



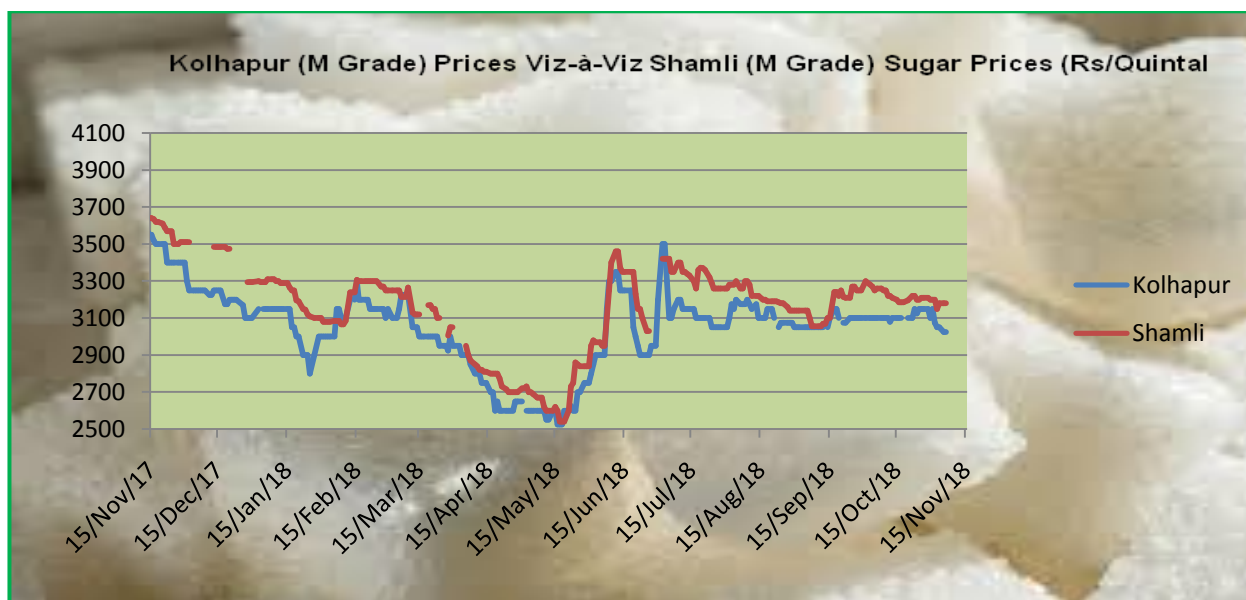
Sugar & Gur Weekly Research Report

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Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2962 per quintal last week declined INR -63 from the previous week; while spot sugar prices for the same grade in Shamli district is 3063 3098 per quintal at the end of last week, declined -35 INR against previous week's average price.



Price Outlook:

Overall dull trading activities are prevailed in market during the weekamid closing sessions and continue lower sugar prices. International sugar prices are remain down. India may produce less sugar than its earlier forecast due to poor sugarcane yields because of drought and infestations. The market was also underpinned by forecasts that the global market may move into 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. However, USDA forecast for higher sugar production estimates may restrict sugar prices to go much high.

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 2900–Rs 3300 per quintal for next week.

Fundamental summary:

Price Drivers	Impact
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.	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:

- **More than 20 % fall in acreages can happen in Karnataka for 2019/20 due to deficient rains and pest attack, around 5-10 % of area had been affected by white grub and 5 percent of area had been uprooted in the state , the average yield expected around 65-70 tonnes per ha compared to 80-90 tonnes in previous year.**
- **As per sources, the government in Uttar Pradesh may rise the sugarcane price by about Rs 10 a quintal for the current crushing season.** On the other hand, banks have put sugar on the negative list owing to uncertainties around sugarcane-sugar pricing and demand-supply mismatch. In the previous year, the UP government had raised the state-advised price (SAP) by Rs 10 a quintal from Rs 305 a quintal to Rs 315 a quintal for the common variety of sugarcane. Government can increase the SAP soon for 2018-19. On the other hand, the farmers have demanded the cane price to be hiked to almost Rs 400 a quintal due to high extra expenses like farm inputs, including diesel, labour and fertilisers.
- **India is set to push Brazil to second position in sugar production during 2018-19 after 15 years. India's sweetener production is estimated to touch 35.9 million tonnes (MTs),** registering an increase of about 5.2% over last year, according to the latest report of the US Department of Agriculture (USDA). The report by USDA's Foreign Agricultural Service wing released on last week has estimated Brazil's sugar production to dip by 8.3 MTs and bringing its total production to 30.6 MTs during this sugar year.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2962 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3100 and Rs 2900 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 2625/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
Contract: Sugar 1 M Con

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

- **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 Ukr sugar 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

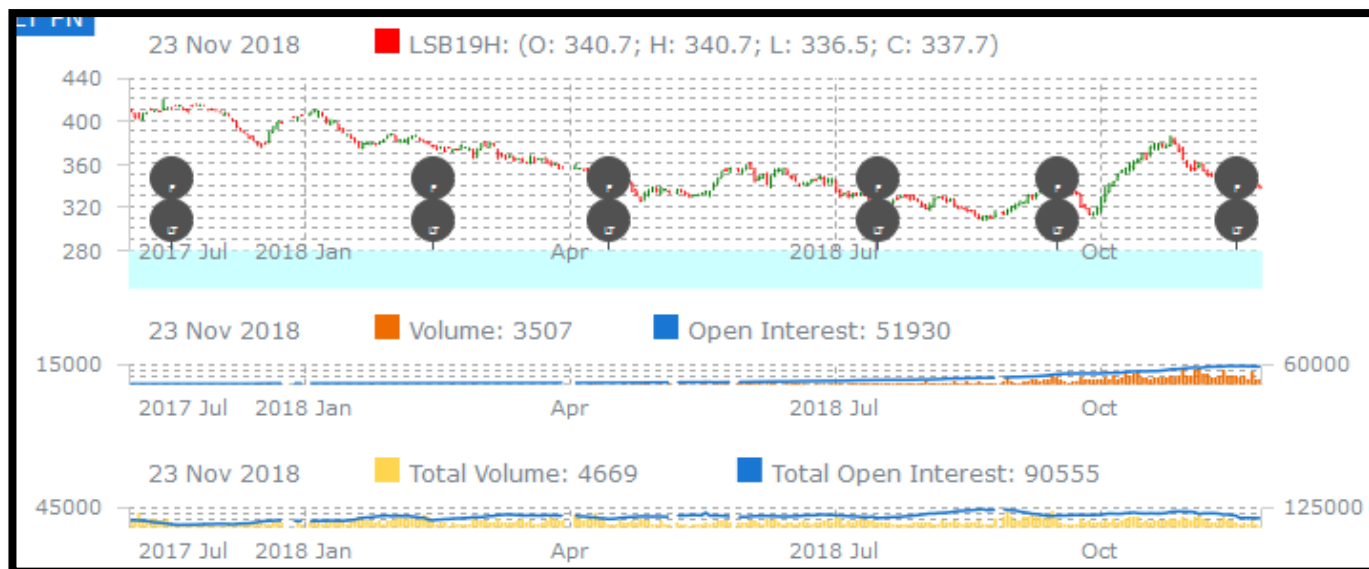
- **Sugar output from the main producing region in Brazil fell 43 percent in the first half of October as rains** **Brazil's center-south is expected to produce 26.38 million tonnes in the 2018/19 season – which is heading into its final weeks** – the lowest amount in 12 years due to a smaller cane crop 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	337	345-360

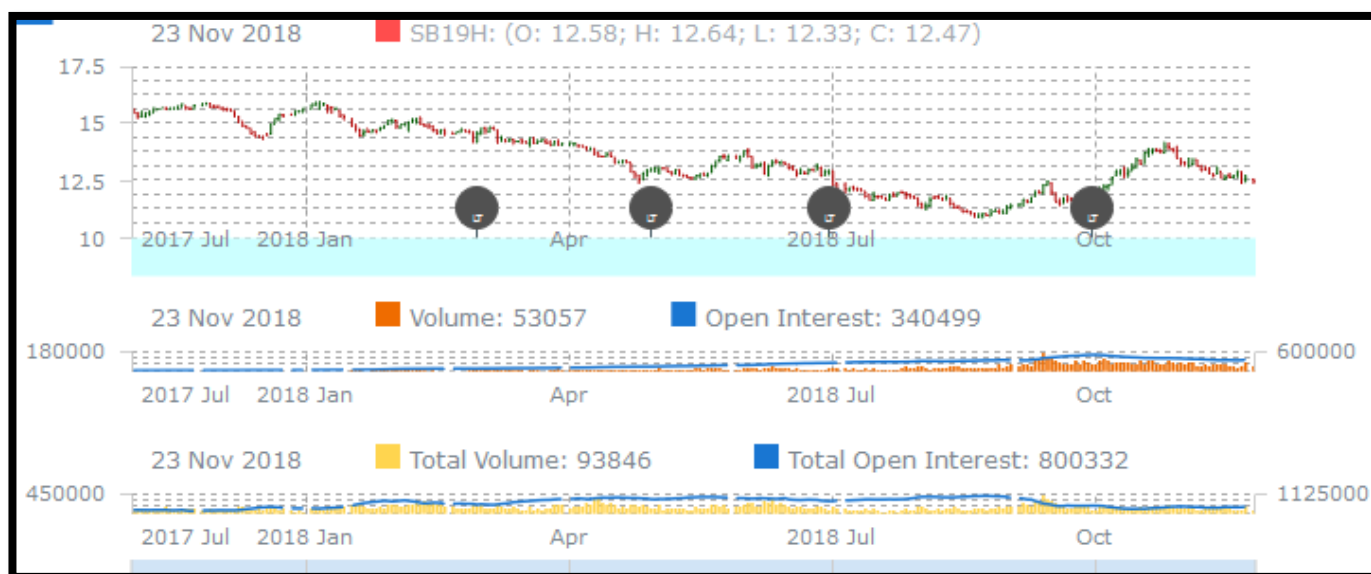


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

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	12.47	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			16th to 22nd Nov 2018	09th to 15th Nov, 2018	
Delhi	Delhi	M-Grade	3001	3112	-111
	Delhi	S-Grade	2981	3092	-111
Uttar Pradesh	Khatauli	M-Grade	3208	3280	-72
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3058	3178	-120
	Dhampur	S-Grade Ex-Mill	3038	3158	-120
	Dhampur	L-Grade Ex-Mill	3108	3228	-120
Maharashtra	Mumbai	M-Grade	3302	3341	-39
	Mumbai	S-Grade	3103	3168	-65
	Nagpur	M-Grade	3088	3160	-73
	Nagpur	S-Grade	3029	3060	-31
	Kolhapur	M-Grade	2963	3035	-73
	Kolhapur	S-Grade	2904	2935	-31
Assam	Guhawati	S-Grade	3212	3243	-31
Meghalaya	Shillong	S-Grade	3224	3255	-31
Andhra Pradesh	Vijayawada	M-Grade	3530	3540	-10
	Vijayawada	S-Grade	3470	3480	-10
West Bengal	Kolkata	M-Grade	3610	3605	5
Tamil Nadu	Chennai	S-Grade	3180	3208	-28
	Dindigul	M-Grade	3547	3587	-40
	Coimbatore	M-Grade	3580	3580	Unch

Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			22-Nov-18	15-Nov-18	22-Oct-18	22-Nov-17
Delhi	Delhi	M-Grade	2915	3100	3220	3610
	Delhi	S-Grade	2895	3080	3200	3590
Uttar Pradesh	Khatauli	M-Grade	3165	3250	3440	3660
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3050	3150	3250	3650
	Dhampur	S-Grade Ex-Mill	3030	3130	3230	3630
	Dhampur	L-Grade Ex-Mill	3100	3200	3300	3700
Maharashtra	Mumbai	M-Grade	3276	3320	3372	3852
	Mumbai	S-Grade	3076	3150	3176	3580
	Nagpur	M-Grade	3050	3150	3225	3525
	Nagpur	S-Grade	3025	3050	3125	3425
	Kolhapur	M-Grade	2925	3025	3100	3400
	Kolhapur	S-Grade	2900	2925	3000	3300
Assam	Guhawati	S-Grade	3207	3233	3309	3613
Meghalaya	Shillong	S-Grade	3220	3245	3320	3620
Andhra Pradesh	Vijayawada	M-Grade	3520	3540	3600	3885
	Vijayawada	S-Grade	3460	3480	3540	3857
West Bengal	Kolkata	M-Grade	3600	3610	3590	4020
Tamil Nadu	Chennai	S-Grade	3100	3200	3230	3750
	Dindigul	M-Grade	3510	3620	3540	NA
	Coimbatore	M-Grade	3580	3580	3580	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3450	NA
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)			16th to 22nd	09th to 15th	

			Nov 2018	Nov,20 18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2725	2753	-28
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	35000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2541	NA	-
	Muzaffarnagar	Laddoo (Fresh)	2798	NA	-
	Muzaffarnagar	Rascut (Fresh)	2144	NA	-
	Hapur	Chaurasa	2325	792	1533
	Hapur	Balti	2290	783	1507
Andhra Pradesh	Chittur	Gold	4000	3975	150
		White	3840	3850	-
		Black	3480	2825	655
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3220	3275	-55
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2951	3025	-74
	Gulbarga	Other (Average)	3380	3325	55
	Mahalingapura	Penti (Average)	3134	3168	-34
	Mandya	Achhu (Medium)	3060	3088	-28
	Mandya	Kurikatu (Medium)	2950	3000	-50
	Mandya	Other (Medium)	2880	2913	-33
	Mandya	Yellow (Medium)	3060	3150	-90
	Shimoga	Achhu (Average)	3480	3550	-70

Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			22-Nov-18	15-Nov-18	22-Oct-18	22-Nov-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	2763	NA	2825
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	NA	NA	8000
	Muzaffarnagar	Khurpa	2475	NA	NA	2613
	Muzaffarnagar	Laddoo	2738	NA	NA	3000
	Muzaffarnagar	Rascut	2113	NA	NA	2163
	Hapur	Chaurasa	2275	2375	NA	2440
	Hapur	Balti	2250	2350	NA	2450
Andhra Pradesh	Chittur	Gold	4000	4100	NA	NA
		White	3900	3900	NA	NA
		Black	3600	3400	NA	NA
Maharashtra	Latur	Lal Variety	NA	NA	NA	NA



Karnataka	Bangalore	Mudde (Average)	4250	4250	4250	4900
	Belgaum	Mudde (Average)	3200	3300	3100	3800
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	2950	3000	3000	NA
	Gulbarga	Other (Average)	3550	3250	3100	4150
	Mahalingapura	Penti (Average)	3159	3211	NA	3733
	Mandya	Achhu (Medium)	3050	3150	3200	3200
	Mandya	Kurikatu (Medium)	2900	3000	3000	3100
	Mandya	Other (Medium)	2950	2950	3000	3200
	Mandya	Yellow (Medium)	3100	3150	3150	3200
	Shimoga	Achhu (Average)	3400	3500	NA	4350

International Sugar Prices (Weekly)

	Contract Month	21-Nov-18	14-Nov-18	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.68	12.65	0.03
	19-May	12.78	12.80	-0.02
	19-Jul	12.88	12.92	-0.04
LIFFE Sugar (US \$/MT)	19-Mar	342.30	345.50	-3.20
	19-May	346.60	350.00	-3.40
	19-Aug	352.40	355.00	-2.60

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