

**Price Outlook:**

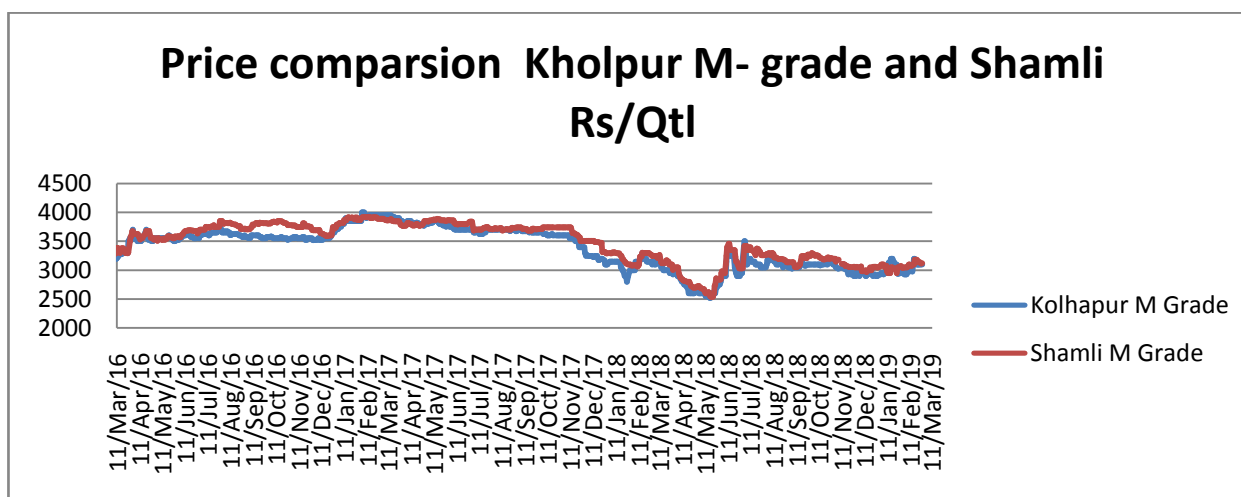
In the spot wholesale markets, sugar prices are hovering slightly above the MSP for long because of supply surplus. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

**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 3050–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 3070 per quintal during the week prices are down by -20 INR from the previous week; while spot sugar prices for the same grade in Shamli district is 3067 per quintal at last week, down by -24 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 standstill mode of sugar sales has continued across the nation throughout the week.** Mills are disparate to sell sugar stocks. In Kolhapur sugar market prices are trading at MSP level where as in Khatauli market prices were trading in range 3160 -3125 INR per quintal from last week.
- **Gur (Jaggery) prices have risen in major markets by 5 per cent in the past one week and further appreciation is expected during the seven-phase election season which will end on May 23.** Prices have raised Rs 200-250 per quintal to Rs 3,600-4,500 a quintal. We expect local breweries to increase buying until elections get over whereas, the farmers who are selling sugarcane to the local kolhu (where sugarcane is produced to make gur) were getting 25 per cent higher price at Rs 220 a quintal than a week ago.
- **The annual sugar production of UP, which jumped from an average of about 65 lakh quintal to 120 lakh quintal in past two to three years.** Whereas, Maharashtra with the production touching 107 lakh quintals in 2017-18 and already adding 96.5 lakh quintals in the ongoing season.
- **UP mills have, in the current sugar season (October-September) as of March 12, crushed 725.36 lakh tonnes (lt) of cane, 6.4% below the 775.14 lt for the corresponding period of 2017-18.** Yet, sugar output has fallen by just 0.4% from 82.13 lt to 81.77 lt. The reason for it is sugar recovery. Mills have produced an average 11.27 tonnes of sugar from every 100 tonnes of cane crushed so far this season, as against the 10.60% recovery recorded during the same period of 2017-18. In Maharashtra's average recovery has dropped from 11.67% to 11.24%, and 11.14% in the ongoing season. UP has witnessed the opposite, with recovery going up from a mere 9.07% in 2011-12 to 10.84% in 2017-18 and 11.27% so far this season.

#### Previous 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 1lakh 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3070 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 2564 /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 +0.11 (+0.89%)** and May ICE London white sugar (SWK19) closed up +1.90 (+0.56%). Sugar prices erased early losses Friday and closed higher after the Brazilian real recovered from 1-week low against the dollar and moved higher.

**A stronger real discourages exports from Brazil's sugar producers.** Sugar prices opened lower on Friday due to weakness in crude prices. Weaker oil prices are negative for sugar prices since lower ethanol prices encourage more of Brazil's raw sugar cane to be diverted to refined sugar production and less to ethanol production.

**Another positive for sugar was trader Sucden's estimate on last week that the global 2019/20 sugar deficit may widen to -4 MMT from a -1 MMT deficit expected for 2018/19.** Sucden estimates Thailand 2019/20 sugar production may fall -11% y/y to 12 MMT after the Thai government cut subsidies to sugar farmers and that India 2019/20 sugar production may fall -18% y/y to 26 MMT because of wider water restrictions.

**According to unica, the Brazil Center-South sugar production in the 2018/19 year through February fell -26.45% y/y to 26.364 MMT,** with the percent of sugar cane crushed for sugar production falling to 35.40% from 46.84% last year and the percent of cane crushed for ethanol rising to 64.6% from 53.16% last year.

#### Previous Updates

**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

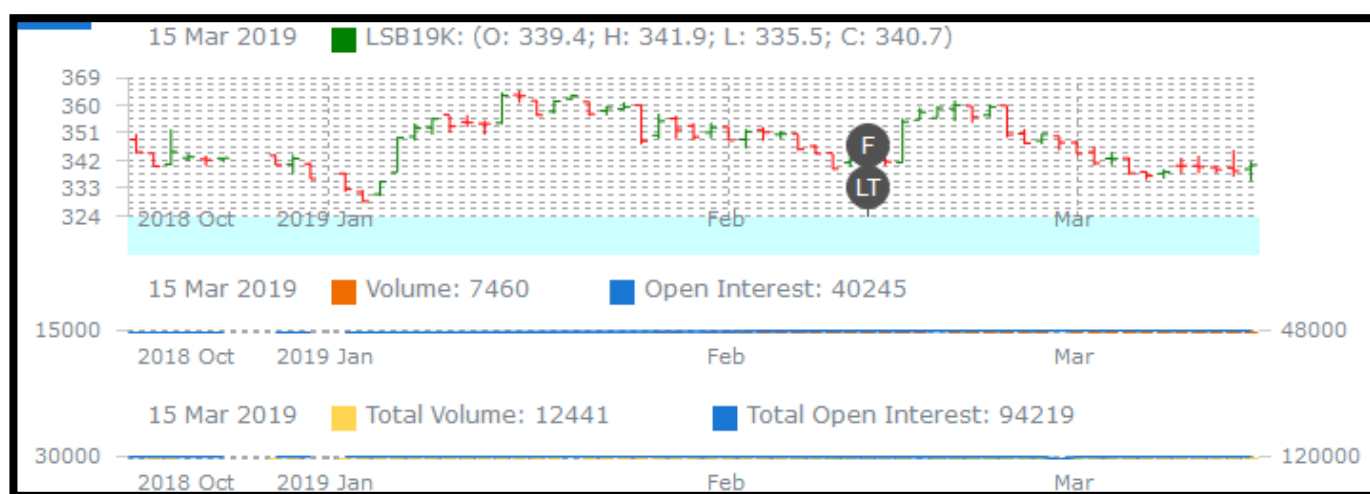
## International Sugar Futures Price Projection

### 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 345,T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	340.7	340-360



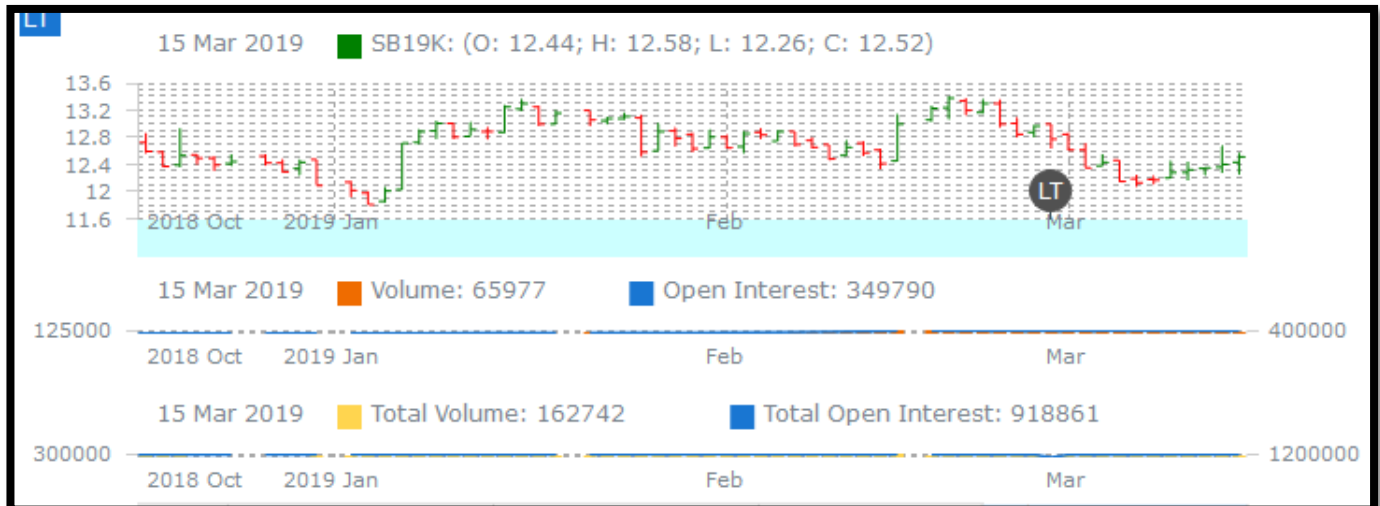
### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

#### Technical Commentary:

- ICE raw sugar futures trend upward for the week.
- Last candlestick of the week depicts bullishness in the market. Strategy: sell at 12.55 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	12.52	11-14





## Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			08th March to 14th Mar 2019	01st March to 07th Mar 2019	
Sugar					
Delhi	Delhi	M-Grade	3112	3098	14
	Delhi	S-Grade	3092	3078	14
Uttar Pradesh	Khatauli	M-Grade	3154	3204	-50
	Ramala	M-Grade	0	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3083	3100	-17
	Dhampur	S-Grade Ex-Mill	3063	3080	-17
	Dhampur	L-Grade Ex-Mill	3133	3150	-17
Maharashtra	Mumbai	M-Grade	3330	3370	-40
	Mumbai	S-Grade	3190	3201	-11
	Nagpur	M-Grade	3208	3225	-17
	Nagpur	S-Grade	3158	3225	-67
	Kolhapur	M-Grade	3083	3100	-17
	Kolhapur	S-Grade	3033	3100	-67
Assam	Guhawati	S-Grade	3343	3410	-68
Meghalaya	Shillong	S-Grade	3353	3420	-67
Andhra Pradesh	Vijayawada	M-Grade	3473	3500	-27
	Vijayawada	S-Grade	3413	3443	-30
West Bengal	Kolkata	M-Grade	3463	3527	-63
Tamil Nadu	Chennai	S-Grade	3279	3221	58
	Dindigul	M-Grade	3560	3613	-53
	Coimbatore	M-Grade	3540	3465	75
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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 March to 14th Mar 2019	01st March to 07th Mar 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	0	#DIV/0!	-
Karnataka	Bangalore	Mudde (Average)	4200	4300	-100
	Belgaum	Mudde (Average)	2850	2900	-50
	Belthangadi	Yellow (Average)	0	#DIV/0!	-
	Bijapur	Achhu	2838	2787	52
	Gulbarga	Other (Average)	2698	2845	-147
	Mahalingapura	Penti (Average)	3168	3167	2
	Mandya	Achhu (Medium)	3342	3133	208
	Mandya	Kurikatu (Medium)	3117	2867	250
	Mandya	Other (Medium)	3208	2950	258
	Mandya	Yellow (Medium)	3375	3200	175
	Shimoga	Achhu (Average)	0	3250	-3250

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			14-Mar-19	07-Mar-19	12-Feb-19	14-Mar-18
Delhi	Delhi	M-Grade	3100	3095	3150	3135
	Delhi	S-Grade	3080	3075	3130	3115
Uttar Pradesh	Khatauli	M-Grade	3125	3190	3150	3220
	Ramala	M-Grade	0	0	0	0
	Dhampur	M-Grade Ex-Mill	3050	3100	3100	3250
	Dhampur	S-Grade Ex-Mill	3030	3080	3080	3230
	Dhampur	L-Grade Ex-Mill	3100	3150	3150	3300
Maharashtra	Mumbai	M-Grade	3302	3360	3410	3400

	Mumbai	S-Grade	3186	3200	3092	3160
	Nagpur	M-Grade	3225	3225	3175	3175
	Nagpur	S-Grade	3125	3225	3075	3075
	Kolhapur	M-Grade	3100	3100	3050	3050
	Kolhapur	S-Grade	3000	3100	2950	2950
<b>Assam</b>	Guhawati	S-Grade	3309	3410	3258	3258
<b>Meghalaya</b>	Shillong	S-Grade	3320	3420	3270	3270
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3460	3480	3440	3560
	Vijayawada	S-Grade	3400	3420	3400	3500
<b>West Bengal</b>	Kolkata	M-Grade	3450	3470	3470	0
<b>Tamil Nadu</b>	Chennai	S-Grade	3440	3200	3100	3300
	Dindigul	M-Grade	3540	3580	3400	0
	Coimbatore	M-Grade	3540	3540	3450	0
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	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-Mar-19	07-Mar-19	12-Feb-19	14-Mar-18
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha	2515	2615	2525	2325
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	2000	5000	14000
	Muzaffarnagar	Khurpa	2428	2303	2200	2213
	Muzaffarnagar	Laddoo	2645	2553	2456	2388
	Muzaffarnagar	Rascut	2000	1988	2000	2138
	Hapur	Chaurasa	2350	2250	2250	2138
	Hapur	Balti	2250	2200	2200	2125
<b>Andhra Pradesh</b>	Chittur	Gold	3600	3700	3400	0
		White	3200	3200	3200	0
		Black	2900	2900	2850	0
<b>Maharashtra</b>	Latur	Lal Variety	0	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4200	4200	4700	4400
	Belgaum	Mudde (Average)	2850	2900	NA	NA
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	2965	2660	2800	NA
	Gulbarga	Other (Average)	2650	2840	3105	3600
	Mahalingapura	Penti (Average)	NA	3167	2989	3228
	Mandya	Achhu (Medium)	3550	3150	2600	3700
	Mandya	Kurikatu (Medium)	3400	2900	2450	3500
	Mandya	Other (Medium)	3400	3100	2450	3300
	Mandya	Yellow (Medium)	3500	3200	2650	3600
	Shimoga	Achhu (Average)	NA	0	3100	NA

International Sugar Prices (Weekly)				
	Contract Month	14-Mar-18	07-Mar-18	Change
ICE Sugar #11 (US Cent/lb)	19-May	12.41	14.48	-2.07
	19-Jul	12.57	12.14	0.43
	19-Oct	12.90	12.36	0.54
LIFFE Sugar (US \$/MT)	19-May	338.80	362.10	-23.30
	19-Aug	346.10	337.20	8.90
	19-Oct	346.10	341.40	4.70

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