

Price Outlook:

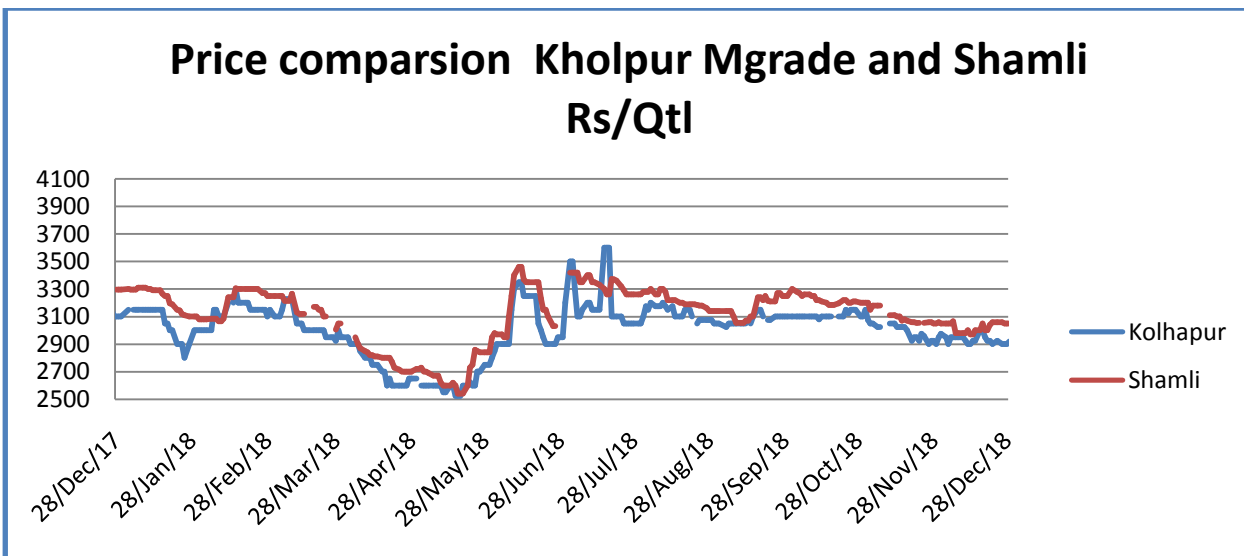
Sugar wholesale market prices are traded weak during the week, We expect sugar prices may trade down on good physical supplies from mills are continuing in the physical market due to imposed stock limit on mills. Prices are supportive after Jan due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka. The release quota for January expected to be little higher than December month, since UP and Maharashtra states demanding extra sales quota, due to the low sales quota, mills are unable to sell their sugar and repay the farmers on time.

Price Projection for the Next week

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.

Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 2909 per quintal last week decline INR 31 from the previous week; while spot sugar prices for the same grade in Shamli district is 3054 per quintal at the end of last week, gaining INR 24 from previous week's average price.

**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:

- Sugar prices have fallen and are hovering in the range of fixed price of Rs 2,900 per quintal.** Moreover there is little demand for sugar and it is binding on millers to make payments to farmers. The UP and MH state sugar millers have decided to approach government once again with a plea to urge the Centre to intervene and increase the minimum floor price of sugar from the existing Rs 2,900 per quintal to Rs 3,250/3,400 per quintal to overcome the current financial distress.
- The government is considering an additional soft loan of Rs 7,400 crore to sugar mills for creating ethanol capacity under a recently launched scheme, according to sources.** The food ministry is also considering tweaking the scheme to ensure that non-molasses-based distilleries are also able to avail soft loans under the scheme launched in June for expansion and setting up of new ethanol plants. Under the scheme, the government had announced a soft loan of Rs 4,400 crore and provided an interest subvention of Rs 1,332 crore to mills over a period of five years, including a moratorium period of one year. However, the ministry has received 282 applications seeking Rs 13,400 crore soft loans. Out of this, 114 applications for a loan amount of Rs 6,000 crore has been approved, the sources said.
- 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.

Previous Updates

- **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.
- **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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2909quintal 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 2608/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 (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 30 LT in 2018-19.

International Market Highlights

Recent Updates

- **March NY world sugar #11 (SBH19) on Friday closed up +0.14 (+1.14%) and March ICE London white sugar (SWH19) closed up by +3.10 (+0.92%).** Sugar prices recovered from 2-3/4 month lows Friday and closed higher after crude oil prices rallied, which is positive for ethanol and sugar on the prospects for Brazil's sugar producers to divert more sugar cane crushing toward ethanol production than sugar production, thus cutting global sugar supplies. Sugar prices posted 2-3/4 month lows early Friday after Petrobras cut its wholesale Brazil gasoline price for a second time this week, which is negative for ethanol prices.
- **According to ratings agency Icra Ltd, sugar production in India is expected to decline by around 2% to 31.5 million tonnes (mt) in the current season.** Even so, the sugar surplus scenario is likely to continue as the industry is carrying sizeable inventories. Even after accounting for exports aided by the government, the industry is likely to hold 11.3–12.3 mt of stock, which is equivalent to 5.3 months of domestic consumption. This is the highest in recent years
- **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.

Previous 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
- **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

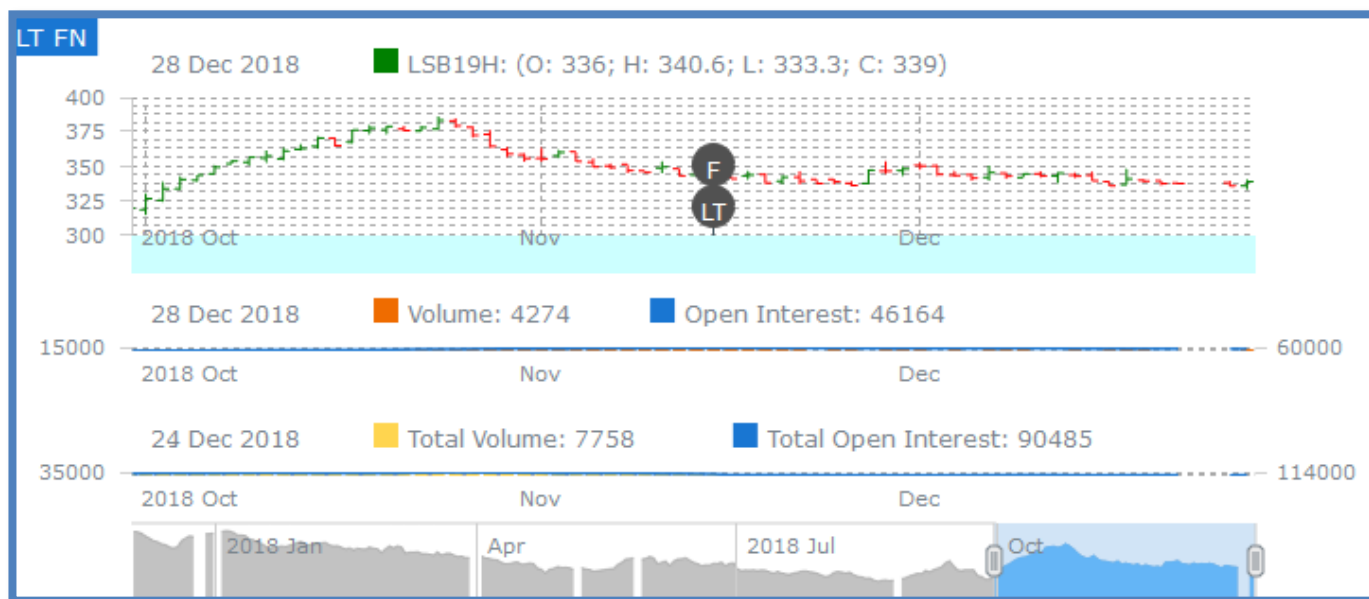
covering August-October 2018 is estimated below the level originally expected. Beginning stocks are decreased 44,694 STRV based on a cane processor revision for ending 2017/18 stocks as recorded in revised 2017/18 Sweetener Market Data . Imports from Mexico for 2018/19 are projected to increase 278,177 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.

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	339	335-345



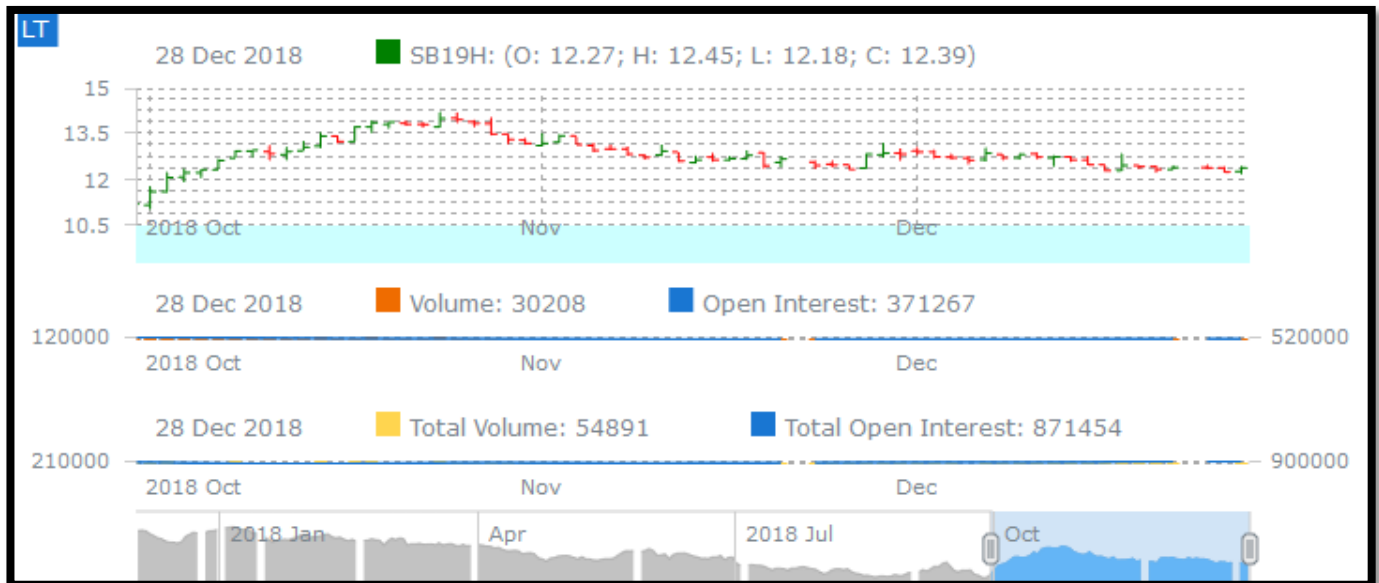
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick depicts bearishness in the market. Strategy: sell at 12.50 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	12.39	12-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			21th to 27th Dec 2018	14th to 20th Dec 2018	
Sugar	Delhi	M-Grade	2985	3030	-45
		S-Grade	2965	3010	-45
Uttar Pradesh	Khatauli	M-Grade	3148	3171	-23
	Ramala	M-Grade	#DIV/0!	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3038	3038	Unch
	Dhampur	S-Grade Ex-Mill	3018	3018	Unch
	Dhampur	L-Grade Ex-Mill	3088	3088	Unch
Maharashtra	Mumbai	M-Grade	3221	3242	-21
	Mumbai	S-Grade	3074	3074	1
	Nagpur	M-Grade	3033	3079	-46
	Nagpur	S-Grade	3025	3042	-17
	Kolhapur	M-Grade	2908	2954	-46
	Kolhapur	S-Grade	2900	2917	-17
Assam	Guhawati	S-Grade	3207	3224	-17
Meghalaya	Shillong	S-Grade	3220	3237	-17
Andhra Pradesh	Vijayawada	M-Grade	3513	3403	110

	Vijayawada	S-Grade	3500	3367	133
West Bengal	Kolkata	M-Grade	3440	3453	-13
Tamil Nadu	Chennai	S-Grade	3050	3083	-33
	Dindigul	M-Grade	3455	3447	8
	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)			21th to 27th Dec 2018	14th to 20th Dec 2018	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2658	2574	84
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	43000	41000	2000
	Muzaffarnagar	Khurpa (Fresh)	2356	2319	37
	Muzaffarnagar	Laddoo (Fresh)	2715	2753	-37
	Muzaffarnagar	Rascut (Fresh)	2073	2039	33
	Hapur	Chaurasa	2198	2203	-5
	Hapur	Balti	2253	2235	18
Andhra Pradesh	Chittur	Gold	4017	3883	233
		White	3633	3783	-
		Black	3400	3450	-50
Maharashtra	Latur	Lal Variety	#DIV/0!	#DIV/0!	-
Karnataka	Bangalore	Mudde (Average)	4150	4183	-33
	Belgaum	Mudde (Average)	3220	3200	20
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	2850	2818	33
	Gulbarga	Other (Average)	3204	3179	24
	Mahalingapura	Penti (Average)	3047	3020	27
	Mandya	Achhu (Medium)	2850	2750	100
	Mandya	Kurikatu (Medium)	2592	2533	58
	Mandya	Other (Medium)	2650	2517	133
	Mandya	Yellow (Medium)	2828	2817	12
	Shimoga	Achhu (Average)	3225	3117	108

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17
Delhi	Delhi	M-Grade	3000	3040	2926	3390
	Delhi	S-Grade	2980	3020	2906	3370
Uttar Pradesh	Khatauli	M-Grade	3130	3170	3165	3384
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3030	3030	3020	3300
	Dhampur	S-Grade Ex-Mill	3010	3010	3000	3280
	Dhampur	L-Grade Ex-Mill	3080	3080	3070	3350
Maharashtra	Mumbai	M-Grade	3230	3242	Closed	3570
	Mumbai	S-Grade	3070	3080	Closed	3290
	Nagpur	M-Grade	3025	3050	3050	3225
	Nagpur	S-Grade	3025	3025	3025	3125
	Kolhapur	M-Grade	2900	2925	2925	3100
	Kolhapur	S-Grade	2900	2900	2900	3000
Assam	Guhawati	S-Grade	3207	3207	3207	3309
Meghalaya	Shillong	S-Grade	3220	3220	3220	3320
Andhra Pradesh	Vijayawada	M-Grade	3700	3400	3520	3700
	Vijayawada	S-Grade	3700	3360	3460	3640
West Bengal	Kolkata	M-Grade	3450	3460	3500	3610
Tamil Nadu	Chennai	S-Grade	3050	3050	3050	3500
	Dindigul	M-Grade	3450	3460	3450	0
	Coimbatore	M-Grade	3450	3450	3580	0
Chattisgarh	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)			27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	2453	2700
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	6000	7000
	Muzaffarnagar	Khurpa	2338	2350	2388	2600
	Muzaffarnagar	Laddoo	2688	2788	2588	2850
	Muzaffarnagar	Rascut	2053	2063	2063	2303
	Hapur	Chaurasa	2188	2200	2125	2450
	Hapur	Balti	2250	2250	2175	2525
Andhra Pradesh	Chittur	Gold	3900	4000	3900	0
		White	3600	3900	3800	0
		Black	NA	3500	3400	0

Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	4150	4150	4250	4900
	Belgaum	Mudde (Average)	3200	3200	NA	3800
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	2935	2855	NA
	Gulbarga	Other (Average)	3210	3250	3650	3245
	Mahalingapura	Penti (Average)	3109	2913	3031	3357
	Mandya	Achhu (Medium)	2850	2850	3000	3250
	Mandya	Kurikatu (Medium)	2600	2550	2850	3200
	Mandya	Other (Medium)	2750	2500	2750	3150
	Mandya	Yellow (Medium)	2850	2950	3000	3200
	Shimoga	Achhu (Average)	3150	3100	3250	3750

International Sugar Prices (Weekly)				
	Contract Month	27-Dec-18	19-Dec-18	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.25	12.47	-0.22
	19-May	12.30	12.54	-0.24
	19-Jul	12.44	12.67	-0.23
LIFFE Sugar (US \$/MT)	19-Mar	339.00	341.00	-2.00
	19-May	342.80	345.00	-2.20
	19-Aug	348.80	349.60	-0.80

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