

**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.

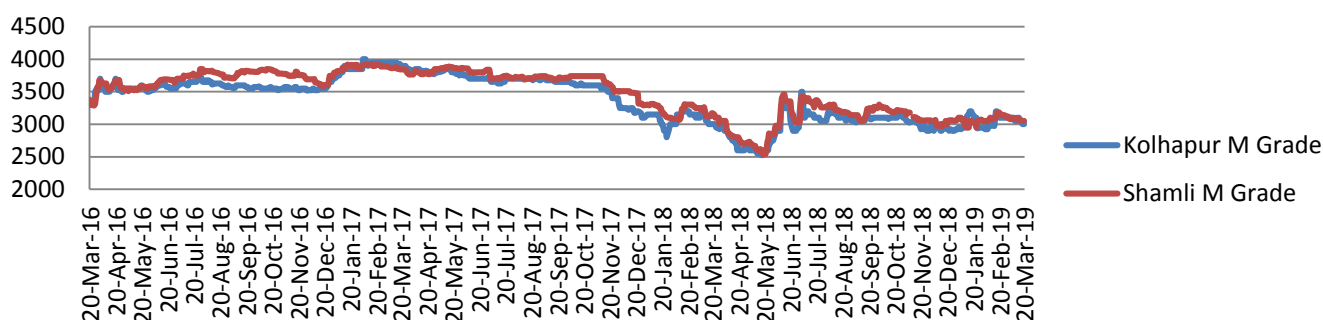
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3050 -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.3020 per quintal this week prices were down by INR 60 from last week.; while spot sugar prices for the same grade in Shamli district is Rs.3050 per quintal during the week, down by 28 INR against previous week's average price.

### Price comparsion Kholpur M- grade and Shamli Rs/Qtl

**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 3050 -3300 INR per quintal from last week.
- **According to ISMA, the arrears of UP mills have further increased to about Rs.12000 crore** (on SAP basis), while pan India outstanding are estimated at more than Rs.24000 crore according to ISMA. While the union government has extended the soft loan window for the sugar sector by another 4 weeks.
- **Sugar mills across the country have produced 273.47 lakh tonnes (LT) of sugar till March 15**, nearly 6 per cent more than 258.2 LT produced during the corresponding period in the previous sugar season, said a release from the Indian Sugar Mills Association (ISMA) on Monday. While 154 mills have closed crushing operations whereas 373 are still crushing.
- **In the ongoing sugarcane crushing season of 2018-19, the 119 operational UP sugar mills-94 private, 24 co-operative, and one state** - had procured cane worth Rs 23,200 crore from farmers and paid Rs 11,350 crore, thus leaving an unpaid portion of Rs 11,850 crore. Besides, mills have to make a payment of Rs 290 crore for the 2017-18 season.
- **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 3020 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	310	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 310 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 +0.07 (+0.56%)** and May ICE London white sugar (SWK19) closed up +0.20 (+0.06%). 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 encourages exports from Brazil's sugar producers.** Gains in sugar prices were limited Friday by the slide in the Brazilian real to a 2-week low against the dollar. Also, weakness in crude prices is another negative for sugar prices. Lower crude oil prices undercut ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to sugar production than ethanol production, thus boosting sugar supplies.

The ISMA reported Friday that 85 India sugar mills in the state of Maharashtra, India's second-largest sugar producing region, have closed as of March 15 versus 38 mills that closed a year earlier, and that 56 sugar mills closed by March 15 in Karnataka, India's third-biggest sugar-producing region, versus 48 mills that closed a year earlier.

**According to Unica,** Brazil's Center South 2018/19 sugar production will fall -28% y/y to 26 MMT, (2) increased demand from Indonesia, the world's largest sugar importer.

### 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.

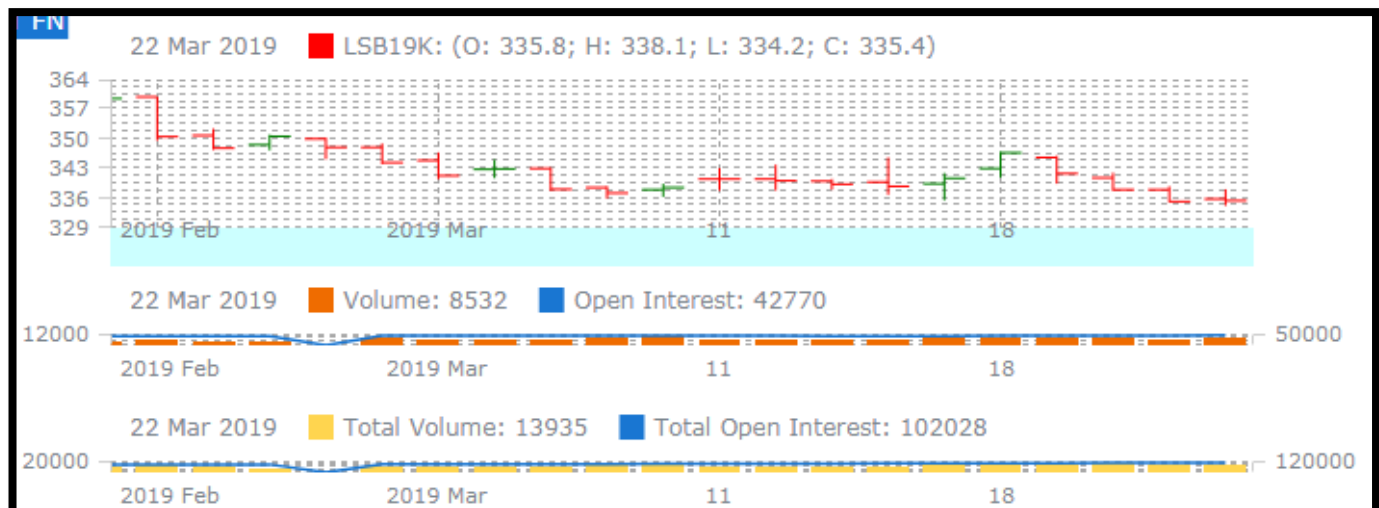
**International Sugar Market Summary:****Bullish and Bearish factors for International sugar**

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	335.4	340-360

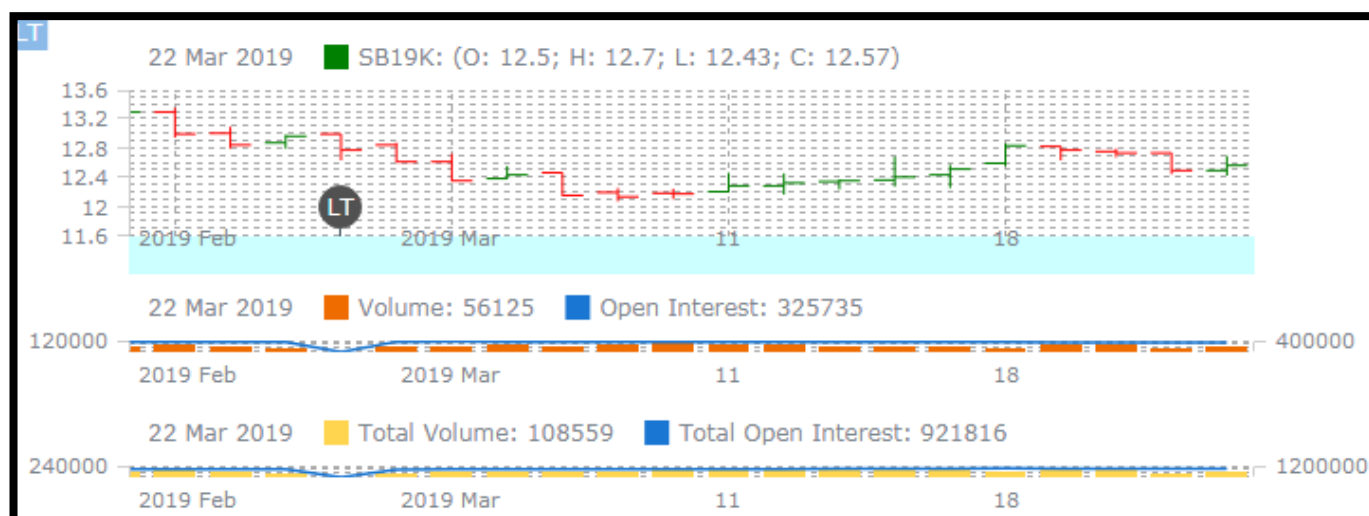


## ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

### 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	12.57	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			15th March to 21st March 2019	08th March to 14th March 2019	
Delhi	Delhi	M-Grade	3079	3094	-15
	Delhi	S-Grade	3059	3074	-15
Uttar Pradesh	Khatauli	M-Grade	3121	3147	-26
	Ramala	M-Grade	#DIV/0!	0	-
	Dhampur	M-Grade Ex-Mill	3050	3080	-30
	Dhampur	S-Grade Ex-Mill	3030	3060	-30
	Dhampur	L-Grade Ex-Mill	3100	3130	-30
Maharashtra	Mumbai	M-Grade	3289	3324	-36



	Mumbai	S-Grade	3179	3189	-10
	Nagpur	M-Grade	3145	3215	-70
	Nagpur	S-Grade	3075	3165	-90
	Kolhapur	M-Grade	3020	3090	-70
	Kolhapur	S-Grade	2950	3040	-90
Assam	Guhawati	S-Grade	3258	3350	-91
Meghalaya	Shillong	S-Grade	3270	3360	-90
Andhra Pradesh	Vijayawada	M-Grade	3444	3472	-28
	Vijayawada	S-Grade	3384	3412	-28
West Bengal	Kolkata	M-Grade	3458	3462	-4
Tamil Nadu	Chennai	S-Grade	3416	3295	121
	Dindigul	M-Grade	3532	3556	-24
	Coimbatore	M-Grade	3540	3540	Unch
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)			15th March to 21st March 2019	08th March to 14th March 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2567	2573	-7
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7800	6400	1400
	Muzaffarnagar	Khurpa (Fresh)	2337	2340	-3
	Muzaffarnagar	Laddoo (Fresh)	2583	2552	31
	Muzaffarnagar	Rascut (Fresh)	2078	2022	56
	Hapur	Chaurasa	2363	2319	44
	Hapur	Balti	2316	2269	47
Andhra Pradesh	Chittur	Gold	4200	3840	360
		White	3600	3380	220
		Black	3020	2840	180
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	2850	2867	-17
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	2693	2838	-146
	Gulbarga	Other (Average)	2647	2698	-51
	Mahalingapura	Penti (Average)	3163	3168	-5
	Mandya	Achhu (Medium)	3633	3370	263
	Mandya	Kurikatu (Medium)	3450	3140	310
	Mandya	Other (Medium)	3450	3230	220
	Mandya	Yellow (Medium)	3625	3410	215

	Shimoga	Achhu (Average)	3688	0	3688
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Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			22-Mar-19	14-Mar-19	20-Feb-19	22-Mar-18
Delhi	Delhi	M-Grade	3100	3100	3150	3087
	Delhi	S-Grade	3080	3080	3130	3067
Uttar Pradesh	Khatauli	M-Grade	3209	3125	3280	3150
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3100	3050	3170	3020
	Dhampur	S-Grade Ex-Mill	3080	3030	3150	3000
	Dhampur	L-Grade Ex-Mill	3150	3100	3220	3070
Maharashtra	Mumbai	M-Grade	3280	3302	3440	3322
	Mumbai	S-Grade	3166	3186	3220	3090
	Nagpur	M-Grade	3125	3225	3225	3125
	Nagpur	S-Grade	3075	3125	3225	3025
	Kolhapur	M-Grade	3000	3100	3100	3000
	Kolhapur	S-Grade	2950	3000	3100	2900
Assam	Guhawati	S-Grade	3258	3309	3410	3207
Meghalaya	Shillong	S-Grade	3270	3320	3420	3220
Andhra Pradesh	Vijayawada	M-Grade	3420	3460	3540	3500
	Vijayawada	S-Grade	3360	3400	3500	3440
West Bengal	Kolkata	M-Grade	3470	3450	3530	3350
Tamil Nadu	Chennai	S-Grade	3420	3440	3260	3250
	Dindigul	M-Grade	3480	3540	3600	0
	Coimbatore	M-Grade	3540	3540	3450	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	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)			22-Mar-19	14-Mar-19	20-Feb-19	22-Mar-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2515	2615	2578	2440
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	2000	5000	13000
	Muzaffarnagar	Khurpa	2428	2303	2200	2178
	Muzaffarnagar	Laddoo	2645	2553	2456	2400
	Muzaffarnagar	Rascut	2000	1988	1963	2013

	Hapur	Chaurasa	2350	2250	2250	2075
	Hapur	Balti	2250	2200	2200	2113
Andhra Pradesh	Chittur	Gold	3600	3700	3700	0
		White	3200	3200	3200	0
		Black	2900	2900	2850	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4200	4200	4700	4400
	Belgaum	Mudde (Average)	NA	2850	2800	NA
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	2965	0	2650
	Gulbarga	Other (Average)	NA	2650	3050	3700
	Mahalingapura	Penti (Average)	3185	NA	3157	3145
	Mandya	Achhu (Medium)	3500	3550	2700	3650
	Mandya	Kurikatu (Medium)	3250	3400	2600	3200
	Mandya	Other (Medium)	NA	3400	2650	3100
	Mandya	Yellow (Medium)	NA	3500	2700	NA
	Shimoga	Achhu (Average)	NA	NA	NA	3800

International Sugar Prices (Weekly)				
	Contract Month	21-Mar-18	14-Mar-18	Change
ICE Sugar #11 (US Cent/lb)	19-May	12.57	12.41	0.16
	19-Jul	12.74	12.57	0.17
	19-Oct	13.07	12.90	0.17
LIFFE Sugar (US \$/MT)	19-May	335.40	338.80	-3.40
	19-Aug	344.1	346.10	-2.00
	19-Oct	350.40	346.10	4.30

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