tonnes are white sugar. Industry is negotiating with various countries to boost export of sugar. China has agreed to buy and talks are on with Indonesia as well.

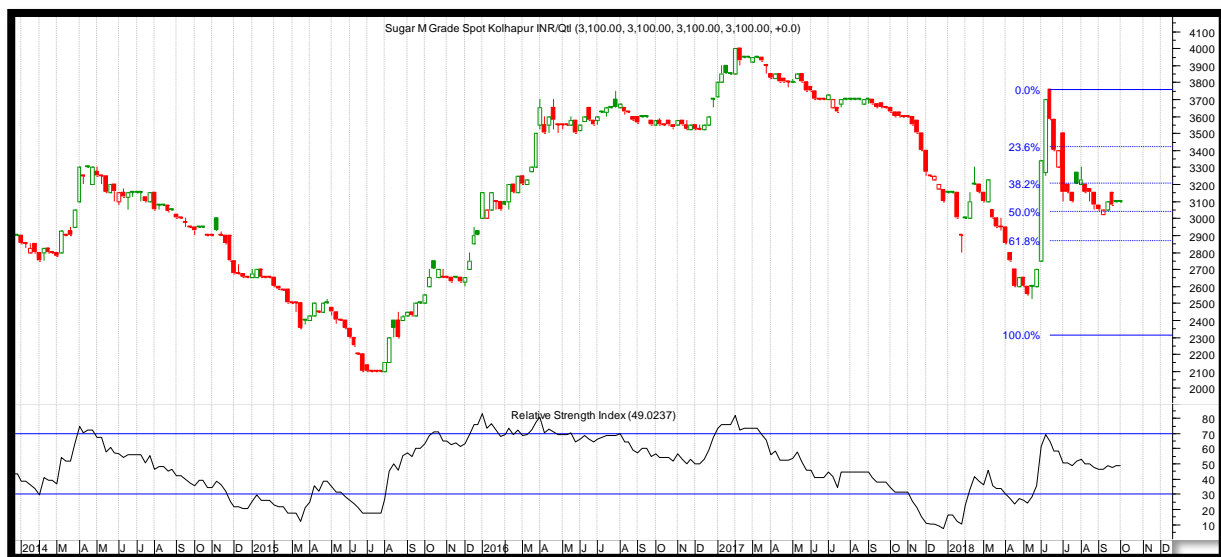
Previous Updates

- **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
- **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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3025quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 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 2800 /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 Ukrsugar 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.***

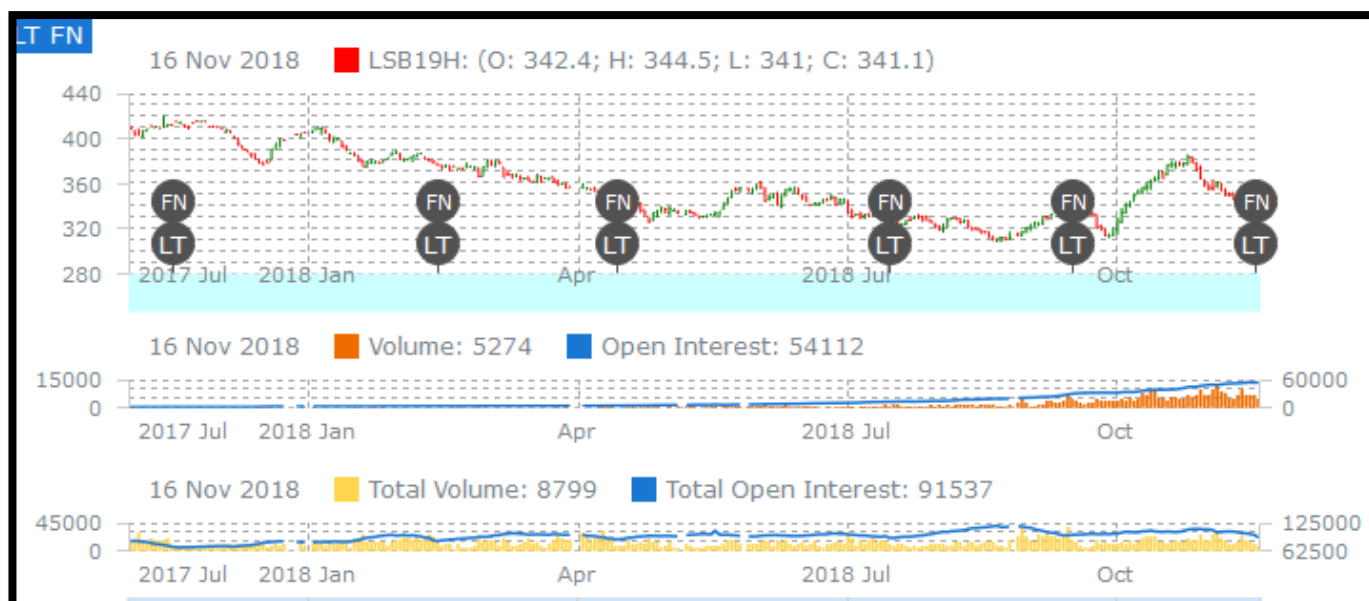
- **Sugar mills in India have hit a sweet spot with the government export subsidy to bring down inventory and signs of firming international prices after the recent cut in global production estimates to 187 million tonnes (mt) for the year 2018-19 against 203 mt logged in the previous year. The global 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	341.1	345-360

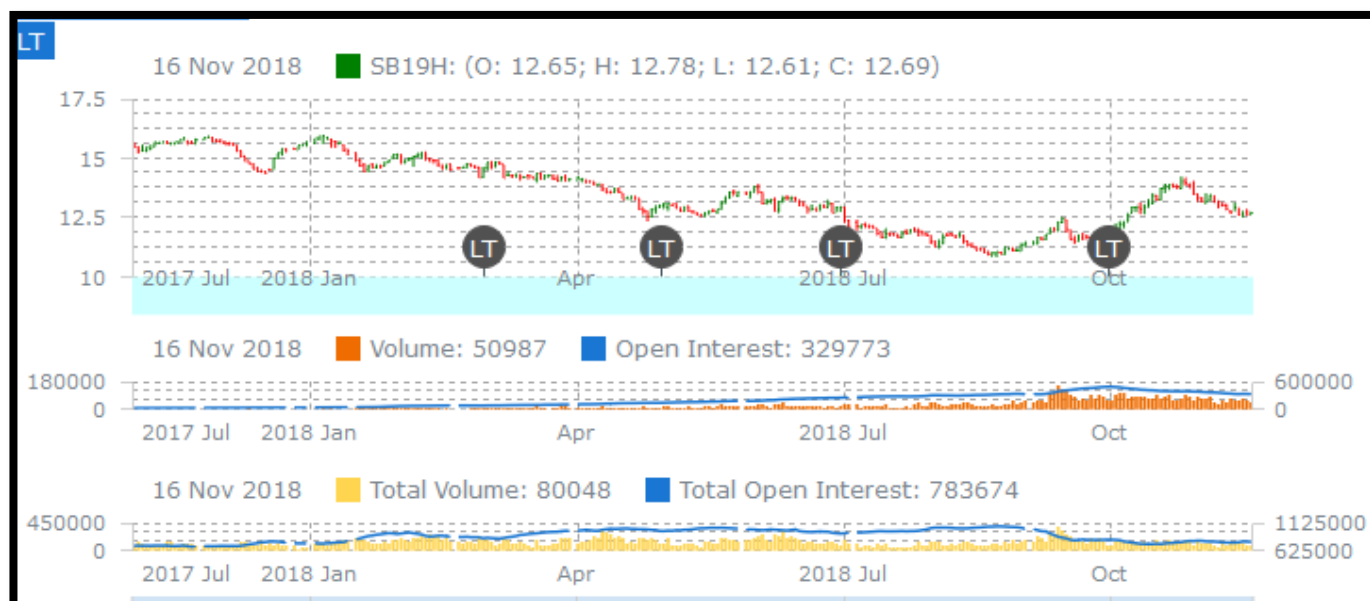


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market. Strategy: sell at 12.80 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	12.69	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			09th to 15th Nov, 2018	02 nd to 08 th Nov, 2018	
Delhi	Delhi	M-Grade	3112	3158	-46
	Delhi	S-Grade	3092	3138	-46
Uttar Pradesh	Khatauli	M-Grade	3280	3346	-66
	Ramala	M-Grade	#DIV/0!	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3178	3200	-22
	Dhampur	S-Grade Ex-Mill	3158	3180	-22
	Dhampur	L-Grade Ex-Mill	3228	3250	-22
Maharashtra	Mumbai	M-Grade	3341	3393	-52
	Mumbai	S-Grade	3168	3221	-53
	Nagpur	M-Grade	3160	3163	-3
	Nagpur	S-Grade	3060	3063	-3
	Kolhapur	M-Grade	3035	3038	-3
	Kolhapur	S-Grade	2935	2938	-3
Assam	Guhawati	S-Grade	3243	3245	-2
Meghalaya	Shillong	S-Grade	3255	3258	-3

Andhra Pradesh	Vijayawada	M-Grade	3540	3630	-90
	Vijayawada	S-Grade	3480	3570	-90
West Bengal	Kolkata	M-Grade	3605	3620	-15
Tamil Nadu	Chennai	S-Grade	3208	3275	-67
	Dindigul	M-Grade	3587	3500	87
	Coimbatore	M-Grade	3580	3640	-60
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)			09th to 15th Nov,2018	02 nd to 08 th Nov ,2018	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2753	2706	47
	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	792	#DIV/0!	-
	Hapur	Balti	783	#DIV/0!	-
Andhra Pradesh	Chittur	Gold	3975	4000	375
		White	3850	3600	-
		Black	2825	2650	175
Maharashtra	Latur	Lal Variety	0	#DIV/0!	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3275	3200	75
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	3025	3067	-42
	Gulbarga	Other (Average)	3325	3413	-88
	Mahalingapura	Penti (Average)	3168	3276	-108
	Mandya	Achhu (Medium)	3088	3100	-13
	Mandya	Kurikatu (Medium)	3000	3100	-100
	Mandya	Other (Medium)	2913	2950	-38
	Mandya	Yellow (Medium)	3150	3100	50
	Shimoga	Achhu (Average)	3550	3575	-25

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			15-Nov-18	08-Nov-18	15-Jul-18	15-Aug-17
Delhi	Delhi	M-Grade	3100	Closed	#N/A	#N/A
	Delhi	S-Grade	3080	Closed	#N/A	#N/A
Uttar Pradesh	Khatauli	M-Grade	3250	Closed	#N/A	#N/A
	Ramala	M-Grade	NA	Closed	#N/A	#N/A
	Dhampur	M-Grade Ex-Mill	3150	Closed	#N/A	#N/A
	Dhampur	S-Grade Ex-Mill	3130	Closed	#N/A	#N/A
	Dhampur	L-Grade Ex-Mill	3200	Closed	#N/A	#N/A
Maharashtra	Mumbai	M-Grade	3320	Closed	#N/A	#N/A
	Mumbai	S-Grade	3150	Closed	#N/A	#N/A
	Nagpur	M-Grade	3150	Closed	#N/A	#N/A
	Nagpur	S-Grade	3050	Closed	#N/A	#N/A
	Kolhapur	M-Grade	3025	Closed	#N/A	#N/A
	Kolhapur	S-Grade	2925	Closed	#N/A	#N/A
Assam	Guhawati	S-Grade	3233	Closed	#N/A	#N/A
Meghalaya	Shillong	S-Grade	3245	Closed	#N/A	#N/A
Andhra Pradesh	Vijayawada	M-Grade	3540	Closed	#N/A	#N/A
	Vijayawada	S-Grade	3480	Closed	#N/A	#N/A
West Bengal	Kolkata	M-Grade	3610	Closed	#N/A	#N/A
Tamil Nadu	Chennai	S-Grade	3200	3300	#N/A	#N/A
	Dindigul	M-Grade	3620	3520	#N/A	#N/A
	Coimbatore	M-Grade	3580	NR	#N/A	#N/A
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	#N/A	#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)			15-Nov-18	08-Nov-18	15-Jul-18	15-Aug-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2763	Closed	#N/A	#N/A
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	Closed	#N/A	#N/A
	Muzaffarnagar	Khurpa	NA	Closed	#N/A	#N/A
	Muzaffarnagar	Laddoo	NA	Closed	#N/A	#N/A
	Muzaffarnagar	Rascut	NA	Closed	#N/A	#N/A
	Hapur	Chaurasa	2375	0	#N/A	#N/A
	Hapur	Balti	2350	0	#N/A	#N/A
Andhra Pradesh	Chittur	Gold	4100	Closed	#N/A	#N/A
		White	3900	Closed	#N/A	#N/A
		Black	3400	Closed	#N/A	#N/A

Maharashtra	Latur	Lal Variety	NR	0	#N/A	#N/A
Karnataka	Bangalore	Mudde (Average)	4250	NA	#N/A	#N/A
	Belgaum	Mudde (Average)	3300	NA	#N/A	#N/A
	Belthangadi	Yellow (Average)	NA	NA	#N/A	#N/A
	Bijapur	Achhu	3000	NA	#N/A	#N/A
	Gulbarga	Other (Average)	3250	NA	#N/A	#N/A
	Mahalingapura	Penti (Average)	3211	NA	#N/A	#N/A
	Mandya	Achhu (Medium)	3150	NA	#N/A	#N/A
	Mandya	Kurikatu (Medium)	3000	NA	#N/A	#N/A
	Mandya	Other (Medium)	2950	NA	#N/A	#N/A
	Mandya	Yellow (Medium)	3150	NA	#N/A	#N/A
	Shimoga	Achhu (Average)	3500	NA	#N/A	#N/A

International Sugar Prices (Weekly)				
	Contract Month	15-Nov-18	08-Nov-18	Change
ICE Sugar #11 (US Cent/lb)	18-Nov	13.11	13.34	-0.23
	19-Mar	12.65	12.84	-0.19
	19-May	12.80	12.98	-0.18
LIFFE Sugar (US \$/MT)	18-Nov	356.80	361.5	-4.70
	18-Dec	328.20	342.5	-14.30
	19-Mar	343.20	310.8	32.40

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