

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.

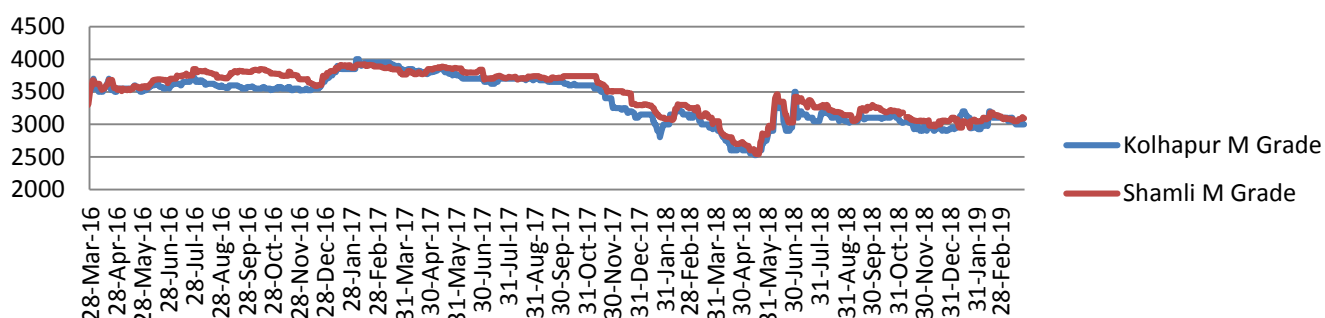
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3050 -3250 per quintal for next week.

Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs.3003.3 per quintal this week prices were down by INR 20 from last week.; while spot sugar prices for the same grade in Shamli district is Rs.3090 per quintal during the week, up by 40 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.
- **ICRA the rating agency released their revised prediction for total sugar production for 2019-20 at 30.7 million tonnes** from its earlier estimate of 31.5 mt due to a decline in Uttar Pradesh, the largest growing state. Also the production may be further hit due to the diversion of 'B' heavy molasses and sugarcane juice away from sugar into ethanol.
- **114 mills in India are expanding their ethanol capacities, which in the next 24 months will add 90-crore litres of capacity.** In 2018-19, Brazil converted 65 per cent of its cane into ethanol directly. This helped it to keep sugar production at the required level and also reduce significantly its oil import bill at a time when crude oil prices rose sharply.
- **Only 27 mills were operating in the center-south region in the first half of March**, compared with 50 mills at this time last year according to Unica said on Tuesday. Center-south mills crushed 1.59 million tonnes of cane in the first half of March, 53 percent less than in the same period a year earlier. Due to dry spell in December and January, followed by ample March rains which delayed crushing in mills. Sugar production was marginal at 9,000 tonnes (80 percent less than previous year). Ethanol production was 142 million liters (23 percent less).
- **Pakistan bagged an opportunity by winning a 300,000-tonne sugar export quota from China** taking a lead over India, according to traders. For which India has been waiting since long to bag the export quota from China.
- **Indian traders have contracted 2.2 million tonnes of sugar for exports as of March 7**, according to industry officials. Maharashtra has exported about 800,000 tonnes of sugar, including third-party exports. Uttar Pradesh has exported 300,000 tonnes and Karnataka too exported 300,000 tonnes.
- **According to data compiled by the Cane Commissioner's Office in Lucknow, as on March 22, the state's sugar mills have bought cane worth Rs 24,888.65 crore during the current 2018-19** crushing season (October-September) at the state government's fixed ("advised") price of Rs.315 per quintal for normal and Rs.325 per quintal for early-maturing varieties. They were to pay Rs.22,175.21 crore within the stipulated 14-day period of taking cane delivery. But the actual payments have been only Rs.12,339.04 crore, translating into arrears of Rs.9,836.17 crore. Adding the dues of Rs.238.81 crore from the previous 2017-18 season takes the total to Rs.10,074.98 crore. Of the Rs 10,074.98 crore, as much as Rs.4,547.97

crore, or over 45 per cent, is due from mills in just six constituencies: Meerut, Baghpat, Kairana, Muzaffarnagar, Bijnor and Saharanpur.

- **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.

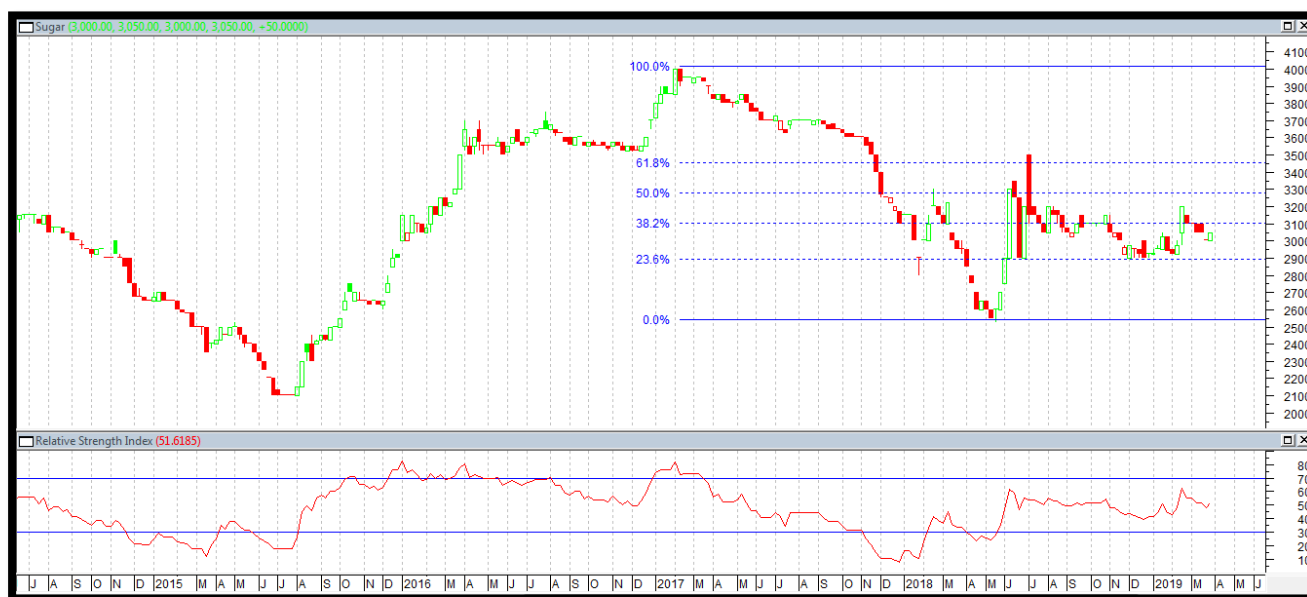
Previous Updates

- **The Centre on Wednesday asked sugar-producing States to ensure that mills do not sell refined sugar below the prescribed minimum selling price (MSP) of Rs 31 per kg** as this was against the Sugar (Price Control) order, 2018. As we know that some sugar mills are selling refined sugar below MSP, while some others have made MSP inclusive of GST, which is against the directives.
- **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.
- **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.
- **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.

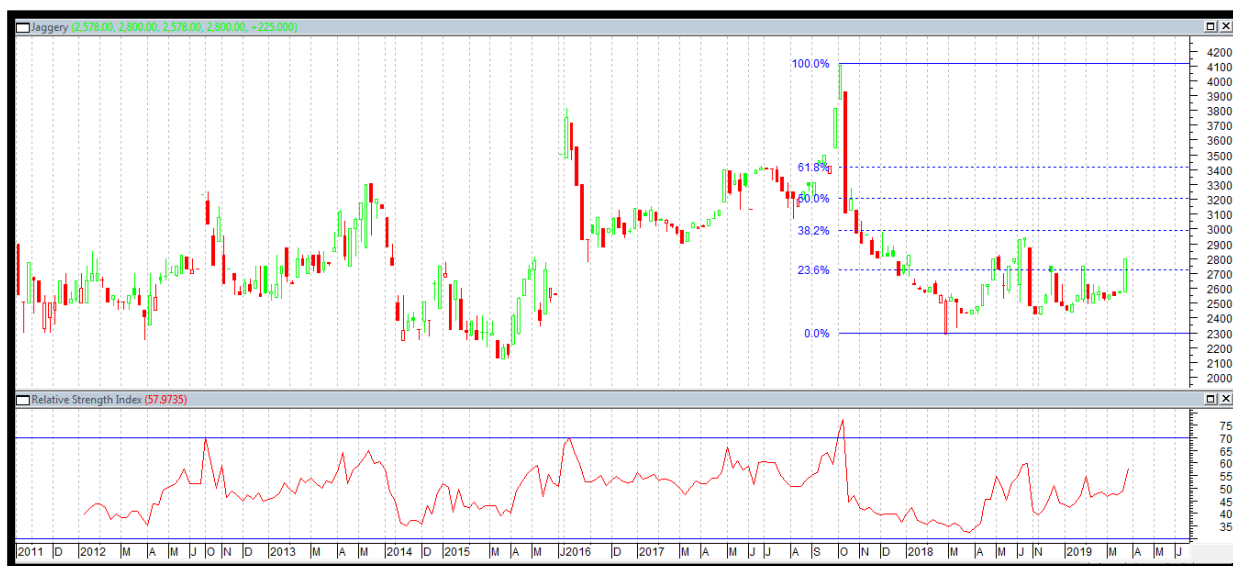
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3003 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 firm 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 slightly higher at Rs 2673/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 2500 per quintal respectively.
- RSI likely to show upward trend.

**Domestic Sugar Market Technical Analysis (Future Market)****Commodity: Sugar****Exchange: NCDEX****Contract: Sugar 1 M Con (Dec)****SUGARM 1st(NCSMAC1)2018/12/16 - Weekly**

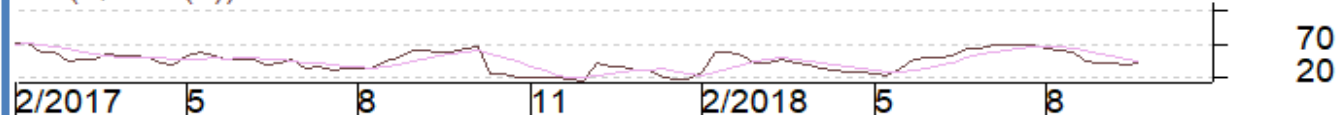
O 2999.00 H 2999.00 L 2989.00 C 2989.00 ↑ V 0 | 0 +10 +0.34%

SMA(18) 3061.3 (50) 3076.7 SMA(18) 3061.3 (50) 3076.7 SMA(18) 3061.3 (50) 3076.7



MACD(12, 26, 12) DIF -8.30008 DEA -11.3504 MACD 6.10070

RSI(9,SMA(6)) 41.3717 44.7319



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 (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 settled unchanged. May ICE London white sugar #5 (SWK19) closed down by -1.80 (-0.55%). May NY sugar recovered from early losses Friday on strength in crude prices after crude oil rallied to a 4-1/2 month high.

Brazil Center-South 2019-20 output estimate to 29.5 MMT from Jan's 30.2 MMT as higher gasoline prices are expected to boost ethanol demand. Sugar found support earlier this week from Unica's report on Tuesday that Brazil Center-South sugar output in the first half of March fell -81.0% to 9,000 MT from 48,000 MT in the year-earlier period. Higher crude oil prices are supportive for ethanol and may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus reducing sugar supplies.

Previous Updates

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.

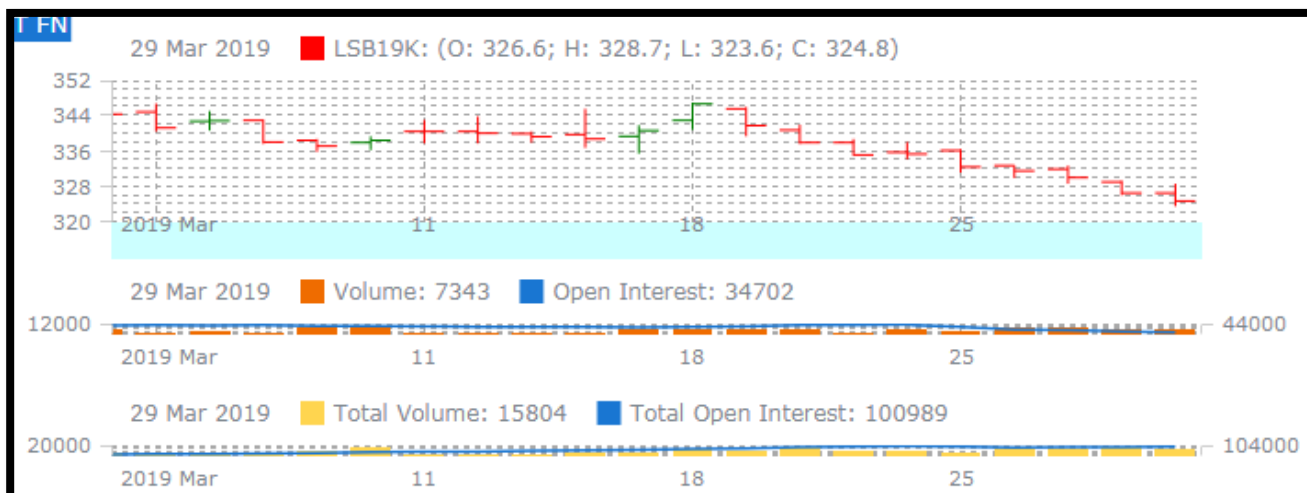
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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 330,T1 350

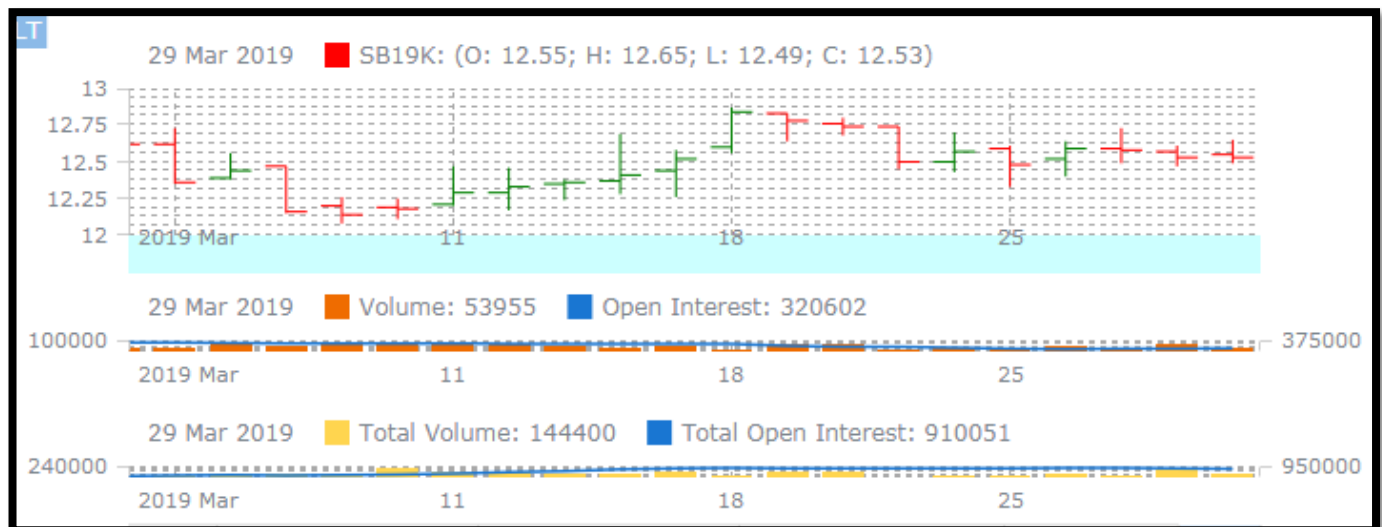
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	324.8	320-340



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	12.53	11-13.5



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			22nd March to 28th March 2019	15th March to 21st March 2019	
Delhi	Delhi	M-Grade	3104	3079	25
	Delhi	S-Grade	3084	3059	25
Uttar Pradesh	Khatauli	M-Grade	3157	3121	36
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3120	3050	70
	Dhampur	S-Grade Ex-Mill	3100	3030	70
	Dhampur	L-Grade Ex-Mill	3170	3100	70
Maharashtra	Mumbai	M-Grade	3296	3289	7

	Mumbai	S-Grade	3178	3179	-2
	Nagpur	M-Grade	3129	3145	-16
	Nagpur	S-Grade	3079	3075	4
	Kolhapur	M-Grade	3004	3020	-16
	Kolhapur	S-Grade	2954	2950	4
Assam	Guhawati	S-Grade	3262	3258	4
Meghalaya	Shillong	S-Grade	3274	3270	4
Andhra Pradesh	Vijayawada	M-Grade	3428	3444	-16
	Vijayawada	S-Grade	3368	3384	-16
West Bengal	Kolkata	M-Grade	3432	3458	-26
Tamil Nadu	Chennai	S-Grade	3432	3416	16
	Dindigul	M-Grade	3480	3532	-52
	Coimbatore	M-Grade	3536	3540	-4
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)			22nd March to 28th March 2019	15th March to 21st March 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2649	2567	83
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6600	7800	-1200
	Muzaffarnagar	Khurpa (Fresh)	2404	2337	68
	Muzaffarnagar	Laddoo (Fresh)	2640	2583	58
	Muzaffarnagar	Rascut (Fresh)	2140	2078	62
	Hapur	Chaurasa	2439	2363	76
	Hapur	Balti	2394	2316	78
Andhra Pradesh	Chittur	Gold	4220	4200	20
		White	3560	3600	-40
		Black	3000	3020	-20
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	2150	2850	-700
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3000	2693	308
	Gulbarga	Other (Average)	2680	2647	33
	Mahalingapura	Penti (Average)	3058	3163	-105
	Mandya	Achhu (Medium)	3525	3633	-108
	Mandya	Kurikatu (Medium)	3225	3450	-225
	Mandya	Other (Medium)	3275	3450	-175
	Mandya	Yellow (Medium)	3400	3625	-225

	Shimoga	Achhu (Average)	3650	3688	-38
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Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			29-Mar-19	21-Mar-19	27-Feb-19	29-Mar-18
Delhi	Delhi	M-Grade	3090	#N/A	3100	3107
	Delhi	S-Grade	3070	#N/A	3080	3087
Uttar Pradesh	Khatauli	M-Grade	3135	#N/A	3200	3130
	Ramala	M-Grade	NA	#N/A	0	0
	Dhampur	M-Grade Ex-Mill	3125	#N/A	3100	2950
	Dhampur	S-Grade Ex-Mill	3105	#N/A	3080	2930
	Dhampur	L-Grade Ex-Mill	3175	#N/A	3150	3000
Maharashtra	Mumbai	M-Grade	3326	#N/A	3422	3290
	Mumbai	S-Grade	3216	#N/A	3206	3100
	Nagpur	M-Grade	3125	#N/A	3225	3125
	Nagpur	S-Grade	3075	#N/A	3225	3025
	Kolhapur	M-Grade	3000	#N/A	3100	3000
	Kolhapur	S-Grade	2950	#N/A	3100	2900
Assam	Guhawati	S-Grade	3258	#N/A	3410	3207
Meghalaya	Shillong	S-Grade	3270	#N/A	3420	3220
Andhra Pradesh	Vijayawada	M-Grade	3480	#N/A	3540	3500
	Vijayawada	S-Grade	3420	#N/A	3500	3440
West Bengal	Kolkata	M-Grade	3430	#N/A	3550	0
Tamil Nadu	Chennai	S-Grade	3460	#N/A	3225	3200
	Dindigul	M-Grade	3480	#N/A	3620	0
	Coimbatore	M-Grade	3520	#N/A	3450	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	#N/A	3600	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)			29-Mar-19	21-Mar-19	27-Feb-19	29-Mar-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2515	2615	2538	2438
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	2000	5000	13000
	Muzaffarnagar	Khurpa	2428	2303	2200	2188
	Muzaffarnagar	Laddoo	2645	2553	2456	2375
	Muzaffarnagar	Rascut	2000	1988	1870	1950
	Hapur	Chaurasa	2350	2250	2250	2125
	Hapur	Balti	2250	2200	2200	2150

Andhra Pradesh	Chittur	Gold	3600	3700	3900	0
		White	3200	3200	3200	0
		Black	2900	2900	2850	0
Maharashtra	Latur	Lal Variety	NR	#N/A	0	0
Karnataka	Bangalore	Mudde (Average)	4200	#N/A	4700	NA
	Belgaum	Mudde (Average)	NA	#N/A	2900	NA
	Belthangadi	Yellow (Average)	NA	#N/A	0	0
	Bijapur	Achhu	3100	#N/A	NA	NA
	Gulbarga	Other (Average)	NA	#N/A	2750	NA
	Mahalingapura	Penti (Average)	3142	#N/A	3210	NA
	Mandya	Achhu (Medium)	3600	#N/A	3100	NA
	Mandya	Kurikatu (Medium)	3250	#N/A	2750	NA
	Mandya	Other (Medium)	3400	#N/A	2850	NA
	Mandya	Yellow (Medium)	NA	#N/A	3200	NA
	Shimoga	Achhu (Average)	3600	#N/A	3450	NA

International Sugar Prices (Weekly)				
	Contract Month	28-Mar-19	21-Mar-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	12.53	12.57	-0.04
	19-Jul	12.63	12.74	-0.11
	19-Oct	12.92	13.07	-0.15
LIFFE Sugar (US \$/MT)	19-May	326.6	335.4	-8.80
	19-Aug	336.7	344.1	-7.40
	19-Oct	344.6	351.4	-6.80

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