

Price Outlook:.

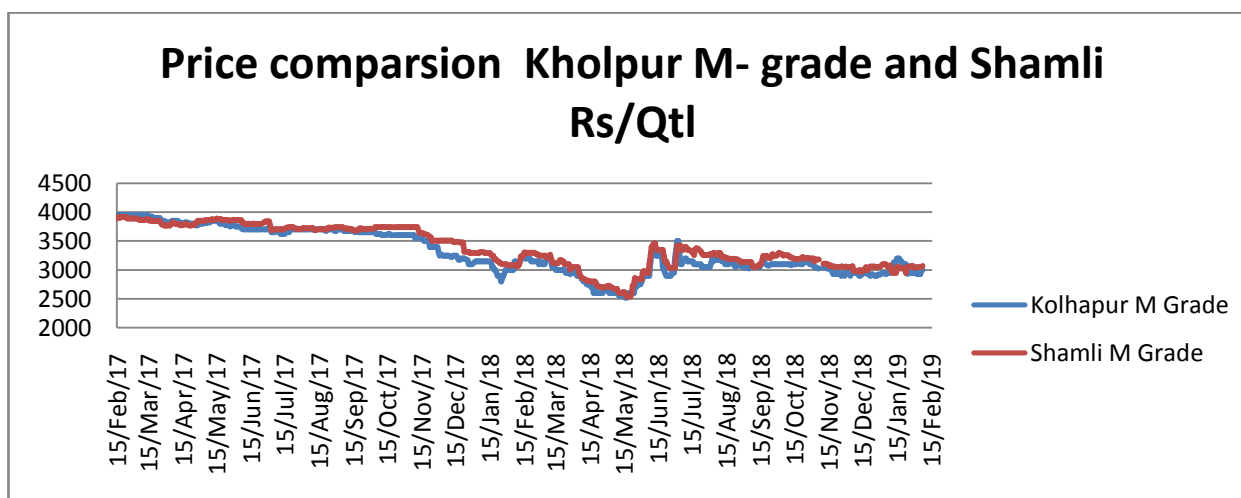
Indian Sugar markets were traded firm during last week. On the back of announcement of Rs 200 hike in ex mill price from Rs 2,900 to Rs 3,100 per quintal. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

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 3100–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 3095 per quintal during the week up by INR 129 from the previous week; while spot sugar prices for the same grade in Shamli district is 3111 per quintal at last week, up by 41 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 3100/ Qtl for refined Sugar</i>	Bullish
<i>Announcement for creation of 3 mn tonnes of buffer stock</i>	Bullish

Domestic Market Highlights

Recent Updates:

- **The government has raised the floor price of sugar by Rs 2 to Rs 31 a kg** to help millers clear cane arrears, which touched Rs 20,167 crore on February 13. Now, mills will not be able to sell sugar at mill gate for less than Rs 31 a kg. In retail, the sugar is also likely to be costlier for consumers who are paying around Rs 38 for one kg of sugar.
- **The raise in MSP will give millers additional liquidity of Rs 5,000 crore by March this year.** We expect millers will pay arrears to farmers. The rise, however, will affect the bulk consumers, which include beverage makers, biscuit manufacturers and other food industry players who buy sugar directly from the mill gate.
- **Sugar prices at the Kolhapur wholesale market shot up by Rs 200-350 a quintal during the week**, on the back of announcement of Rs 200 hike in ex mill price from Rs2,900 to Rs 3,200 per quintal. The industry has been demanding a hike in the MSP for sugar because international market prices have fallen in the past few months and mills have not been able to increase exports. Compared to the government's mandate to the industry to export 5 million tonnes, the season is expected to end with 3.5 million tonnes in exports.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3095 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 3100 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 2569 /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:

May NY world sugar #11 (SBK19) on Friday closed up +0.58 (+4.67%) and May ICE London white sugar (SWK19) closed up +12.90 (+3.77%). Sugar prices rallied Friday with May NY sugar at a 3-week high and May London white sugar at a 2-week high. Strength in the Brazilian real and in crude oil prices Friday fueled short-covering in sugar futures. The Brazilian real rose to a 1-week high against the dollar, which discourages exports by Brazil's sugar producers. Meanwhile, crude oil climbed to a 1-1/2 week high, which benefits ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar, thus curbing sugar supplies.

Unica on last week reported that Brazil millers sold 1.83 billion liters of hydrous ethanol in the domestic market in Jan, up +32.5% y/y and a record volume for a January. Unica also reported on lastTuesday that Brazil's 2018/19 Center-South sugar production during Oct-Jan was down -26.4% at 26.36 MMT, with 35.4% of cane used for sugar (down from 46.9% last year), and 64.56% of cane used for ethanol production (up from 53.1% last year).

Previous 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:

May London white sugar saw technical support after the contract on Friday moved above its 200-day moving average. May NY sugar tumbled to a 5-week low Thursday after India raised the minimum selling price of sugar by 6.9%, below expectations for a 10% increase. A higher minimum sugar price may prompt India's sugar millers to sell more sugar in the domestic market and potentially reduce its sugar exports and global supply.

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

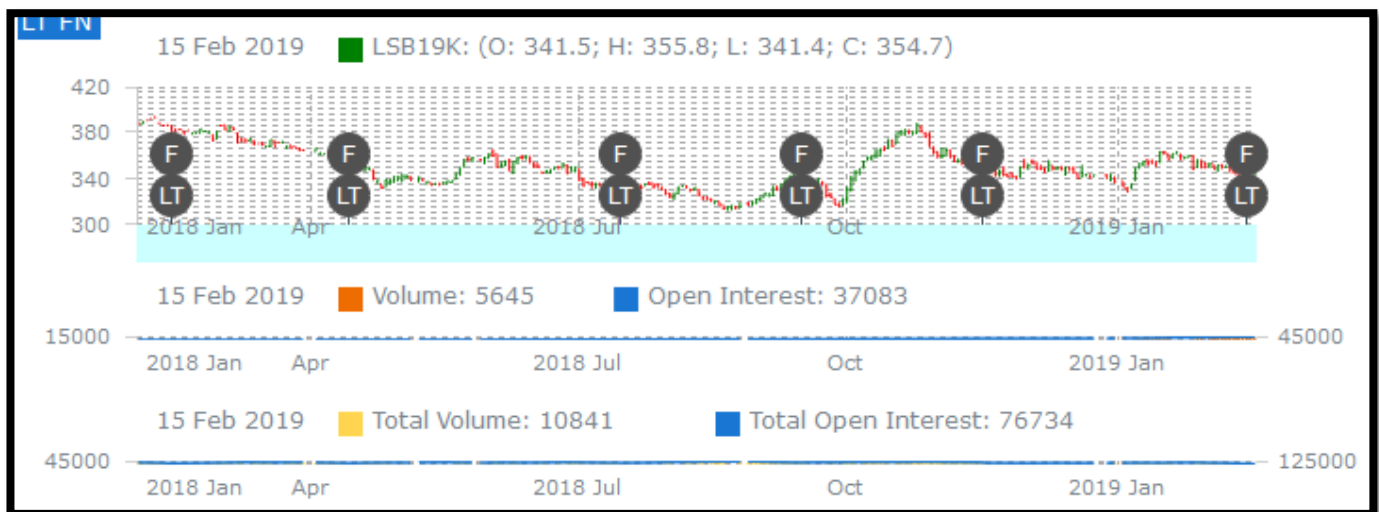
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market trends firm for the week.
- Last candlestick of the WEEK depicts bullishness in the market.
- Strategy: sell below 350, T1 355

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	354	340-355

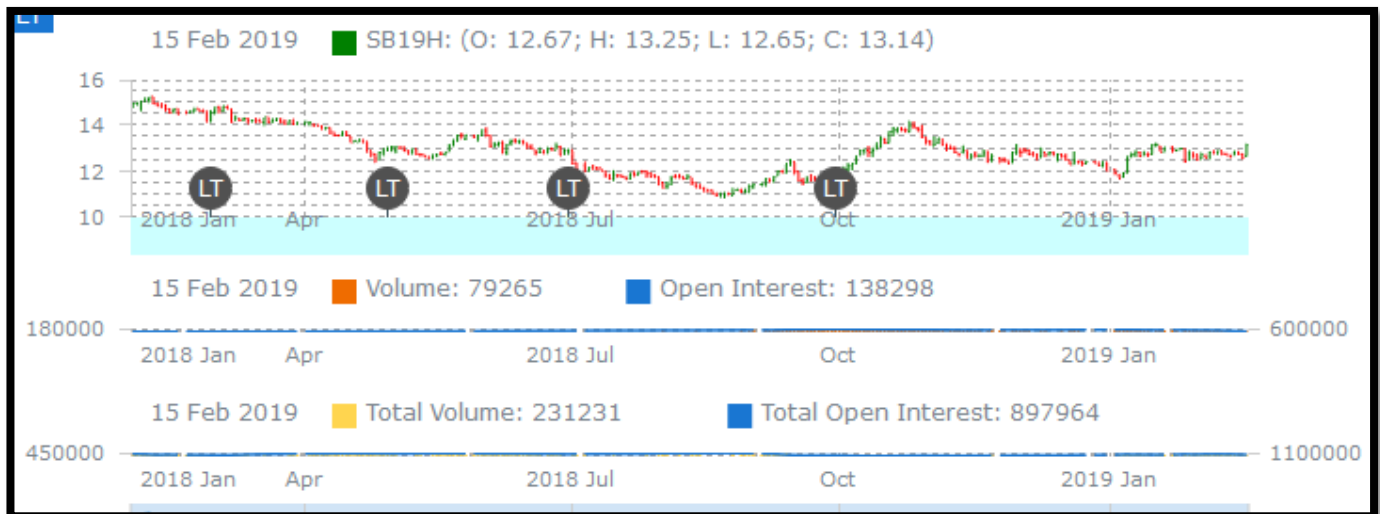


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

Technical Commentary:

- ICE raw sugar futures trend upward for the week.
- Last candlestick of the week depicts bullishness in the market. Strategy: sell at 13.20 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	13.14	11-14



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			08th to 14th Feb 2019	01st to 07th Feb 2019	
Sugar	Delhi	M-Grade	3112	3109	3
Uttar Pradesh	Delhi	S-Grade	3093	3084	9
	Khatauli	M-Grade	3221	3241	-20
	Ramala	M-Grade	#DIV/0!	0	-
	Dhampur	M-Grade Ex-Mill	3110	3100	10
	Dhampur	S-Grade Ex-Mill	3090	3080	10
Maharashtra	Dhampur	L-Grade Ex-Mill	3160	3150	10
	Mumbai	M-Grade	3395	3313	83
	Mumbai	S-Grade	3089	3081	8
	Nagpur	M-Grade	3138	3056	81
	Nagpur	S-Grade	3058	3025	33
	Kolhapur	M-Grade	3013	2931	81
Assam	Kolhapur	S-Grade	2933	2900	33
	Guhawati	S-Grade	3240	3207	33
Meghalaya	Shillong	S-Grade	3253	3220	33
Andhra Pradesh	Vijayawada	M-Grade	3440	3435	5
	Vijayawada	S-Grade	3400	3395	5
West Bengal	Kolkata	M-Grade	3468	3453	15
Tamil Nadu	Chennai	S-Grade	3063	3058	5
	Dindigul	M-Grade	3400	3410	-10
	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)			08th to 14th Feb 2019	01st to 07th Feb 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2529	2578	-49
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12200	25000	-12800
	Muzaffarnagar	Khurpa (Fresh)	2301	2288	13
	Muzaffarnagar	Laddoo (Fresh)	2533	2511	22
	Muzaffarnagar	Rascut (Fresh)	2004	2013	-9
	Hapur	Chaurasa	2300	2225	75
	Hapur	Balti	2194	2200	-6
Andhra Pradesh	Chittur	Gold	3500	3560	220
		White	3160	3280	-
		Black	2820	2920	-100
Maharashtra	Latur	Lal Variety	#DIV/0!	0	-
Karnataka	Bangalore	Mudde (Average)	4588	4250	338
	Belgaum	Mudde (Average)	2983	3067	-83
	Belthangadi	Yellow (Average)	#DIV/0!	0	-
	Bijapur	Achhu	2600	2447	153
	Gulbarga	Other (Average)	3147	3105	42
	Mahalingapura	Penti (Average)	3026	2950	75
	Mandya	Achhu (Medium)	2550	2530	20
	Mandya	Kurikatu (Medium)	2450	2450	Unch
	Mandya	Other (Medium)	2450	2470	-20
	Mandya	Yellow (Medium)	2620	2580	40
	Shimoga	Achhu (Average)	3100	3013	88

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			14-Feb-19	07-Feb-19	14-Jan-19	14-Feb-18
Delhi	Delhi	M-Grade	3120	3140	3087	3515
	Delhi	S-Grade	3100	3120	3067	3495
Uttar Pradesh	Khatauli	M-Grade	3260	3245	3360	3500
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3100	3120	3100	3230
	Dhampur	S-Grade Ex-Mill	3080	3100	3080	3210
	Dhampur	L-Grade Ex-Mill	3150	3170	3150	3280
Maharashtra	Mumbai	M-Grade	3416	3350	3180	3500
	Mumbai	S-Grade	3090	3090	3076	3260
	Nagpur	M-Grade	3175	3125	3075	3325

	Nagpur	S-Grade	3075	3050	3025	3225
	Kolhapur	M-Grade	3050	3000	2950	3200
	Kolhapur	S-Grade	2950	2925	2900	3100
Assam	Guhawati	S-Grade	3258	3233	3207	3410
Meghalaya	Shillong	S-Grade	3270	3245	3220	3420
Andhra Pradesh	Vijayawada	M-Grade	3440	3440	3440	3700
	Vijayawada	S-Grade	3400	3400	3400	3640
West Bengal	Kolkata	M-Grade	3480	3470	3500	3750
Tamil Nadu	Chennai	S-Grade	3100	3050	3100	3600
	Dindigul	M-Grade	3420	3400	3450	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	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			14-Feb-19	07-Feb-19	14-Jan-19	14-Feb-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	2438	2650
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	2000	8000	6000
	Muzaffarnagar	Khurpa	2303	2313	2303	2650
	Muzaffarnagar	Laddoo	2553	2563	2553	2650
	Muzaffarnagar	Rascut	1988	2020	2053	2175
	Hapur	Chaurasa	2250	2200	Closed	2275
	Hapur	Balti	2200	2200	Closed	2225
Andhra Pradesh	Chittur	Gold	3700	3600	Closed	0
		White	3200	3200	Closed	0
		Black	2900	2900	Closed	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4700	4250	4150	4800
	Belgaum	Mudde (Average)	2900	3100	3200	NA
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	2475	2350	2720	NA
	Gulbarga	Other (Average)	NA	3200	NA	3125
	Mahalingapura	Penti (Average)	3052	2976	3052	NA
	Mandya	Achhu (Medium)	2600	2500	2800	3200
	Mandya	Kurikatu (Medium)	2450	2450	2750	3000
	Mandya	Other (Medium)	2450	2450	2650	3000
	Mandya	Yellow (Medium)	2650	2600	3000	3000
	Shimoga	Achhu (Average)	NA	NA	3200	3800

International Sugar Prices (Weekly)				
	Contract Month	14-Feb-19	07-Feb-19	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.61	12.73	-0.12
	19-May	12.42	12.70	-0.28
	19-Jul	12.60	12.93	-0.33
LIFFE Sugar (US \$/MT)	19-Mar	366.10	337.70	28.40
	19-May	341.80	345.80	-4.00
	19-Aug	346.90	354.20	-7.30

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2019 Indian Agribusiness Systems Ltd.