

Price Outlook:

In the spot wholesale markets, sugar prices are sustaining mixed trend because of supply surplus and low demand. We expect sugar prices may trade in range of 3100 to 3300 Rs/qrtl in coming days.

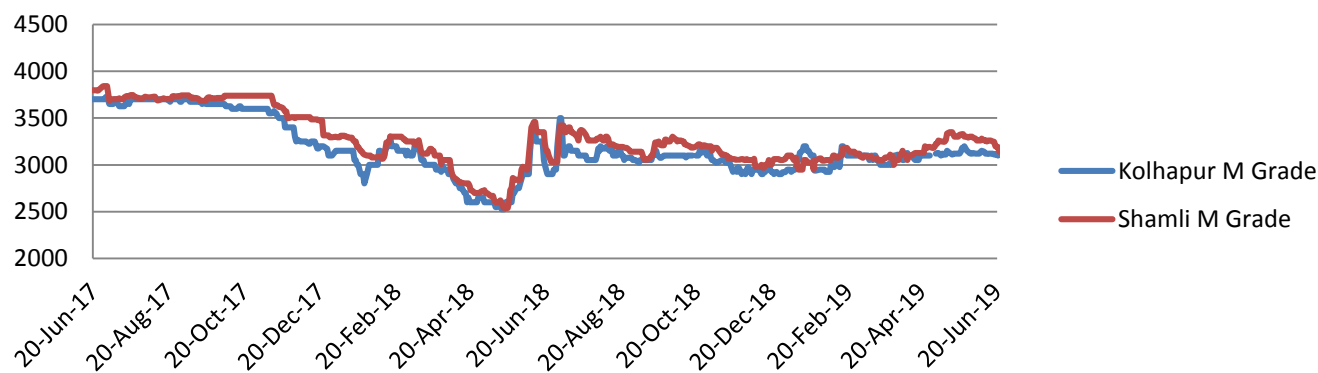
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3100 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3115.8 per quintal this week, down Rs.15 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3234.16 per quintal during the week, down by 28 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.	Bearish
Indian Sugar Mills Association expects to export a record 7 million MT of sugar in 2019/20 to reduce its huge stockpiles, up from 3 million MT in 2018/19	Bullish
Higher cane acreage for 2019-20	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:

- **As on June 18th, Sugarcane arrears to farmers have reached Rs.18,958 crore (Oct,2018- Sep,2019)** out of which Uttar Pradesh owes the maximum amount of Rs.11,082 crore followed by Karnataka (Rs 1,704 crore) and Maharashtra (Rs 1,338 crore). Surplus sugar production made the sugar prices depressed which adversely affected the liquidity of sugar mills.
- **In the coming week, monsoon is likely to reach southern states, Maharashtra, Odisha and Madhya Pradesh.** IMD forecasted that monsoon would be near normal this year with total seasonal rainfall likely to be about 96% of average.
- **The delay in monsoon resulted 43% below rainfall so far this season.** This has affected kharif sowing progress in India and the standing crop is eagerly in need of rainfall for their revival. As of 14th June, farmers have planted kharif crops across 8.22 million ha down by 9% compared to last year.
- **Maharashtra sugar production is expected not to cross 63 lakh tonnes** according to the sugar survey conducted by Natural Sugars, Thombre's factory against Maharashtra Sugar Commissionerate estimation of 64 lakh tonnes. According to the survey, 10-15% of the cane has green stalk, 70-80% is devoid of any green stalk, and 50 % of the cane stand the possibility of revival in the event of rain.

Previous Updates

- **Indian Sugar Mills Association that India's sugar mills expect to export a record 7 million MT** of sugar in 2019/20 to reduce its huge stockpiles, up from 3 million MT in 2018/19.
- **There are rumours among the industry that government may take an action by raising the minimum support price by Rs.200 to Rs.3300** after the meeting held by Department of Food and Public Distribution on the hike of sugar prices to help the sugar industry to clear off the cane arrears and to discuss the long term reforms for the sugar sector.
- **Sugar output this season is expected to be 3 year low due to dry weather, may decline to 28-29 million tonnes** likely to support prices that drop around 20% last year. A lower harvest would trim a record domestic surplus, potentially curtailing exports and supporting global prices. The standing sugarcane crop in major producing states get rainfall at this phase of time but delay in monsoon in these states has hit the crop badly and deficient pre-monsoon rains has not supported the crop efficiently.
- **The data released by the Ministry of Agriculture, till first week of June area sown in sugar season 2019-20 stands at 47.85 lakh hectares** as compared to 47.91 lakh hectares sown at the same time last year. The sugarcane cultivation in Maharashtra has declined around 18% to 8 lakh hectares as compared to

9.49 lakh hectares sown last year. Other major cane producing states such as Uttar Pradesh and Karnataka has registered a growth in acreages by 3% and 24% respectively.

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

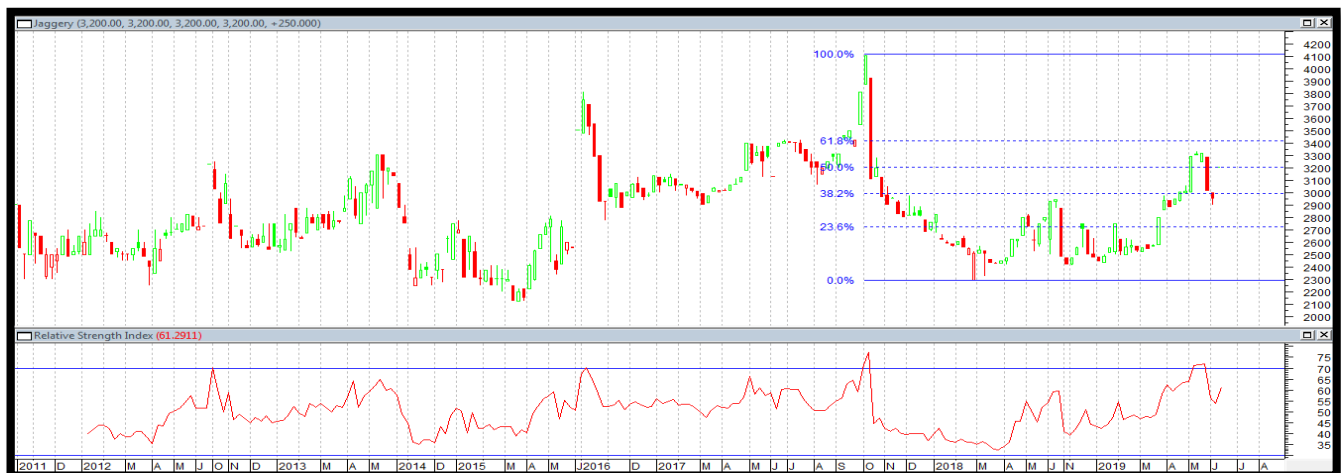
- Sugar spot prices at benchmark Kolhapur market closed at Rs3110 quintal this week.
- Next resistance and support level for the coming week is expected at Rs 3300 and Rs3100 per quintal respectively.
- RSI is in the neutral region.



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

Gur Market Scenario

- Prices of Chaku variety of gur in key Muzaffarnagar market were steady as there were no arrivals in the market.
- The new arrivals will start after October,2019.



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:

October NY world sugar #11 on Friday closed down -0.20 (-1.58%). Sugar prices remain under pressure on threats of increased sugar exports from India and ample supplies from Brazil. Strong demand for ethanol in Brazil that has prompted Brazil's sugar mills to ramp up ethanol production at the expense of sugar production after Unica reported the percentage of cane crushed for ethanol production rising to a record 65.59% from 65.55% last year and that that Brazil's Center-South May domestic ethanol sales rose +50.6% y/y to 2.86 bln liters.

Brazilian real remained lower against the US Dollar. Therefore, sugar prices traded lower but higher ethanol prices and potential for appreciation in the Brazilian real against the US dollar could create a bullish movement for the sugar futures market over the coming weeks and months.

Reduced US corn harvest in 2019 is giving opportunity for Brazil to divert more sugarcane towards ethanol production as prices for cane ethanol may rise in the 2019-20 season. This scenario is likely to erase global sugar surplus of the last two years. US corn prices have risen 25% due to delayed corn planting and threatened production. Ethanol prices have jumped more than 20%.

Vietnam forecasts increase in sugar prices during the coming season usually because of predicted low production of sugar reduced by 2.5 million tonnes in the coming season. Governments of Southeast Asian nations are working to keep the sugarcane industry competitive and meet consumer's demand.

International and domestic market may remain firm in the coming season after a long phase of low prices in the sugar industry. It can be attributed that the major sugar producing countries like Brazil, India and Thailand are going to have low sugar production mostly due to diversion in ethanol and unfavourable weather conditions in India. In the latest meeting held in by ASEAN Sugar Alliance, reported that global sugar deficit of about 2.5 million tonnes in 2019-20.

Previous Updates

July NY world sugar #11 (SBN19) on Friday closed unchanged. July NY world sugar reached to a new 6-week high early Friday before falling back. Sugar prices on Friday saw downward pressure from the +0.6% rally in the dollar index and from a report from the Indian Sugar Mills Association (ISMA) that India's sugar mills expect to export a record 7 million MT of sugar in 2019/20 to reduce its huge stockpiles, up from 3 million MT in 2018/19.

After the glut at global level, it is expected a deficit of around 2-4 million global sugar. International futures market is likely achieve further gains after India reports for delay in monsoon which is highly affected in sugarcane producing states like Maharashtra and Karnataka. It is estimated that around 43% of India is affected by drought in 2019. Also the Brazilian real is getting stronger in Brazil which discourages exports from Brazil results in increase in international prices.

Strong demand for ethanol in Brazil that has prompted Brazil's sugar mills to increase ethanol production at the expense of sugar production after Unica reported the percentage of cane crushed for ethanol production rising to a record 65.59% from 65.55% last year and that that Brazil's Center-South May domestic ethanol sales rose +50.6% y/y to 2.86 bln liters.

ISO's latest forecast depicted increase in global sugar surplus in 2018-19 to 1.83 million tonnes up from a previous estimate of 6,41,000 tonnes. This increase in surplus is majorly due to robust production India followed

by Thailand along with fall off sugar consumption to 176.91 million tonnes from the previous forecast of 178.04 million tonnes in 2018-20.

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 180.7 MMT	Bearish
Brazil's sugar mills will increase their percentage of cane crushing to produce sugar to 39.1% from 34.9% in 2018/19	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

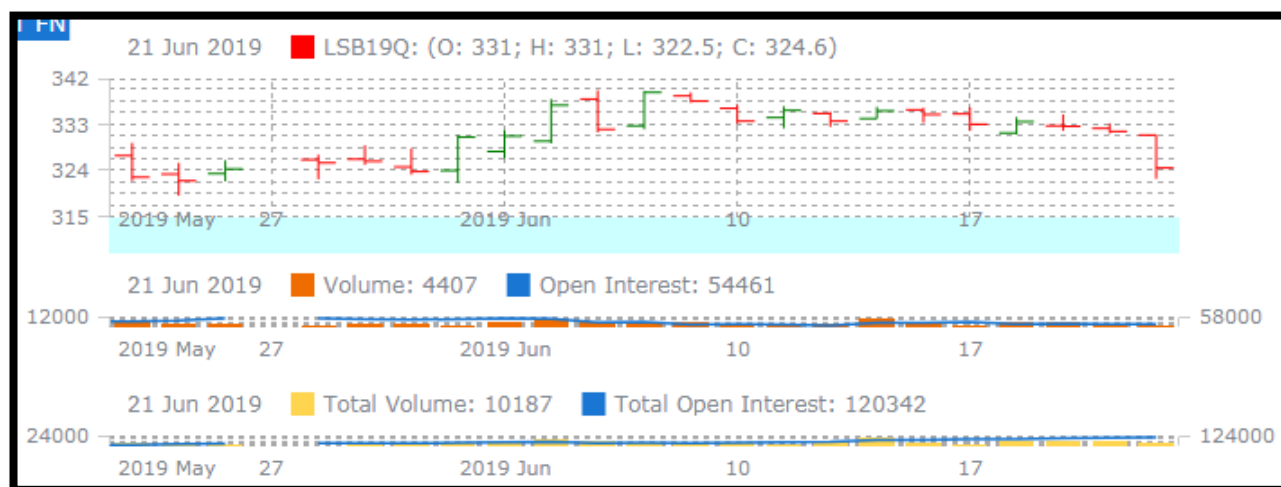
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (AUG 19 Contract)

Technical Commentary

- LIFFE future market bearish for the week.
- Last candlestick of the week depicts bearish in the market.
- Strategy: Buy at level 328, T1 330

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	324.6	320-330



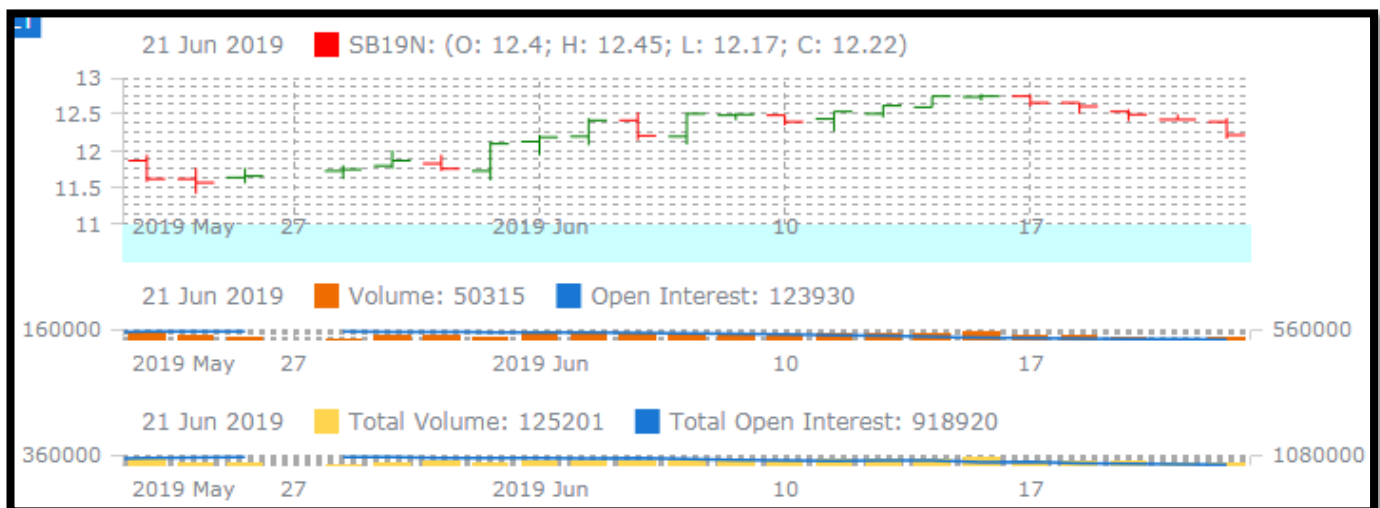
ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

Technical Commentary:

- ICE raw sugar futures were weak.
- Last candle stick of the week depicts sell in future market as open position is increasing.
- Strategy: Buy at rate 12.4 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	12.22	11-14



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			14th June to 20th June 2019	7th June to 13th June 2019	
Sugar	Delhi	M-Grade	3248	3272	-23
	Delhi	S-Grade	3228	3252	-23
Uttar Pradesh	Khatauli	M-Grade	3362	3386	-24
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3253	3273	-20
	Dhampur	S-Grade Ex-Mill	3233	3253	-20
	Dhampur	L-Grade Ex-Mill	3303	3323	-20
Maharashtra	Mumbai	M-Grade	3342	3346	-4
	Mumbai	S-Grade	3246	3241	5
	Nagpur	M-Grade	3241	3256	-15

	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3116	3131	-15
	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	3620	3647	-27
	Vijayawada	S-Grade	3560	3587	-27
West Bengal	Kolkata	M-Grade	3657	3667	-10
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3560	3587	-27
	Coimbatore	M-Grade	3650	3650	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	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)			14th June to 20th June 2019	7th June to 13th June 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	0	1823	-1823
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	1000	-1000
	Muzaffarnagar	Khurpa (Fresh)	0	2900	-2900
	Muzaffarnagar	Laddoo (Fresh)	0	3205	-3205
	Muzaffarnagar	Rascut (Fresh)	0	2788	-2788
	Hapur	Chaurasa	2993	2945	48
	Hapur	Balti	0	2813	-2813
Andhra Pradesh	Chittur	Gold	4050	4140	270
		White	3733	3780	-
		Black	3400	3460	-60
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	1810	2800	-990
	Belthangadi	Yellow (Average)	0	#DIV/0!	-
	Bijapur	Achhu	2960	2910	50
	Gulbarga	Other (Average)	3120	3202	-82
	Mahalingapura	Penti (Average)	3018	3015	3
	Mandya	Achhu (Medium)	3100	3092	8
	Mandya	Kurikatu (Medium)	2820	2867	-47
	Mandya	Other (Medium)	2810	2908	-98
	Mandya	Yellow (Medium)	3110	3067	43
	Shimoga	Achhu (Average)	3650	3738	-88

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			22-Jun-19	15-Jun-19	23-May-19	22-Jun-18
Delhi	Delhi	M-Grade	3220	3260	3320	3200
	Delhi	S-Grade	3200	3240	3300	3180
Uttar Pradesh	Khatauli	M-Grade	3339	3390	3450	3380
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3280	3250	3260	3300
	Dhampur	S-Grade Ex-Mill	3260	3230	3240	3280
	Dhampur	L-Grade Ex-Mill	3330	3300	3310	3350
Maharashtra	Mumbai	M-Grade	3336	3342	3376	3340
	Mumbai	S-Grade	3246	3246	3246	3100
	Nagpur	M-Grade	3235	3245	3305	3025
	Nagpur	S-Grade	3225	3225	3225	3025
	Kolhapur	M-Grade	3110	3120	3180	2900
	Kolhapur	S-Grade	3100	3100	3100	2900
Assam	Guhawati	S-Grade	3410	3410	3410	3207
Meghalaya	Shillong	S-Grade	3420	3420	3420	3220
Andhra Pradesh	Vijayawada	M-Grade	3620	3620	3680	3660
	Vijayawada	S-Grade	3560	3560	3620	3600
West Bengal	Kolkata	M-Grade	3640	3660	3640	3400
Tamil Nadu	Chennai	S-Grade	3600	3600	3580	3300
	Dindigul	M-Grade	3480	3600	NR	0
	Coimbatore	M-Grade	3650	3650	3650	0
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	3400	0

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)			22-Jun-19	15-Jun-19	23-May-19	22-Jun-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	Closed	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	Closed	0
	Muzaffarnagar	Khurpa	NA	0	Closed	0
	Muzaffarnagar	Laddoo	NA	0	Closed	0
	Muzaffarnagar	Rascut	NA	0	Closed	0
	Hapur	Chaurasa	3000	3000	2950	2650
	Hapur	Balti	NA	0	0	2650
Andhra Pradesh	Chittur	Gold	4200	NR	0	0

		White	3700	NR	0	0
		Black	3300	NR	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4300	4300	4300
	Belgaum	Mudde (Average)	NA	3100	2800	3000
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	2900	3000	3000
	Gulbarga	Other (Average)	NA	3150	2725	2975
	Mahalingapura	Penti (Average)	NA	NA	3076	3019
	Mandya	Achhu (Medium)	NA	3100	3400	3350
	Mandya	Kurikatu (Medium)	NA	2800	3200	3150
	Mandya	Other (Medium)	NA	2800	3250	3200
	Mandya	Yellow (Medium)	NA	3150	3400	3350
	Shimoga	Achhu (Average)	NA	3650	3700	3900

International Sugar Prices (Weekly)

	Contract Month	21-Jun-19	14-Jun-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	2109.08	2153.03	-43.96
	19-Jul	1904.87	1987.78	-82.90
	19-Oct	1945.40	2014.28	-68.88
LIFFE Sugar (US \$/MT)	19-May	2453.74	2524.39	-70.65
	19-Aug	2510.81	2570.33	-59.52
	19-Oct	2258.89	2331.60	-72.71

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