

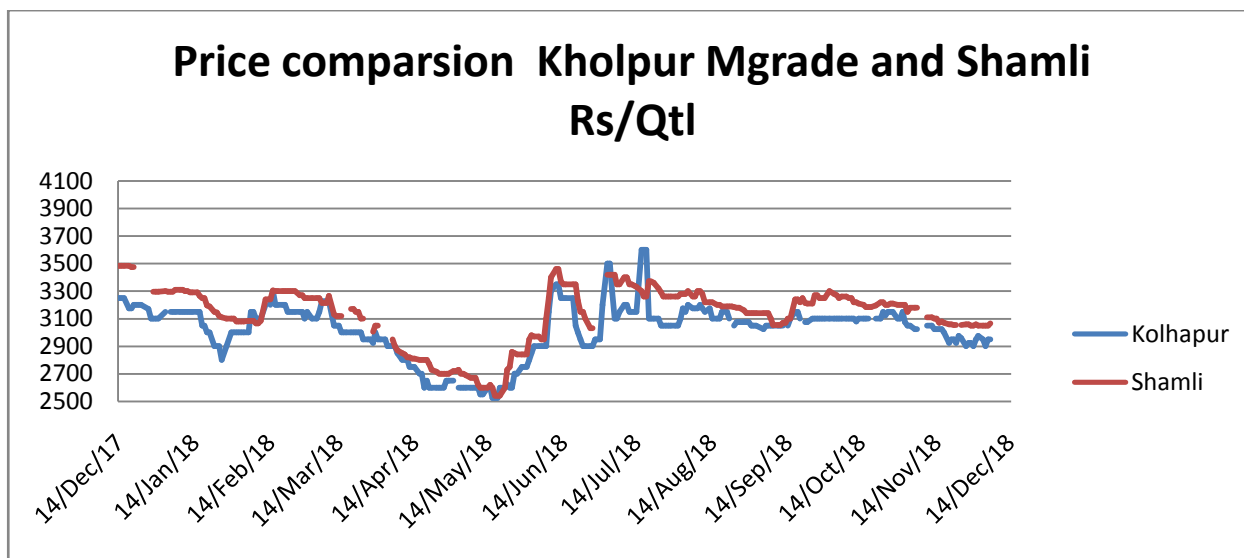
# Sugar & Gur Weekly Research Report

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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 25 from the previous week; while spot sugar prices for the same grade in Shamli district is 2980 per quintal at the end of last week, declined INR 76 from previous week's average price.



### Price Outlook:

- Sugar wholesale market prices were IN Range-bound during the week. This was despite trade expectations that the release quota of 1.9 million tonnes for Dec was slightly lower than probable demand. The government said that 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.

### 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
<b><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></b>	<b>Bullish</b>
<b><i>After announcement of the export incentives for sugar millers in the country &amp;Festive demand</i></b>	<b>Bullish</b>

<i>Higher cane acreage for 2018-19</i>	<b>Bearish</b>
<i>Tightening of restriction on monthly sales</i>	<b>Bullish</b>
<i>MSP at Mill gate fixed at Rs 2900/ Qtl for refined Sugar</i>	<b>Bullish</b>
<i>Announcement for creation of 3 mn tonnes of buffer stock</i>	<b>Bullish</b>

### Domestic Market Highlights

#### Recent Updates:

- **The wholesale sugar price is currently quoted at Rs 29 a kg of 'S' variety and Rs 29.50 a kg of 'M' variety in Kolhapur.** Farm gate sugar prices are currently hovering between Rs 29-30 a kg across the country, which mills are compensating partly with an increase in recovery in the high yielding cane variety to compensate the high production cost of Rs 34 a kg.
- **According to trade sources, India's production during the 2019/20 marketing year could fall to between 28 million tonnes (mt) and 29 mt from this year's estimated 31.5-32 mt. Maharashtra's production could fall 16.7 percent to 7.5 mt in the next season.** The sugar marketing year runs from October to September. Production may fall by half in Maharashtra's central part of Marathwada, where people are struggling to secure drinking water, Apart from water scarcity, an infestation of white grubs will curtail production next season. . Many farmers couldn't plant cane in Maharashtra and Karnataka due to water scarcity. This will reflect in next year's production.
- **According to All India Sugar Trade Association (AISTA) , The Sri Lanka has emerged as the largest sugar importer by contributing nearly half of India's total sweetener exports during the current season beginning October 2018.India's total sugar exports to Sri Lanka at 84,536.90 tonnes.** With 16,801 tonnes and 15,340 tonnes, United Arab Emirates and Somalia have become the second and third largest importer of Indian sugar, respectively. Total exports between October 1 and December 5, 2018 stands at 179,849 tonnes. Apart from this, a quantity of 155,830 tonnes is in pipeline (waiting to load) to move in December 2018/early January 2019, out of which 113,360 tonnes are raw sugar to be dispatched to port-based sugar refineries for shipment. During this period, India exported sugar to 20 countries, of which Sri Lanka has emerged as the largest buyer.

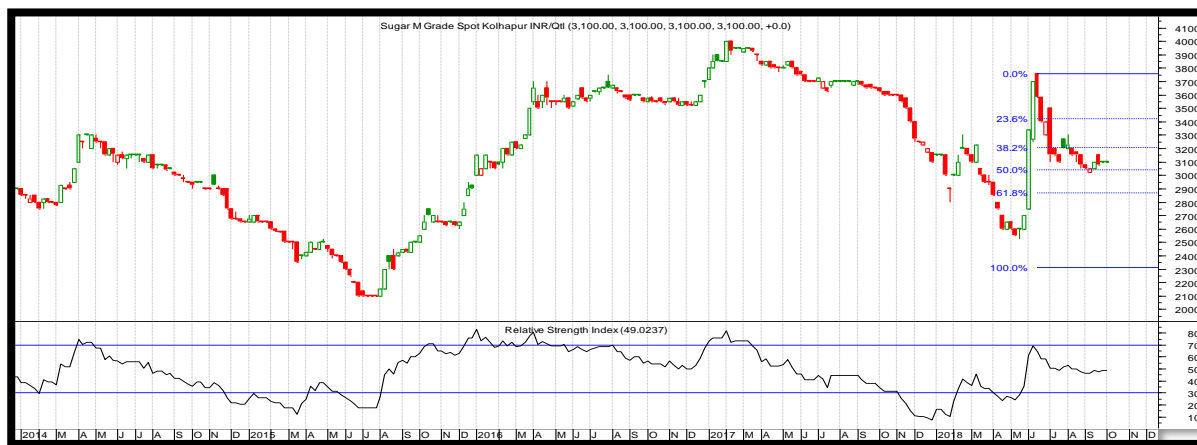
#### Previous Updates

- **Sugar wholesale market prices were slightly improved during the week. This was despite trade expectations that the release quota of 1.9 million tonnes for Dec was slightly lower than probable demand.** The government said that 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.
- **Sugar mills across the country have produced close to 40 lakh tonnes (lt) of sugar till November 30, very similar to that in the corresponding period in the 2017-18 sugar season,** showed data released by the Indian Sugar Mills Association (ISMA) on last week. Maharashtra mills produced 18 lt, 21 per cent more year-on-year, while Uttar Pradesh accounted for 9.5 lt, 27.5 per cent lower (13.11 lt). Karnataka mills produced 7.93 lt, up 13 per cent. Mills in Gujarat, produced 1.95 lt sugar. Mills, in other States, so far contributed 2.3 lt.

- **India's sugar industry is eyeing exports to China and hoping for positive outcome from the talks with the Chinese delegation. If China decides to buy sugar from India, the Indian industry hopes to export about 2 million tonnes of sugar.** This will be a big boost to the industry which is struggling to get exports moving owing to the fall in international prices, appreciation of Indian rupee and a section of traders holding on to the commodity in the hope that domestic prices will increase.
- **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.**

#### 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.

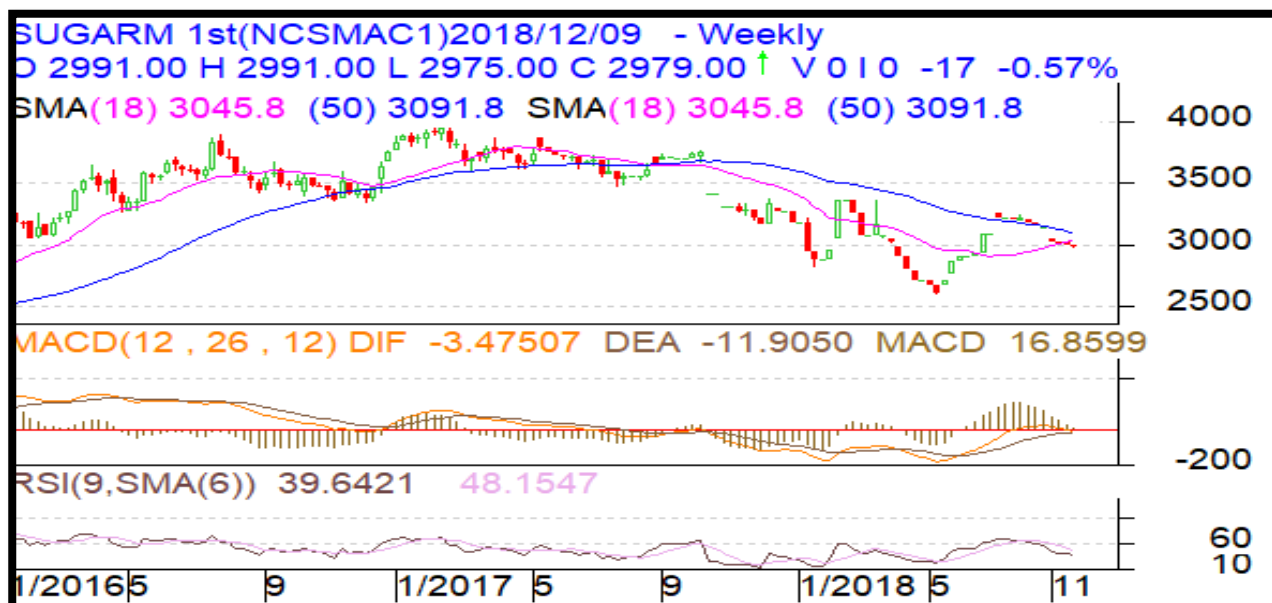


### Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Con (Dec)



Strategy: Wait							
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2850	2900	2979	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	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)							
	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	321	320	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	362.09	418.09	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	359.09	415.09	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	99.09	152.09	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 be 320 LT in 2018/19 then 321 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 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 300 LT in 2018-19.

### International Market Highlights

#### Recent Updates

- **Sugar mills in the North/Northeast (NNE) sugarcane region produced 1,499,950 tonnes of sugar, tel quel, in the 2018/19 crush as of December 1, up 14.6% from 1,308,743 at the same time a year ago, AgMin data showed.**
- **The sugar factories processed 11.81 mln tonnes of beet into 1,597,500 tonnes of sugar as of December 13, the National Association of Sugar Producers (Ukrtukor) said.**
- **U.S. beet sugar production for 2018/19 is reduced 73,942 short tons, raw value (STRV) to 4.900 million based on lower projected sucrose recovery from sliced sugar beets. Recovery for the period covering August-October 2018 is estimated below the level originally expected. Beginning stocks are decreased**

44,694 STRV based on a cane processor revision for ending 2017/18 stocks as recorded in revised 2017/18 Sweetener Market Data . Imports from Mexico for 2018/19 are projected to increase 278,177 STRV to 1.120 million. U.S. sugar exports are projected down 50,000 STRV to 35,000 based on reduced import demand in Mexico. Deliveries for human consumption are reduced by 50,000 STRV to 12.125 million on industry-reported softening sales .Ending stocks are projected at 1.664 million STRV for a stocks-to-use ratio of 13.52 percent.

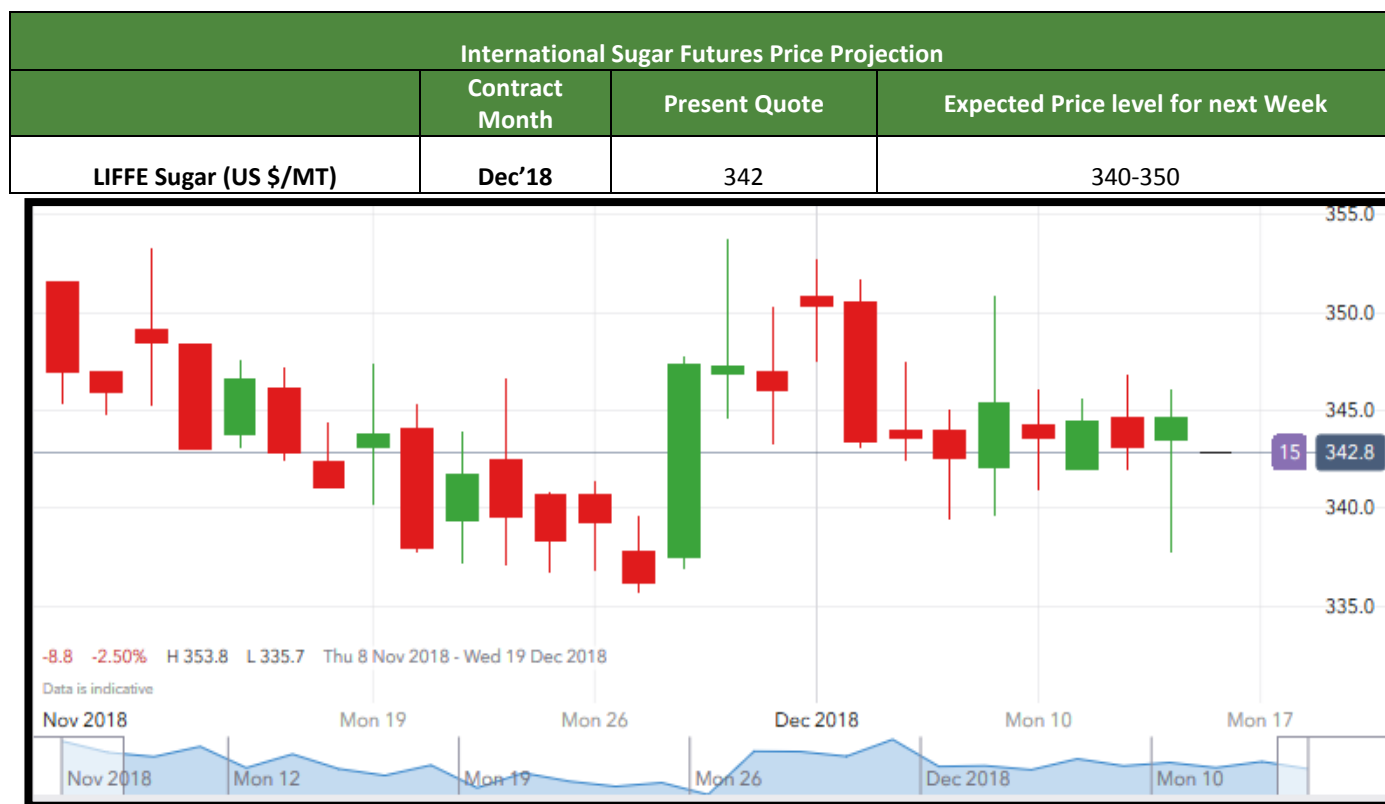
- **Mexico sugar imports for 2018/19 are projected to decrease 45,000 metric tons (MT) reflecting expected lower domestic prices relative to those of prospective import suppliers. Mexico exports for 2018/19 are increased by 238,074 MT to 1.266 million.** This change reflects larger exports to the United States based on a forecast increase in U.S. Needs as defined in the amended Suspension Agreements plus 1,842 MT reported by CONADESUCA corresponding to export licenses for 2017/18 extended for a period between October 1 and 15. Ending stocks for 2018/19 are projected residually at 1.330 million MT, implying a stocks -to-human consumption ratio of 30.1 percent

#### Previous Updates

- **Australia's total sugar cane crush so far has topped 32.029 million tonnes against 31.644 mln last season,** Australian Sugar Milling Council (ASMC) data showed.
- **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.
- **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**

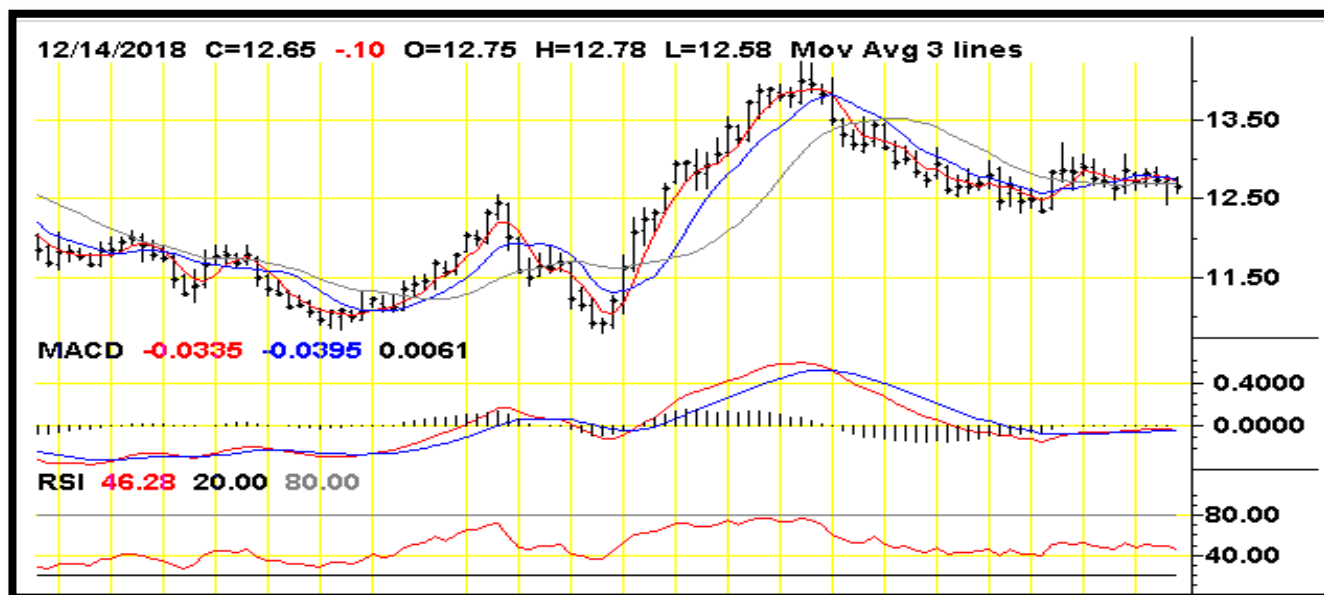
- LIFFE future market trends weak for the week.
- Last candlestick depicts bearishness in the market.
- Strategy: sell below 345,T1 350


**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 12.70 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	12.58	12-15





Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			7th to 13th Dec 2018	30th to 6th Dec 2018	
Delhi	Delhi	M-Grade	2985	2945	40
	Delhi	S-Grade	2965	2925	40
Uttar Pradesh	Khatauli	M-Grade	3161	3189	-28
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3027	3043	-17
	Dhampur	S-Grade Ex-Mill	3007	3023	-17
	Dhampur	L-Grade Ex-Mill	3077	3093	-17
Maharashtra	Mumbai	M-Grade	3253	3264	-11
	Mumbai	S-Grade	3085	3092	-7
	Nagpur	M-Grade	3054	3071	-17
	Nagpur	S-Grade	3025	3031	-6
	Kolhapur	M-Grade	2929	2946	-17
	Kolhapur	S-Grade	2900	2906	-6
Assam	Guhawati	S-Grade	3207	3213	-6
Meghalaya	Shillong	S-Grade	3220	3226	-6
Andhra Pradesh	Vijayawada	M-Grade	3440	3510	-70
	Vijayawada	S-Grade	3410	3460	-50
West Bengal	Kolkata	M-Grade	3452	3470	-18
Tamil Nadu	Chennai	S-Grade	3125	3121	4
	Dindigul	M-Grade	3440	3410	30

	Coimbatore	M-Grade	3450	3450	Unch
<b>Chattisgarh</b>	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			13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
<b>Delhi</b>	Delhi	M-Grade	3005	3000	3100	3460
	Delhi	S-Grade	2985	2980	3080	3440
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3130	3200	3280	3523
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3050	3050	3180	3375
	Dhampur	S-Grade Ex-Mill	3030	3030	3160	3355
	Dhampur	L-Grade Ex-Mill	3100	3100	3230	3425
<b>Maharashtra</b>	Mumbai	M-Grade	3242	3256	3320	3610
	Mumbai	S-Grade	3070	3092	3170	3370
	Nagpur	M-Grade	3025	3075	3150	3375
	Nagpur	S-Grade	3025	3025	3050	3275
	Kolhapur	M-Grade	2900	2950	3025	3250
	Kolhapur	S-Grade	2900	2900	2925	3150
<b>Assam</b>	Guhawati	S-Grade	3207	3207	3233	3461
<b>Meghalaya</b>	Shillong	S-Grade	3220	3220	3245	3470
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3420	3500	3540	3700
	Vijayawada	S-Grade	3400	3460	3480	3660
<b>West Bengal</b>	Kolkata	M-Grade	3450	3460	3600	3775
<b>Tamil Nadu</b>	Chennai	S-Grade	3100	3150	3150	3650
	Dindigul	M-Grade	3500	3420	3620	NA
	Coimbatore	M-Grade	3450	3450	3580	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)			7th to 13th Dec 2018	30th to 6th Dec 2018	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Fresh	2513	2433	81
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	33000	47000	-14000
	Muzaffarnagar	Khurpa (Fresh)	2348	2273	75
	Muzaffarnagar	Laddoo (Fresh)	2733	2618	115

	Muzaffarnagar	Rascut (Fresh)	2050	2041	10
	Hapur	Chaursa	2190	2170	20
	Hapur	Balti	2208	2140	68
Andhra Pradesh	Chittur	Gold	3933	3950	183
		White	3783	3750	-
		Black	3525	3600	-75
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3250	3250	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	2750	2575	175
	Gulbarga	Other (Average)	3142	3530	-388
	Mahalingapura	Penti (Average)	2969	2975	-5
	Mandya	Achhu (Medium)	2592	2758	-167
	Mandya	Kurikatu (Medium)	2500	2683	-183
	Mandya	Other (Medium)	2517	2667	-150
	Mandya	Yellow (Medium)	2700	2883	-183
	Shimoga	Achhu (Average)	3100	3263	-163

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	NA	2855
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	6000	NA	6000
	Muzaffarnagar	Khurpa	2388	2275	NA	2675
	Muzaffarnagar	Laddoo	2783	2693	NA	2963
	Muzaffarnagar	Rascut	2025	2043	NA	2213
	Hapur	Chaursa	2250	2150	NA	2550
	Hapur	Balti	2238	2175	NA	2500
Andhra Pradesh	Chittur	Gold	4000	4000	3900	NA
		White	3900	3800	3800	NA
		Black	3400	3600	2500	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4250	4250	4250	4900
	Belgaum	Mudde (Average)	NA	3300	NA	3700
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	2825	3050	NA
	Gulbarga	Other (Average)	3150	3125	3250	3350
	Mahalingapura	Penti (Average)	NA	2960	3162	3475
	Mandya	Achhu (Medium)	2750	2650	3050	3500

	Mandya	Kurikatu (Medium)	2500	2600	3000	3300
	Mandya	Other (Medium)	2550	2600	2900	3300
	Mandya	Yellow (Medium)	2800	2950	3150	3700
	Shimoga	Achhu (Average)	3100	3250	NA	3800

International Sugar Prices (Weekly)				
	Contract Month	12-Dec-18	5-Dec-18	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.74	12.72	0.02
	19-May	12.82	12.83	-0.01
	19-Jul	12.93	12.92	0.01
LIFFE Sugar (US \$/MT)	19-Mar	343.20	343.50	-0.30
	19-May	348.10	348.50	-0.40
	19-Aug	353.90	353.50	0.40

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