

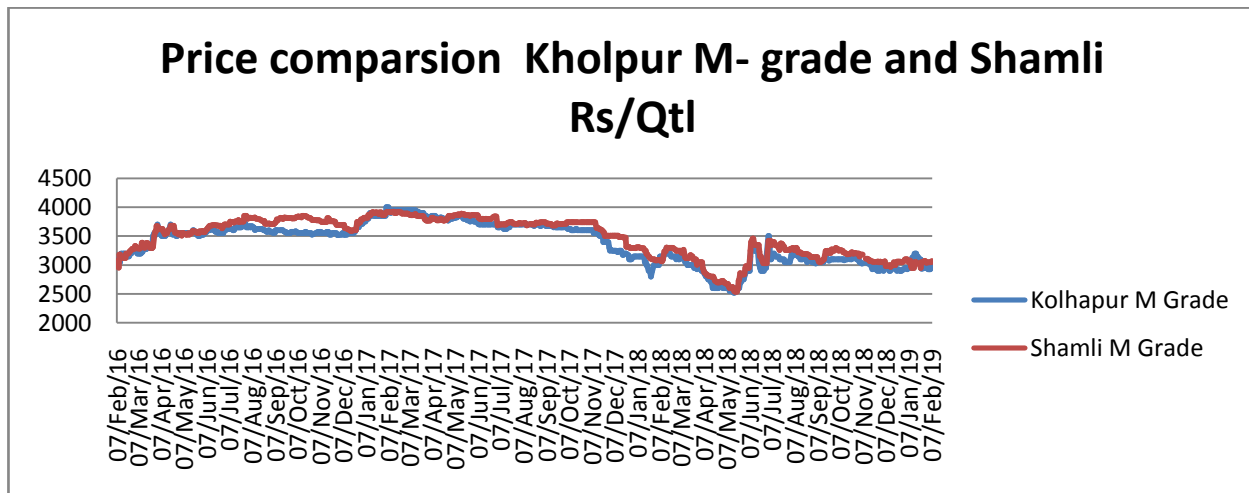
Price Outlook: Indian Sugar markets slightly firm during the week. We expect sugar prices may trade lower as good physical supplies from mills are continuing in the physical market. Prices will be supportive in coming days due to the expectation of weak cane crush this season in the key producing states 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 2966 per quintal during the week up by INR 20 from the previous week; while spot sugar prices for the same grade in Shamli district is 3070 per quintal at last week, up by 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</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 mills nationwide have produced 18.51 MMT sugar till Jan-19, 8 percent higher sugar output** last year same period which is likely to keep flush in supplies and sugar prices on weaker note in short to medium term.
- **In Maharashtra, sugar production till 31st January 2019 was 70.70 lac tons, compared with 63.08 lac tons produced last year same period.** In the current 2018-19 SS, 191 sugar mills are operating, as against 182 mills operated last year in the same period. The sugar production in Maharashtra this year is expected to be less than actual production of last year due to drought and white grub infestation. In U.P. 117 sugar mills are in operation and they have produced 53.36 lac tons of sugar till 31st January 2019, compared with 53.98 lac tons produced by 119 mills on the corresponding date of last year. The sugar recovery achieved this season is about 0.81% more than what was achieved last year. In case of Karnataka, till 31st January, 2019, 65 sugar mills have produced 33.40 lac tons, as compared to 26.78 lac tons produced by 58 sugar mills last year same period.
- **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. Maharashtra have come up with a new formula to address the problem. They will, henceforth, pay about 20 per cent of dues in the form of sugar. This means that for every tonne of cane supplied, mills will give 17 kg of sugar as payment.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 2966 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 2514 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 2500 per quintal respectively.

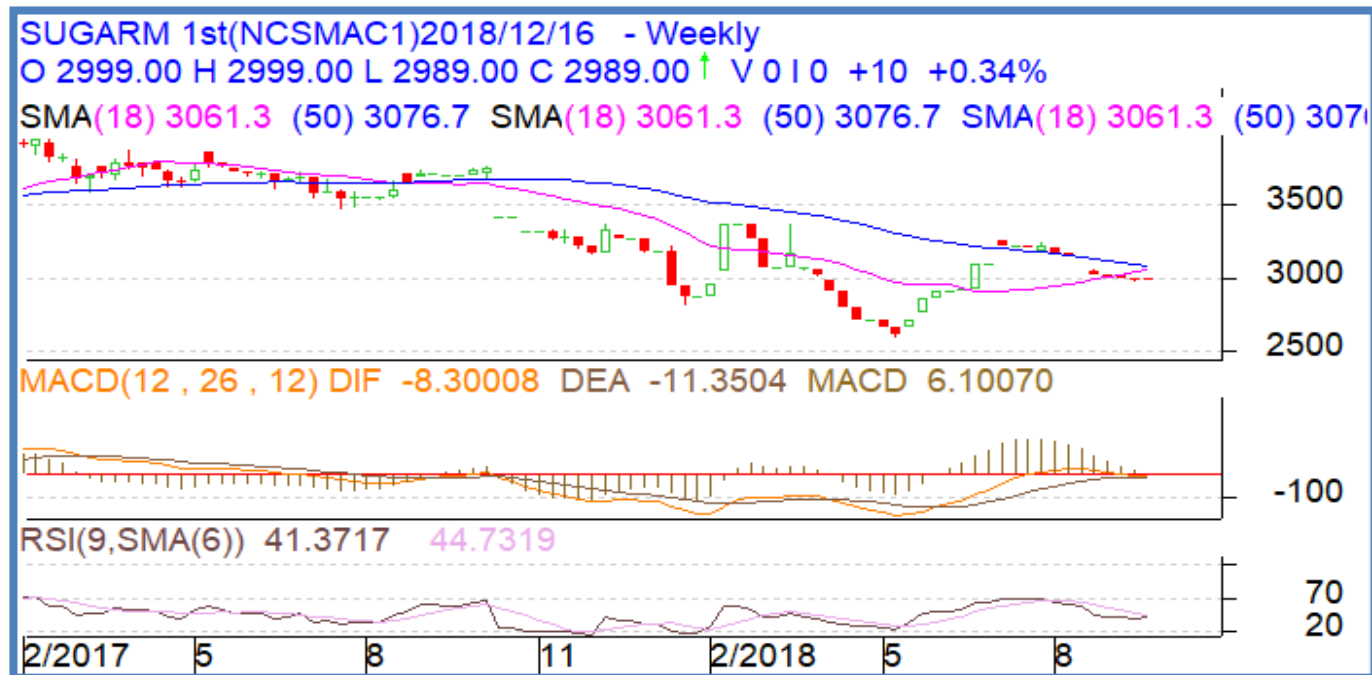


Domestic Sugar Market Technical Analysis (Future Market)

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 down -0.02 (-0.16%) and March ICE London white sugar (SWH19) closed down -3.80 (-1.13%). Sugar prices moved lower Friday with Mar London sugar at a 5-week low due to weakness in the Brazilian real.

Another positive is lower sugar output in Thailand, the world's third-largest sugar producer, after the Thai Sugar Millers Corp reported that Thailand sugar production in the first 69 days of the 120-day season fell -3% y/y to 6.08 MMT due to warmer weather and cane field fires. Weakness in the Brazilian real against the dollar Monday was a bearish factor as the weak real encourages exports by Brazil's sugar producers. Also, stronger sugar output in India, projected to overtake Brazil this year as the world's biggest sugar producer, is negative for prices after the Indian Sugar Mills Association reported that India sugar production during Oct-Jan was up +8% y/y at 18.5 MMT.

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.

International Sugar Market Summary:

March NY world sugar #11 (SBH19) on Friday closed down -0.02 (-0.16%) and March ICE London white sugar (SWH19) closed down -3.80 (-1.13%). Sugar prices moved lower Friday with Mar London sugar at a 5-week low due to weakness in the Brazilian real. The real tumbled to a 1-week low against the dollar Friday, which encourages Brazil's sugar producers to boost exports. Weaker demand for Brazil's ethanol is another bearish factor after Brazil's Trade Ministry reported Wednesday that Brazil Jan ethanol exports fell -15% y/y to 104 million liters.

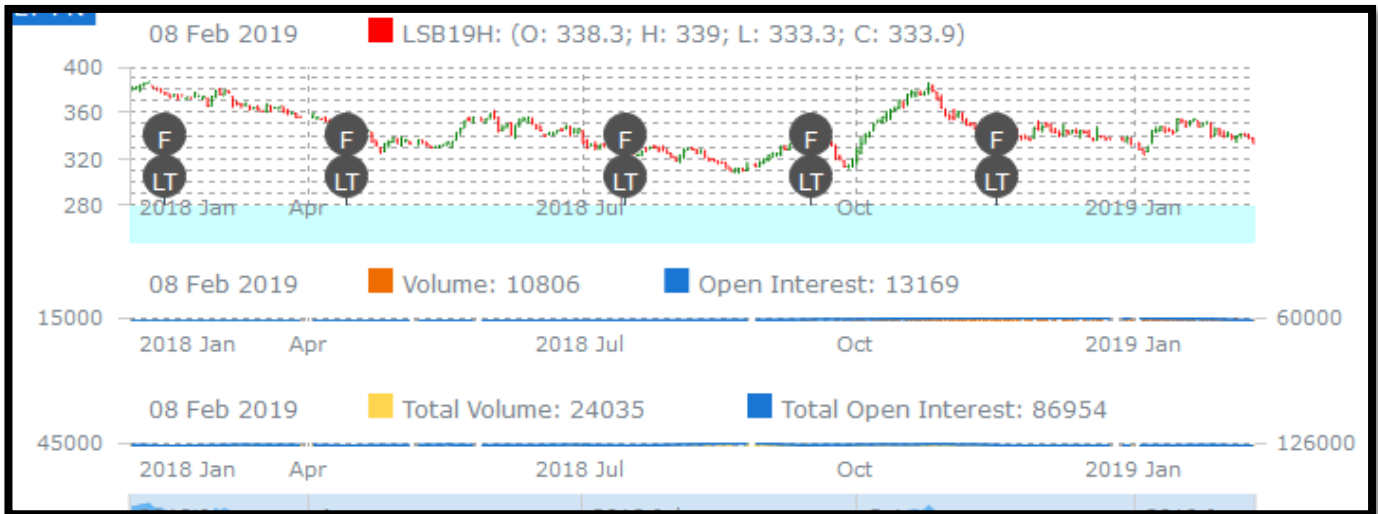
Bullish and Bearish factors for International sugar

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 340,T1 355

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'19	333.9	340-355

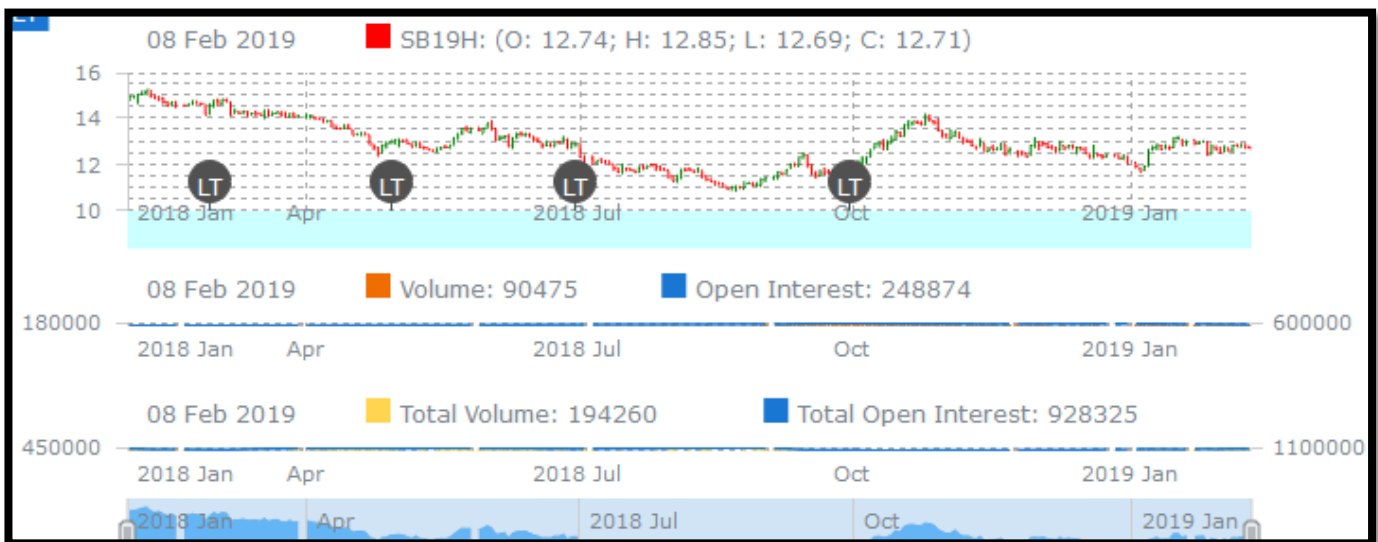


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

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	12.7	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			01st to 07th Feb 2019	26th to 31st Jan 2019	
Delhi	Delhi	M-Grade	3109	3057	52
	Delhi	S-Grade	3084	3037	47
Uttar Pradesh	Khatauli	M-Grade	3241	3302	-61
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3100	3060	40
	Dhampur	S-Grade Ex-Mill	3080	3040	40
	Dhampur	L-Grade Ex-Mill	3150	3110	40
Maharashtra	Mumbai	M-Grade	3313	3204	109
	Mumbai	S-Grade	3081	3093	-12
	Nagpur	M-Grade	3056	3135	-79
	Nagpur	S-Grade	3025	3045	-20
	Kolhapur	M-Grade	2931	3010	-79
	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	3435	3440	-5
	Vijayawada	S-Grade	3395	3400	-5
West Bengal	Kolkata	M-Grade	3453	3530	-78
Tamil Nadu	Chennai	S-Grade	3058	3120	-63
	Dindigul	M-Grade	3410	3428	-18
	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)			01st to 07th Feb 2019	26th to 31st Jan 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2507	71
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	25000	17000	8000
	Muzaffarnagar	Khurpa (Fresh)	2288	2264	24
	Muzaffarnagar	Laddoo (Fresh)	2511	2513	-2
	Muzaffarnagar	Rascut (Fresh)	2013	2051	-38
	Hapur	Chaurasa	2225	2200	25
	Hapur	Balti	2200	2175	25
Andhra Pradesh	Chittur	Gold	3560	3933	-73
		White	3280	3633	-
		Black	2920	3100	-180

Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4250	4150	100
	Belgaum	Mudde (Average)	3067	3150	-83
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	2447	2583	-136
	Gulbarga	Other (Average)	3105	3029	76
	Mahalingapura	Penti (Average)	2950	3004	-54
	Mandya	Achhu (Medium)	2530	2700	-170
	Mandya	Kurikatu (Medium)	2450	2600	-150
	Mandya	Other (Medium)	2470	2600	-130
	Mandya	Yellow (Medium)	2580	2713	-133
	Shimoga	Achhu (Average)	3013	3275	-263

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			07-Feb-19	31-Jan-19	07-Jan-19	07-Feb-18
Delhi	Delhi	M-Grade	3140	3100	3110	3182
	Delhi	S-Grade	3120	3080	3090	3162
Uttar Pradesh	Khatauli	M-Grade	3245	3245	3260	3205
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3120	3100	3075	3070
	Dhampur	S-Grade Ex-Mill	3100	3080	3055	3050
	Dhampur	L-Grade Ex-Mill	3170	3150	3125	3120
Maharashtra	Mumbai	M-Grade	3350	3300	3240	3330
	Mumbai	S-Grade	3090	3092	3072	3080
	Nagpur	M-Grade	3125	3075	3075	3275
	Nagpur	S-Grade	3050	3025	3025	3175
	Kolhapur	M-Grade	3000	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	3440	3460	3460
	Vijayawada	S-Grade	3400	3400	3420	3400
West Bengal	Kolkata	M-Grade	3470	3450	3440	NA
Tamil Nadu	Chennai	S-Grade	3050	3050	3100	3300
	Dindigul	M-Grade	3400	3420	3440	0
	Coimbatore	M-Grade	3450	3450	3450	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	3500	0

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

Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity			Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)	Centre	Variety	07-Feb-19	31-Jan-19	07-Jan-19	07-Feb-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	2480	2580
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	5000	8000	7000
	Muzaffarnagar	Khurpa	2313	2263	2350	2563
	Muzaffarnagar	Laddoo	2563	2463	2638	2553
	Muzaffarnagar	Rascut	2020	2030	2063	2163
	Hapur	Chaurasa	2200	2188	Closed	2213
	Hapur	Balti	2200	2188	Closed	2200
Andhra Pradesh	Chittur	Gold	3600	3500	4300	0
		White	3200	3300	3700	0
		Black	2900	2900	3000	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4250	4250	4150	4800
	Belgaum	Mudde (Average)	3100	3150	3300	NA
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	2350	NA	2600	NA
	Gulbarga	Other (Average)	3200	3100	NA	3150
	Mahalingapura	Penti (Average)	2976	3127	3010	NA
	Mandya	Achhu (Medium)	2500	2550	3000	3200
	Mandya	Kurikatu (Medium)	2450	2450	2700	3000
	Mandya	Other (Medium)	2450	2500	2800	3100
	Mandya	Yellow (Medium)	2600	2550	3100	3100
	Shimoga	Achhu (Average)	NA	NA	3200	3750

International Sugar Prices (Weekly)

	Contract Month	07-Feb-19	31-Jan-19	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.73	12.73	Unch
	19-May	12.70	12.81	-0.11
	19-Jul	12.93	13.01	-0.08
LIFFE Sugar (US \$/MT)	19-Mar	337.70	341.30	-3.60
	19-May	345.80	352.80	-7.00
	19-Aug	354.20	358.80	-4.60

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