

Price Outlook:.

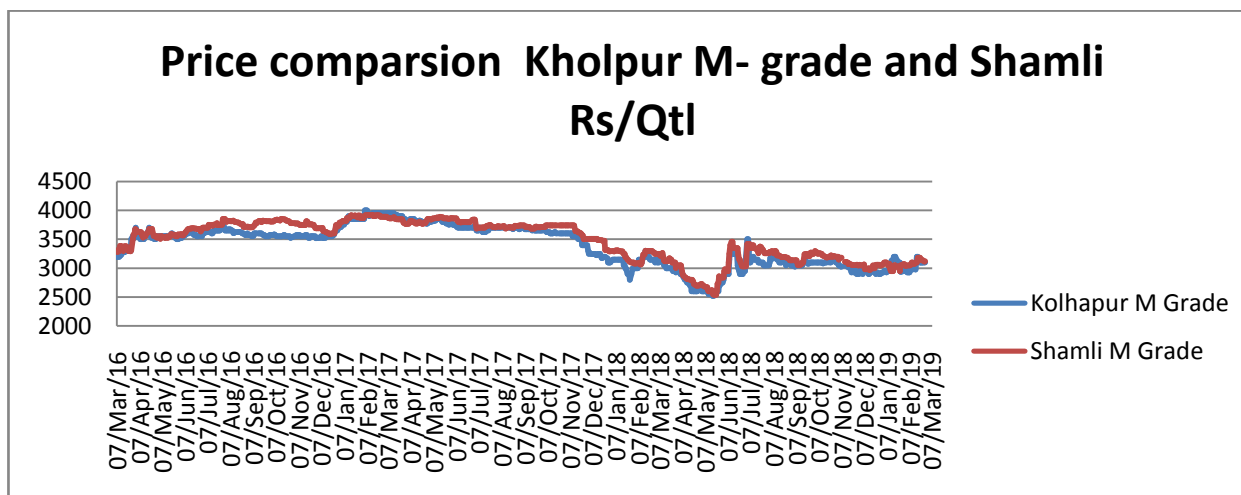
In the spot wholesale markets, sugar prices are hovering slightly above the MSP for long because of supply surplus. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

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 3090 per quintal during the week prices are down by -10 INR from the previous week; while spot sugar prices for the same grade in Shamli district is 3091 per quintal at last week, down by 40 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 mills in the country produced 247.68 lakh tonnes (lt) of sugar till end of last month**, nearly 16 lt more than they produced in the corresponding period last year. The total sugar production in the same period last year was 231.77 lt. As many as 266 mills are in operation as against 457 last year and mills in Maharashtra and Karnataka are on the verge of completing crushing.
- **The first three months of the current year's supply period, about 12 crore litre of ethanol**, made from B heavy/sugarcane juice, have been supplied. This has, in turn, reduced sugar production by 1 lakh tonnes so far in the current season.
- **The Centre on last week issued a monthly stock holding limit order for sugar mills for the current month under which a quota of 24.5 lakh tonnes** of white/refined sugar has been allocated for domestic sale by factories. Last month the government had prescribed a quota of 23.54 lakh tonnes to be sold by the nearly 534 mills during the month. The increase in the quota this month is due to the ongoing festival season.
- **Despite the Centre's recent announcement of a Rs.2 per kg hike in the minimum support price (MSP) of sugar to Rs.31 per kg**, several millers in Maharashtra are reported that they are selling sugar below the minimum support price since there is no demand pick-up in the market. Some of the millers said that on one hand, there is no demand in the market and on the other, they are under pressure to clear up pending Fair and Remunerative Price (FRP) payments to farmers.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3090 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 3000 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 2538 /quintal this week
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 2500 per quintal respectively.

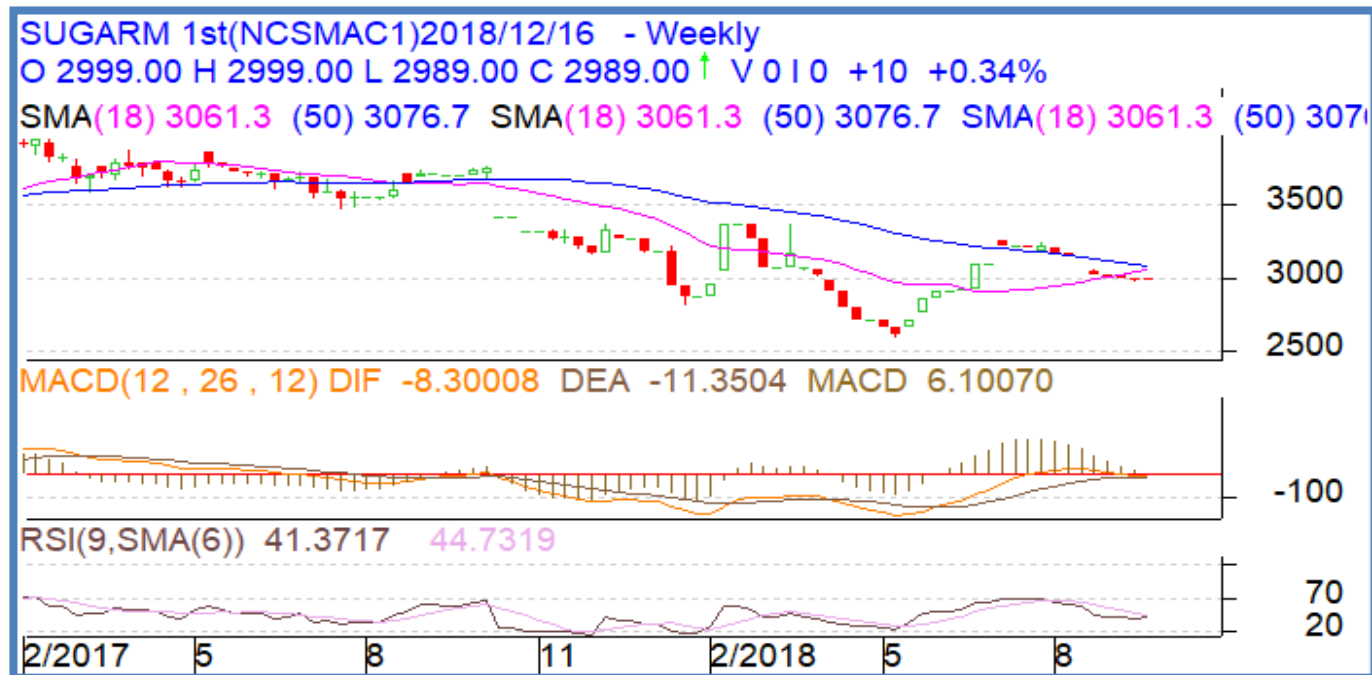


Domestic Sugar Market Technical Analysis (Future Market)

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 (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 +0.04 (+0.33%) and May ICE London white sugar (SWK19) closed up +1.30 (+0.39%). Sugar prices moved higher Friday on fund short-covering that was sparked by strength in the Brazilian real against the dollar.

Sugar prices fell back from their best levels Friday after crude prices dropped to 1-week lows. Lower crude prices are negative for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies.

A positive for sugar was ISO's cut on Monday of its global 2018/19 sugar surplus estimate to +641,000 MT from a prior outlook of +2.17 MMT on lower output in Brazil and the European Union.

Previous 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.

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

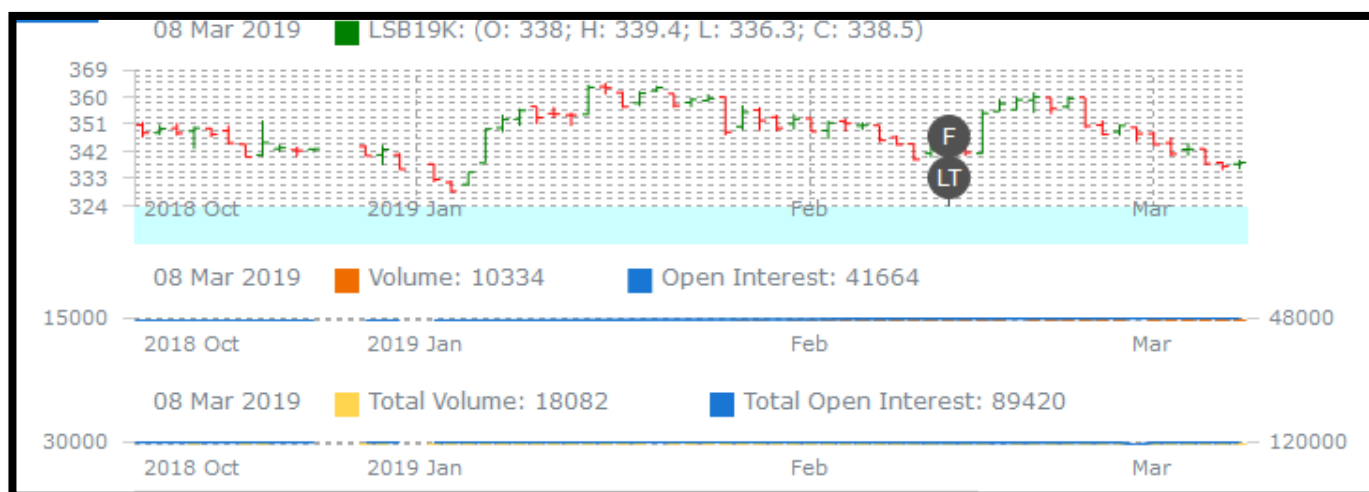
International Sugar Futures Price Projection

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 340,T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	338	340-360

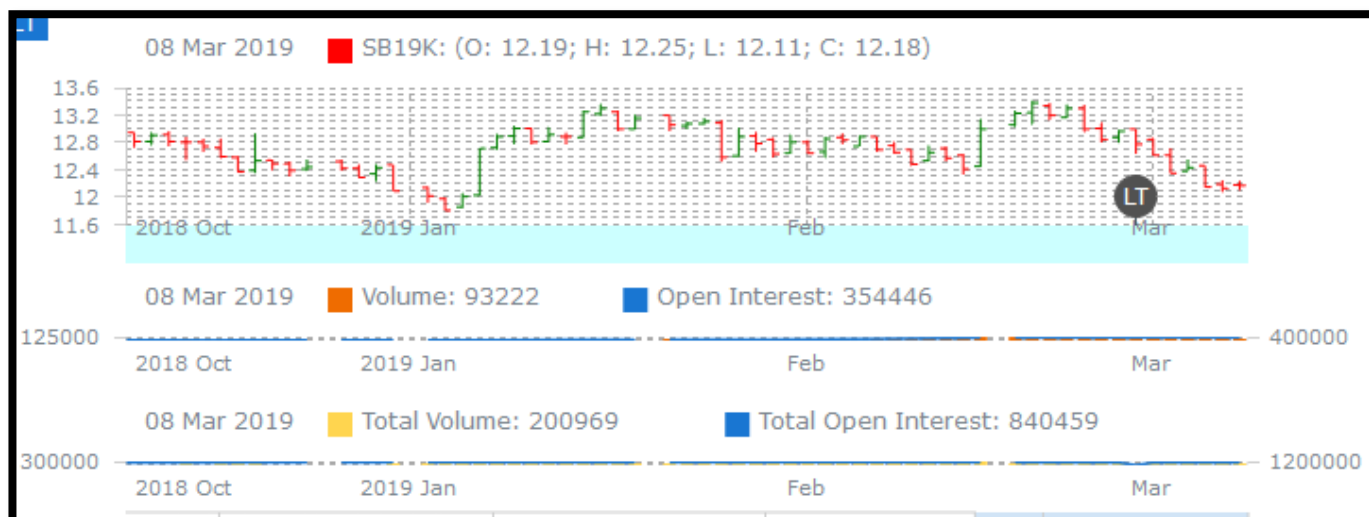


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

Technical Commentary:

- ICE raw sugar futures trend downward for the week.
- Last candlestick of the week depicts bearishness in the market. Strategy: buy at 12.25 Targeting 14.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'19	12.18	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			01stMarch to 07th Mar 2019	22nd to 28th Feb 2019	
Delhi	Delhi	M-Grade	3098	3106	-8
	Delhi	S-Grade	3078	3086	-8
Uttar Pradesh	Khatauli	M-Grade	3204	3221	-17
	Ramala	M-Grade	#DIV/0!	0	-
	Dhampur	M-Grade Ex-Mill	3100	3120	-20
	Dhampur	S-Grade Ex-Mill	3080	3100	-20
	Dhampur	L-Grade Ex-Mill	3150	3170	-20
Maharashtra	Mumbai	M-Grade	3370	3433	-63
	Mumbai	S-Grade	3201	3204	-3
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	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	3500	3540	-40
	Vijayawada	S-Grade	3443	3500	-57
West Bengal	Kolkata	M-Grade	3527	3550	-23
Tamil Nadu	Chennai	S-Grade	3221	3212	9
	Dindigul	M-Grade	3613	3610	3
	Coimbatore	M-Grade	3465	3450	15
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3550	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)			01stMarch to 07th Mar 2019	22nd to 28th 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	Unch
		White	3066	3066	Unch

		Black	2683	2683	Unch
Maharashtra	Latur	Lal Variety	#DIV/0!	0	-
Karnataka	Bangalore	Mudde (Average)	4300	4700	-400
	Belgaum	Mudde (Average)	2900	2840	60
	Belthangadi	Yellow (Average)	#DIV/0!	0	-
	Bijapur	Achhu	2787	890	1897
	Gulbarga	Other (Average)	2845	2695	150
	Mahalingapura	Penti (Average)	3167	3171	-4
	Mandya	Achhu (Medium)	3133	2950	183
	Mandya	Kurikatu (Medium)	2867	2667	200
	Mandya	Other (Medium)	2950	2767	183
	Mandya	Yellow (Medium)	3200	2960	240
	Shimoga	Achhu (Average)	3250	3367	-117

International Sugar Prices (Weekly)				
	Contract Month	07-Mar-18	28-Feb-18	Change
ICE Sugar #11 (US Cent/lb)	19-Mar	14.48	12.73	1.75
	19-May	12.14	12.78	-0.64
	19-Jul	12.36	13.03	-0.67
LIFFE Sugar (US \$/MT)	19-Mar	362.10	375.70	-13.60
	19-May	337.20	348.00	-10.80
	19-Aug	341.40	354.70	-13.30

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.