

Price Outlook: Indian Sugar markets were weak last week. We expect sugar prices may trade lower as good physical supplies from mills are continuing in the physical market. Prices will be supportive in coming days due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka. After demanding the UP and Maharashtra sugar mills on extra sales quota the government has released 21.00 Lakh MT of sugar for Feb higher than the previous month.

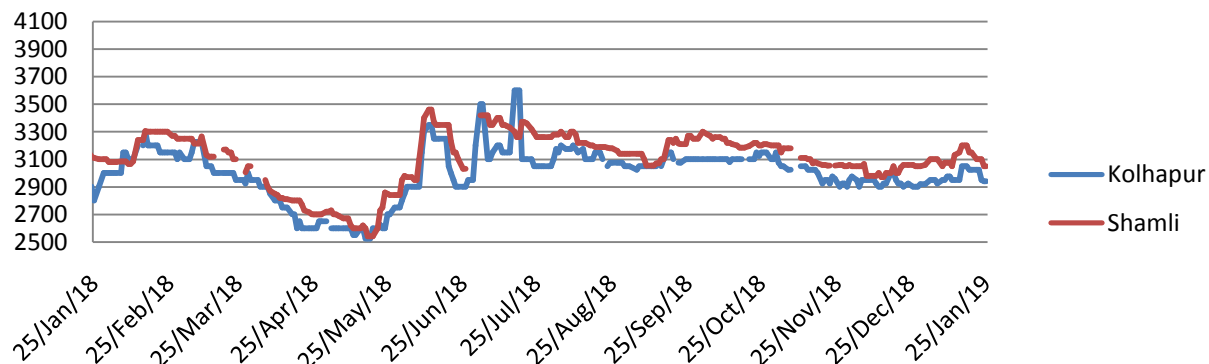
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2950–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 2946 per quintal during the week down by INR 174 from the previous week; while spot sugar prices for the same grade in Shamli district is 3057 per quintal at the end of last month, down by 23 INR against previous week's average price.

**Price comparsion Kholpur Mgrade and Shamli
Rs/Qtl**



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</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 millers in India are urging the government to increase the benchmark price of the commodity to help them pay off about \$2.7 billion they owe to farmers.** The Indian Sugar Mills Association sent a letter to the government asking for the minimum selling price to be raised to Rs 35-36 (\$0.49-\$0.51) a kilogram at factory gates from Rs 29 currently.
- **According to a report published in TimesofIndia.com, 36 sugar factories in Kolhapur and Sangli district have deposited Rs 2,207 crore in the bank accounts of farmers.** The factories in two districts still owe Rs 1,207 crore to the farmers. Total amount payable to farmers in Kolhapur and Sangli district is Rs 3,114 crore till January 31. It has been almost three months of crushing commencement, and still many mills have yet not paid the first installment. The rule mandates that FRP amount should be deposited to the farmers' bank accounts within 14 days after the sugarcane harvest is handed over to the factory owners.
- **The cooperative sugar mills in Haryana so far, have produced over 13.97 lakh quintals of sugar** by crushing 152.57 lakh quintals of sugarcane during the current crushing season. So far, the average rate of sugar recovery by the cooperative sugar mills has been registered at 9.53 per cent.

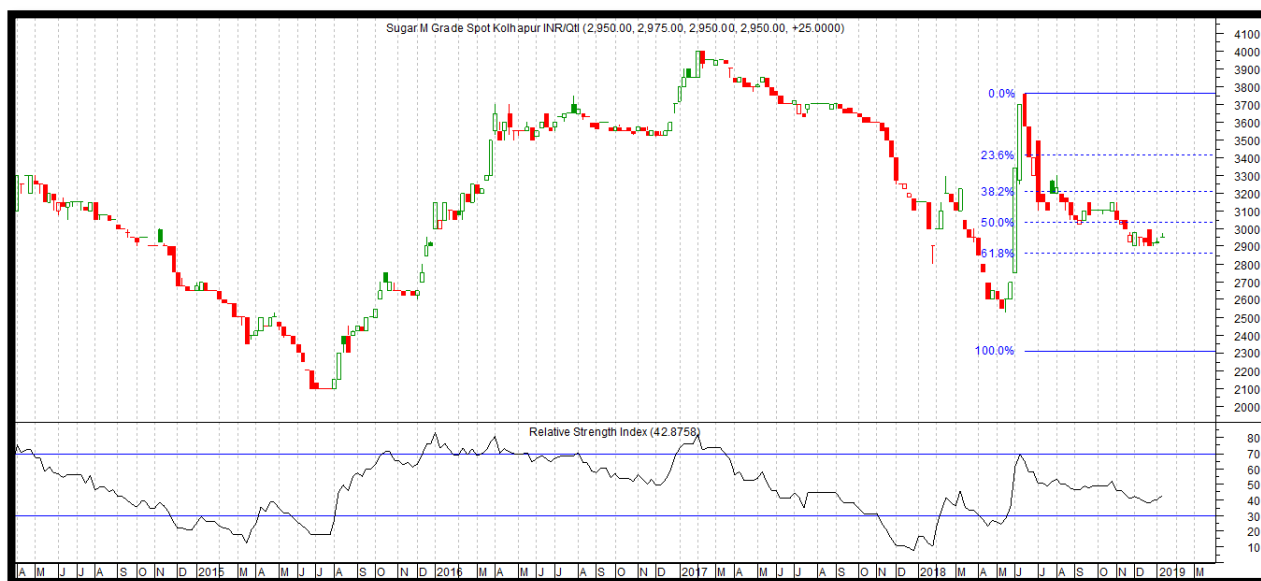
Previous Updates

- **The prices of M-30 and S-30 grades of sugar remains steady in Kolhapur market on Friday** at Rs 2940 and 2900 respectively. While March NY world sugar on Friday closed down -0.54 (-4.16%) and March ICE London white sugar closed down -12.10 (-3.45%). Sugar prices closed higher Thursday on signs of smaller sugar production in Brazil after Unica reported 2018/19 Brazil Center-South sugar production through mid-Jan was down -26.5% y-o-y at 26.350 MMT, with the percentage of cane used for sugar production falling to 35.5% from 46.9% last year and the percentage of cane used for ethanol production rising to 64.5% from 53.1% last year.
- **Sugar mills in the country would be able to attain the export target of 5 mt** unless the government puts pressure or levy penalty on the mills which fail to achieve their quota. As of now, the export target that would be achieved is 3.5 mt.
- **Karnataka, is expected to produce 4.2 MT of sugar in 2018-19 SS, against 3.75 MT produced in 2017-18 SS.** As on January 20, 2019, Karnataka has produced 2.67 MT of sugar, with 65 sugar mills were in operation, against 2.13 MT on the corresponding date in 2018.

- **Indian Sugar Mills Association (ISMA) has lowered India's 2018-19 sugar production estimate by 2.5% to 307 lakh tonnes from first advance estimate of 315 lakh tonnes issued in October 2018.** ISMA has procured the satellite images of cane area already harvested and remaining un harvested area in the fields, across the country during mid-season i.e. in the second week of January 2019. On the basis of these images of harvested and balance area, trend of yields and sugar recoveries achieved till now as also expected yield/sugar recovery in the balance period of the sugar season, sugar production in the current season is estimated to be around 307 lakh tonnes, against the first advance estimates of 315 lakh tonnes released by ISMA in October 2018. This is after considering estimated diversion of 5 lakh tonnes of sugar into production of ethanol through 'B' heavy molasses.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2946 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 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 2547 /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:**

- **Mexico produced 265,287 tonnes of sugar, tel quel, in the week ended January 26**, the highest so far in any week this season and up from 235,397 a week earlier, official data showed. Output was also above the 246,744 tonnes produced in the same week last year.
- Top EU refiner Südzucker announcing a cut of up to 700,000 tonnes in its annual production capacity this week.

- Raw sugar futures in New York ended higher with support coming from a stronger Brazilian currency.

Previous Updates

- **March NY world sugar #11 on Thursday closed up +0.01 (+0.08%) and March ICE London white sugar closed up +0.50 (+0.14%).** Sugar prices closed higher Thursday on signs of smaller sugar production in Brazil after Unica reported 2018/19 Brazil Center-South sugar production through mid-Jan was down -26.5% y-o-y at 26.350 MMT, with the percentage of cane used for sugar production falling to 35.5% from 46.9% last year and the percentage of cane used for ethanol production rising to 64.5% from 53.1% last year.
- **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.
- **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 down -0.13 (-1.02%) and March ICE London white sugar (SWH19) closed down -3.50 (-1.03%). Sugar prices moved lower Friday with Mar London sugar at a 3-1/2 week low on weakness in the Brazilian real against the dollar and on Brazil's cut in gasoline prices. Weakness in the Brazilian real encourages exports by Brazil's sugar producers and the action by Petrobras on Friday to cut wholesale gasoline prices to 1.4758 reals/liter from 1.4907 real/liter is negative for ethanol prices. Weaker ethanol prices may prompt Brazil's sugar mills to divert more cane crushing toward sugar production than ethanol production, thus boosting sugar supplies. Losses were limited Friday

after crude oil rallied to a 2-1/4 month high, which benefits ethanol prices. On the negative side, India's 2018 sugar stockpiles almost doubled to 15.4 MMT as of Dec 31 due to record output. India's 2018/19 sugar production is expected to climb +5.3% y/y to a record 35.9 MMT, according to USDA projections, which would put India's sugar production above Brazil's production for the first time in 15 years.

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

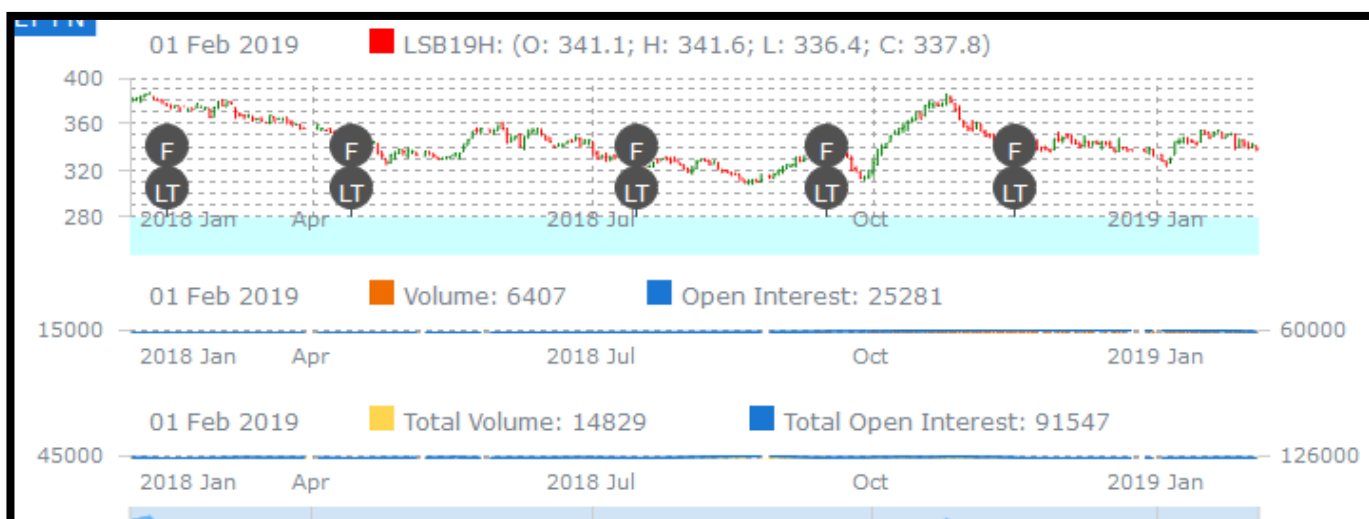
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market trends weak for the week.
- Last candlestick of the WEEK depicts bearishness in the market.
- Strategy: sell below 345,T1 355

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'19	337	340-355

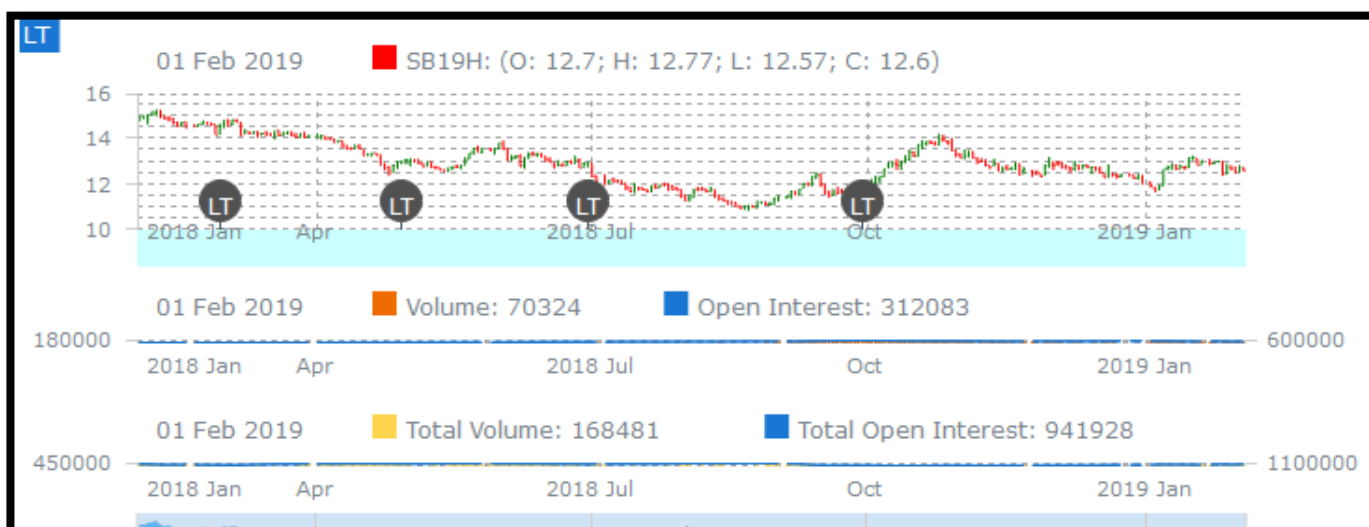


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick of the week 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	12.6	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			18th to 25 th Jan 2019	26th to 31st Jan 2019	
Delhi	Delhi	M-Grade	3126	3057	69
	Delhi	S-Grade	3106	3037	69
Uttar Pradesh	Khatauli	M-Grade	3253	3302	-50
	Ramala	M-Grade	#DIV/0!	0	-
	Dhampur	M-Grade Ex-Mill	3075	3060	15
	Dhampur	S-Grade Ex-Mill	3055	3040	15
	Dhampur	L-Grade Ex-Mill	3125	3110	15
Maharashtra	Mumbai	M-Grade	3282	3204	78
	Mumbai	S-Grade	3092	3093	-1
	Nagpur	M-Grade	3075	3135	-60
	Nagpur	S-Grade	3025	3045	-20
	Kolhapur	M-Grade	2950	3010	-60
	Kolhapur	S-Grade	2900	2920	-20
Assam	Guhawati	S-Grade	3207	3228	-21
Meghalaya	Shillong	S-Grade	3220	3240	-20
Andhra Pradesh	Vijayawada	M-Grade	3440	3440	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3450	3530	-80
Tamil Nadu	Chennai	S-Grade	3053	3120	-68
	Dindigul	M-Grade	3420	3428	-8
	Coimbatore	M-Grade	3450	3450	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	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)			18th to 25 th Jan 2019	26th to 31st Jan 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2505	2507	-2
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	27000	17000	10000
	Muzaffarnagar	Khurpa (Fresh)	2263	2264	-2
	Muzaffarnagar	Laddoo (Fresh)	2478	2513	-35
	Muzaffarnagar	Rascut (Fresh)	2032	2051	-20
	Hapur	Chaurasa	2184	2200	-16
	Hapur	Balti	2181	2175	6
Andhra Pradesh	Chittur	Gold	3640	3933	7

		White	3300	3633	-
		Black	2880	3100	-220
Maharashtra	Latur	Lal Variety	#DIV/0!	0	-
Karnataka	Bangalore	Mudde (Average)	4210	4150	60
	Belgaum	Mudde (Average)	3163	3150	13
	Belthangadi	Yellow (Average)	#DIV/0!	0	-
	Bijapur	Achhu	2717	2583	134
	Gulbarga	Other (Average)	3084	3029	55
	Mahalingapura	Penti (Average)	3039	3004	35
	Mandya	Achhu (Medium)	2540	2700	-160
	Mandya	Kurikatu (Medium)	2470	2600	-130
	Mandya	Other (Medium)	2500	2600	-100
	Mandya	Yellow (Medium)	2600	2713	-113
	Shimoga	Achhu (Average)	3200	3275	-75

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			31-Jan-19	24-Jan-19	31-Dec-18	31-Jan-18
Delhi	Delhi	M-Grade	3100	3150	3020	3200
	Delhi	S-Grade	3080	3130	3000	3180
Uttar Pradesh	Khatauli	M-Grade	3245	3260	3125	3200
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3100	3000	3050	3070
	Dhampur	S-Grade Ex-Mill	3080	2980	3030	3050
	Dhampur	L-Grade Ex-Mill	3150	3050	3100	3120
Maharashtra	Mumbai	M-Grade	3300	3206	3220	3300
	Mumbai	S-Grade	3092	3092	3070	3060
	Nagpur	M-Grade	3075	3065	3045	3125
	Nagpur	S-Grade	3025	3025	3025	3025
	Kolhapur	M-Grade	2950	2940	2920	3000
	Kolhapur	S-Grade	2900	2900	2900	2900
Assam	Guhawati	S-Grade	3207	3207	3207	3207
Meghalaya	Shillong	S-Grade	3220	3220	3220	3220
Andhra Pradesh	Vijayawada	M-Grade	3440	3440	3600	3500
	Vijayawada	S-Grade	3400	3400	3600	3440
West Bengal	Kolkata	M-Grade	3450	3540	3450	NA
Tamil Nadu	Chennai	S-Grade	3050	3075	3050	3500
	Dindigul	M-Grade	3420	3420	3450	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)			31-Jan-19	24-Jan-19	31-Dec-18	31-Jan-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	2505	2563
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	3000	7000	5000
	Muzaffarnagar	Khurpa	2263	2263	2338	2638
	Muzaffarnagar	Laddoo	2463	2500	2613	2613
	Muzaffarnagar	Rascut	2030	2038	2053	2100
	Hapur	Chaurasa	2188	2225	Closed	2325
	Hapur	Balti	2188	2200	Closed	2288
Andhra Pradesh	Chittur	Gold	3500	4000	4400	0
		White	3300	3600	3800	0
		Black	2900	3000	3300	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4250	4150	4150	NA
	Belgaum	Mudde (Average)	3150	3200	NA	3700
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	2600	2910	NA
	Gulbarga	Other (Average)	3100	3100	3212	NA
	Mahalingapura	Penti (Average)	3127	3146	NA	NA
	Mandya	Achhu (Medium)	2550	2650	2850	3100
	Mandya	Kurikatu (Medium)	2450	2500	2650	3100
	Mandya	Other (Medium)	2500	2500	2800	3000
	Mandya	Yellow (Medium)	2550	2700	2900	3150
	Shimoga	Achhu (Average)	NA	3200	3200	3650

International Sugar Prices (Weekly)

	Contract Month	31-Jan-19	17-Jan-19	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.73	12.98	-0.25
	19-May	12.81	13.11	-0.30
	19-Jul	13.01	13.26	-0.25
LIFFE Sugar (US \$/MT)	19-Mar	341.30	351.2	-9.90
	19-May	352.80	359.5	-6.70
	19-Aug	358.80	365.4	-6.60

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