

Price Outlook:

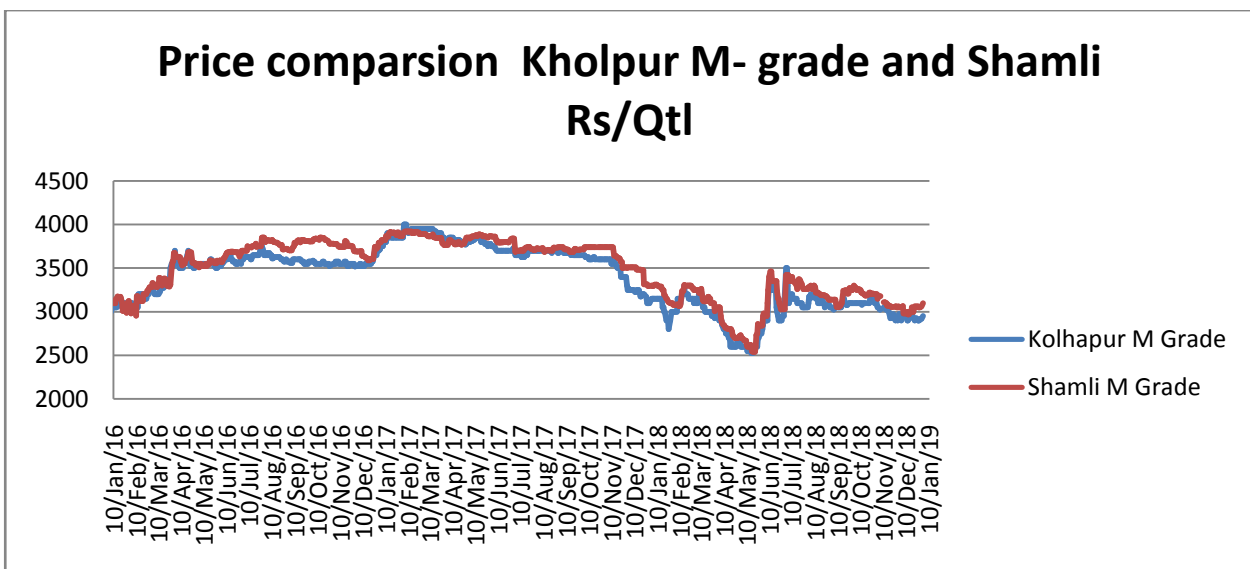
Indian Sugar market witnessed firm trend during last week. On hopes of increase in floor price which is currently at Rs 2,900 per quintal. We expect sugar prices may trade down on good physical supplies from mills are continuing in the physical market due to imposed stock limit on mills. Prices are supportive 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 month of 18.50 LMT little lower 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 2955 per quintal last week gaining INR 37 from the previous week; while spot sugar prices for the same grade in Shamli district is 3075 per quintal at the end of last month, gaining 13 INR against 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:

- **In Vijayawada, sugar prices are trading near Rs 34-36/ Kg it's remained same from last two weeks.**
There is no threat to consumers as of now due to ample sugar production within the country and huge availability of exportable surplus.
- **India's sugar exports are likely to be far lower than a 5 million-tonne target set by government as a strengthening rupee and falling global prices make shipments unattractive despite a government push for overseas sales.** As Agriwatch expected that India is likely to export to 3.0 million tonnes of sugar in the 2018/19 marketing year that started on Oct. 1
- **The Centre is likely to revise the sugar minimum selling price (MSP) by 10 per cent from its current level of Rs 29 a kg to Rs 32 a kg in the weeks ahead.** Last year, the Union food ministry had fixed the ex-factory sugar sale price at Rs 29 a kg to help domestic sugar mills amid falling retail sugar prices and the export-market squeeze owing to a global glut in the sector.
- **In Uttar Pradesh, 117 sugar mills are in operation and they have crushed about 286 lakh tonnes of sugarcane and produced 31 lakh tonnes as on 31st December, 2018,** with an average recovery of 10.84%. In 2017-18 SS, 116 sugar mills were in operation on 31st December, 2017 and they had crushed around 328 lakh tonnes of cane to produce 33.3 lakh tonnes of sugar with an average recovery of 10.14%. However, the yield per hectare is lower than last season and hence the sugar production in U.P. is estimated to be lower than last season for the whole year.
- **In Maharashtra, 184 sugar mills, which are in operation, have produced 43.98 lakh tonnes till 31st December, 2018, as against 183 sugar mills which produced 38.39 lakh tonnes last year.** From the beginning of the season and till 31st December, 2018, average sugar recovery % in the State stands at 10.50% as against 10.23% achieved for the corresponding period of 2017-18 SS. Due to lower availability of cane in Maharashtra and early start, the mills therein would be closing much earlier than last year.

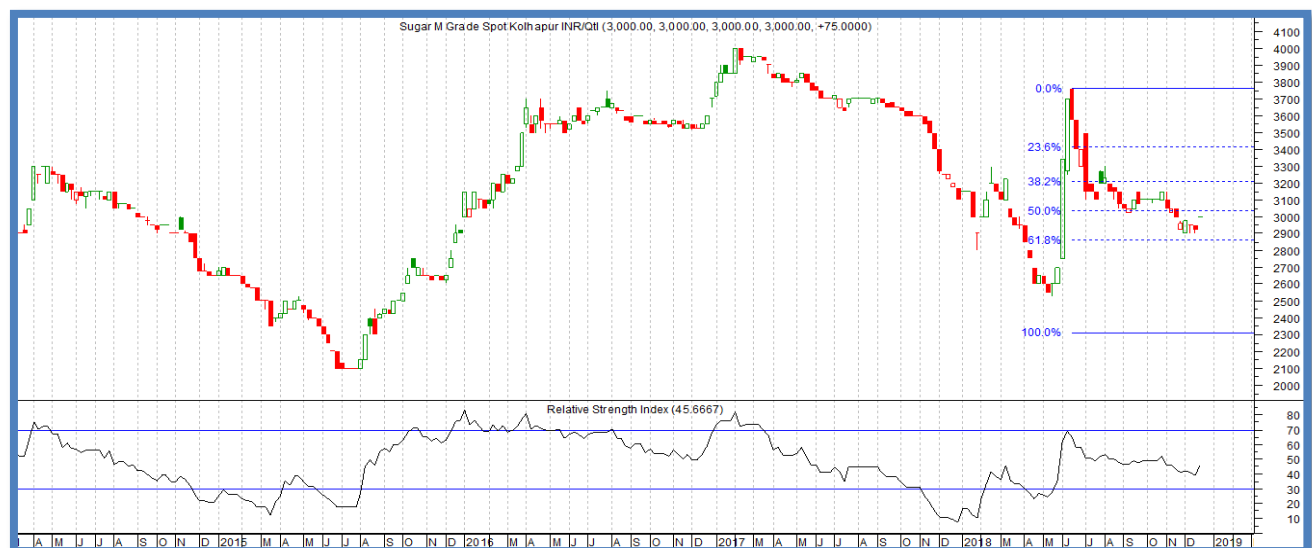
Previous Updates

- **Sugar prices at Vashi gained by Rs 10-20 on Friday on increased demand** at the mill level led by strong rumours that the government may increase minimum support rates for mills, currently at Rs 2,900 per quintal.

- **India's sugar production till December 31, 2018 is up by 6.7% y-o-y.** As on 31st December, 2018, 501 sugar mills were in operation in the country and have produced 110.52 lakh tonnes of sugar, as compared to 103.56 lakh tonnes produced by 505 sugar mills as on 31st December 2017. The slightly higher production of 6.96 lakh tonnes is because Maharashtra and Karnataka sugar mills started their crushing earlier this year. However, due to substantially lower rainfall and white grub infestation, Maharashtra will produce significantly lower quantity this year as compared to last year. Overall, the country is expected to produce 320 lakh tonnes of sugar this season as compared to 322 lakh tonnes of last year.
- **According to the order issued by the Ministry of Consumer and Food, subsidy on buffer stock will not be provided to the sugar mills which have failed to export mandatory exports.** In the past year, the government decided to make 3 million tonnes of buffer stock to stop falling prices of sugar. The Cabinet had approved the provision of Rs 11.75 billion for buffer stock of 30 lakh tonnes for one year. But now the government has laid down the mandatory export ban to provide subsidy on sugar storage.
- **The total export of October-December, 2018 quarter is only 2.6 lakh tonnes,** while the average target is 12.5 lakh tonnes in the quarter. Recently, the government gave a warning to Mills in this case. Most of the weakest exports in UP are sugar mills, which the government was providing transportation subsidy on exports. In spite of this, the provinces of the province could not fulfill the goal of sending another country to China.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2955/tonne 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 2471 /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				
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* 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:

- EU members exported 133,000 tonnes of sugar in November 2018, down from 267,000 in October** and sharply below 324,000 in the same month last year, according to the European Commission.

- **Philippines sugar production in the week ended December 16 amounted to 72,534 tonnes**, raw value, compared with 63,253 tonnes in the same period a year ago, SRA data showed.
- **March NY world sugar #11 (SBH19) on Friday closed up +0.11 (+0.87%) and March ICE London white sugar (SWH19) closed up +0.80 (+0.23%).** Sugar prices moved higher Friday but remained below Wednesday's 1-month high after researcher Marex Spectron cut its 2018/19 sugar export estimate from India, the world's second-largest sugar exporter, to 2.8 MMT from a Nov estimate of 3.0 MMT. A sell-off in crude oil prices, which retreated from a 1-month high in overnight trade, limited the upside in sugar prices Friday since weaker crude prices undercut ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol, thus boosting sugar supplies. Another negative factor is increased supply after shipping data from Brazil showed that sugar awaiting loading in Brazil ports as of Jan 9 totaled 382,113 MT, up +23% from 310,854 MT from the prior week.

Previous Updates

- **Mexico produced 225,000 tonnes of sugar**, tel quel, in the week to December 29, up from 221,000 in the corresponding week last year, official data showed.
- **As crushing operations slowed down for the New Year celebrations**, the country's sugar mills had processed 29.1 mln tonnes of cane against 20.1 mln in the same period a year ago.
- **Sugar exports in December amounted to 1.634 mln tonnes**, raw value, down from 1.934 mln in November and also below the 1.937 mln seen in December 2017.
- **New York closed a little lower during the month.** March futures are now near some support at about 1200. London was lower as well. Sugar was hurt by the weakness in petroleum futures that have hurt demand ideas. Brazil has been using a majority of its Sugarcane harvest to produce ethanol this year instead of Sugar, and there is some talk the mills might switch back to Sugar unless petroleum prices improve soon. Dry conditions continue in Brazil, the EU, and Russia, but conditions are mostly good in Ukraine. Very good conditions are reported in Thailand.

International Sugar Market Summary:

March NY world sugar #11 (SBH19) on Friday closed up +0.11 (+0.87%) and March ICE London white sugar (SWH19) closed up +0.80 (+0.23%). Sugar prices moved higher Friday but remained below Wednesday's 1-month high after researcher Marex Spectron cut its 2018/19 sugar export estimate from India, the world's second-largest sugar exporter, to 2.8 MMT from a Nov estimate of 3.0 MMT. A sell-off in crude oil prices, which retreated from a 1-month high in overnight trade, limited the upside in sugar prices Friday since weaker crude prices undercut ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol, thus boosting sugar supplies. Another negative factor is increased supply after shipping data from Brazil

showed that sugar awaiting loading in Brazil ports as of Jan 9 totaled 382,113 MT, up +23% from 310,854 MT from the prior week.

Bullish and Bearish factors for International sugar

Factors	Impact
Brazil 2018/19 ethanol production estimate to a record 32.2 bln liters (+18.6% y/y), citing the action by Brazil's sugar millers to divert less cane juice to produce sugar.	Bullish
ISO's forecast that global 2018/19 sugar production will rise +0.6% y/y to a record 185.2 MMT and that there will be a 2018/19 sugar surplus of 2.2 MMT (vs 2017/18's 7.3 MMT),.	Bearish
Concern about smaller global production after Unica forecasted that Brazil's Center South 2018/19 sugar production will fall -28% y/y to 26 MMT	Bullish
USDA's FAS forecast for 2018/19 sugar production in India, the world's second-largest sugar producer, to climb +5.2% y/y to a record 35.87 MMT,	Bearish
The recent plunge in crude oil prices to a 17-month low, which is negative for ethanol prices and may prompt Brazil's sugar mills to divert less cane to making ethanol,	Bearish

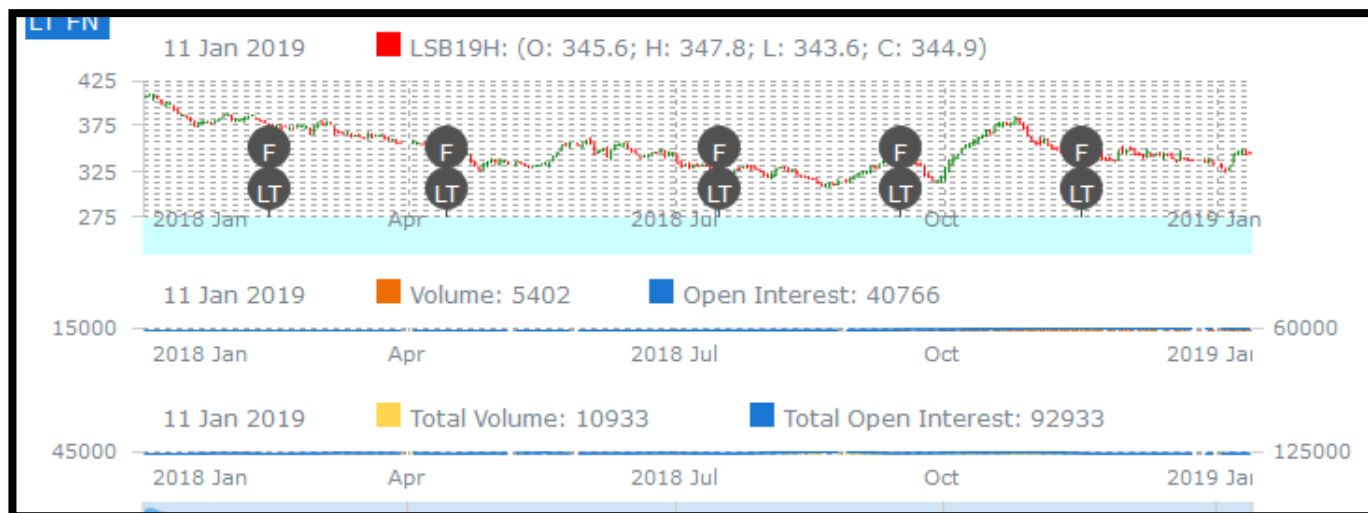
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar 19 Contract)

Technical Commentary

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

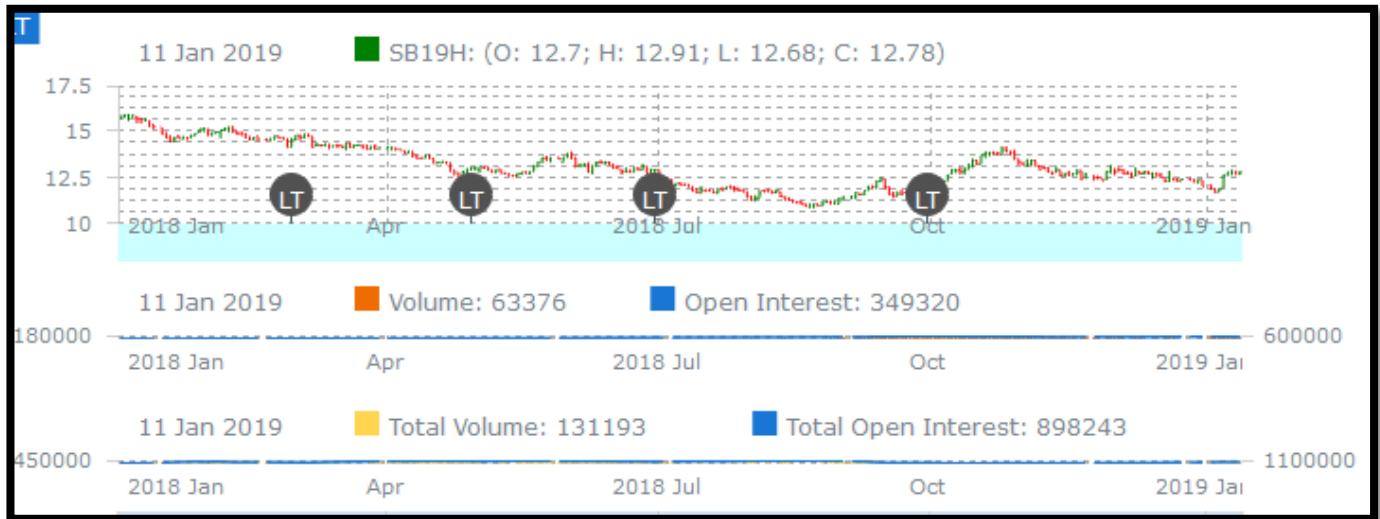
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'19	344	340-350



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

- ICE raw sugar futures trend upward for the week.
- Last candlestick of the month depicts bearishness in the market. Strategy: sell at 12.50 Targeting 14.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'19	12.78	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			04th to 10th Jan 2019	28th to 03th Jan 2019	
Delhi	Delhi	M-Grade	3106	3001	105
	Delhi	S-Grade	3086	2981	105
Uttar Pradesh	Khatauli	M-Grade	3265	3166	99
	Ramala	M-Grade	#DIV/0!	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3080	3050	30
	Dhampur	S-Grade Ex-Mill	3060	3030	30
	Dhampur	L-Grade Ex-Mill	3130	3100	30
Maharashtra	Mumbai	M-Grade	3245	3225	20
	Mumbai	S-Grade	3068	3071	-3
	Nagpur	M-Grade	3075	3053	22

	Nagpur	S-Grade	3030	3025	5
	Kolhapur	M-Grade	2950	2928	22
	Kolhapur	S-Grade	2905	2900	5
Assam	Guhawati	S-Grade	3212	3207	5
Meghalaya	Shillong	S-Grade	3225	3220	5
Andhra Pradesh	Vijayawada	M-Grade	3456	3584	-128
	Vijayawada	S-Grade	3416	3568	-152
West Bengal	Kolkata	M-Grade	3448	3450	-2
Tamil Nadu	Chennai	S-Grade	3106	3078	28
	Dindigul	M-Grade	3448	3454	-6
	Coimbatore	M-Grade	3450	3450	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3580	-80

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)

Commodity			Prices (Rs/Qtl)		Change
			04th to 10 th Jan 2019	28th to 03th Jan 2019	
Jaggery(Gur)	Centre	Variety			
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2473	2535	-62
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	32000	35000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2340	2347	-8
	Muzaffarnagar	Laddoo (Fresh)	2611	2613	-2
	Muzaffarnagar	Rascut (Fresh)	2060	2050	10
	Hapur	Chaurasa	2188	2213	-25
	Hapur	Balti	2225	2275	-50
Andhra Pradesh	Chittur	Gold	4304	4344	584
		White	3740	3720	-
		Black	2920	3033	-113
Maharashtra	Latur	Lal Variety	0	#DIV/0!	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	3267	3200	67
	Belthangadi	Yellow (Average)	0	#DIV/0!	-
	Bijapur	Achhu	2625	2805	-180
	Gulbarga	Other (Average)	3050	3112	-62
	Mahalingapura	Penti (Average)	3022	3062	-40
	Mandya	Achhu (Medium)	2883	2860	23
	Mandya	Kurikatu (Medium)	2667	2650	17
	Mandya	Other (Medium)	2767	2800	-33
	Mandya	Yellow (Medium)	2950	2855	95
	Shimoga	Achhu (Average)	3210	3213	-3

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			10-Jan-19	03-Jan-19	10-Dec-18	10-Jan-18
Delhi	Delhi	M-Grade	3100	3100	3000	3349
	Delhi	S-Grade	3080	3080	2980	3329
Uttar Pradesh	Khatauli	M-Grade	3270	3260	3180	3395
	Ramala	M-Grade	NA	NA	NA	0
	Dhampur	M-Grade Ex-Mill	3075	3050	3015	3290
	Dhampur	S-Grade Ex-Mill	3055	3030	2995	3270
	Dhampur	L-Grade Ex-Mill	3125	3100	3065	3340
Maharashtra	Mumbai	M-Grade	3216	3232	3256	3526
	Mumbai	S-Grade	3066	3076	3090	3270
	Nagpur	M-Grade	3100	3075	3075	3275
	Nagpur	S-Grade	3050	3025	3025	3175
	Kolhapur	M-Grade	2975	2950	2950	3150
	Kolhapur	S-Grade	2925	2900	2900	3050
Assam	Guhawati	S-Grade	3233	3207	3207	3360
Meghalaya	Shillong	S-Grade	3245	3220	3220	3370
Andhra Pradesh	Vijayawada	M-Grade	3440	3460	3460	3660
	Vijayawada	S-Grade	3400	3420	3420	3600
West Bengal	Kolkata	M-Grade	3440	3450	3450	3700
Tamil Nadu	Chennai	S-Grade	3110	3120	3150	3650
	Dindigul	M-Grade	3450	3460	3400	0
	Coimbatore	M-Grade	3450	3450	3450	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	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)			10-Jan-19	03-Jan-19	10-Dec-18	10-Jan-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	2500	2675
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	8000	5000
	Muzaffarnagar	Khurpa	2263	2368	2300	2575
	Muzaffarnagar	Laddoo	2513	2625	2650	2813
	Muzaffarnagar	Rascut	2075	2038	2063	2205
	Hapur	Chaurasa	2175	2200	Closed	2463
	Hapur	Balti	2250	2250	Closed	2525
Andhra Pradesh	Chittur	Gold	4000	4520	3800	0

		White	3700	3800	3700	0
		Black	3000	2500	NA	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4150	4150	4250	4850
	Belgaum	Mudde (Average)	3300	3200	NA	3600
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	2600	2700	NA	NA
	Gulbarga	Other (Average)	3070	2975	3160	NA
	Mahalingapura	Penti (Average)	NA	3081	2935	3354
	Mandya	Achhu (Medium)	2900	2800	2550	3250
	Mandya	Kurikatu (Medium)	2700	2650	2500	3200
	Mandya	Other (Medium)	2750	2750	2500	3100
	Mandya	Yellow (Medium)	3000	NA	2700	3200
	Shimoga	Achhu (Average)	3200	3250	3100	3750

International Sugar Prices (Weekly)

	Contract Month	10-Jan-19	03-Jan-19	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.67	11.69	0.98
	19-May	12.81	11.82	0.99
	19-Jul	12.92	11.99	0.93
LIFFE Sugar (US \$/MT)	19-Mar	344.10	324.20	19.90
	19-May	353.20	329.00	24.20
	19-Aug	358.70	334.00	24.70

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