

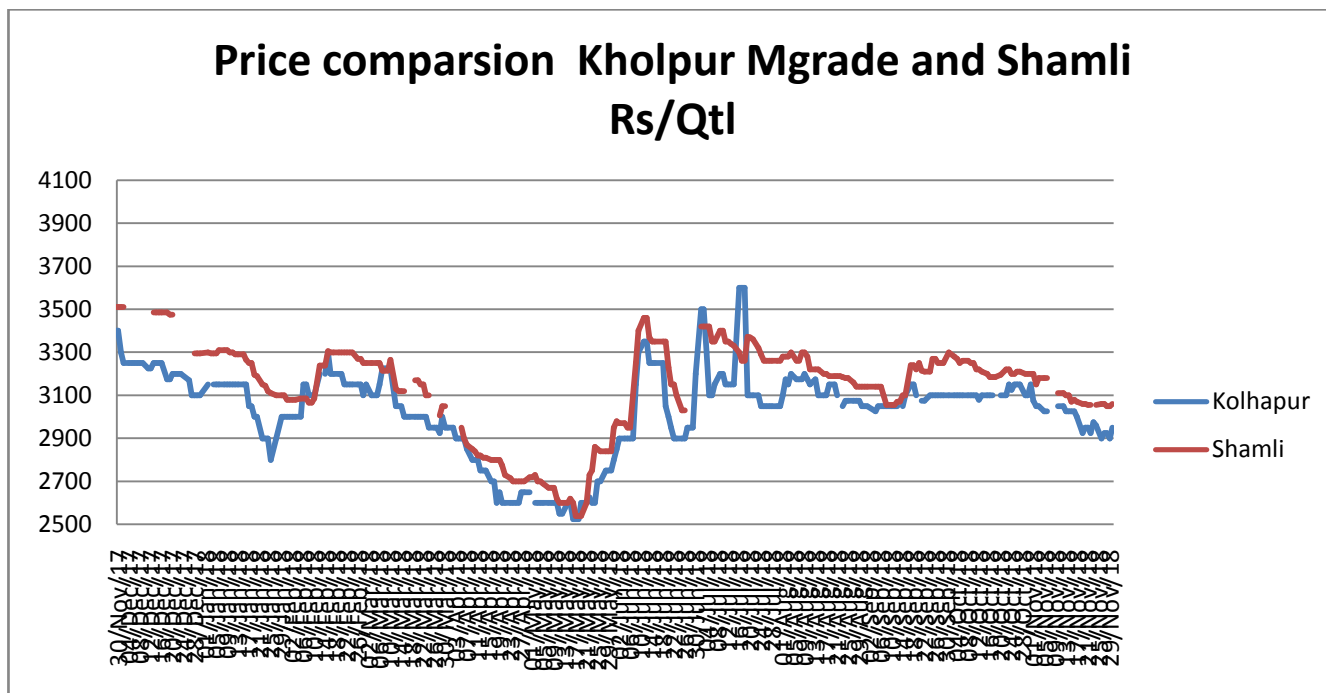
# Sugar & Gur Weekly Research Report

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### Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2920 per quintal last week declined INR 47 from the previous week; while spot sugar prices for the same grade in Shamli district is 3056 per quintal at the end of last week, declined -7 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
<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 &amp; 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:**

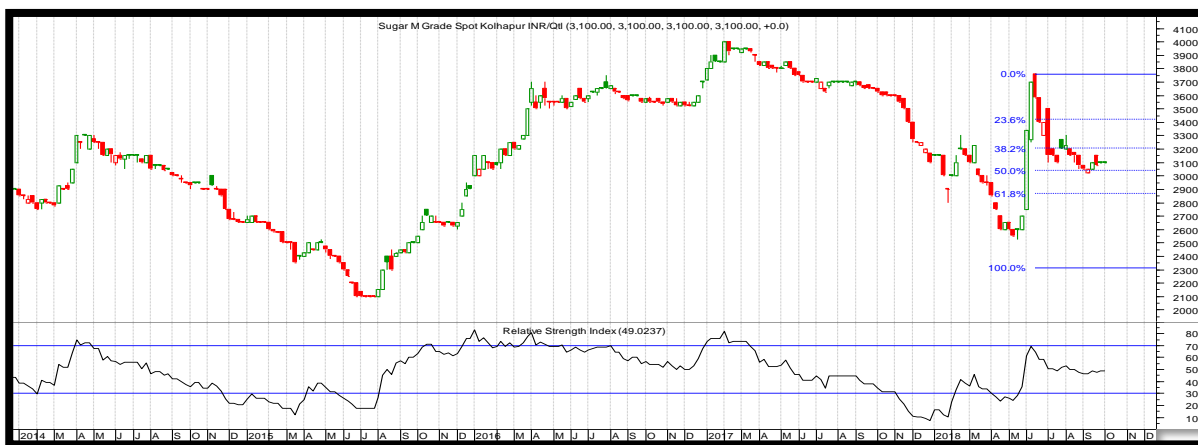
- **As per sources, Sugar mills in Bijnor have paid the dues of Rs. 341 crore to the cane farmers when they got the government announcement of soft loan worth Rs. 4000 crore for sugar mills. Total dues of the cane farmers is Rs. 501 crore.**
- **According to Green pool analyst, India may produce total 32.3 million sugar in 2017/18 and 34.1 million tonnes in 2018/19. While, it has revised down its estimates for European Union sugar output at 17.1 million Tonnes in 2018/19 from its previous estimate i.e. 17.7 million tonnes due to hot dry weather condition in major beet growing countries over the summer.**
- **According to the Indian Sugar Mills Association, total sugar stocks of India are likely to increase during the 2018/19 season despite an expected dip in production to 31.5 million tonnes from the previous season's 32.5 million tonnes. Indian sugar consumption may stand near 26 million tonnes and exports figure is likely to touch the target of 5 million as a result stocks may reach to 11.2 million tonnes from 10.7 million. The average price of cane in India was \$42.30 per tonne in the 2017/18 season, compared with \$24.06 in Australia, \$25.11 in Brazil and \$27.45 in Thailand. India is offering higher sugar prices to its farmers.**
- **As per Reuter sources, the UP government may rise the sugarcane price by about ~10 a quintal for the current crushing season and most of the bank placed sugarcane in the negative list due to uncertainties around sugarcane-sugar pricing and demand-supply mismatch. In the previous season, SAP (state-advised price) prices was placed higher by ~10 a quintal from ~305 a quintal to ~315 a quintal for the common variety of sugarcane. On the other hand, farmers expect and demand the cane price to be hiked to almost ~400 a quintal due to increase in costs of farm inputs, including diesel, labour and fertilizer.**

### Previous 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.**

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2920 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 2610/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 (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**

- **Sugarcane crushing in Brazil's Centre/South (CS) fell to only 21.296 million tonnes in the first half of November, the lowest in seven years for this period and even less than the 24.858 mln in the second half of October, Unica data showed.**
- **The German Sugar Industry Association (WVZ) sharply cut its sugar production forecast for 2018/19 to 4,210,714 tonnes, in its third estimate in November, down from a forecast for 4,411,642 tonnes issued last month.**
- **After weeks in the grip of a bear malaise, raw sugar futures finally picked up this week, taking more account of emerging support from the supply side of the market.**

### Previous 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 Uksugar 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.**

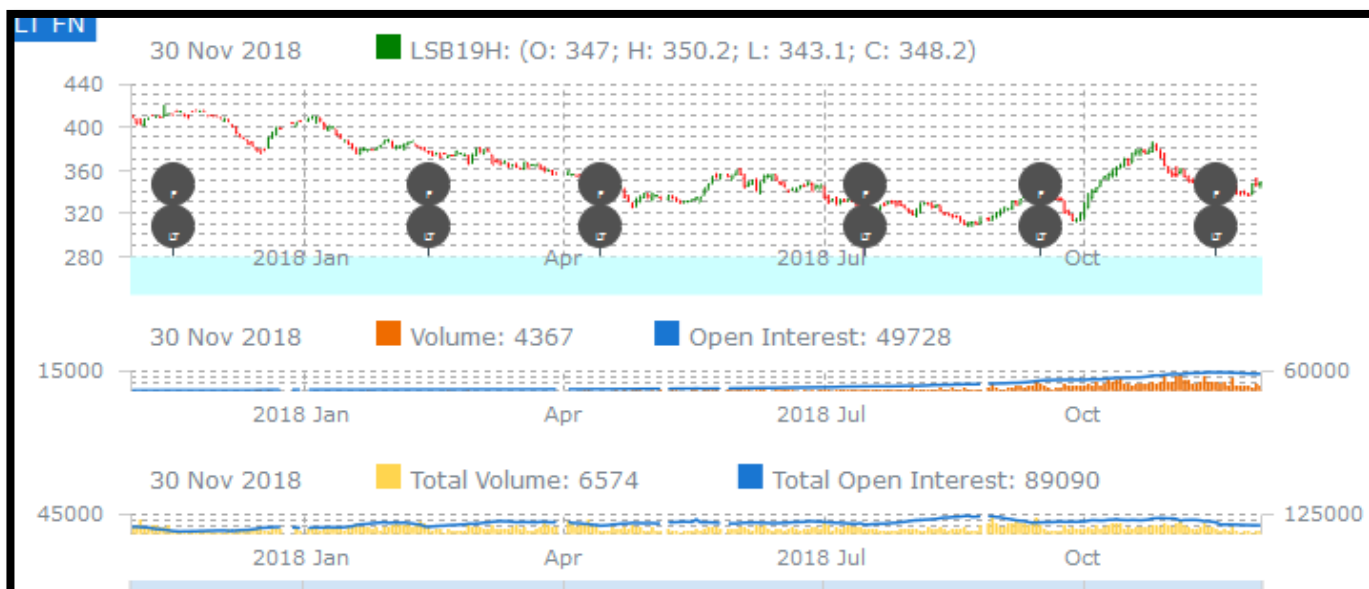
### **LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'18 Contract)**

#### **Technical Commentary**

- LIFFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 350, T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
LIFFE Sugar (US \$/MT)	Dec'18	348	345-360



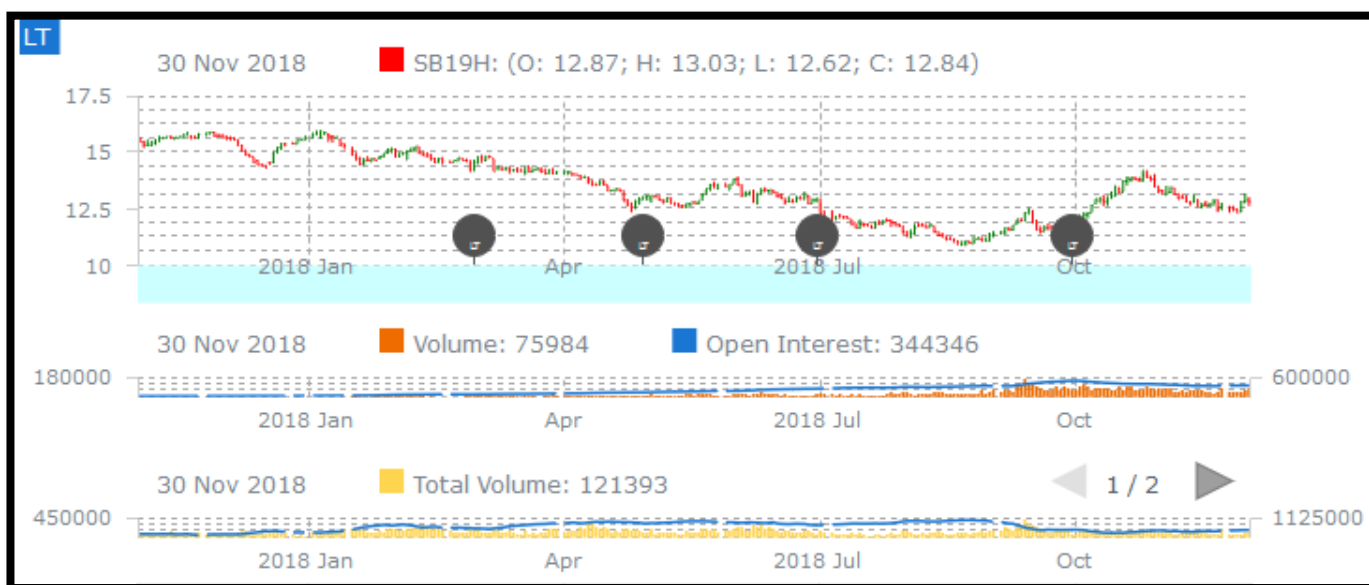


### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'18 Contract)

#### Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market. Strategy: sell at 12.90 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			23rd to 29th Nov 2018	16th to 22nd Nov 2018	
Delhi	Delhi	M-Grade	2937	3001	-64
	Delhi	S-Grade	2917	2981	-64
Uttar Pradesh	Khatauli	M-Grade	3161	3208	-47
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3026	3058	-32
	Dhampur	S-Grade Ex-Mill	3006	3038	-32
	Dhampur	L-Grade Ex-Mill	3076	3108	-32
Maharashtra	Mumbai	M-Grade	3315	3302	13
	Mumbai	S-Grade	3085	3103	-18
	Nagpur	M-Grade	3056	3088	-32
	Nagpur	S-Grade	3029	3029	Unch
	Kolhapur	M-Grade	2931	2963	-32
	Kolhapur	S-Grade	2904	2904	Unch
Assam	Guhawati	S-Grade	3212	3212	Unch
Meghalaya	Shillong	S-Grade	3224	3224	Unch
Andhra Pradesh	Vijayawada	M-Grade	3520	3530	-10
	Vijayawada	S-Grade	3460	3470	-10
West Bengal	Kolkata	M-Grade	3518	3610	-92
Tamil Nadu	Chennai	S-Grade	3063	3180	-118
	Dindigul	M-Grade	3465	3547	-82
	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			29-Nov-18	22-Nov-18	29-Oct-18	29-Nov-17
Delhi	Delhi	M-Grade	2897	2915	3200	3600
	Delhi	S-Grade	2877	2895	3180	3580
Uttar Pradesh	Khatauli	M-Grade	3160	3165	3400	3614
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3020	3050	3200	3550
	Dhampur	S-Grade Ex-Mill	3000	3030	3180	3530
	Dhampur	L-Grade Ex-Mill	3070	3100	3250	3600

<b>Maharashtra</b>	Mumbai	M-Grade	3256	3276	3460	3700
	Mumbai	S-Grade	3076	3076	3280	3492
	Nagpur	M-Grade	3025	3050	3225	3525
	Nagpur	S-Grade	3025	3025	3125	3425
	Kolhapur	M-Grade	2900	2925	3100	3400
	Kolhapur	S-Grade	2900	2900	3000	3300
<b>Assam</b>	Guhawati	S-Grade	3207	3207	3309	3613
<b>Meghalaya</b>	Shillong	S-Grade	3220	3220	3320	3620
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3520	3520	3600	3762
	Vijayawada	S-Grade	3460	3460	3540	NA
<b>West Bengal</b>	Kolkata	M-Grade	3490	3600	3620	3880
<b>Tamil Nadu</b>	Chennai	S-Grade	3025	3100	3260	3750
	Dindigul	M-Grade	3400	3510	3520	NA
	Coimbatore	M-Grade	3580	3580	3640	NA
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	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)			23rd to 29th Nov 2018	16th to 22nd Nov 2018	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Fresh	2457	2725	-269
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	46000	35000	11000
	Muzaffarnagar	Khurpa (Fresh)	2393	2541	-148
	Muzaffarnagar	Laddoo (Fresh)	2638	2798	-160
	Muzaffarnagar	Rascut (Fresh)	2061	2144	-83
	Hapur	Chaurasa	2181	2325	-144
	Hapur	Balti	2200	2290	-90
<b>Andhra Pradesh</b>	Chittur	Gold	3900	4000	60
		White	3817	3840	-
		Black	3240	3480	-240
<b>Maharashtra</b>	Latur	Lal Variety	NA	NA	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3250	3220	30
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2864	2951	-87
	Gulbarga	Other (Average)	3688	3380	308
	Mahalingapura	Penti (Average)	3034	3134	-100
	Mandya	Achhu (Medium)	3000	3060	-60
	Mandya	Kurikatu (Medium)	2860	2950	-90
	Mandya	Other (Medium)	2820	2880	-60

	Mandya	Yellow (Medium)	3000	3060	-60
	Shimoga	Achhu (Average)	3340	3480	-140

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			29-Nov-18	22-Nov-18	29-Oct-18	29-Nov-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	NA	2825
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	8000	NA	6000
	Muzaffarnagar	Khurpa	2325	2475	NA	2513
	Muzaffarnagar	Laddoo	2675	2738	NA	2825
	Muzaffarnagar	Rascut	2028	2113	NA	2163
	Hapur	Chaurasa	2188	2275	NA	2325
	Hapur	Balti	2188	2250	NA	2375
Andhra Pradesh	Chittur	Gold	3800	4000	4300	NA
		White	3800	3900	3900	NA
		Black	3400	3600	2600	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4250	4250	4250	4900
	Belgaum	Mudde (Average)	NA	3200	NA	3700
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	2800	2950	3100	NA
	Gulbarga	Other (Average)	3750	3550	3300	3160
	Mahalingapura	Penti (Average)	3047	3159	3148	3690
	Mandya	Achhu (Medium)	2900	3050	3100	3150
	Mandya	Kurikatu (Medium)	2850	2900	3100	3000
	Mandya	Other (Medium)	2800	2950	2900	2900
	Mandya	Yellow (Medium)	2950	3100	3150	3000
	Shimoga	Achhu (Average)	3400	3400	NA	3500

International Sugar Prices (Weekly)				
	Contract Month	28-Nov-18	21-Nov-18	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.84	12.68	0.16
	19-May	12.93	12.78	0.15
	19-Jul	13.03	12.88	0.15
LIFFE Sugar (US \$/MT)	19-Mar	347.40	342.30	5.10
	19-May	350.60	346.60	4.00
	19-Aug	355.20	352.40	2.80



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