

Price Outlook:

In the spot wholesale markets, sugar prices are sustaining only slightly higher than MSP for long because of supply surplus. We expect sugar prices may trade in range of 3100 to 3250 Rs/qtl in coming days.

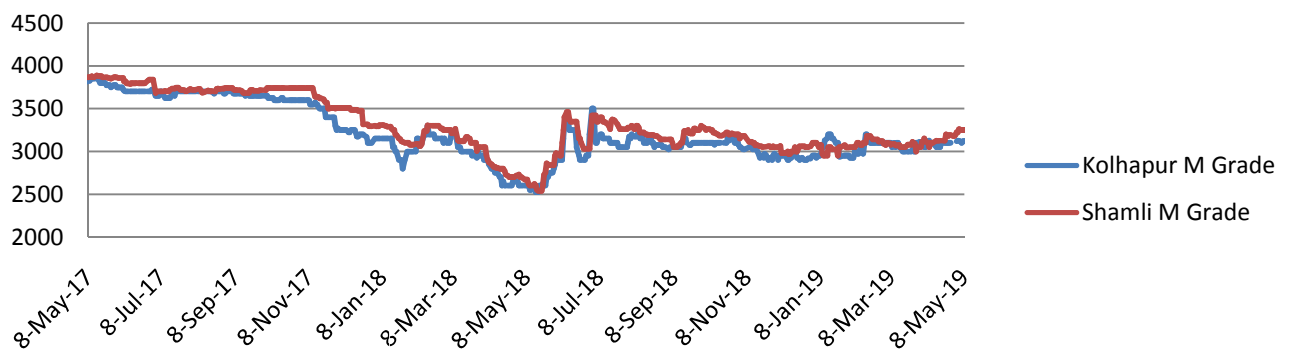
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs3050 -3150per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3120per quintal this week, unchanged from last week; while spot sugar prices for the same grade in Shamli district is Rs.3245 per quintal during the week, up by 20 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 |
| 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:

- Sugar millers in Maharashtra are reportedly anticipating a drastic fall in sugarcane production for sugar season 2019-20. The prevailing dry conditions in the state has affected sowing of pre-season and suru crops and has also led farmers to uproot the ratoon crop which overall accounts for 60% of the sugarcane available for crushing.
- Sugar sales remained slow across the nation throughout the week. Mills are struggling 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 -3350INR per quintal 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 stand at Rs.9,536 crore.** Despite the central government's announcement of a soft loan package of Rs.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.

Previous Updates

- **This year's recovery rate up by 0.05% at 11.05% against last year recovery rate of 11%.** This year the cooperative mills witnessed a hike in the recovery rate at 11.14% whereas private mills registered at 10.80% this sugar season.
- **Sugar prices sold off to 2-week lows Wednesday on the projection for larger global sugar supplies along with weakness in the Brazilian real.** EU 2019/20 sugar output rising 4% y/y to 18.3 MMT The European Commission on Wednesday. Also, the Brazilian real fell to a 2-week low against the dollar, which encourages export selling by Brazil's sugar producers.
- **Till Tuesday, of the 195 mills that have taken crushing in the season, only 27 mills are functional and at least three are expected to continue the season till May.** The state has reported crushing of 949.01 lakh tonne cane and produced 106.71 lakh tonne of sugar in SS 2018-19 against 107 lakh tonne sugar, an all-time high production figure last year.

- **SME mills constitute one-third of the Rs.102,500crore sugar market in India, as of SS 2018.** Small and medium sugar mills might see an improvement in profitability because of the hike in MSP raised by the government in February and it is expected to have lower production in SS 2020, which will push up prices by the end of SS 2020.
- **Mills in the state owed cane farmers Rs. 4,600 crore due to the low price of sugar** and lack of liquidity with the mills by the March end in Maharashtra. The centre announced a soft loan scheme of 2,500 crore in February but actual disbursal of money is yet to take place.

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

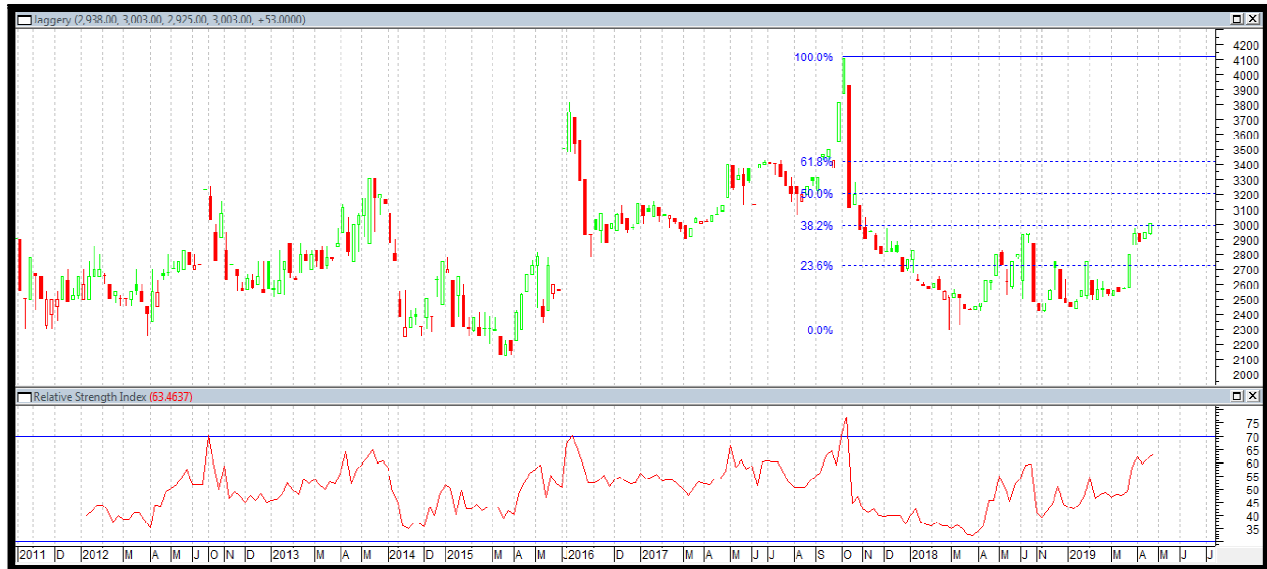
- Sugar spot prices at benchmark Kolhapur market closed at Rs3100quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs3050 per quintal respectively.
- RSI is in the neutral region.



Technical Analysis - ChakuSukha-gur(fresh) at Spot (Muzaffarnagar)market.

Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market closed slightly higher at Rs3003/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3150 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

Updated on 4th May

| SUGAR BALNCE SHEET 2018-19(LT) | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|
| 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 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 (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 down -0.04 (-0.32%). Sugar prices on Friday followed crude prices lower. Lower crude oil prices are negative for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to sugar rather than ethanol production, thus boosting sugar supplies.

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 lakhtonnes of cotton yarn to Pakistan.

Previous Updates

Further in international market, ICE futures also seen weaker as weak crude oil prices are undercutting sugar prices since weaker crude oil 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.

Further in international market, ICE futures also seen weaker as weak crude oil prices are undercutting sugar prices since weaker crude oil 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.

573.07 MMT of cane crushed, down 3.9% from the 596.33MMT crushed during 2017-18 reported by UNICA.

Total sugar production of 26.5MMT during this season fell by 26.5% from a year ago in Centre-South Brazil as the sugar season came to a close on March 31.

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 +5.3% 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 bullish for the week.
- Last candlestick of the week depicts bullish in the market.
- Strategy: Buy at level 322,T1 328

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Aug'19 | 323.60 | 328-332 |



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 bullish in the market.
- Strategy: Butat 11.70 Targeting 12.71.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | July'19 | 11.72 | 12.35-12.71 |



| Spot Sugar Prices Scenario (Weekly) (Average) | | | | | |
|---|------------|------------------------|-------------------------|----------------------------|--------|
| Commodity | Centre | Variety | Average Prices (Rs/Qtl) | | Change |
| Sugar | | | 3rd to 9th May 2019 | 26th April to 2th May 2019 | |
| Delhi | Delhi | M-Grade | 3192 | 3218 | -26 |
| | Delhi | S-Grade | 3172 | 3198 | -26 |
| Uttar Pradesh | Khatauli | M-Grade | 3379 | 3302 | 77 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3246 | 3210 | 36 |
| | Dhampur | S-Grade Ex-Mill | 3226 | 3190 | 36 |
| | Dhampur | L-Grade Ex-Mill | 3296 | 3260 | 36 |
| Maharashtra | Mumbai | M-Grade | 3358 | 3325 | 33 |
| | Mumbai | S-Grade | 3240 | 3223 | 17 |
| | Nagpur | M-Grade | 3240 | 3225 | 15 |
| | Nagpur | S-Grade | 3225 | 3175 | 50 |
| | Kolhapur | M-Grade | 3115 | 3100 | 15 |
| | Kolhapur | S-Grade | 3100 | 3050 | 50 |
| Assam | Guhawati | S-Grade | 3410 | 3360 | 50 |
| Meghalaya | Shillong | S-Grade | 3420 | 3370 | 50 |
| Andhra Pradesh | Vijayawada | M-Grade | 3580 | 3580 | Unch |
| | Vijayawada | S-Grade | 3540 | 3540 | Unch |
| West Bengal | Kolkata | M-Grade | 3570 | 3530 | 40 |
| Tamil Nadu | Chennai | S-Grade | 3584 | 3580 | 4 |
| | Dindigul | M-Grade | 3616 | 3620 | -4 |
| | Coimbatore | M-Grade | 3546 | 3520 | 26 |
| 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) | | | 3rd to 9th May 2019 | 26th April to 2th May 2019 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 3059 | 2623 | 436 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 3600 | 4600 | |
| | Muzaffarnagar | Khurpa (Fresh) | 2826 | 2626 | 200 |
| | Muzaffarnagar | Laddoo (Fresh) | 3117 | 2873 | 244 |
| | Muzaffarnagar | Rascut (Fresh) | 2478 | 2356 | 122 |
| | Hapur | Chaurasa | 2819 | 2648 | 171 |
| | Hapur | Balti | 2806 | 2631 | 175 |

| | | | | | |
|----------------|---------------|-------------------|------|------|------|
| Andhra Pradesh | Chittur | Gold | 3940 | 4120 | 260 |
| | | White | 3840 | 3680 | - |
| | | Black | 3440 | 3240 | 200 |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 4400 | 4400 | Unch |
| | Belgaum | Mudde (Average) | 2750 | 2800 | -50 |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | 3050 | 3025 | 25 |
| | Gulbarga | Other (Average) | 2819 | 2833 | -14 |
| | Mahalingapura | Penti (Average) | 3160 | 3141 | 19 |
| | Mandya | Achhu (Medium) | 3575 | 3750 | -175 |
| | Mandya | Kurikatu (Medium) | 3338 | 3450 | -113 |
| | Mandya | Other (Medium) | 3238 | 3363 | -126 |
| | Mandya | Yellow (Medium) | 3383 | 3633 | -250 |
| | Shimoga | Achhu (Average) | 3750 | 3863 | -113 |

| Spot Sugar Prices Scenario (Weekly) | | | | | | |
|-------------------------------------|------------|-----------------|----------|----------|-----------|----------|
| Commodity | Centre | Variety | Today | Week Ago | Month Ago | Year Ago |
| Sugar | | | 9-May-19 | 2-May-19 | 9-Apr-19 | 9-May-18 |
| Delhi | Delhi | M-Grade | 3200 | 3220 | 3100 | 2900 |
| | Delhi | S-Grade | 3180 | 3200 | 3080 | 2880 |
| Uttar Pradesh | Khatauli | M-Grade | 3395 | 3300 | 3250 | 2780 |
| | Ramala | M-Grade | 0 | 0 | 0 | 0 |
| | Dhampur | M-Grade Ex-Mill | 3250 | 3250 | 3050 | 2650 |
| | Dhampur | S-Grade Ex-Mill | 3230 | 3230 | 3030 | 2630 |
| | Dhampur | L-Grade Ex-Mill | 3300 | 3300 | 3100 | 2700 |
| Maharashtra | Mumbai | M-Grade | 3366 | 3356 | 3330 | 2962 |
| | Mumbai | S-Grade | 3240 | 3246 | 3216 | 2720 |
| | Nagpur | M-Grade | 3245 | 3245 | 3175 | 2725 |
| | Nagpur | S-Grade | 3225 | 3225 | 3125 | 2625 |
| | Kolhapur | M-Grade | 3120 | 3120 | 3050 | 2600 |
| | Kolhapur | S-Grade | 3100 | 3100 | 3000 | 2500 |
| Assam | Guhawati | S-Grade | 3410 | 3410 | 3309 | 2801 |
| Meghalaya | Shillong | S-Grade | 3420 | 3420 | 3320 | 2820 |
| Andhra Pradesh | Vijayawada | M-Grade | 3580 | 3580 | 3540 | 3060 |
| | Vijayawada | S-Grade | 3540 | 3540 | 3480 | 3000 |
| West Bengal | Kolkata | M-Grade | 3580 | 3550 | 3500 | 0 |
| Tamil Nadu | Chennai | S-Grade | 3580 | 3580 | 3480 | 2800 |

| | | | | | | |
|---|------------|------------------------|------|------|------|---|
| | Dindigul | M-Grade | 3600 | 3620 | 3510 | 0 |
| | Coimbatore | M-Grade | 3650 | 3520 | 3520 | 0 |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 3400 | 3400 | 3400 | 0 |
| Sugar Prices are in INR/Quintal. (1 Quintal=100 kg) | | | | | | |

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|-----------|--------|
| | Contract Month | 09-May-19 | 02-May-19 | Change |
| ICE Sugar #11 (US Cent/lb) | 19-Jul | 11.78 | 12.23 | -0.45 |
| | 19-Oct | 12.12 | 12.55 | -0.43 |
| | 20-Mar | 13.09 | 13.54 | -0.45 |
| LIFFE Sugar (US \$/MT) | 19-Aug | 324.70 | 329.60 | -4.9 |
| | 19-Oct | 328.90 | 334.80 | -5.9 |
| | 19-Dec | 337.20 | 345.40 | -8.2 |
| | | | | |

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