

Price Outlook:

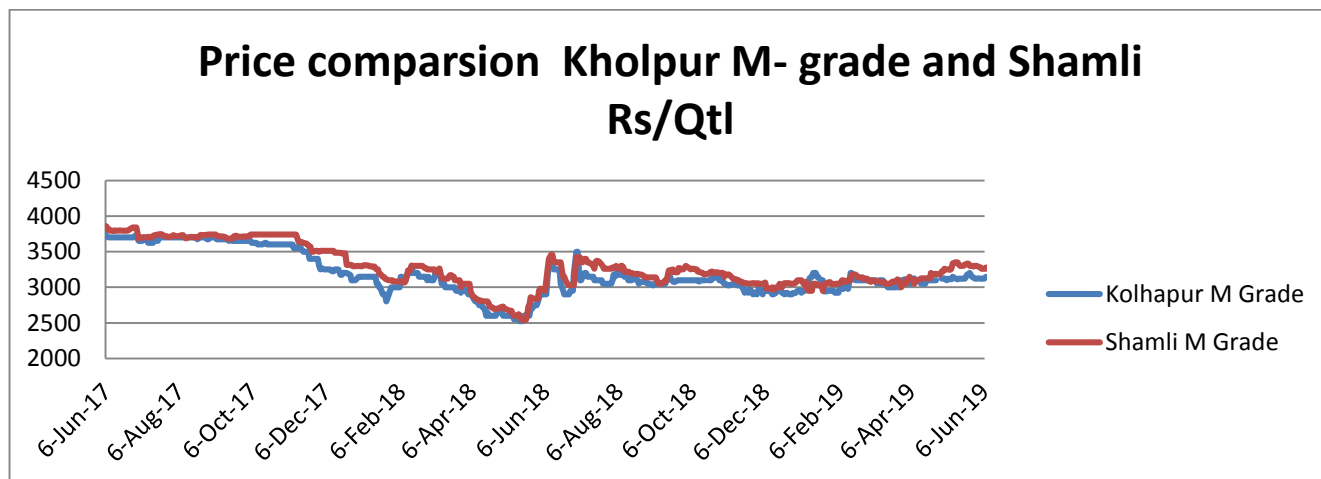
In the spot wholesale markets, sugar prices are sustaining slightly weaker compared to last week because of supply surplus and low demand. We expect sugar prices may trade in range of 3150 to 3300 Rs/qrtl in coming days.

Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3150 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3121 per quintal this week, down Rs.31 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3278 per quintal during the week, down by 25 INR against previous week's average price.

**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.	Bearish
Announcement of the export incentives for sugar millers in the country	Bearish
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:

- **According to the Maharashtra sources, in 2019-20 season, over 300LT less cane is expected for the crush to 650LT from 8.5 lakh hectares available cane as against 952LT from the 11 lakh hectares reported for 2018-19.**
- **Maharashtra is likely to divert 25% of cane to ethanol production due to low prices of sugar, surplus stocks and pilling cane arrears.** Maharashtra sugar commissioner has made a proposal to Chief Minister for the assistance of promotion of ethanol production from sugarcane juice in the state.
- **Total sugarcane production in India during 2018-19 is estimated at a record of 400.37 million tonnes.** The production of sugarcane during 2018-19 is higher by 50.59 million tonnes than the average sugarcane production of 349.78 million tonnes as per the data released by 3rd advance estimates of production by Department of Agriculture, Cooperation and Farmers Welfare.
- **In Maharashtra, around 20,000 villages are facing severe drinking water crises with no water left in 35 major and medium dams.** In about 1,000 small dams, the water level is less than 7.6%, according to the data released by Maharashtra water resources department. In first week of June in 2018, the average water level in these dams was 17.89 %.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs3140 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 Rs2900/quintal this week.
- Next resistance and support level for the coming month has been seen at Rs 3200 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)							
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	30.5	3	10	7.5	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 than 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 (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 down by -0.10 (-0.80%). Sugar prices moved lower this after the International Sugar Organization (ISO) raised its 2019/19 global sugar surplus estimate to 1.832 MMT from a Feb estimate of +641,000 MT. Also, weakness in crude prices weighed on sugar prices since lower crude undercuts ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to sugar production rather than ethanol production, thus boosting sugar supplies.

Production for 2019-20 is set at 6.100 million MT in Mexico whereas deliveries for human consumption are projected at the same level of per capita sweetener consumption as in 2018-19 and ending stocks are calculated in the same manner as in 2018/19.

According to Conab, Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT and sugar mills in Brazil will increase their percentage of cane crushing to produce sugar to 39.1% from 34.9% in 2018/19. In addition, the USDA on May 23 estimated that 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

July NY world sugar #11 (SBN19) on Friday closed down by -0.01 (-0.08). Sugar prices rallied to fresh 3-week highs 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.

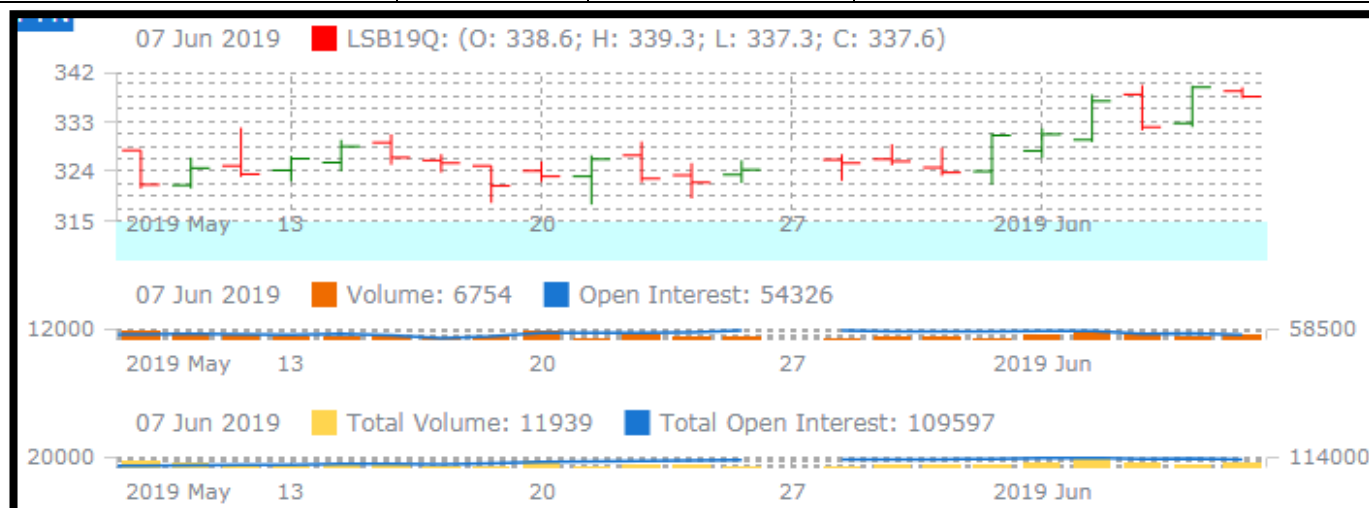
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	Bullish
The USDA estimates that global 2019/20 sugar production will climb +1% y/y to 181 MMT	Bearish
Brazil's state-owned agency Conab has pegged cane production in 2019/20 in the centre-south region at 567 mln tn, about 1% lower from a year earlier	Bullish
Brazil's production is forecast to rebound 2.5 million tons to 32.0 million, according to USDA Report	Bullish
The recent gain in crude oil prices, which is positive for ethanol prices and may prompt Brazil's sugar mills to divert more cane to making ethanol,	Bullish

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 335,T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	337.6	330-339



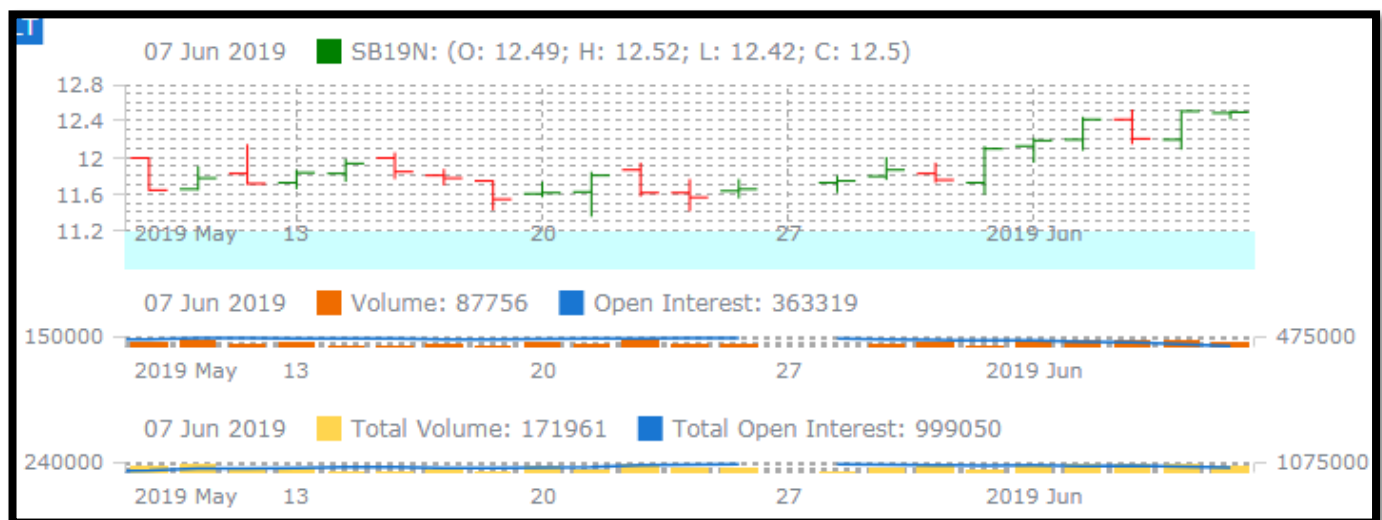
ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

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 11.0 Targeting 14.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	July'19	12.5	11-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			31st May to 6th June 2019	24th to 30th May 2019	
Sugar	Delhi	M-Grade	3299	3298	1
	Delhi	S-Grade	3279	3278	1
Uttar Pradesh	Khatauli	M-Grade	3409	3438	-29
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3285	3293	-8
	Dhampur	S-Grade Ex-Mill	3265	3273	-8
	Dhampur	L-Grade Ex-Mill	3335	3343	-8
Maharashtra	Mumbai	M-Grade	3355	3370	-15
	Mumbai	S-Grade	3234	3244	-11
	Nagpur	M-Grade	3246	3278	-32
	Nagpur	S-Grade	3225	3225	Unch

	Kolhapur	M-Grade	3121	3153	-32
	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	3697	3693	3
	Vijayawada	S-Grade	3637	3633	3
West Bengal	Kolkata	M-Grade	3648	3625	23
Tamil Nadu	Chennai	S-Grade	3584	3580	4
	Dindigul	M-Grade	3550	3560	-10
	Coimbatore	M-Grade	3650	3650	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3383	-33

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)			31st May to 6th June 2019	24th to 30th May 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2983	3258	-275
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4500	13200	-8700
	Muzaffarnagar	Khurpa (Fresh)	2915	2892	23
	Muzaffarnagar	Laddoo (Fresh)	3181	3215	-34
	Muzaffarnagar	Rascut (Fresh)	2750	2721	29
	Hapur	Chaurasa	2935	2985	-50
	Hapur	Balti	2813	703	2109
Andhra Pradesh	Chittur	Gold	4083	4067	250
		White	3633	3833	-
		Black	3400	3400	Unch
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	2767	2820	-53
	Belthangadi	Yellow (Average)	NA	0	-
	Bijapur	Achhu	2975	2960	15
	Gulbarga	Other (Average)	NA	2789	-
	Mahalingapura	Penti (Average)	3004	3062	-58
	Mandya	Achhu (Medium)	3170	3317	-147
	Mandya	Kurikatu (Medium)	3040	3125	-85
	Mandya	Other (Medium)	3150	3117	33
	Mandya	Yellow (Medium)	3210	3275	-65
	Shimoga	Achhu (Average)	3740	3720	20

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			10-Jun-19	3-Jun-19	11-May-19	10-Jun-18
Delhi	Delhi	M-Grade	3300	3300	3280	N/A
	Delhi	S-Grade	3280	3280	3260	N/A
Uttar Pradesh	Khatauli	M-Grade	3380	3415	3410	N/A
	Ramala	M-Grade	NA	0	0	N/A
	Dhampur	M-Grade Ex-Mill	3270	3290	3260	N/A
	Dhampur	S-Grade Ex-Mill	3250	3270	3240	N/A
	Dhampur	L-Grade Ex-Mill	3320	3340	3310	N/A
Maharashtra	Mumbai	M-Grade	3356	3366	3370	N/A
	Mumbai	S-Grade	3236	3226	3240	N/A
	Nagpur	M-Grade	3265	3245	3275	N/A
	Nagpur	S-Grade	3225	3225	3225	N/A
	Kolhapur	M-Grade	3140	3120	3150	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	3660	3720	3580	N/A
	Vijayawada	S-Grade	3600	3660	3540	N/A
West Bengal	Kolkata	M-Grade	3670	3670	3580	N/A
Tamil Nadu	Chennai	S-Grade	3600	3580	3580	N/A
	Dindigul	M-Grade	3600	3560	3600	N/A
	Coimbatore	M-Grade	3650	3650	3650	N/A
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	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)			10-Jun-19	3-Jun-19	11-May-19	10-Jun-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	3000	3290	N/A
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	500	3000	N/A
	Muzaffarnagar	Khurpa	2938	2925	2963	N/A
	Muzaffarnagar	Laddoo	3200	3175	3303	N/A
	Muzaffarnagar	Rascut	2813	2750	2600	N/A
	Hapur	Chaurasa	Closed	Closed	2925	N/A
	Hapur	Balti	Closed	Closed	2925	N/A
Andhra Pradesh	Chittur	Gold	4200	4100	4000	N/A

		White	3900	3700	3800	N/A
		Black	3600	3400	3300	N/A
Maharashtra	Latur	Lal Variety	NR	0	0	N/A
Karnataka	Bangalore	Mudde (Average)	4300	4300	NA	N/A
	Belgaum	Mudde (Average)	NA	2750	2800	N/A
	Belthangadi	Yellow (Average)	NA	NA	0	N/A
	Bijapur	Achhu	NA	2900	NA	N/A
	Gulbarga	Other (Average)	NA	NA	NA	N/A
	Mahalingapura	Penti (Average)	3001	NA	NA	N/A
	Mandya	Achhu (Medium)	NA	3150	3500	N/A
	Mandya	Kurikatu (Medium)	NA	3100	3300	N/A
	Mandya	Other (Medium)	NA	3200	3300	N/A
	Mandya	Yellow (Medium)	NA	3350	3550	N/A
	Shimoga	Achhu (Average)	3700	3850	NA	N/A

International Sugar Prices (Weekly)				
	Contract Month	6-Jun-19	30-May-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	2124.21	2081.86	42.34
	19-Jul	1941.11	1840.81	100.30
	19-Oct	1973.70	1906.55	67.15
LIFFE Sugar (US \$/MT)	19-May	2493.72	2414.35	79.37
	19-Aug	2537.36	2463.97	73.39
	19-Oct	2350.33	2263.41	86.92

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