

**Price Outlook:.**

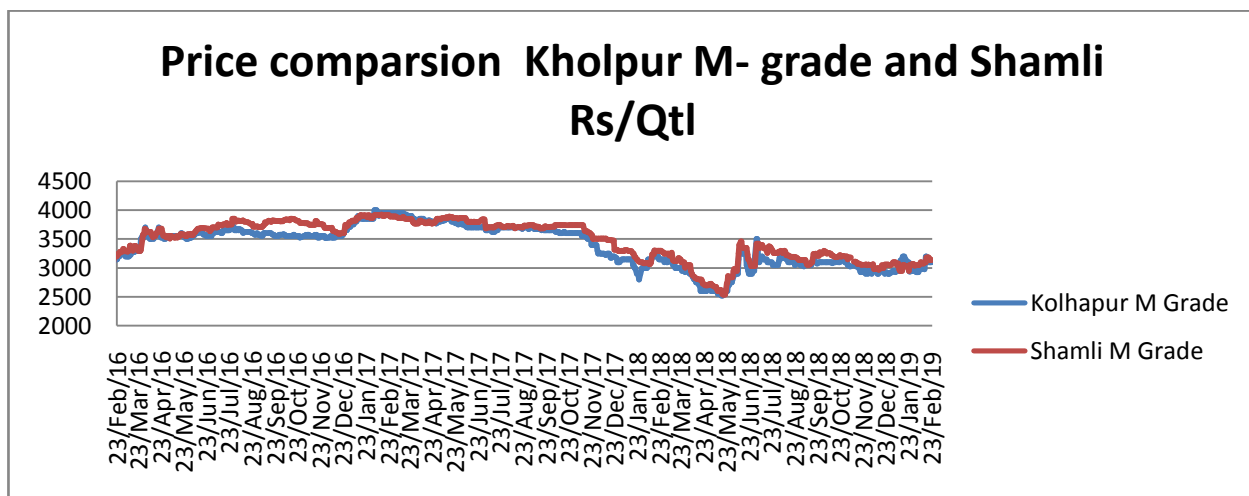
Indian sugar market remained steady during last week. On the back of announcement of Rs 200 hike in ex mill price from Rs 2,900 to Rs 3,100 per quintal. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

**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 3100 per quintal during the week up by INR 05 from the previous week; while spot sugar prices for the same grade in Shamli district is 3152 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:

- **Sugar production as on February 15 in the current sugar season has increased nearly 8% to 21.93 million tonne**, against 20.35 million tonne in the same period last year. Totally, 494 mills across the country have produced the same. The higher output this year is mainly because Maharashtra and Karnataka mills started their crushing earlier this year. Overall, the country is expected to produce less sugar this season as compared to last season.
- **In Maharashtra sugar production till February 15, 2019, had gone up sharply to 82.98 lakh tonne as compared with 74.74 lakh tonne produced last year same period.** In the current 2018-19 SS, six mills have closed their crushing operations in the state while 187 mills were operating whereas last year, 183 mills were operating on the corresponding date. Due to the early start of mills in Maharashtra, mills therein were expected to close earlier than last year, especially when the output from Maharashtra will be less than last year.
- **In Uttar Pradesh, 117 sugar mills were in operation and had produced 63.93 lakh tonne, against 64.54 lakh tonne by 119 mills on the corresponding date last year.** The recovery of sugar achieved this season is 0.77% more than what was achieved so far during the last season. However, the yield per hectare is lower than last year because of which the total production in UP will be less than last year.
- **In Karnataka, production shot up sharply to 38.74 lakh tonne, against 30.73 lakh tonne in the same period last year.** Ten mills have closed their operations in the state while 57 mills were in operation as against 52 mills last season. In Tamil Nadu, 33 sugar mills were in operation and had produced 3.50 lakh tonne, against 2.90 lakh tonne by 28 sugar mills in 2017-18 SS on the corresponding date.

#### Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3100 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 2577 /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 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> 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 +0.10 (+0.76%) and May ICE London white sugar (SWK19) closed up +3.30 (+0.93%).** Sugar prices moved higher Friday on the heels of a rally in crude oil to a 3-1/4 month high. Higher crude prices benefits ethanol prices, which may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production.

**Unica's report Feb 12 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

**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 last Tuesday 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).

#### International Sugar Market Summary:

May NY sugar rallied to a 3-1/2 month high and May London sugar rose to a 1-month high Wednesday after the Brazilian real rallied to a 2-week high against the dollar. Also, increased demand from Indonesia, the world's largest sugar importer, fueled fund buying of sugar after Indonesia's Sugar Refiners Association said last week that refiners may import 3.2 MMT of raw sugar in 2019, up +5.3% y/y.

#### 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

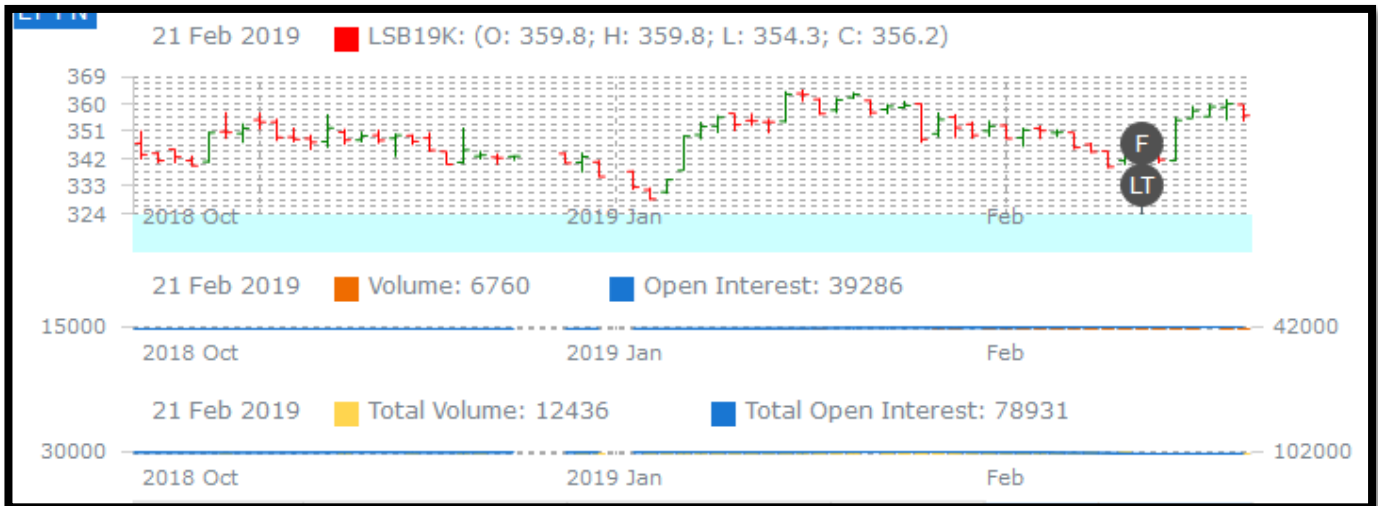
#### International Sugar Futures Price Projection

#### 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 bearishness in the market.
- Strategy: sell below 357,T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	356.2	350-360

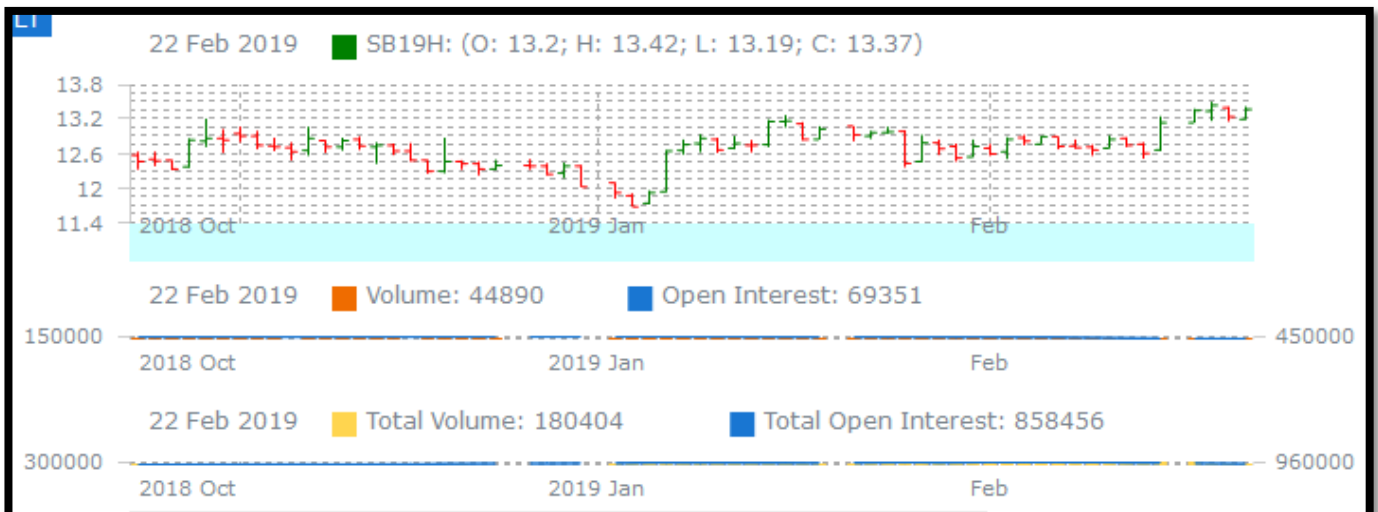


### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

#### Technical Commentary:

- ICE raw sugar futures trend upward for the week.
- Last candlestick of the week depicts bullishness in the market. Strategy: sell at 13.40 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	13.37	11-14





Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			15th to 21st Feb 2019	8th to 14th Feb 2019	
Delhi	Delhi	M-Grade	3162	3112	50
	Delhi	S-Grade	3142	3093	49
Uttar Pradesh	Khatauli	M-Grade	3287	3221	66
	Ramala	M-Grade	0	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3168	3110	58
	Dhampur	S-Grade Ex-Mill	3148	3090	58
	Dhampur	L-Grade Ex-Mill	3218	3160	58
Maharashtra	Mumbai	M-Grade	3443	3395	48
	Mumbai	S-Grade	3214	3089	125
	Nagpur	M-Grade	3267	3138	129
	Nagpur	S-Grade	3225	3058	167
	Kolhapur	M-Grade	3142	3013	129
	Kolhapur	S-Grade	3100	2933	167
Assam	Guhawati	S-Grade	3410	3240	170
Meghalaya	Shillong	S-Grade	3420	3253	167
Andhra Pradesh	Vijayawada	M-Grade	3540	3440	100
	Vijayawada	S-Grade	3500	3400	100
West Bengal	Kolkata	M-Grade	3502	3468	34
Tamil Nadu	Chennai	S-Grade	3267	3063	204
	Dindigul	M-Grade	3480	3400	80
	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)			15th to 21st Feb 2019	8th to 14th Feb 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2566	2529	37
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2333	12200	-9867
	Muzaffarnagar	Khurpa (Fresh)	2396	2301	95
	Muzaffarnagar	Laddoo (Fresh)	2597	2533	64
	Muzaffarnagar	Rascut (Fresh)	1979	2004	-25
	Hapur	Chaurasa	2308	2300	8
	Hapur	Balti	2232	2194	38
Andhra Pradesh	Chittur	Gold	3616	3500	456
		White	3066	3160	-
		Black	2683	2820	-137



<b>Maharashtra</b>	Latur	Lal Variety	#N/A	#DIV/0!	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4700	<b>4588</b>	<b>112</b>
	Belgaum	Mudde (Average)	2840	<b>2983</b>	<b>-143</b>
	Belthangadi	Yellow (Average)	0	#DIV/0!	-
	Bijapur	Achhu	2587	<b>2600</b>	<b>-13</b>
	Gulbarga	Other (Average)	2945	<b>3147</b>	<b>-202</b>
	Mahalingapura	Penti (Average)	3129	<b>3026</b>	<b>103</b>
	Mandya	Achhu (Medium)	2667	<b>2550</b>	<b>117</b>
	Mandya	Kurikatu (Medium)	2567	<b>2450</b>	<b>117</b>
	Mandya	Other (Medium)	2592	<b>2450</b>	<b>142</b>
	Mandya	Yellow (Medium)	2675	<b>2620</b>	<b>55</b>
	Shimoga	Achhu (Average)	3188	<b>3100</b>	<b>88</b>

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			21-Feb-19	14-Feb-19	21-Feb-19	21-Feb-18
<b>Delhi</b>	Delhi	M-Grade	3100	3120	3100	3447
	Delhi	S-Grade	3080	3100	3080	3427
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3240	3260	3240	3550
	Ramala	M-Grade	NA	0	NA	0
	Dhampur	M-Grade Ex-Mill	3140	3100	3140	3230
	Dhampur	S-Grade Ex-Mill	3120	3080	3120	3210
	Dhampur	L-Grade Ex-Mill	3190	3150	3190	3280
<b>Maharashtra</b>	Mumbai	M-Grade	3430	3416	3430	3490
	Mumbai	S-Grade	3220	3090	3220	3240
	Nagpur	M-Grade	3225	3175	3225	3275
	Nagpur	S-Grade	3225	3075	3225	3175
	Kolhapur	M-Grade	3100	3050	3100	3150
	Kolhapur	S-Grade	3100	2950	3100	3050
<b>Assam</b>	Guhawati	S-Grade	3410	3258	3410	3360
<b>Meghalaya</b>	Shillong	S-Grade	3420	3270	3420	3370
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3540	3440	3540	3800
	Vijayawada	S-Grade	3500	3400	3500	3740
<b>West Bengal</b>	Kolkata	M-Grade	3540	3480	3540	3600
<b>Tamil Nadu</b>	Chennai	S-Grade	3210	3100	3210	3600
	Dindigul	M-Grade	3600	3420	3600	0
	Coimbatore	M-Grade	3450	3450	3450	0
<b>Chattisgarh</b>	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	21-Feb-19	14-Feb-19	21-Feb-19	21-Feb-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2615	NA	#N/A	2540
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	#N/A	2000	2100	8000
	Muzaffarnagar	Khurpa	2428	2303	2200	2528
	Muzaffarnagar	Laddoo	2645	2553	2456	2528
	Muzaffarnagar	Rascut	2000	1988	#N/A	2143
	Hapur	Chaurasa	2350	2250	2250	2200
	Hapur	Balti	2250	2200	2200	2175
Andhra Pradesh	Chittur	Gold	3600	3700	#N/A	0
		White	3200	3200	3200	0
		Black	2900	2900	2850	0
Maharashtra	Latur	Lal Variety	#N/A	#N/A	#N/A	0
Karnataka	Bangalore	Mudde (Average)	4700	4700	4700	4600
	Belgaum	Mudde (Average)	2800	2900	2800	3400
	Belthangadi	Yellow (Average)	NA	0	NA	0
	Bijapur	Achhu	NA	2475	NA	NA
	Gulbarga	Other (Average)	NA	NA	NA	3125
	Mahalingapura	Penti (Average)	3162	3052	3162	3326
	Mandya	Achhu (Medium)	2750	2600	2750	3600
	Mandya	Kurikatu (Medium)	2600	2450	2600	3000
	Mandya	Other (Medium)	2650	2450	2650	3200
	Mandya	Yellow (Medium)	2750	2650	2750	3500
	Shimoga	Achhu (Average)	3100	NA	3100	3650

## International Sugar Prices (Weekly)

	Contract Month	21-Jan-19	14-Feb-19	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	13.37	12.61	0.76
	19-May	13.30	12.42	0.88
	19-Jul	13.51	12.6	0.91
LIFFE Sugar (US \$/MT)	19-May	359.50	366.1	-6.60
	19-Aug	348.10	341.8	6.30
	19-Oct	374.00	346.9	27.10

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