

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 3180 to 3320 Rs/qtl in coming days.

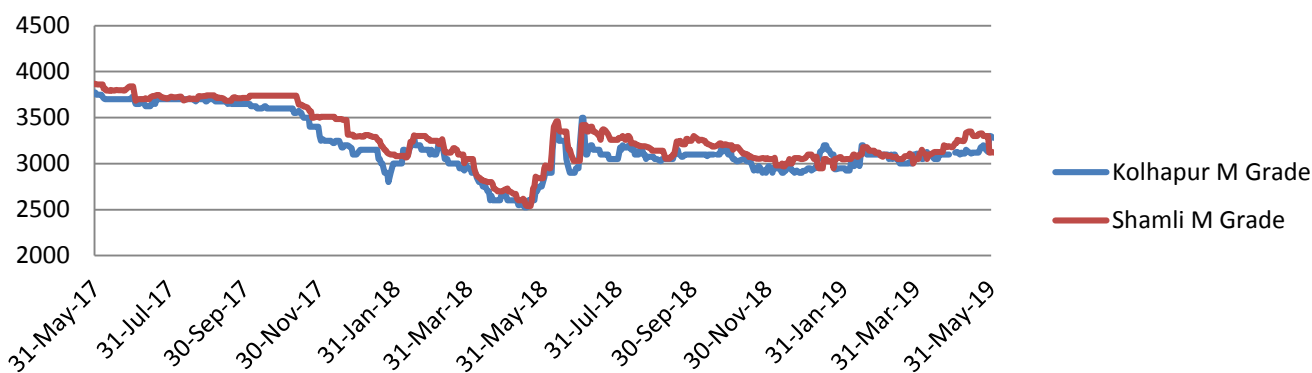
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs.3140 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3182 per quintal this week, up Rs.49 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3273 per quintal during the week, down by 39 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:

- **Government fixes June sales quota slightly higher at 21.5 LT to each of 534 mills** in the country against 21LT for last month along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota.
- **Maharashtra sugar millers have opted to export sugar through third party quota at Rs. 28-28.5/kg selling 3-4 lakh tonnes sugar.** Tepid demand of sugar in the domestic market, millers are not able to sell its sugar at MSP. This has forced them to store sugar stocks in open and as monsoon is arriving very soon according to IMD, therefore, selling sugar on third party export quota over and above their own export quota, helped the mills liquidate the excess sugar with them.
- **Sugar domestic consumption is likely to increase by 2-3% in this sugar season to 258 lakh tonnes** this year according to ICRA in its recent report. Sugar production in 2019 is expected to be marginally higher at around 32.5-33.0 million MT higher by at least 6.5-7.0 million MT when compared to 32.2 million MT in 2018.
- **Haryana cooperative sugar mills received Rs.350 crore on Tuesday** to clear arrears and paying off to sugarcane farmers for crushing season of 2018-19. Payments of Rs.1,098.38 crore had been made till now and outstanding dues is decided to pay in the next coming week.

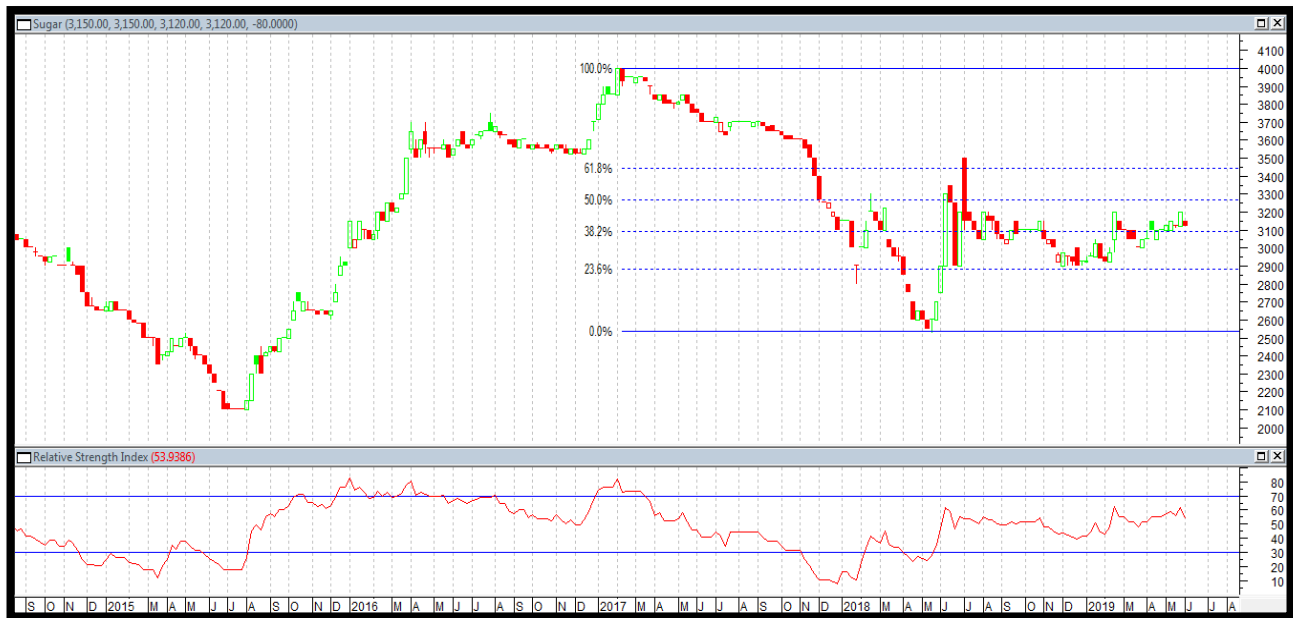
Previous Updates

- **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 on May 10th.
- **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.

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 3250 and Rs3080 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 Rs3000/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3350 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)							
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 Monday closed up by +0.09 (+0.74%). Sugar prices rallied to fresh 3-week highs Monday after the Brazilian real rose to a 1-1/2 month high against the dollar, thus discouraging export selling by Brazil's sugar producers. However, sugar prices gave up most of their gains Monday after India's Agriculture Ministry forecast that India's 2018/19 sugarcane output will climb +5.1% y/y to a record 400.47 MMT.

According to EU reports, showed sugar exports from Oct-May 21 fell -51% to 1.18 MMT from 2.43 MMT a year earlier. In addition, Unica on May 23 reported 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.

Previous 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.

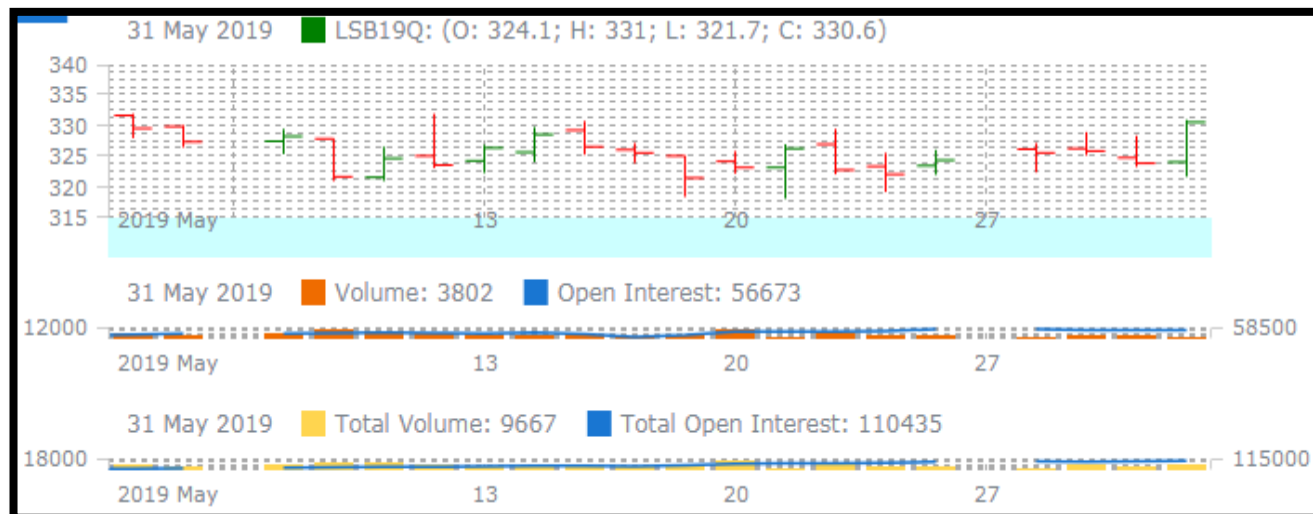
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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 335

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	330.60	325-332



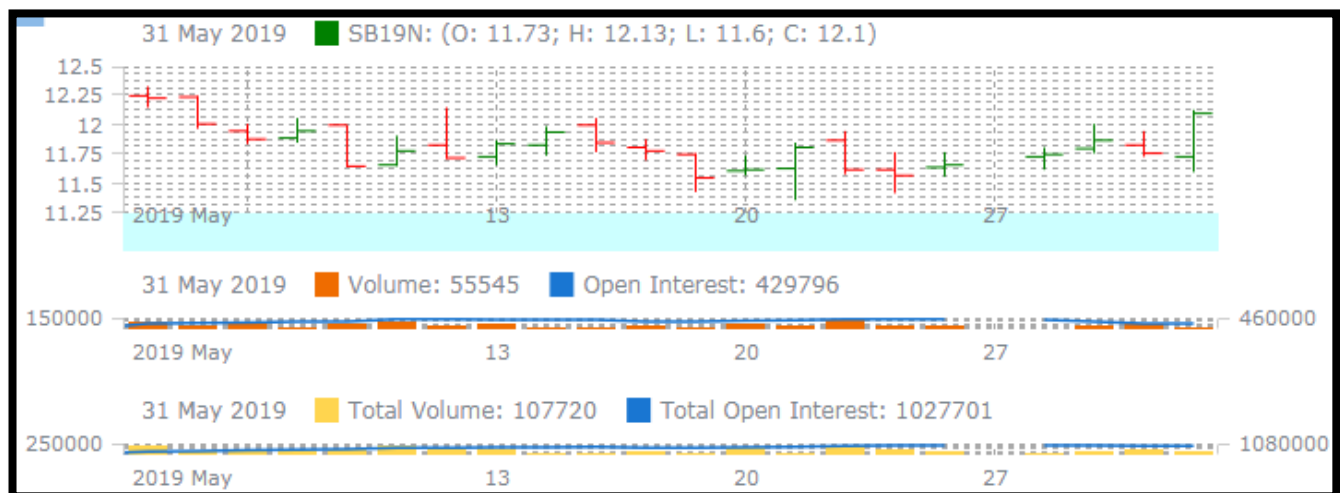
ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

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 11.50 Targeting 13.2.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'19	12.1	11.5-13



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			24th to 30th May 2019	17th to 23rd May 2019	
Sugar	Delhi	M-Grade	3298	3303	-5
		S-Grade	3278	3283	-5
Uttar Pradesh	Khatauli	M-Grade	3438	3426	13
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3293	3255	38
	Dhampur	S-Grade Ex-Mill	3273	3235	38
	Dhampur	L-Grade Ex-Mill	3343	3305	38
Maharashtra	Mumbai	M-Grade	3370	3382	-12
	Mumbai	S-Grade	3244	3251	-6
	Nagpur	M-Grade	3278	3258	19
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3153	3133	19

	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	3693	3680	13
	Vijayawada	S-Grade	3633	3610	23
West Bengal	Kolkata	M-Grade	3625	3638	-13
Tamil Nadu	Chennai	S-Grade	3580	3587	-7
	Dindigul	M-Grade	3560	3576	-16
	Coimbatore	M-Grade	3650	3650	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3383	3400	-17

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)			24th to 30th May 2019	17th to 23rd May 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3258	3282	-24
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	13200	26000	-12800
	Muzaffarnagar	Khurpa (Fresh)	2892	2793	100
	Muzaffarnagar	Laddoo (Fresh)	3215	3115	100
	Muzaffarnagar	Rascut (Fresh)	2721	2548	173
	Hapur	Chaurasa	2985	2913	73
	Hapur	Balti	703	2875	-2172
Andhra Pradesh	Chittur	Gold	4067	3300	900
		White	3833	3167	-
		Black	3400	2900	500
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4300	4317	-17
	Belgaum	Mudde (Average)	2820	2800	20
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	2960	3040	-80
	Gulbarga	Other (Average)	2789	2700	89
	Mahalingapura	Penti (Average)	3062	3142	-80
	Mandya	Achhu (Medium)	3317	3417	-100
	Mandya	Kurikatu (Medium)	3125	3283	-158
	Mandya	Other (Medium)	3117	3258	-142
	Mandya	Yellow (Medium)	3275	3433	-158
	Shimoga	Achhu (Average)	3720	3670	50

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			3-Jun-19	27-May-19	4-May-19	3-Jun-18
Delhi	Delhi	M-Grade	3300	3300	3230	#N/A
	Delhi	S-Grade	3280	3280	3210	#N/A
Uttar Pradesh	Khatauli	M-Grade	3415	3450	3400	#N/A
	Ramala	M-Grade	NA	0	0	#N/A
	Dhampur	M-Grade Ex-Mill	3290	3300	3250	#N/A
	Dhampur	S-Grade Ex-Mill	3270	3280	3230	#N/A
	Dhampur	L-Grade Ex-Mill	3340	3350	3300	#N/A
Maharashtra	Mumbai	M-Grade	3366	3370	3326	#N/A
	Mumbai	S-Grade	3226	3250	3246	#N/A
	Nagpur	M-Grade	3245	3275	3250	#N/A
	Nagpur	S-Grade	3225	3225	3225	#N/A
	Kolhapur	M-Grade	3120	3150	3125	#N/A
	Kolhapur	S-Grade	3100	3100	3100	#N/A
Assam	Guhawati	S-Grade	3410	3410	3410	#N/A
Meghalaya	Shillong	S-Grade	3420	3420	3420	#N/A
Andhra Pradesh	Vijayawada	M-Grade	3720	3680	3580	#N/A
	Vijayawada	S-Grade	3660	3620	3540	#N/A
West Bengal	Kolkata	M-Grade	3670	3630	3550	#N/A
Tamil Nadu	Chennai	S-Grade	3580	3580	3580	#N/A
	Dindigul	M-Grade	3560	3560	3620	#N/A
	Coimbatore	M-Grade	3650	3650	3520	#N/A
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	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)			3-Jun-19	27-May-19	4-May-19	3-Jun-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3000	3288	3013	#N/A
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	500	3000	3000	#N/A
	Muzaffarnagar	Khurpa	2925	2905	2700	#N/A
	Muzaffarnagar	Laddoo	3175	3188	2975	#N/A
	Muzaffarnagar	Rascut	2750	2688	2475	#N/A
	Hapur	Chaurasa	Closed	Closed	2750	#N/A
	Hapur	Balti	Closed	Closed	2725	#N/A
Andhra Pradesh	Chittur	Gold	4100	4100	4000	#N/A
		White	3700	3900	3800	#N/A

		Black	3400	3300	3200	#N/A
Maharashtra	Latur	Lal Variety	NR	0	0	#N/A
Karnataka	Bangalore	Mudde (Average)	4300	4300	4400	#N/A
	Belgaum	Mudde (Average)	NA	2850	2800	#N/A
	Belthangadi	Yellow (Average)	NA	0	0	#N/A
	Bijapur	Achhu	2900	3000	3000	#N/A
	Gulbarga	Other (Average)	NA	2805	NA	#N/A
	Mahalingapura	Penti (Average)	NA	3086	NA	#N/A
	Mandya	Achhu (Medium)	3150	3300	3650	#N/A
	Mandya	Kurikatu (Medium)	3100	3100	3350	#N/A
	Mandya	Other (Medium)	3200	3000	3250	#N/A
	Mandya	Yellow (Medium)	3350	3100	NA	#N/A
	Shimoga	Achhu (Average)	3850	3700	3850	#N/A

International Sugar Prices (Weekly)				
	Contract Month	30-May-19	23-May-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	2081.86	2048.49	33.37
	19-Jul	1840.81	1805.11	35.70
	19-Oct	1906.55	1867.51	39.04
LIFFE Sugar (US \$/MT)	19-May	2414.35	2415.46	-1.11
	19-Aug	2463.97	2471.88	-7.91
	19-Oct	2263.41	2243.43	19.99

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.