

Price Outlook:.

In the spot wholesale markets, sugar prices are hovering slightly higher than MSP for long because of supply surplus. We expect sugar prices may trade in range of 3100 to 3290 Rs/qtl in coming days.

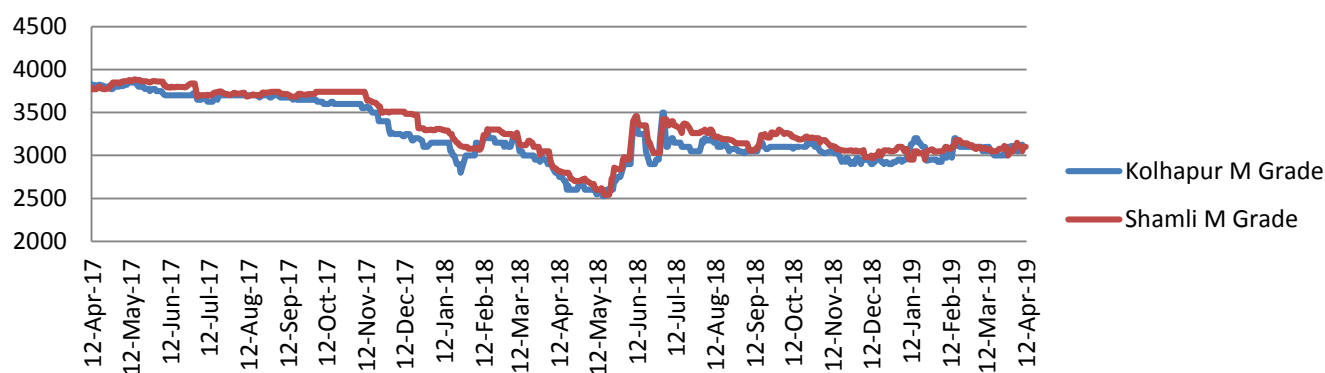
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3050 -3190 per quintal for next week.

Domestic Sugar Market Summary

Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs.3089 per quintal this week prices were down by INR4 from last week.; while spot sugar prices for the same grade in Shamli district is Rs.3103per quintal during the week, up by 35 INR against previous week's average price.

Price comparsion Kholpur M- grade and Shamli Rs/Qtl

**Fundamental summary:**

Price Drivers	Impact
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.	Bullish
After announcement of the export incentives for sugar millers in the country	Bullish
Higher cane acreage for 2018-19	Bearish
Tightening of restriction on monthly sales	Bullish
MSP at Mill gate fixed at Rs 3100/ Qtl for refined Sugar	Bullish
Announcement for creation of 3 mn tonnes of buffer stock	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 3100 -3290 INR per quintal from last week.
- **Indian mills get contracts to export 2.7 mt sugar and another 4.3 lakh tonnes are in the export pipeline.** Mills have already shipped out 1.7 million tonnes till April 6th as against 5 lakh tonnes shipped in the entire 2017-18 of the sweetener to the top destinations are Bangladesh, Sri Lanka, Somalia, Iran and Sudan. This year's Government's target of 5 million tonnes of exports seems unlikely due to the disparity between international and local prices. Sluggish exports from India is also a discouragement for sugar prices.
- **Maharashtra's sugar output is likely to touch 10.7 mln tonnes from 10.5 mln tonnes in March in the current 2018/19 season,** with 63 sugar mills in the state continuing to crush cane, according to local press reports.
- **Ethanol blending with petrol is estimated to touch 7.2 per cent in 2018-19** marketing year as record 237 million litre of supplies have been contracted which was 4.22 per cent in 2017-18 marketing year (December to November) with supply of 150 crore litres according to ISMA.
- **The payments ratio logged a massive dip to about 57% in the current sugarcane season 2018-19.** According to the latest data, Sugarcane payments notched up to more than 71% at the end of March 2018. The current outstanding close to Rs.12,700 crore and the payments ratio is at 52%.

Previous Updates

- **Ethanol manufacturers have successfully supplied 75 crore litres in the first four months** of the contracted supply period started from 1st December, 2018 and will continue till November, 2019. This year the average blending hiked 8% in 10 states and more than 9% in Maharashtra, Uttar Pradesh and Uttarakhand this year.
- **India has a 55% chance of a below-normal monsoon, 30% probability of normal showers and a 15% chance of a drought.** The Pacific Ocean has become strongly warmer than average. The model projections call for an 80% chance of El Nino during March-May, dropping to 60% for June to August.
- **Sugar output in Maharashtra, India's second-largest sugar producing region, rose +3.7% y/y to 10.5 MMT** during Oct 1-Apr 1 data released by India's Sugar Factories Federation Ltd.
- **India has so far this season shipped out around 1.5 million tonnes of sugar** and contracts have been signed for 2.2 million tonnes. The sugar industry, however, expects to export 3-3.5 million tonnes of the sweetener in 2018-19 (Oct-Sept) against Government's target of 5 million tonnes of exports this season

which seems unlikely due to the disparity between international and local prices. Sluggish exports from India is also a discouragement for sugar prices.

- **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.
- **Brazil's center-south region produced 26.500 million tonnes of sugar in the 2018/2019 crop**, down from 36.060 million tonnes in the previous harvest. Mills in the main cane belt in Brazil crushed 573.070 million tonnes of cane against 596.330 million tonnes and directed more of their production to ethanol instead of sugar according to UNICA.

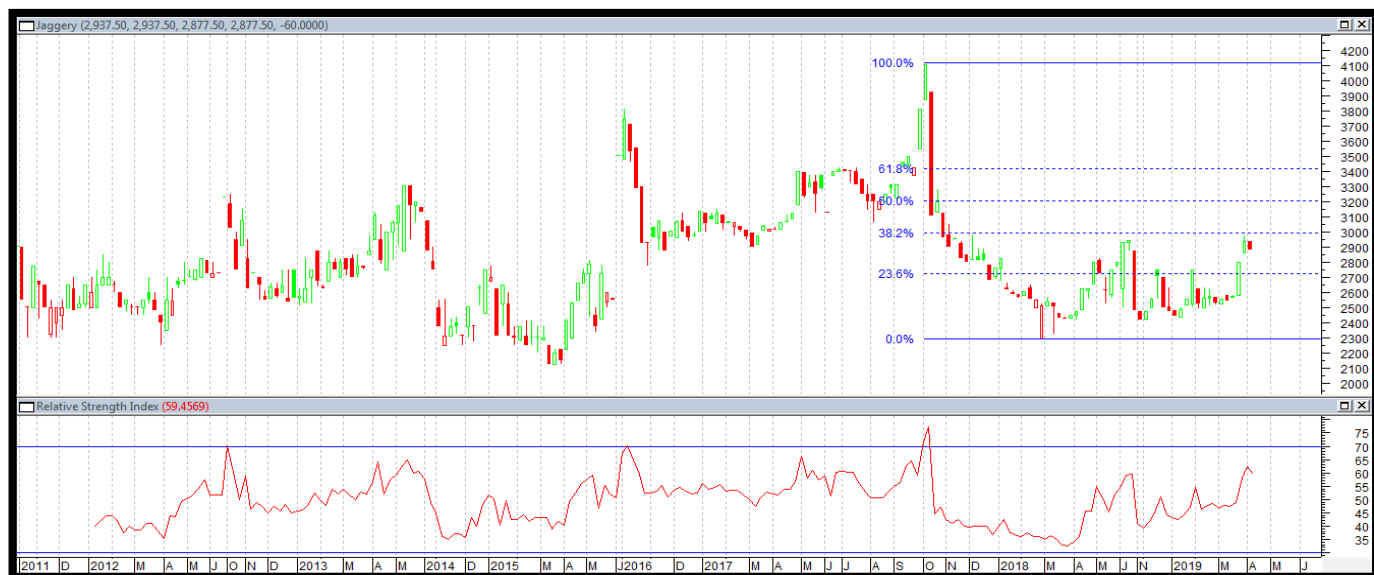
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3141 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs 3000 per quintal respectively.
- RSI is in the neutral region.



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 2935/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3100 and Rs 2800 per quintal respectively.
- RSI is in neutral region.

**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	81.7	67.95	87.35	183.85	134.25
Estimated sugar production	202.85	321	310	98.2	160.2	36.6	15
Imports	4.46	2.85	0	0	0	0	0
Estimated sugar availability (A + B + C)	284.31	357.95	377.95	166.15	247.55	220.45	149.25
Exports	4.6	16.25	30.5	3	10	8.5	9
Availability for domestic consumption (D - E)	279.71	327.95	347.45	163.15	237.55	211.95	140.25
Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
Carry out stock (F - G)	34.1	81.7	84.45	87.35	183.85	134.25	84.45

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 30.5 LT in 2018-19.

International Market Highlights

Recent Updates:

July NY world sugar #11 (SBN19) on Friday closed up +0.10 (+0.78%). Sugar prices on Friday followed crude prices higher. Stronger crude oil prices are supportive for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus reducing sugar supplies. Gains in sugar were limited Friday on weakness in the Brazilian real which fell to a 2-week low against the dollar. Weakness in the Brazilian real against the dollar is negative for sugar prices since the weaker real encourages export selling by Brazil's sugar producers.

Brazil's center-south region produced 26.500 million tonnes of sugar in the 2018/2019 crop (Oct 1-Mar 31), down from 36.060 million tonnes in the previous harvest with the percentage of cane crushed for sugar down to 35.2% from 45.5% last year and the percentage of cane crushed for ethanol production up to 64.8% from 53.5% last year. Mills in the main cane belt in Brazil crushed 573.070 million tonnes of cane against 596.330 million tonnes and directed more of their production to ethanol instead of sugar according to UNICA.

USDA lowers 2018-19 sugar supply forecast to 13.93 mln tonnes, down about 43,000 tonnes from March and down by 3.6% from 14.44 mln tonnes last year.

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.

Previous Updates

May NY world sugar #11 (SBK19) on Friday settled up +0.05 (+0.39%) and May ICE London white sugar #5 (SWK19) closed up by +0.30 (+0.09%). Monday's data from India's Sugar Factories Federation Ltd showed that sugar output in Maharashtra, India's second-largest sugar producing region, rose +3.7% y/y to 10.5 MMT during Oct 1st -Apr 1st.

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), and USDA's FAS forecast for 2018/19 sugar production in India, the world's second-largest sugar producer, to climb +5.3% y/y to a record 35.9 MMT,

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. 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.

India is struggling with the situation of sugar surplus production. In this way neighboring countries seem to get relief. Bangladesh has emerged as the largest importer of Indian Sugar. Sri Lanka is also buying Indian sugar in large quantities and it is second only after Bangladesh as importer. Since last month, Iran has also been importing Indian sugar in a considerable quantity. Indian sugar mills have so far made an agreement to export 22 lakhs of sugar. Of this, 15 lakh tonnes of sugar has been sent. Sugar industry estimates that till the end of the 2018-19 season the export of sugar will be 30-35 lakh tonnes.

Pakistan bagged an opportunity by winning a 300,000-tonne sugar export quota from China in March taking a lead over India, according to traders. For which India has been waiting since long to bag the export quota from China.

Brazil exported 1.133 mln tonnes of sugar, raw value, in March 2019, down from 1.214 mln in February and the lowest level for the month of March since 2012 compared with 1.802 mln tonnes of sugar exported in March 2018. As only 27 mills were operating in the center-south region of Brazil in the first half of March, compared with 50 mills at this time last year according to Unica. 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 MT (80 percent less than previous year) from 48,000MT in the earlier period.

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	Bullish

production will fall -28% y/y to 26 MMT

USDA's FAS forecast for 2018/19 sugar production in India, the world's second-largest sugar producer, to climb +5.3% y/y to a record 35.9 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

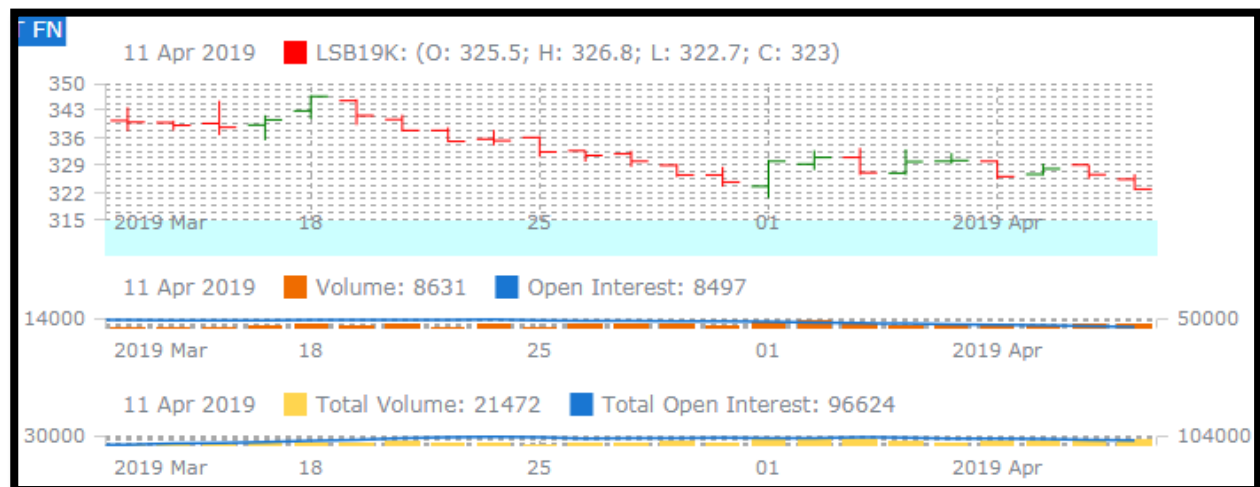
International Sugar Futures Price Projection

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 bullish in the market.
- Strategy: sell below 325, T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	323	320-330

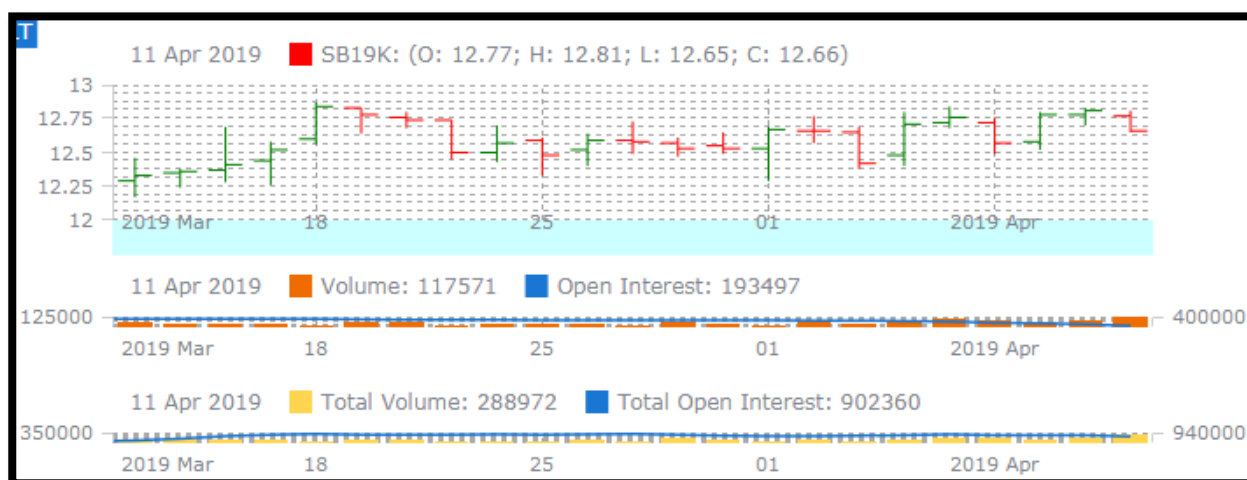


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

Technical Commentary:

- ICE raw sugar futures trend upward for the week.
- Last candlestick of the week depicts bearishness in the market.
- Strategy: sell at 12 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	12.66	11.5-13



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			5th April to 11th April 2019	29th March to 4th April 2019	
Delhi	Delhi	M-Grade	3120	3098	22
	Delhi	S-Grade	3100	3078	22
Uttar Pradesh	Khatauli	M-Grade	3230	3171	59
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3063	3118	-56
	Dhampur	S-Grade Ex-Mill	3043	3098	-56
	Dhampur	L-Grade Ex-Mill	3113	3168	-56
Maharashtra	Mumbai	M-Grade	3330	3328	2
	Mumbai	S-Grade	3212	3211	1
	Nagpur	M-Grade	3195	3175	20
	Nagpur	S-Grade	3135	3115	20

	Kolhapur	M-Grade	3070	3050	20
	Kolhapur	S-Grade	3010	2990	20
Assam	Guhawati	S-Grade	3319	3299	20
Meghalaya	Shillong	S-Grade	3330	3310	20
Andhra Pradesh	Vijayawada	M-Grade	3540	3496	44
	Vijayawada	S-Grade	3480	3436	44
West Bengal	Kolkata	M-Grade	3468	3412	56
Tamil Nadu	Chennai	S-Grade	3492	3476	16
	Dindigul	M-Grade	3528	3480	48
	Coimbatore	M-Grade	3520	3520	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3400	3480	-80

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)			5th April to 11th April 2019	29th March to 4th April 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2836	2809	27
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8500	6400	2100
	Muzaffarnagar	Khurpa (Fresh)	2601	2543	58
	Muzaffarnagar	Laddoo (Fresh)	2933	2836	97
	Muzaffarnagar	Rascut (Fresh)	2291	2278	13
	Hapur	Chaurasa	2388	2472	-84
	Hapur	Balti	2378	2453	-75
Andhra Pradesh	Chittur	Gold	4050	4140	-90
		White	3575	3660	-85
		Black	3150	3140	10
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	2850	2800	50
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	3083	3067	17
	Gulbarga	Other (Average)	3020	2830	190
	Mahalingapura	Penti (Average)	3077	3108	-31
	Mandya	Achhu (Medium)	3613	3624	-12
	Mandya	Kurikatu (Medium)	3275	3288	-13
	Mandya	Other (Medium)	3050	3338	-288
	Mandya	Yellow (Medium)	3333	3550	-217
	Shimoga	Achhu (Average)	3975	3590	385

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			12-Apr-19	4-Apr-19	13-Mar-19	12-Apr-18
Delhi	Delhi	M-Grade	3110	3100	3095	3110
	Delhi	S-Grade	3090	3080	3075	3090
Uttar Pradesh	Khatauli	M-Grade	3230	3220	3125	2909
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3000	3100	3050	2840
	Dhampur	S-Grade Ex-Mill	2980	3080	3030	2820
	Dhampur	L-Grade Ex-Mill	3050	3150	3100	2890
Maharashtra	Mumbai	M-Grade	3320	3330	3310	3200
	Mumbai	S-Grade	3212	3216	3186	2932
	Nagpur	M-Grade	3225	3225	3225	2875
	Nagpur	S-Grade	3125	3150	3125	2775
	Kolhapur	M-Grade	3100	3100	3100	2750
	Kolhapur	S-Grade	3000	3025	3000	2650
Assam	Guhawati	S-Grade	3309	3334	3309	2954
Meghalaya	Shillong	S-Grade	3320	3345	3320	2970
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	3460	3470
	Vijayawada	S-Grade	3480	3480	3400	3410
West Bengal	Kolkata	M-Grade	3520	3420	3460	3250
Tamil Nadu	Chennai	S-Grade	3510	3500	3460	3200
	Dindigul	M-Grade	3600	3510	3540	0
	Coimbatore	M-Grade	3520	3520	3540	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3400	3400	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)			12-Apr-19	4-Apr-19	13-Mar-19	12-Apr-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2515	2615	2578	2418
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	2000	5000	19000
	Muzaffarnagar	Khurpa	2428	2303	2200	2163
	Muzaffarnagar	Laddoo	2645	2553	2456	2425
	Muzaffarnagar	Rascut	2000	1988	2048	1950
	Hapur	Chaurasa	2350	2250	2250	2013
	Hapur	Balti	2250	2200	2200	2038
Andhra Pradesh	Chittur	Gold	3600	3700	4000	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	4200	4400
	Belgaum	Mudde (Average)	2850	NA	2850	3600
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	3075	NA	2965
	Gulbarga	Other (Average)	NA	NA	2700	2700
	Mahalingapura	Penti (Average)	NA	3119	3185	3025
	Mandya	Achhu (Medium)	3800	3600	3500	3350
	Mandya	Kurikatu (Medium)	3400	3300	3200	3200
	Mandya	Other (Medium)	3500	3350	3300	3000
	Mandya	Yellow (Medium)	3700	3500	3500	3450
	Shimoga	Achhu (Average)	NA	3900	0	3650

International Sugar Prices (Weekly)

	Contract Month	11-Apr-19	4-Apr-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	12.66	12.71	-0.05
	19-Jul	12.82	12.81	0.01
	19-Oct	13.13	13.11	0.02
LIFFE Sugar (US \$/MT)	19-May	323.00	330.00	-7.00
	19-Aug	333.90	339.80	-5.90
	19-Oct	342.60	346.30	-3.70

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