

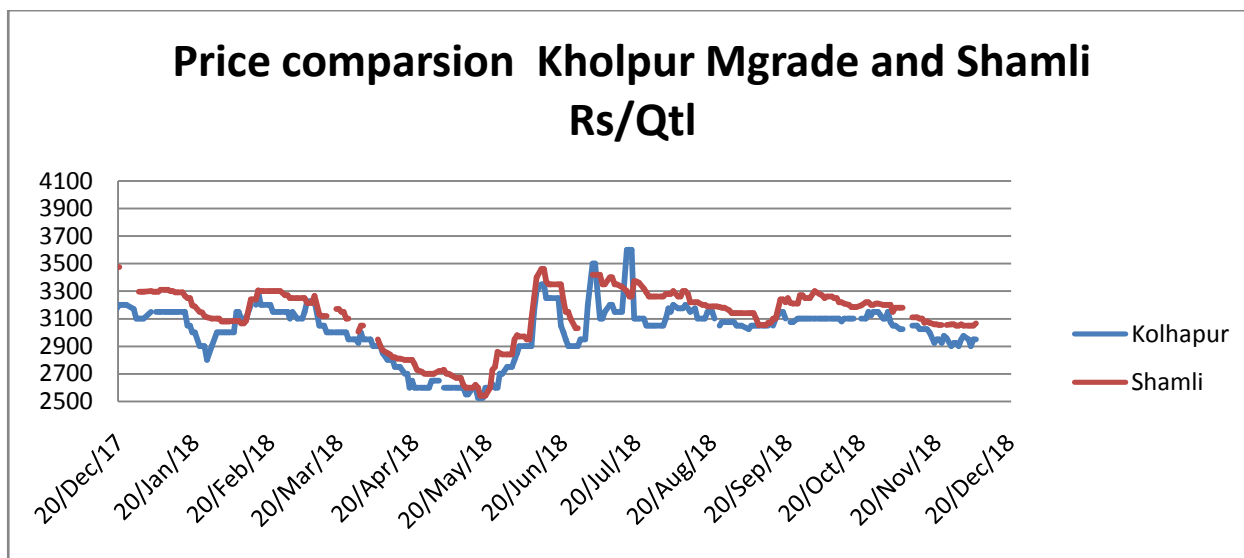
# Sugar & Gur Weekly Research Report

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### Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2940 per quintal last week gaining INR 20 from the previous week; while spot sugar prices for the same grade in Shamli district is 3030 per quintal at the end of last week, gaining INR 50 from previous week's average price.



### Price Outlook:

- Sugar wholesale market prices were slightly firm during the week, on the back of likely improvement in the retail off take for Christmas and New Year.** 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>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.</b>	Bullish
<b>After announcement of the export incentives for sugar millers in the country &amp;Festive demand</b>	Bullish

<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:

- **Sugar production has increased by 2.1 per cent to 7.05 million tonnes till December 15 of the current marketing year.** Mills had produced 6.9 million tonnes of sugar in the same period of 2017-18 marketing year. India is likely to produce 31.5 million tonnes of sugar in 2018-19 marketing year, slightly lower than 32.5 million tonnes last year, according to ISMA forecast. Sugar consumption is estimated at 26 million tonnes in 2018-19.
- **Production in Maharashtra, the country's largest sugar producing state, rose to 2.9 million tonnes till December 15 of this year, as against 2.57 million tonnes in the same period last year.** About 176 mills were in operation in the state and the average sugar recovery achieved so far was 10.18 per cent as compared to 10.10 per cent in the year-ago. Whereas production in Uttar Pradesh, the country's second largest producing state, remained lower at 1.89 million tonnes so far when compared with 2.33 million tonnes in the year-ago. However the production in Karnataka, the country's third largest sugar producing state, stood higher at 1.39 million tonnes as against 1.12 million tonnes in the year-ago. The total output of other States, including Andhra Pradesh, Telangana, Tamil Nadu and Bihar, is 4.5 lt.
- **Indian sugar industry is making efforts to export raw sugar to South Korea during 2018-19 sugar season.** The industry will undertake further discussions and talks with the sugar refineries in South Korea to pursue the matter further so that sugar exports may take place from India to South Korea. South Korea imports around 1.5 million tonnes of raw sugar annually.
- **So far, India has exported only 2.46 lakh tonnes of sugar for this season. If the current trend continues, achieving 5 million tonnes of MIEQ export looks difficult.** Sugar factories face several headwinds for executing export orders. Apart from depreciating Indian rupee making thereby exports less remunerative, depreciation in the Brazilian Lira coupled with sustained fall in global prices made sugar shipment from India less remunerative. With the government releases subsidy amount at the end of the season, sugar mills fear blockage of working capital for the entire year on which they pay interest to lenders.

#### Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2940/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(fresh))at Spot (Muzaffarnagar) market.

##### Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed at Rs 2647/quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs 2500 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	2989	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)	2016-17	2017-18	2018-19	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	77	34.1	67.95	67.95	87.35	183.85	143.57
Estimated sugar production	202.85	321	320	98.2	160.2	44.42	17.18
Imports	4.46	2.85	0	0	0	0	0
Estimated sugar availability (A + B + C)	284.31	357.95	387.95	166.15	247.55	228.27	160.75
Exports	4.6	30	30	3	10	7	10
Availability for domestic consumption (D - E)	279.71	327.95	357.95	163.15	237.55	221.27	150.75
Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
Carry out stock (F - G)	34.1	67.95	94.95	87.35	183.85	143.57	94.95

- **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 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 30 LT in 2018-19.*

**International Market Highlights**
**Recent Updates**

- **Sugar mills in Brazil's Centre/South (CS) crushed 12.6 mln tonnes of sugarcane in the first half of December**, bringing the total crush since the official start on April 1 to 556.851 mln tonnes, down 4.1% from 580.684 mln crushed by the same time in 2017/18, Unica reported in its press conference for the 2018/19 harvest. Thailand's 2018/19 cane crush continues to ramp up with daily crushing volumes exceeding 1 mln tonnes in mid-December.

- **Indonesia has set the raw sugar import quota for industrial use for 2019 at 2.83 mln tonnes, according to Oke Nurwan, director general of international trade at the Trade Ministry.**

#### Previous 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 (Ukrtsukor) 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

#### **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 340,T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Week
LIFFE Sugar (US \$/MT)	Dec'18	338	335-345



### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 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	12.30	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			14th to 20th Dec 2018	7th to 13th Dec 2018	
Delhi	Delhi	M-Grade	3030	2985	45
	Delhi	S-Grade	3010	2965	45
Uttar Pradesh	Khatauli	M-Grade	3171	3161	10
	Ramala	M-Grade	#DIV/0!	NA	-
	Dhampur	M-Grade Ex-Mill	3038	3027	12
	Dhampur	S-Grade Ex-Mill	3018	3007	12
	Dhampur	L-Grade Ex-Mill	3088	3077	12
Maharashtra	Mumbai	M-Grade	3242	3253	-11
	Mumbai	S-Grade	3074	3085	-12
	Nagpur	M-Grade	3079	3054	25
	Nagpur	S-Grade	3042	3025	17
	Kolhapur	M-Grade	2954	2929	25
	Kolhapur	S-Grade	2917	2900	17
Assam	Guhawati	S-Grade	3224	3207	17
Meghalaya	Shillong	S-Grade	3237	3220	17
Andhra Pradesh	Vijayawada	M-Grade	3403	3440	-37
	Vijayawada	S-Grade	3367	3410	-43
West Bengal	Kolkata	M-Grade	3453	3452	2
Tamil Nadu	Chennai	S-Grade	3083	3125	-42
	Dindigul	M-Grade	3447	3440	7
	Coimbatore	M-Grade	3450	3450	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)			14th to 20th Dec 2018	7th to 13th Dec 2018	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2574	2513	61
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	41000	33000	8000
	Muzaffarnagar	Khurpa (Fresh)	2319	2348	-28
	Muzaffarnagar	Laddoo (Fresh)	2753	2733	19
	Muzaffarnagar	Rascut (Fresh)	2039	2050	-11
	Hapur	Chaurasa	2203	2190	13
	Hapur	Balti	2235	2208	28

Andhra Pradesh	Chittur	Gold	3883	3933	100
		White	3783	3783	-
		Black	3450	3525	-75
Maharashtra	Latur	Lal Variety	#DIV/0!	NA	-
Karnataka	Bangalore	Mudde (Average)	4183	4250	-67
	Belgaum	Mudde (Average)	3200	3250	-50
	Belthangadi	Yellow (Average)	#DIV/0!	NA	-
	Bijapur	Achhu	2818	2750	68
	Gulbarga	Other (Average)	3179	3142	37
	Mahalingapura	Penti (Average)	3020	2969	51
	Mandya	Achhu (Medium)	2750	2592	158
	Mandya	Kurikatu (Medium)	2533	2500	33
	Mandya	Other (Medium)	2517	2517	Unch
	Mandya	Yellow (Medium)	2817	2700	117
	Shimoga	Achhu (Average)	3117	3100	17

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			20-Dec-18	13-Dec-18	20-Nov-18	20-Dec-17
Delhi	Delhi	M-Grade	3040	3005	2935	3448
	Delhi	S-Grade	3020	2985	2915	3428
Uttar Pradesh	Khatauli	M-Grade	3170	3130	3210	3464
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3030	3050	3050	3400
	Dhampur	S-Grade Ex-Mill	3010	3030	3030	3380
	Dhampur	L-Grade Ex-Mill	3080	3100	3100	3450
Maharashtra	Mumbai	M-Grade	3242	3242	3292	3580
	Mumbai	S-Grade	3080	3070	3110	3320
	Nagpur	M-Grade	3050	3025	3075	3325
	Nagpur	S-Grade	3025	3025	3025	3225
	Kolhapur	M-Grade	2925	2900	2950	3200
	Kolhapur	S-Grade	2900	2900	2900	3100
Assam	Guhawati	S-Grade	3207	3207	3207	3410
Meghalaya	Shillong	S-Grade	3220	3220	3220	3420
Andhra Pradesh	Vijayawada	M-Grade	3400	3420	3520	3700
	Vijayawada	S-Grade	3360	3400	3460	3640
West Bengal	Kolkata	M-Grade	3460	3450	3600	3700
Tamil Nadu	Chennai	S-Grade	3050	3100	3200	3580
	Dindigul	M-Grade	3460	3500	3510	0

	Coimbatore	M-Grade	3450	3450	3580	0
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	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)			20-Dec-18	13-Dec-18	20-Nov-18	20-Dec-17
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha	NA	NA	2588	2825
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	4000	8000	5000
	Muzaffarnagar	Khurpa	2350	2388	2563	2715
	Muzaffarnagar	Laddoo	2788	2783	2778	2965
	Muzaffarnagar	Rascut	2063	2025	2125	2255
	Hapur	Chaurasa	2200	2250	2325	2563
	Hapur	Balti	2250	2238	2300	2525
<b>Andhra Pradesh</b>	Chittur	Gold	4000	4000	4000	0
		White	3900	3900	3800	0
		Black	3500	3400	3300	0
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4150	4250	4250	4900
	Belgaum	Mudde (Average)	NA	3200	NA	3700
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	2935	NA	2950	NA
	Gulbarga	Other (Average)	3250	3150	3350	3540
	Mahalingapura	Penti (Average)	2913	2950	3097	3403
	Mandya	Achhu (Medium)	2850	2750	3000	3350
	Mandya	Kurikatu (Medium)	2550	2500	2900	3300
	Mandya	Other (Medium)	2500	2550	2650	3150
	Mandya	Yellow (Medium)	2950	2800	2800	3500
	Shimoga	Achhu (Average)	3100	3100	3500	3900

International Sugar Prices (Weekly)				
	Contract Month	19-Dec-18	12-Dec-18	Change
<b>ICE Sugar #11 (US Cent/lb)</b>	<b>19-Mar</b>	12.47	12.74	-0.27
	<b>19-May</b>	12.54	12.82	-0.28
	<b>19-Jul</b>	12.67	12.93	-0.26
<b>LIFFE Sugar (US \$/MT)</b>	<b>19-Mar</b>	341.00	343.20	-2.20
	<b>19-May</b>	345.00	348.10	-3.10
	<b>19-Aug</b>	349.60	353.90	-4.30



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