

**Price Outlook:**

In the spot wholesale markets, sugar prices are sustaining slightly higher than MSP for long because of supply surplus and demand. We expect sugar prices may trade in range of 3200 to 3400 Rs/qtl in coming days.

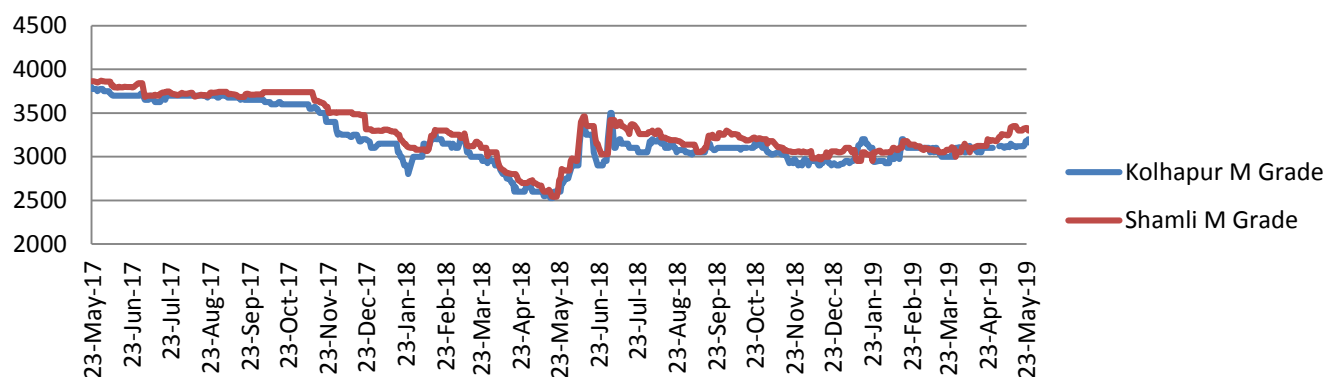
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs3150 -3290per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3133 per quintal this week, up Rs.10 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3312 per quintal during the week, down by 16 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 industry gets a ray of hope when government had asked the mills to calculate the cost of production of sugar** which may range around Rs.34 but it is expected to fix the minimum support price at Rs.35-36 to clear the mounting cane arrears which has reached at 239 bln rupees at May 10<sup>th</sup>.
- **Banks have sanctioned a soft loan of Rs.689 crore 2 lakh 79 thousand to 42 sugar mills** to aid the factories to clear the pending cane arrears due to glut in production resulting in depressed prices. The Central government will bear the interest for one year on this loan.
- **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 due to unfavorable weather in major producing states, a latest USDA report said.
- **This year prices of oil rose 35 per cent, whereas sugar fell 5 per cent**, and hike in oil prices led to increasing values for gasoline in Brazil. Due to this demand and prices for ethanol raised. Sugar production in Brazil is also likely to fall from expected production as mills are likely to allocate less cane for sugar.
- **The jaggery production in Visakhapatnam district** is likely to come down at least by 50% compared with the last season. As a result of this, the arrival of jaggery at the Anakapalle jaggery market in Vizag district—the second biggest market in the country—has registered a downward trend.

#### Previous Updates

- **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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs3133 quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3300 and Rs3100 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 Rs3287/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3450 and Rs 3150 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)	2016-17	2017-18	2018-19	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
SUGAR BALNCE SHEET 2018-19(LT)							
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 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 up by +0.09 (+0.78%).** Strength in crude oil and the Brazilian real on Friday fueled short-covering in sugar futures. Stronger crude prices are positive 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. A stronger real discourages export selling by Brazil's sugar producers.

**Brazil is expected to produce a smaller cane crop in 2019-20 but sugar output is expected to be higher** according to government agency Conab. They projected the main center-south cane crop at 566 million tonnes, versus 572 million tonnes in 2018/19, as planted area had fallen in the region and country because many farmers are switching to other crops such as soybeans.

**According to Unica, Brazil Center-South 2019/20 sugar production in the first half of May fell -16.34% y/y to 1.595 MMT** with the percentage of sugar cane used for sugar falling to 36.22% from 36.48% last year and the percentage of cane used for ethanol production climbing to 63.78% from 63.52% last year.

**Robust global sugar output continues to weigh on sugar prices as Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT** and that Brazil's sugar mills will increase their percentage of cane crushing to produce sugar to 39.1% from 34.9% in 2018/19. Also, the USDA on Thursday estimated global 2019/20 sugar production will climb +1% y/y to 180.7 MMT and that global sugar consumption will climb by +1.4% y/y to 176.4 MMT.

### Previous Updates

**The sugar mills in Brazil turned back to the 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 FCS tone 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.

### 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	Bearish

prompt Brazil's sugar mills to divert less cane to making ethanol,

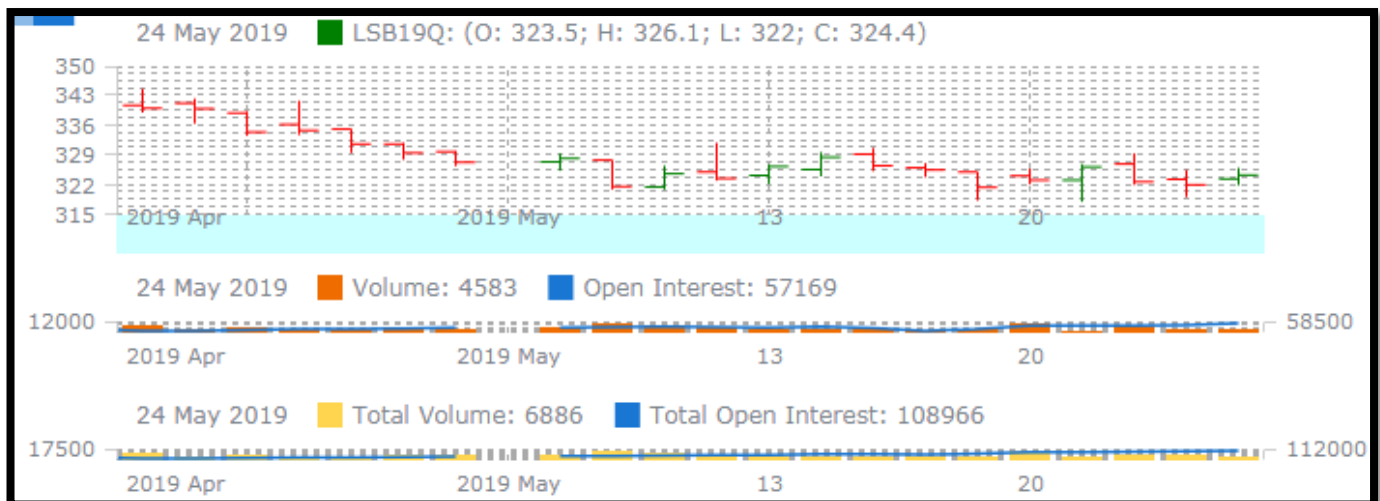
### International Sugar Futures Price Projection

#### 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 325,T1 329

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	324.40	325-332



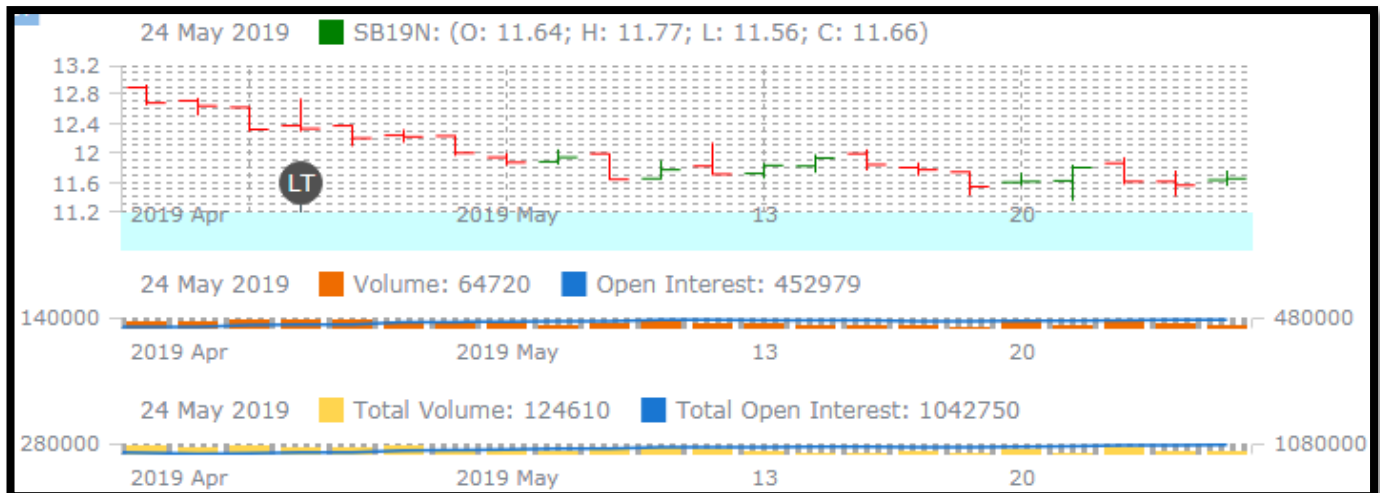
#### ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

##### Technical Commentary:

- ICE raw sugar futures were firm.
- Last candle stick of the week depicts buy in future market as open position is increasing.
- Strategy: Buy at rate 11.90 Targeting 12.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'19	11.66	11.5-12.9





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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			17th to 23rd May 2019	10th to 16th May 2019	
<b>Sugar</b>					
Delhi	Delhi	M-Grade	3303	3287	16
	Delhi	S-Grade	3283	3267	16
Uttar Pradesh	Khatauli	M-Grade	3426	3422	4
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3255	3255	Unch
	Dhampur	S-Grade Ex-Mill	3235	3235	Unch
	Dhampur	L-Grade Ex-Mill	3305	3305	Unch
Maharashtra	Mumbai	M-Grade	3382	3388	-6
	Mumbai	S-Grade	3251	3253	-2
	Nagpur	M-Grade	3258	3248	10
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3133	3123	10
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	0
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3680	3630	50
	Vijayawada	S-Grade	3610	3550	60
West Bengal	Kolkata	M-Grade	3638	3610	28
Tamil Nadu	Chennai	S-Grade	3587	3583	4
	Dindigul	M-Grade	3576	3600	-24
	Coimbatore	M-Grade	3650	3650	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)			17th to 23rd May 2019	10th to 16th May 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3282	3301	-20
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	26000	26000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2793	2933	-141
	Muzaffarnagar	Laddoo (Fresh)	3115	3233	-118
	Muzaffarnagar	Rascut (Fresh)	2548	2602	-55
	Hapur	Chaurasa	2913	2910	3
	Hapur	Balti	2875	2883	-8
Andhra Pradesh	Chittur	Gold	3300	2633	767
		White	3167	2533	-
		Black	2900	2217	683
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4317	4400	-83
	Belgaum	Mudde (Average)	2800	2725	75
	Belthangadi	Yellow (Average)	0	#DIV/0!	-
	Bijapur	Achhu	3040	3025	15
	Gulbarga	Other (Average)	2700	2813	-113
	Mahalingapura	Penti (Average)	3142	3195	-53
	Mandya	Achhu (Medium)	3417	3475	-58
	Mandya	Kurikatu (Medium)	3283	3300	-17
	Mandya	Other (Medium)	3258	3292	-34
	Mandya	Yellow (Medium)	3433	3367	66
	Shimoga	Achhu (Average)	3670	3663	7

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			27-May-19	20-May-19	27-Apr-19	27-May-18
Delhi	Delhi	M-Grade	3300	3300	3200	#N/A
	Delhi	S-Grade	3280	3280	3180	#N/A
Uttar Pradesh	Khatauli	M-Grade	3450	3410	3315	#N/A
	Ramala	M-Grade	NA	0	0	#N/A
	Dhampur	M-Grade Ex-Mill	3300	3250	3200	#N/A
	Dhampur	S-Grade Ex-Mill	3280	3230	3180	#N/A
	Dhampur	L-Grade Ex-Mill	3350	3300	3250	#N/A
Maharashtra	Mumbai	M-Grade	3370	3380	3340	#N/A
	Mumbai	S-Grade	3250	3250	3222	#N/A

	Nagpur	M-Grade	3275	3245	3225	#N/A
	Nagpur	S-Grade	3225	3225	3175	#N/A
	Kolhapur	M-Grade	3150	3120	3100	#N/A
	Kolhapur	S-Grade	3100	3100	3050	#N/A
<b>Assam</b>	Guhawati	S-Grade	3410	3410	3360	#N/A
<b>Meghalaya</b>	Shillong	S-Grade	3420	3420	3370	#N/A
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3680	3680	3580	#N/A
	Vijayawada	S-Grade	3620	3600	3540	#N/A
<b>West Bengal</b>	Kolkata	M-Grade	3630	3640	3500	#N/A
<b>Tamil Nadu</b>	Chennai	S-Grade	3580	3580	3580	#N/A
	Dindigul	M-Grade	3560	3560	3620	#N/A
	Coimbatore	M-Grade	3650	3650	NR	#N/A
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3400	3400	3400	#N/A

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)			27-May-19	20-May-19	27-Apr-19	27-May-18
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha	3288	3250	3003	#N/A
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	10000	4000	#N/A
	Muzaffarnagar	Khurpa	2905	2700	2615	#N/A
	Muzaffarnagar	Laddoo	3188	3025	2825	#N/A
	Muzaffarnagar	Rascut	2688	2550	2325	#N/A
	Hapur	Chaurasa	Closed	Closed	2650	#N/A
	Hapur	Balti	Closed	Closed	2625	#N/A
<b>Andhra Pradesh</b>	Chittur	Gold	4100	4000	4100	#N/A
		White	3900	3800	3600	#N/A
		Black	3300	3500	3200	#N/A
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	#N/A
<b>Karnataka</b>	Bangalore	Mudde (Average)	4300	4300	4400	#N/A
	Belgaum	Mudde (Average)	NA	2800	2800	#N/A
	Belthangadi	Yellow (Average)	NA	0	0	#N/A
	Bijapur	Achhu	3000	3100	3000	#N/A
	Gulbarga	Other (Average)	2805	2700	NA	#N/A
	Mahalingapura	Penti (Average)	NA	3180	NA	#N/A
	Mandya	Achhu (Medium)	3300	3400	3800	#N/A
	Mandya	Kurikatu (Medium)	3100	3300	3450	#N/A
	Mandya	Other (Medium)	3000	3250	3100	#N/A
	Mandya	Yellow (Medium)	3100	3400	3750	#N/A
	Shimoga	Achhu (Average)	3700	3600	3800	#N/A

International Sugar Prices (Weekly)				
	Contract Month	23-May-19	17-May-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	2048.49	2054.75	-6.26
	19-Jul	1805.11	2076.75	-271.64
	19-Oct	1867.51	2111.31	-243.79
LIFFE Sugar (US \$/MT)	19-May	2415.46	2424.39	-8.93
	19-Aug	2471.88	2484.71	-12.83
	19-Oct	2243.43	2254.68	-11.25

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.