

**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 3400 Rs/qrtl in coming days.

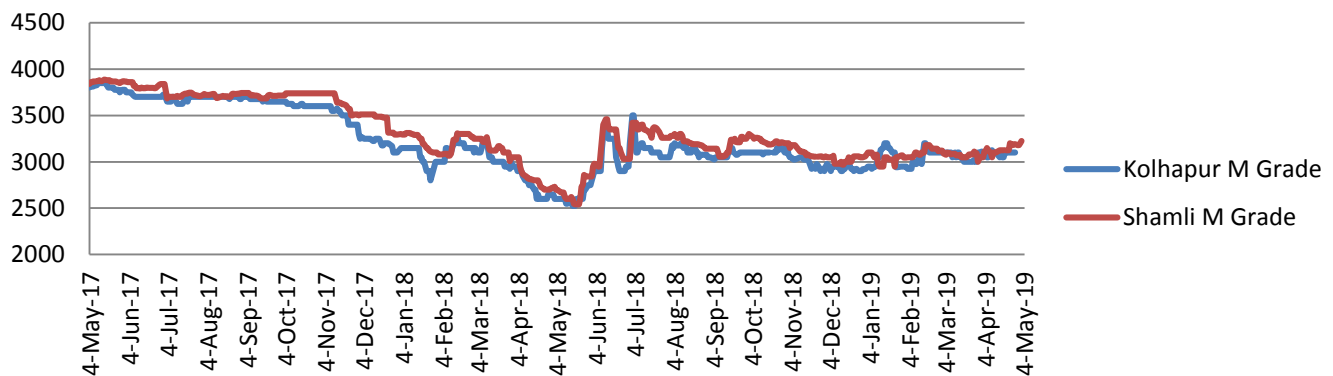
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3100 -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.3105 per quintal this week prices were up by INR5 from last week.; while spot sugar prices for the same grade in Shamli district is Rs.3194 per quintal during the week, up by 30 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:

- **Total sugar production is expected to surge upto 330 LT and about 5 LT higher than previous season's** production. Maharashtra's sugar production rose to 107LT, whereas U.P and Karnataka has reached the sugar production at 112.65 and 43.2 LT till 30<sup>th</sup> April, data released by ISMA.
- **Sugar mills produced 9.36 LT higher sugar stood at 321.19 LT from 311.83 LT** during the same time last year till 30<sup>th</sup> April. Till 30<sup>th</sup> April, only 100 mills are crushing sugarcane this year compared to 110 sugar mills last year.
- **The sugar stocks at the end of the 2018-19 marketing year is expected to be higher level at around 14.7 million tonnes** with the opening balance of 10.7 million tonnes as on October 1, 2018, and domestic demand of 26 million tonnes as well as export of 3 million tonnes according to ISMA.
- **The food ministry yesterday released the notification allocating 21 LMT monthly sugar quota to each of 534 mills in the country.** Those sugar mills which have completed their 75% to 100% export targets under MIEQ (Minimum Indicative Export Quota) allotted to them for the sugar season 2018-19 have been given incentive in the form of additional allocation @ 10% of their normal allocation for the month of May 2019. And those mills achieving 50 to 75% of their export targets under MIEQ quota for the season 2018-19 have been given @ 7.5% of their normal allocation for the month of May, 2019.
- **The sugar exports have been hindered by excess output and lower (than domestic) international prices.** Between October 1, 2018 and April 6, 2019, India exported only 35 per cent out of the target of 5 MMT, though the crushing season is almost over. With the net supply continuing to far exceed demand, India is likely to open the new sugar year 2019-20 with a carry-over stock of over 10 MMT according to ISMA.

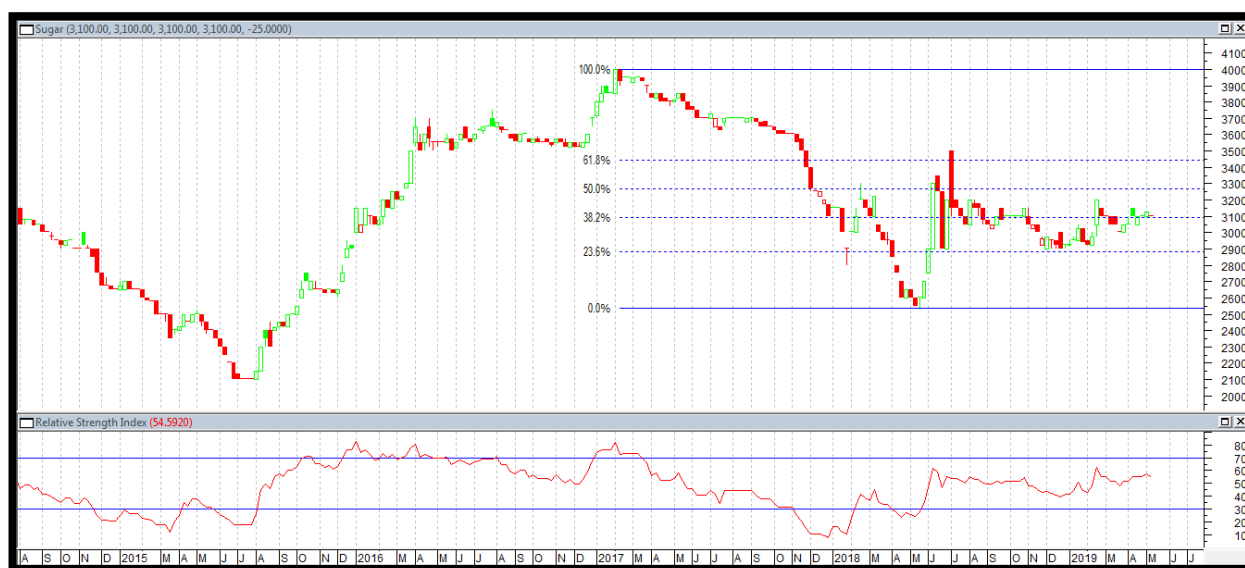
#### Previous Updates

- 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 -3350 INR per quintal from last week.
- **Of the 5 mln tn export target set by the government for 2018-19, Indian sugar mills have shipped out 2.2 mln tn** of the sweetener until the start of April, and is likely to export 3.5 mln tn this season ending September.
- **Sugar cane arrears of farmers in Uttar Pradesh till April 18 stands Rs.9,536 crore.** Despite the central government's announcement of a soft loan package of `3,000 crore for mills in UP and further Rs.500 crore from the state government to 24 cooperative sugar mills for settling the arrears.

- The Sugar Technologists Association of India (STAI) has urged the government to revise the minimum support price from Rs.3100/q to Rs.3600/q so that the sugar millers can overcome the financial crisis by paying the cane arrears to sugarcane farmers. Also The National Federation of Cooperative Sugar Millers and the Maharashtra Federation of Cooperative Sugar Millers have been seeking a hike in MSP of sugar.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs 3125 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3250 and Rs 3050 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 3013/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3120 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	81.7	101.1	197.6	161.32
Estimated sugar production	202.85	321	328	98.2	160.2	48.42	21.18
Imports	4.46	2.85	0	0	0	0	0
Estimated sugar availability (A + B + C)	284.31	357.95	409.7	179.9	261.3	246.02	182.5
Exports	4.6	16.25	30	3	10	7	10
Availability for domestic consumption (D - E)	279.71	341.7	379.7	176.9	251.3	239.02	172.5
Estimates sugar consumption	245.61	260	263	75.8	53.7	77.7	55.8
Carry out stock (F - G)	34.1	81.7	116.7	101.1	197.6	161.32	116.7

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 328 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 has increased compared to last year leading to higher production.
- 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:

**July NY world sugar #11 (SBN19) on Monday closed sharply lower by -0.13 (-1.08%).** Weaker 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. Another bearish factor for sugar prices was Monday's slide in the Brazilian real to a 1-week low against the dollar, which encourages export selling by Brazil's sugar producers.

**Mills in Center-South Brazil crushed 13.865 million mt of sugarcane to begin the 2019-20 crop year, a drop of 37.99%** compared to previous year against the target of 16.5 million mt crushed, according to Unica . This was the lowest cane volume crushed in the first 15 days of April since the 2015-16 crop year, when only 13.05 million mt was crushed over the period. Initial expectations were for 176 mills to have commenced crushing by April 15, but only 150 mills had started crushing also the number was also below the 174 mills that began crushing during last year.

**EU 2019/20 sugar output rising 7% y/y to 19.37 MMT by The European Commission.** In addition, the Brazil Trade Ministry reported that Brazil Apr sugar exports jumped +24% y/y to 1.26 MMT. Unica reported smaller sugar output in Brazil as Center-South 2019/20 sugar production slumped -52% y/y in the first half of April to 340 MT.

**Brazil's national crop agency, showed Brazil 2018/19 sugar output in the marketing year ended March 31 fell -17.2% y/y to an 11-year low of 31.4 MMT.** 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.

**Thailand 2018/19 sugar production is expected to decline to 14.2 MMT, down +3% from 14.7 MMT produced in previous year 2017-18** due to low sugarcane production.

#### Previous Updates

*The rains in early April restricted the crushing operations as only 23% of cane was allocated to the mills versus 31% last year leading to reduction in sugar production by 52% in the first two weeks of the new season compared to the corresponding period last year in Brazil's center-south region, Unica said.*

**Pakistan exports 1.5 Lakh Tonnes of sugar to China under the Chinese duty-free incentive package of \$ 1 billion.**

*As of last month Pakistan bagged the opportunity to export 3 lakh tonnes of sugar for which India has been waiting for long time. Pakistani official stated that that China has extended a duty free package for export of rice, sugar and 3.5 lakh tonnes of cotton yarn to Pakistan.*

### 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),.	<b>Bearish</b>
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	<b>Bullish</b>
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,	<b>Bearish</b>
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,	<b>Bearish</b>

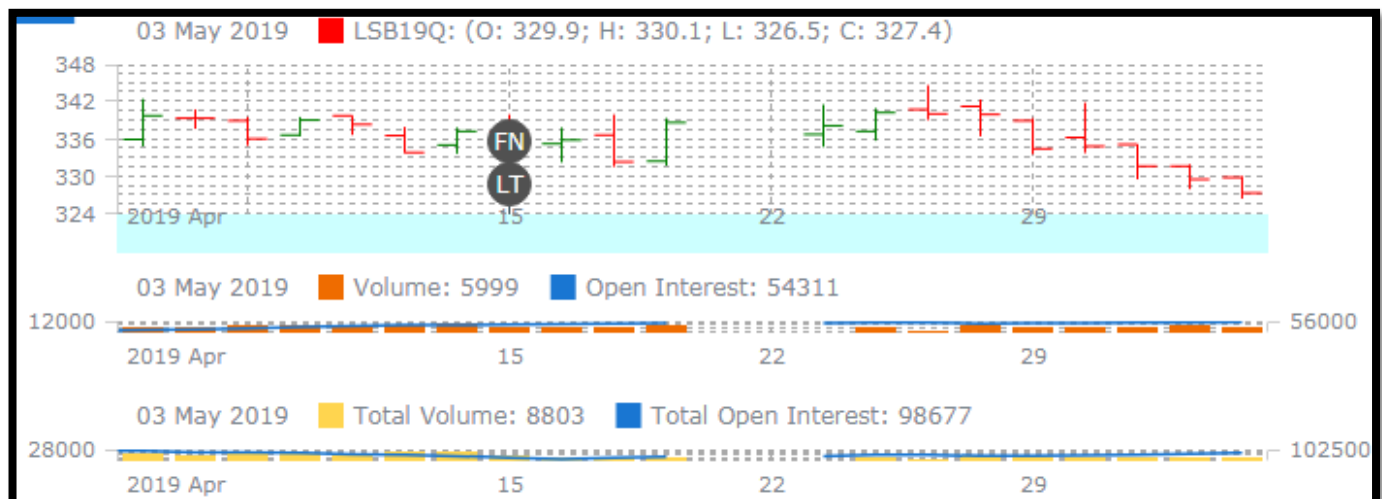
## International Sugar Futures Price Projection

### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (May 19 Contract)

#### Technical Commentary

- LIFFE future market were weaker for the week.
- Last candlestick of the week depicts bearish in the market.
- Strategy: sell below 330, T1 345

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'19	327.4	325-340



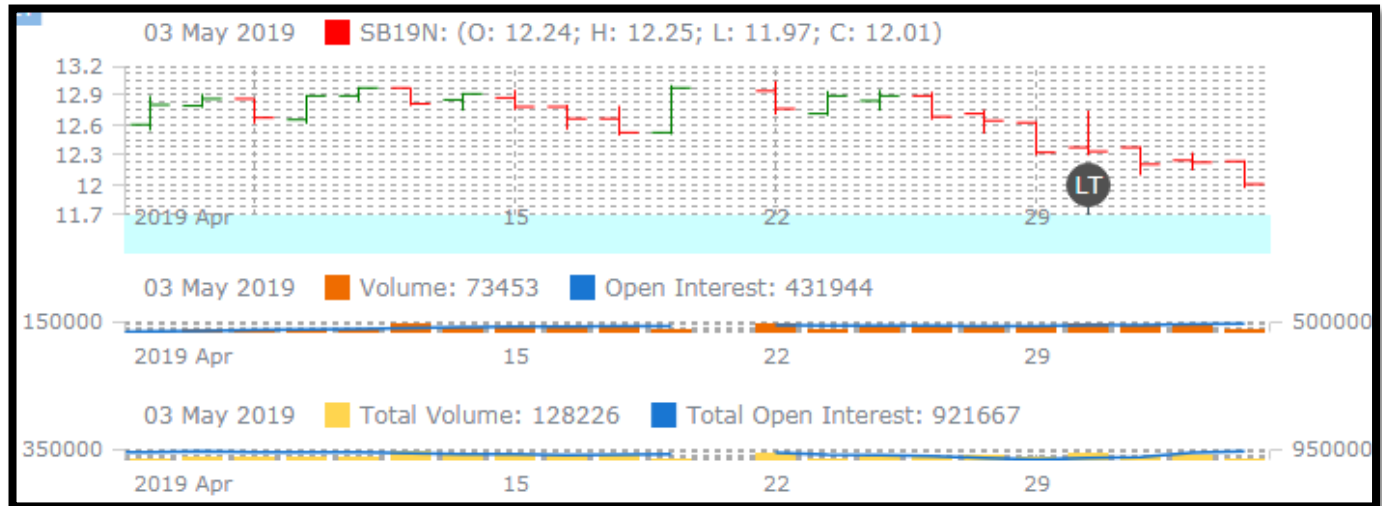
### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'19 Contract)

#### Technical Commentary:

- ICE raw sugar futures were weak for the week.
- Last candlestick of the week depicts bearish in the market.
- Strategy: sell at 12 Targeting 13.

## International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'19	12.01	11.8-13.5



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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			26th April to 2th May 2019	18th April to 25th April 2019	
Sugar	Delhi	M-Grade	3218	3121	97
		S-Grade	3198	3101	97
Uttar Pradesh	Khatauli	M-Grade	3302	3229	73
	Ramala	M-Grade	#DIV/0!	#DIV/0!	-
	Dhampur	M-Grade Ex-Mill	3210	3063	148
	Dhampur	S-Grade Ex-Mill	3190	3043	148
	Dhampur	L-Grade Ex-Mill	3260	3113	148
Maharashtra	Mumbai	M-Grade	3325	3311	14
	Mumbai	S-Grade	3223	3213	11
	Nagpur	M-Grade	3225	3205	20
	Nagpur	S-Grade	3175	3125	50
	Kolhapur	M-Grade	3100	3080	20
	Kolhapur	S-Grade	3050	3000	50
Assam	Guhawati	S-Grade	3360	3309	51
Meghalaya	Shillong	S-Grade	3370	3320	50
Andhra Pradesh	Vijayawada	M-Grade	3580	3540	40
	Vijayawada	S-Grade	3540	3480	60



West Bengal	Kolkata	M-Grade	3530	3520	10
Tamil Nadu	Chennai	S-Grade	3580	2808	772
	Dindigul	M-Grade	3620	3600	20
	Coimbatore	M-Grade	3520	3520	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3400	3400	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)			26th April to 2th May 2019	18th April to 25th April 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2623	2830	-206
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4600	7250	-2650
	Muzaffarnagar	Khurpa (Fresh)	2626	2529	96
	Muzaffarnagar	Laddoo (Fresh)	2873	2889	-16
	Muzaffarnagar	Rascut (Fresh)	2356	2283	73
	Hapur	Chaurasa	2648	2410	238
	Hapur	Balti	2631	2400	231
Andhra Pradesh	Chittur	Gold	4120	4260	-140
		White	3680	3780	-100
		Black	3240	3320	-80
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4400	4200	200
	Belgaum	Mudde (Average)	2800	2833	-33
	Belthangadi	Yellow (Average)	#DIV/0!	#DIV/0!	-
	Bijapur	Achhu	3025	2975	50
	Gulbarga	Other (Average)	2833	3090	-257
	Mahalingapura	Penti (Average)	3141	3184	-44
	Mandya	Achhu (Medium)	3750	3817	-67
	Mandya	Kurikatu (Medium)	3450	3383	67
	Mandya	Other (Medium)	3363	3600	-238
	Mandya	Yellow (Medium)	3633	3700	-67
	Shimoga	Achhu (Average)	3863	3867	-4

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			4-May-19	26-Apr-19	4-Apr-19	4-May-18
Delhi	Delhi	M-Grade	3230	3200	3100	2980

	Delhi	S-Grade	3210	3180	3080	2960
Uttar Pradesh	Khatauli	M-Grade	3400	3320	3220	2790
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3250	3200	3100	2660
	Dhampur	S-Grade Ex-Mill	3230	3180	3080	2640
	Dhampur	L-Grade Ex-Mill	3300	3250	3150	2710
Maharashtra	Mumbai	M-Grade	3326	3340	3330	2996
	Mumbai	S-Grade	3246	3222	3216	2730
	Nagpur	M-Grade	3250	3225	3225	2725
	Nagpur	S-Grade	3225	3175	3150	2625
	Kolhapur	M-Grade	3125	3100	3100	2600
	Kolhapur	S-Grade	3100	3050	3025	2500
Assam	Guhawati	S-Grade	3410	3360	3334	2801
Meghalaya	Shillong	S-Grade	3420	3370	3345	2820
Andhra Pradesh	Vijayawada	M-Grade	3580	3580	3540	3100
	Vijayawada	S-Grade	3540	3540	3480	3040
West Bengal	Kolkata	M-Grade	3550	3500	3420	3000
Tamil Nadu	Chennai	S-Grade	3580	3580	3500	3000
	Dindigul	M-Grade	3620	3620	3510	0
	Coimbatore	M-Grade	3520	NR	3520	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3400	3400	3400	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)			4-May-19	26-Apr-19	4-Apr-19	4-May-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2515	2615	2975	2790
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	2000	5000	10000
	Muzaffarnagar	Khurpa	2428	2303	2200	2500
	Muzaffarnagar	Laddoo	2645	2553	2456	2688
	Muzaffarnagar	Rascut	2000	1988	2350	2113
	Hapur	Chaurasa	2350	2250	2250	2375
	Hapur	Balti	2250	2200	2200	2400
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)	4400	4400	4200	4400
	Belgaum	Mudde (Average)	2800	NA	NA	3100
	Belthangadi	Yellow (Average)	NA	NA	NA	0

	Bijapur	Achhu	3000	3000	3075	3000
	Gulbarga	Other (Average)	NA	3150	NA	2750
	Mahalingapura	Penti (Average)	NA	3123	3119	2870
	Mandya	Achhu (Medium)	3650	3750	3600	3450
	Mandya	Kurikatu (Medium)	3350	3450	3300	3200
	Mandya	Other (Medium)	3250	3400	3350	3250
	Mandya	Yellow (Medium)	NA	NA	3500	NA
	Shimoga	Achhu (Average)	3850	3850	3900	3750

International Sugar Prices (Weekly)				
	Contract Month	3-May-19	25-Apr-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	13.54	12.36	1.18
	19-Jul	12.01	12.69	-0.68
	19-Oct	12.35	13.02	-0.67
LIFFE Sugar (US \$/MT)	19-May	361.20	372.90	-11.70
	19-Aug	327.40	340.10	-12.70
	19-Oct	332.70	344.60	-11.90

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