

**Price Outlook:.**

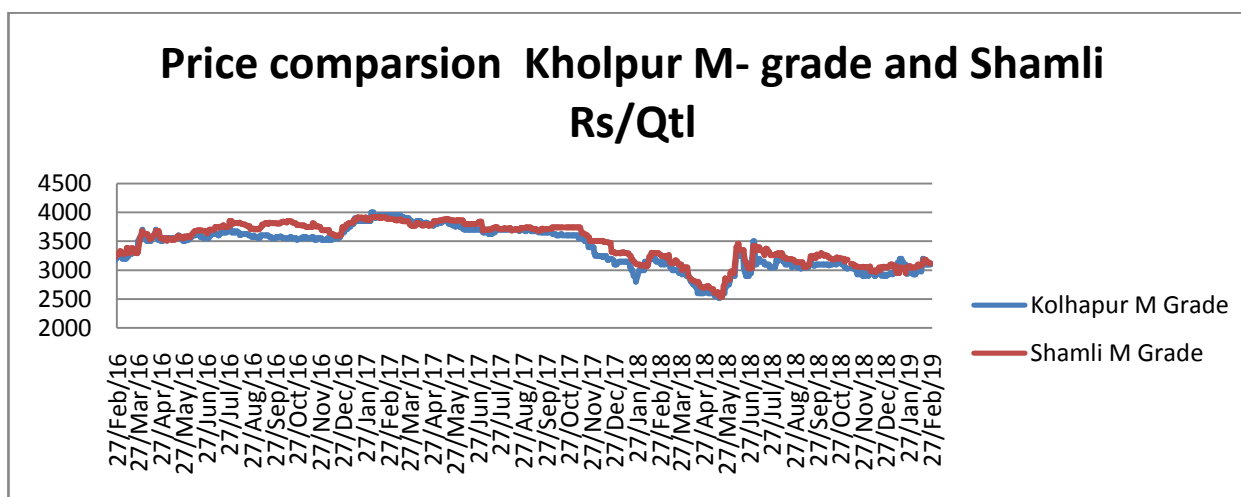
In the spot wholesale markets, sugar prices are hovering slightly above the MSP for long because of supply surplus. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

**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 prices are unchanged from the previous week; while spot sugar prices for the same grade in Shamli district is 3131 per quintal at last week, down by 21 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:

- **According to data compiled by the Cane Commissioner's Office in Lucknow as on February 26, UP mills have bought sugarcane worth Rs 20,475.76 crore** during the current 2018-19 crushing season (October-September) at the state government's advised price or SAP of Rs 315 per quintal for **general** and Rs 325 per quintal for **early-maturing** varieties. Sugar production in Uttar Pradesh is likely to touch 12.40 mln tn in 2018-19 (Oct-Sep), a tad higher than 12.05 mln tn likely produced in 2017-18.
- **Indian sugar trading houses have contracted to export 1,50,000 tonnes of raw sugar to Iran for shipments arriving in March and April at \$305 to \$310 per tonne on a free-on-board basis.** Under the sanctions, Iran is blocked from the global financial system, including using US dollars to transact its oil sales. Iran agreed to sell oil to India in exchange for rupees but it can only use those rupees to buy Indian goods, mainly items it cannot produce enough of domestically.
- **The Cabinet Committee on Economic Affairs (CCEA) has approved proposal to provide soft loan of up to Rs 10,540 crore** to the sugar industry to help mills clear mounting arrears to cane growers. The CCEA approved the proposal to provide soft loans to the extent of about Rs 7900-10540 crore to the sugar industry. Government will bear the interest subvention cost between 7 -10 percent to the extent of Rs 553 crore to Rs 1054 crore for one year.

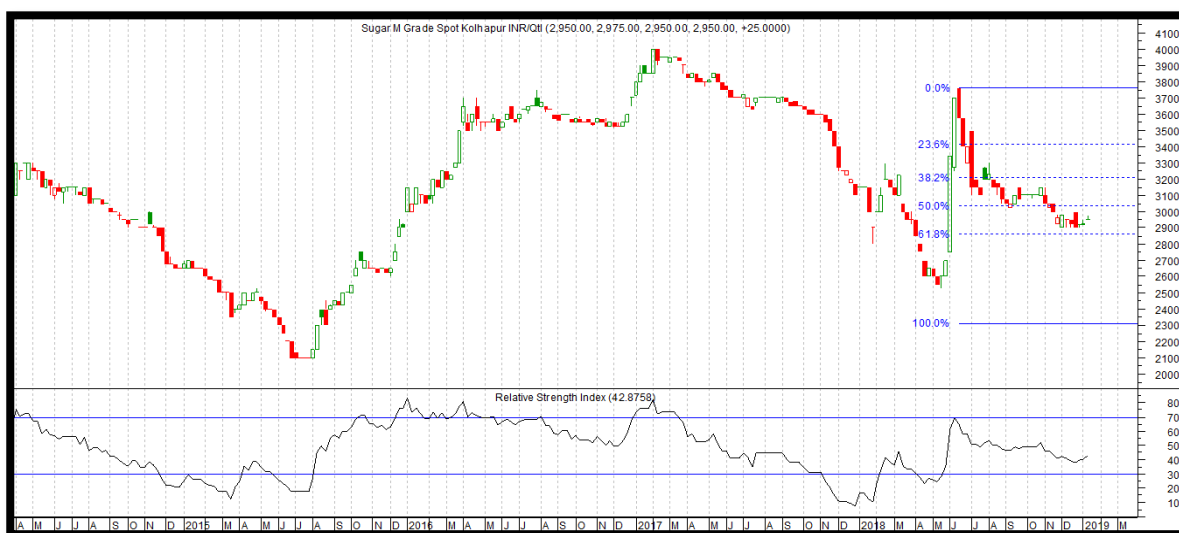
Previous Updates

- **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.

#### 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 2534 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 2500 per quintal respectively.

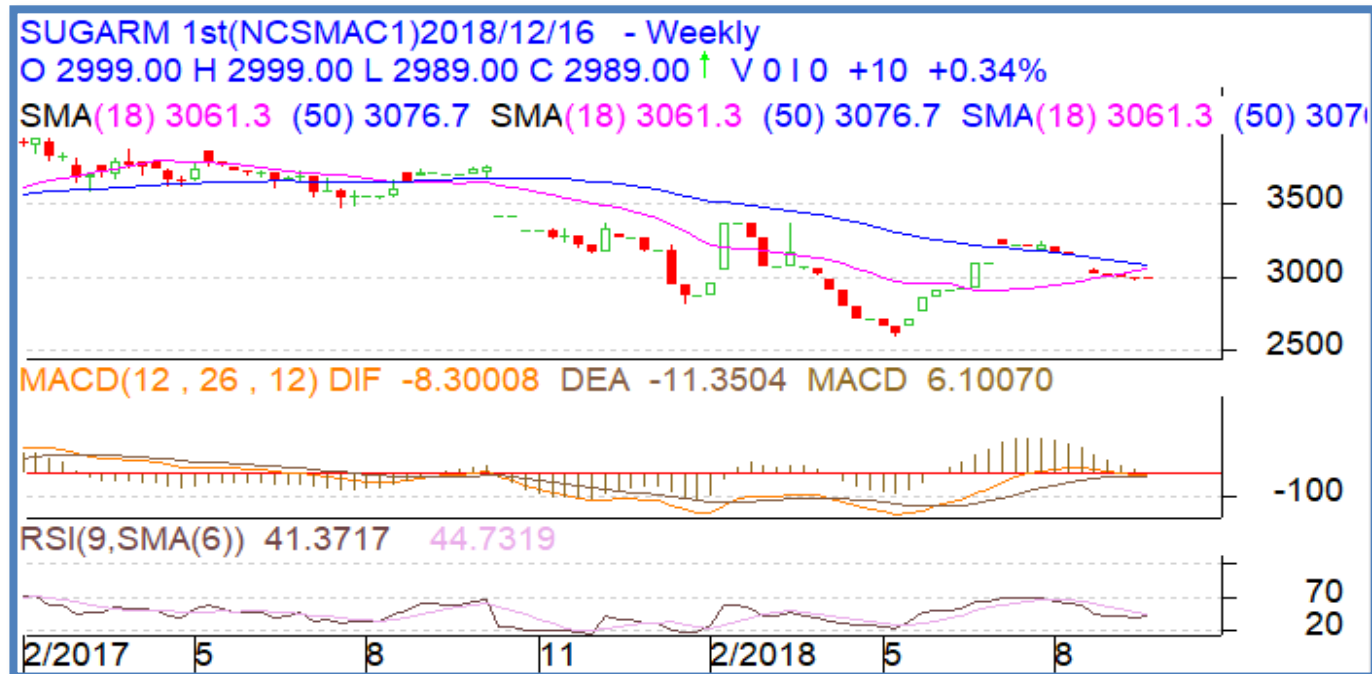


## Domestic Sugar Market Technical Analysis (Future Market)

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 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 down -0.16 (-1.25%) and May ICE London white sugar (SWK19) closed down -3.60 (-1.03%).** Sugar prices slid to 2-week lows Friday on weaker crude price and weakness in the Brazilian real against the dollar. Weaker crude prices are negative for ethanol and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies.

**The Brazilian real dropped to a 5-week low against the dollar Friday,** which encourages exports from Brazil's sugar producers. Sugar prices were already on the defensive after the Indian government Thursday confirmed to subsidize \$1.5 billion of loans to Indian sugar mills and refiners, which will help boost Indian sugar production and global sugar supplies.

**Safras & Mercado on Monday projected that 2019/20 sugar output in Brazil's Center-South,** the country's biggest sugar-producing region, will climb by +5.7% to 28 MMT. A bullish factor is smaller sugar supplies from Brazil after Unica reported last week that Center-South sugar production for the 2018/19 season through mid-Feb

was down -26.45% y/y at 26.361 MMT, with the percentage of cane used for sugar dropping to 35.43% from 46.88% last year and the percentage of cane used for ethanol production climbing to 64.57% from 53.12% last year. In addition, strong demand for Brazil ethanol is positive after Unica reported on last week.

#### Previous 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).

#### International Sugar Market Summary:

##### 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

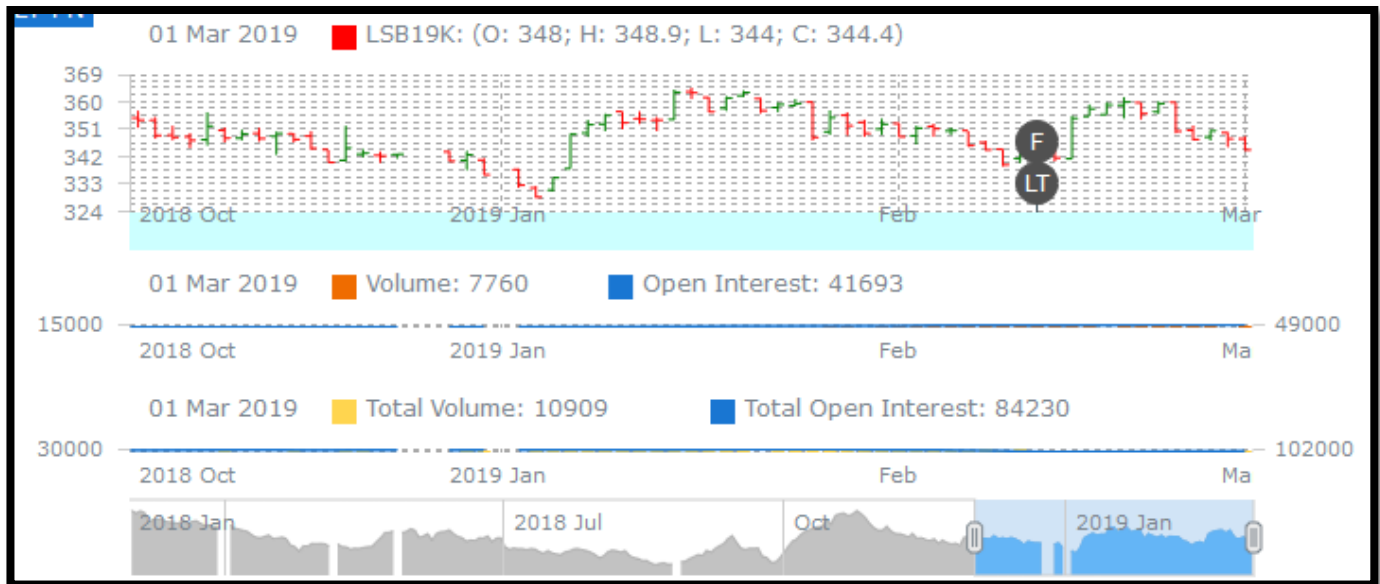
#### International Sugar Futures Price Projection

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

##### Technical Commentary

- LIFFE future market trends weak for the week.
- Last candlestick of the WEEK depicts bullishness in the market.
- Strategy: sell below 350,T1 360

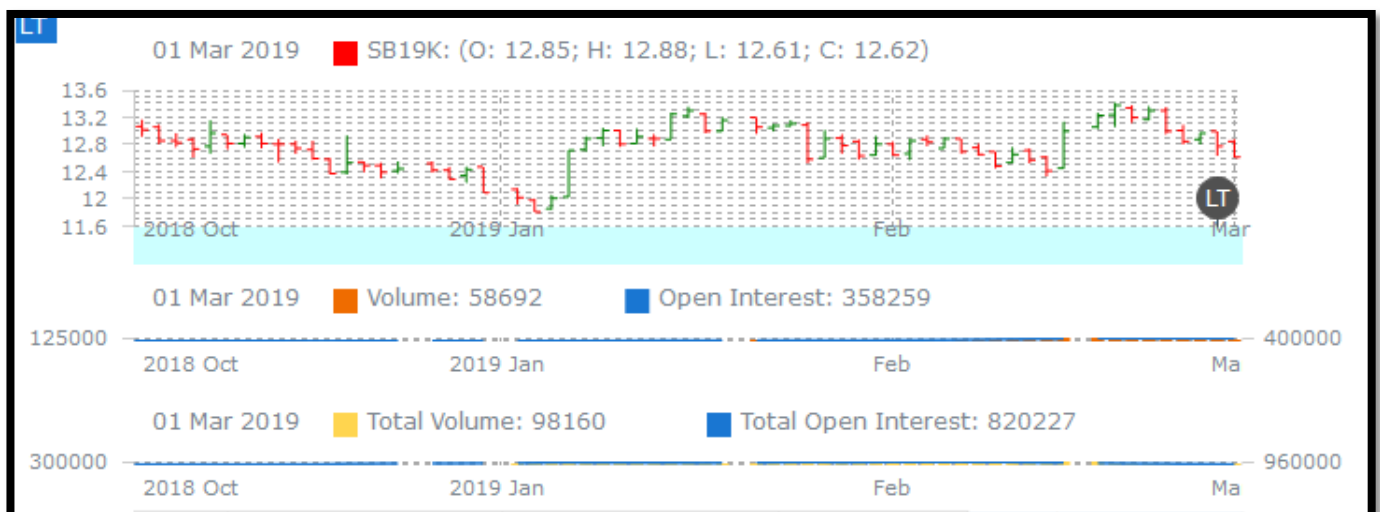
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	344.4	350-360



**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 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	12.62	11-14





Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			22nd to 28th Feb 2019	15th to 21st Feb 2019	
Delhi	Delhi	M-Grade	3106	3162	-56
	Delhi	S-Grade	3086	3142	-56
Uttar Pradesh	Khatauli	M-Grade	3221	3287	-66
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3120	3168	-48
	Dhampur	S-Grade Ex-Mill	3100	3148	-48
	Dhampur	L-Grade Ex-Mill	3170	3218	-48
Maharashtra	Mumbai	M-Grade	3433	3443	-11
	Mumbai	S-Grade	3204	3214	-10
	Nagpur	M-Grade	3225	3267	-42
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3142	-42
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3550	3502	48
Tamil Nadu	Chennai	S-Grade	3212	3267	-55
	Dindigul	M-Grade	3610	3480	130
	Coimbatore	M-Grade	3450	3450	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3550	3500	50

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)			22nd to 28th Feb 2019	15th to 21st Feb 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2566	2566	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2333	2333	Unch
	Muzaffarnagar	Khurpa (Fresh)	2396	2396	Unch
	Muzaffarnagar	Laddoo (Fresh)	2597	2597	Unch
	Muzaffarnagar	Rascut (Fresh)	1979	1979	Unch
	Hapur	Chaurasa	2308	2308	Unch
	Hapur	Balti	2232	2232	Unch
Andhra Pradesh	Chittur	Gold	3616	3616	550



		White	3066	3066	-
		Black	2683	2683	Unch
Maharashtra	Latur	Lal Variety	0	#N/A	-
Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	2840	2840	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	890	2587	-1697
	Gulbarga	Other (Average)	2695	2945	-250
	Mahalingapura	Penti (Average)	3171	3129	41
	Mandya	Achhu (Medium)	2950	2667	283
	Mandya	Kurikatu (Medium)	2667	2567	100
	Mandya	Other (Medium)	2767	2592	175
	Mandya	Yellow (Medium)	2960	2675	285
	Shimoga	Achhu (Average)	3367	3188	179

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			28-Feb-19	21-Feb-19	29-Jan-19	28-Feb-18
Delhi	Delhi	M-Grade	3085	3100	3125	3440
	Delhi	S-Grade	3065	3080	3105	3420
Uttar Pradesh	Khatauli	M-Grade	3200	3240	3265	3350
	Ramala	M-Grade	0	0	0	0
	Dhampur	M-Grade Ex-Mill	3100	3140	3100	3190
	Dhampur	S-Grade Ex-Mill	3080	3120	3080	3170
	Dhampur	L-Grade Ex-Mill	3150	3190	3150	3240
Maharashtra	Mumbai	M-Grade	3422	3430	3300	3460
	Mumbai	S-Grade	3206	3220	3092	3220
	Nagpur	M-Grade	3225	3225	3075	3225
	Nagpur	S-Grade	3225	3225	3025	3125
	Kolhapur	M-Grade	3100	3100	2950	3100
	Kolhapur	S-Grade	3100	3100	2900	3000
Assam	Guhawati	S-Grade	3410	3410	3207	3309
Meghalaya	Shillong	S-Grade	3420	3420	3220	3320
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	3440	3800
	Vijayawada	S-Grade	3500	3500	3400	3740
West Bengal	Kolkata	M-Grade	3550	3540	3450	3500
Tamil Nadu	Chennai	S-Grade	3225	3210	3050	3500
	Dindigul	M-Grade	3620	3600	3420	0
	Coimbatore	M-Grade	3450	3450	3450	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	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)			28-Feb-19	21-Feb-19	29-Jan-19	28-Feb-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2515	2615	2500	2525
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	2000	5000	14000
	Muzaffarnagar	Khurpa	2428	2303	2200	2215
	Muzaffarnagar	Laddoo	2645	2553	2456	2400
	Muzaffarnagar	Rascut	2000	1988	2038	2100
	Hapur	Chaurasa	2350	2250	2250	2208
	Hapur	Balti	2250	2200	2200	2188
Andhra Pradesh	Chittur	Gold	3600	3700	3800	0
		White	3200	3200	3200	0
		Black	2900	2900	2850	0
Maharashtra	Latur	Lal Variety	0	0	0	0
Karnataka	Bangalore	Mudde (Average)	4700	4700	4150	4600
	Belgaum	Mudde (Average)	2900	2800	NA	NA
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	2800	NA
	Gulbarga	Other (Average)	2650	NA	3050	NA
	Mahalingapura	Penti (Average)	3144	3162	2942	3334
	Mandya	Achhu (Medium)	3100	2750	2500	3450
	Mandya	Kurikatu (Medium)	2800	2600	2500	3000
	Mandya	Other (Medium)	2850	2650	2500	3000
	Mandya	Yellow (Medium)	NA	2750	2650	3600
	Shimoga	Achhu (Average)	3450	3100	3200	NA

## International Sugar Prices (Weekly)

	Contract Month	28-Feb-18	21Feb-19	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	12.73	13.37	-0.64
	19-May	12.78	13.30	-0.52
	19-Jul	13.03	13.51	-0.48
LIFFE Sugar (US \$/MT)	19-Mar	375.70	359.50	16.20
	19-May	348.00	348.10	-0.10
	19-Aug	354.70	374.00	-19.30

**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.