

**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.

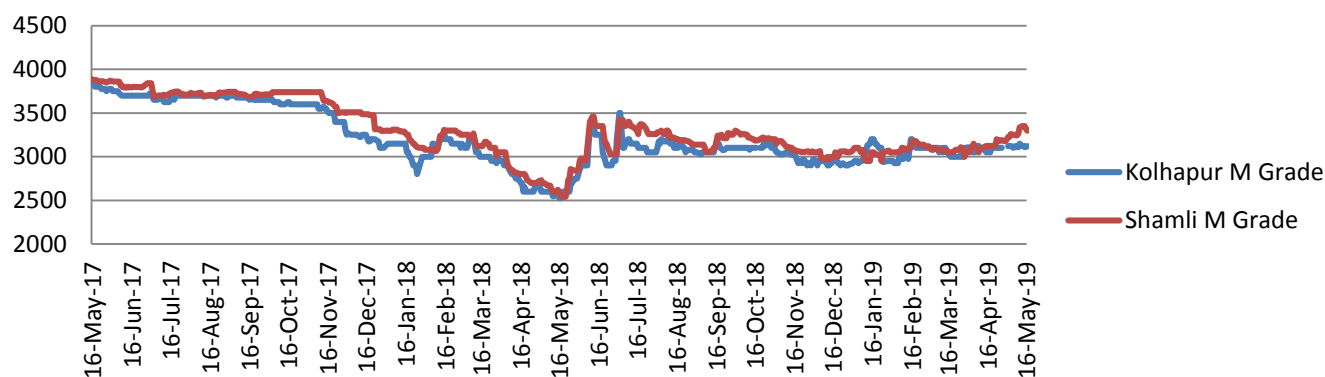
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs3100 -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, up Rs 4 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3334 per quintal during the week, up by 89 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:

- The Sugar Output In The Ongoing 2018-19 Marketing Year (October-September) Is Pegged At 33 Million Tonnes, Lower Than 34.3 Million Tonnes Achieved In The Previous Year.  
India's sugar production is likely to decline 8.4 per cent to 30.3 million tonnes for the second straight year in the 2019-20 marketing year that would begin from October because of likely fall in sugarcane output, a latest USDA report said.
- 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.

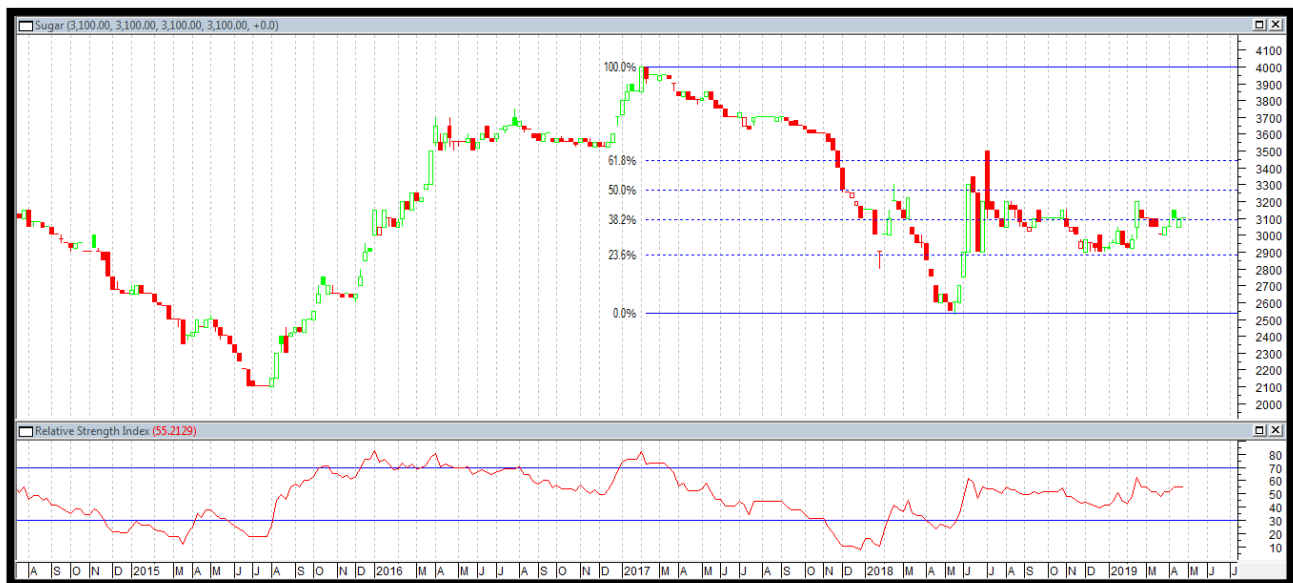
#### Previous Updates

- **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.

- **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

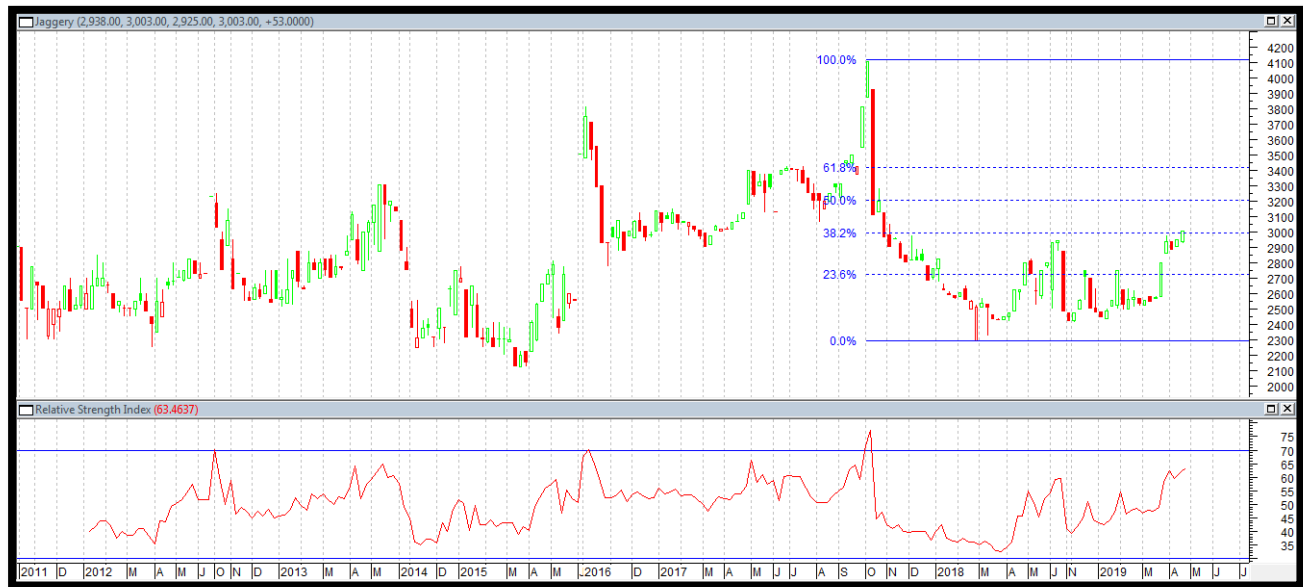
- Sugar spot prices at benchmark Kolhapur market closed at Rs3120 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 and Rs3050 per quintal respectively.
- RSI is in the neutral region.



#### 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 Rs3330/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3400 and Rs 3100 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 (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 30.5 LT in 2018-19.

## International Market Highlights

Recent Updates:

**July NY world sugar #11 (SBN19) on Friday closed down at 11.55 .** Sugar mill in Brazil has turned back to ethanol production , so in near term sugar supplies will decrease in sugar market .

***The sugar mills in Brazil turned back to their favourite ethanol production as the gasoline prices have increased.*** Sugar production in the country is also likely to fall from expected production as mills are likely to allocate less cane for sugar. Broker INTL FCStone cuts its projection for sugar production to 27.8 million tonnes from 29.5 million tonnes

***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.

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**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 (AUG 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 332

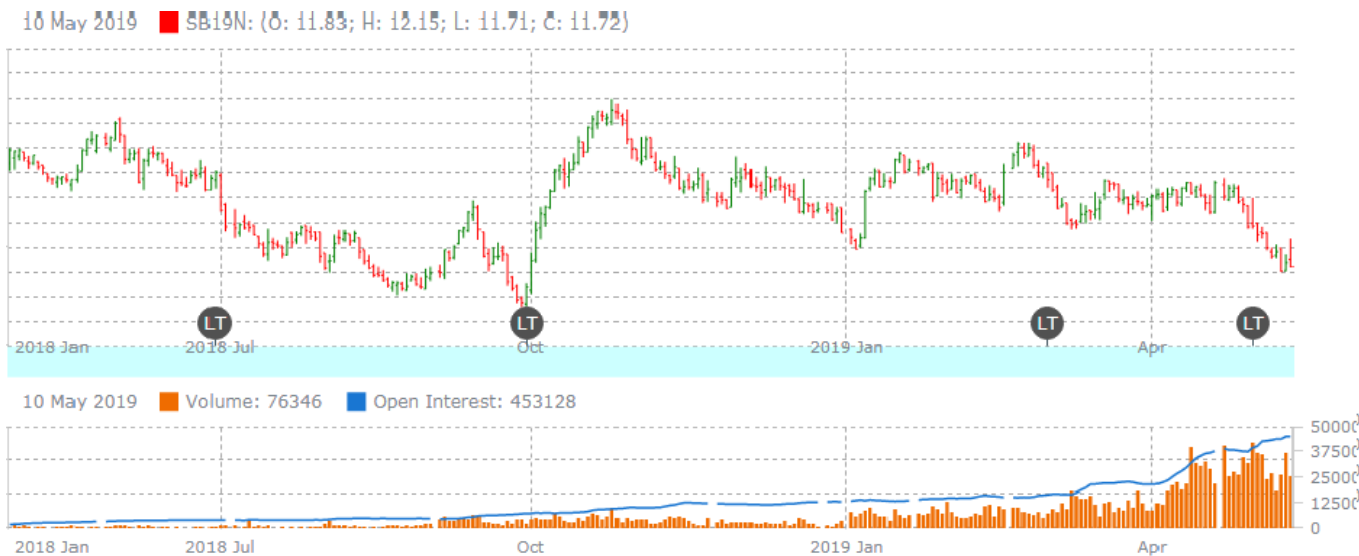
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	321.50	325-332



### ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract) Technical Commentary:

- ICE raw sugar futures were finding support for the week.
- Last candle stick of the week depicts buy in future market as open position is increasing.
- Strategy: Buy at rate 11.50 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	11.55	12.35-12.71





Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			10th to 16th May 2019	3rd to 9th May 2019	
Delhi	Delhi	M-Grade	3287	3198	88
	Delhi	S-Grade	3267	3178	88
Uttar Pradesh	Khatauli	M-Grade	3422	3383	39
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3255	3247	8
	Dhampur	S-Grade Ex-Mill	3235	3227	8
	Dhampur	L-Grade Ex-Mill	3305	3297	8
Maharashtra	Mumbai	M-Grade	3388	3353	35
	Mumbai	S-Grade	3253	3241	11
	Nagpur	M-Grade	3248	3242	6
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3123	3117	6
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3630	3580	50
	Vijayawada	S-Grade	3550	3540	10
West Bengal	Kolkata	M-Grade	3610	3567	43
Tamil Nadu	Chennai	S-Grade	3583	3583	Unch
	Dindigul	M-Grade	3600	3617	-17
	Coimbatore	M-Grade	3650	3542	108
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)			10th to 16th May 2019	3rd to 9th May 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3301	3051	250
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	26000	21000	5000
	Muzaffarnagar	Khurpa (Fresh)	2933	2805	128
	Muzaffarnagar	Laddoo (Fresh)	3233	3093	140
	Muzaffarnagar	Rascut (Fresh)	2602	2478	125
	Hapur	Chaurasa	2910	2805	105
	Hapur	Balti	2883	2790	93
Andhra Pradesh	Chittur	Gold	2633	3950	-1200

		White	2533	3833	-
		Black	2217	3400	-1183
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	2725	2740	-15
	Belthangadi	Yellow (Average)	#DIV/0!	0	-
	Bijapur	Achhu	3025	3033	-8
	Gulbarga	Other (Average)	2813	2819	-5
	Mahalingapura	Penti (Average)	3195	3160	35
	Mandya	Achhu (Medium)	3475	3590	-115
	Mandya	Kurikatu (Medium)	3300	3340	-40
	Mandya	Other (Medium)	3292	3240	52
	Mandya	Yellow (Medium)	3367	3383	-17
	Shimoga	Achhu (Average)	3663	3783	-121

## Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			16-May-19	9-May-19	16-Apr-19	16-May-18
Delhi	Delhi	M-Grade	3290	3200	3170	2810
	Delhi	S-Grade	3270	3180	3150	2790
Uttar Pradesh	Khatauli	M-Grade	3430	3395	3230	2685
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3250	3250	3050	2600
	Dhampur	S-Grade Ex-Mill	3230	3230	3030	2580
	Dhampur	L-Grade Ex-Mill	3300	3300	3100	2650
Maharashtra	Mumbai	M-Grade	3396	3366	3302	2900
	Mumbai	S-Grade	3260	3240	3212	2660
	Nagpur	M-Grade	3245	3245	3225	2650
	Nagpur	S-Grade	3225	3225	3125	2550
	Kolhapur	M-Grade	3120	3120	3100	2525
	Kolhapur	S-Grade	3100	3100	3000	2425
Assam	Guhawati	S-Grade	3410	3410	3309	2725
Meghalaya	Shillong	S-Grade	3420	3420	3320	2745
Andhra Pradesh	Vijayawada	M-Grade	3680	3580	3540	3060
	Vijayawada	S-Grade	3560	3540	3480	3000
West Bengal	Kolkata	M-Grade	3630	3580	3520	2930
Tamil Nadu	Chennai	S-Grade	3600	3580	3500	2800
	Dindigul	M-Grade	3600	3600	3600	0
	Coimbatore	M-Grade	3650	3650	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	16-May-18	10-May-18	Change
ICE Sugar #11 (US Cent/lb)	19-Jul	11.78	11.72	0.06
	19-Oct	12.14	12.07	0.07
	19-Mar	13.15	13.06	0.09
LIFFE Sugar (US \$/MT)	19-Aug	325.60	323.60	2.00
	19-Oct	329.90	327.90	2.00
	19-Dec	339.40	336.50	2.90

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