

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.

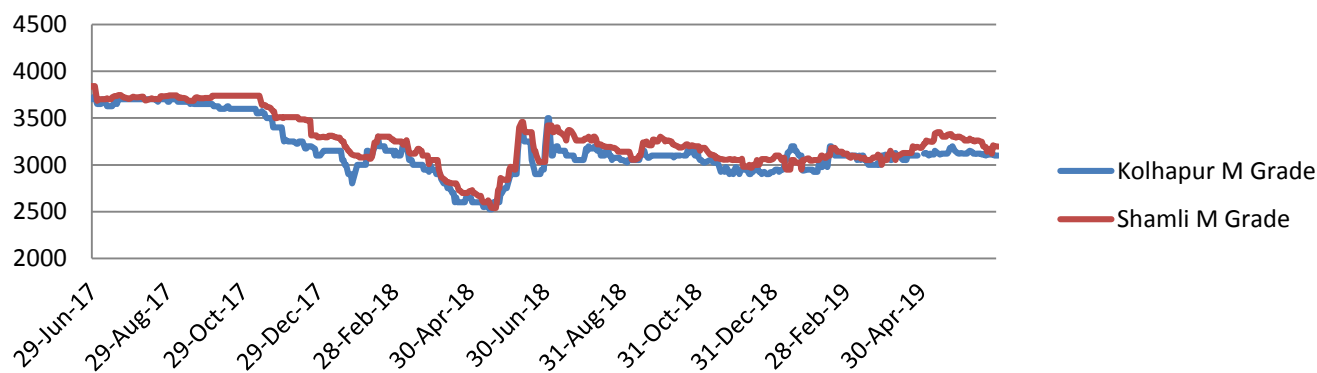
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3100 -3200 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3110 per quintal this week, down Rs.5 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3164.16 per quintal during the week, down by 70 INR against previous week's average price.

Price comparsion Kolhapur 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:

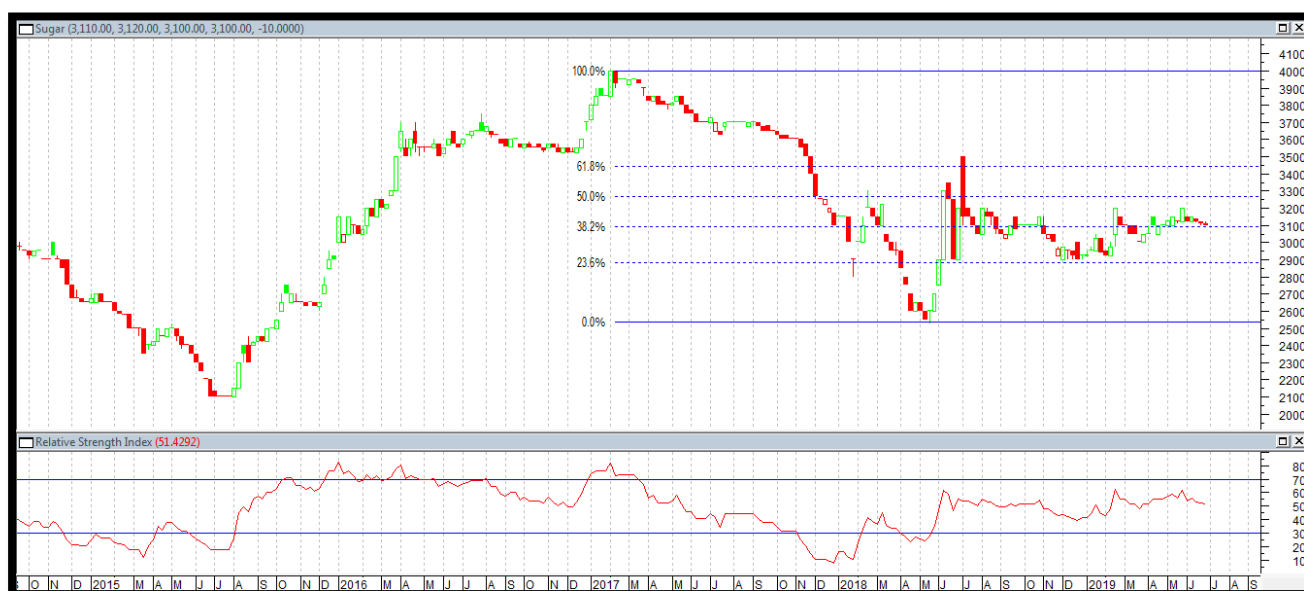
- **The food ministry has allocated July month's sales quota at 20.5 LT to each 534 mills in India lower than 21.5 LT in previous month.** Due to unsold stocks in the previous month and due to the possibility of less demand in July because of arrival of monsoon, less sales quota has been decided for this month.
- **ISMA estimates production of about 282 lakh tons of sugar in the season 2019-20, which is about 47 lakh tonnes lower than the current 2018-19 SS production of around 329.5 lakh tonnes, down 14.26%.** Uttar Pradesh is estimated to have sugarcane area at 23.60 lakh ha, as against 24.11 lakh ha in 2018-19.
- **Maharashtra's cane area has estimated down by about 30% for 2019-20 SS,** due to poor rainfall from September'2018 onwards and lack of pre-monsoon rainfall, followed by low reservoir levels, which adversely affected sowing of 15 month and 12 month crops.
- **Sugarcane area in Karnataka has also decreased for 2019-20 sugar season to be about 4.20 lakh ha** as against 5.02lakh ha in 2018-19, which is lower by about 16%. Sugarcane area in Tamil Nadu for 2019-20 has also decreased to about 2.30 lakh hectare as against 2.60 lakh hectare in 2018-19 SS.
- **As Indian government is encouraging mills to divert to ethanol from sugar production, as on 17th June'19, ethanol blending has increased around 10 times to 6.2%** as compared to 0.67% in 2012-13 and 4.22% in 2017-18. The government plans to achieve 10% blending of ethanol in petrol by 2022 to boost agriculture sector, creating independency on energy imports and promoting the use of environment friendly fuel.
- **Sugarcane production and yield is likely to decrease in the coming season 2019-20 in major states Maharashtra and Karnataka** due to low moisture availability and absence of pre-monsoon rains. Maharashtra is prevailing from drought with around 40% of the state drought –prone.
- **The Indian government has approved to give the financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity.** Among all states, maximum number of mills under the scheme are covered in Maharashtra (30) followed Karnataka (12) and UP (6). The incentives on ethanol diversion will help the sugar industry to liquidate the stock piles in every state.
- **According to ISMA, this year sugar production is expected to reach 328 LT, 2 LT down from previous estimate.** Sugar exports are expected to increase by 5 LT totalling to 35 LT this year. The officials have requested the government to make urgent proposals for sugar export to China. China being the neighbouring country is importing sugar from Brazil and Philippines.
- **Sugar production in U.P is likely to reach upto 11.82 MT against the previous estimates of 12.4 MT** due to higher sugarcane acreage of 3.4 million ha and production of 224MT in 2018-19. Although recovery rate of UP this year was higher compared to previous year.

Previous Updates

- **As on June 18th, Sugarcane arrears to farmers have reached Rs.18,958 crore (Oct,2018- Sep,2019)** out of which Uttar Pradesh owns 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at Rs3100 quintal this week.
- Next resistance and support level for the coming week is expected at Rs 3250 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 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 raw sugar #11 on Monday closed down -0.05 (-0.40%). Lower crude oil prices threatened the cane crush towards ethanol and encouraging Brazil to produce more sugar. Hence, the sugar prices got lower in last two days of the week. Although sugar prices got support after ISMA announced that India's sugar production is likely to decline in the coming season to 3year low at 28.2 million tonnes due to dry weather conditions in the major producing states.

May month sugar exports of Brazil stood at 17.5 LT higher than previous month which was 12.2 LT (April) due to supportive Brazilian real at 308 \$/ton. The major export destination for Brazil were Algeria, China, Saudi Arabia, UAE and Bangladesh in the current season (April'19-Mar'20) for Brazil.

Unica reported last Wednesday that Brazil's Center-South mills sold 902 mln liters of hydrous ethanol in the domestic market in the first half of June, down -1.5% y/y. Weaker ethanol demand may encourage Brazil's mills to crush less cane for ethanol and more for sugar, thus increasing sugar supplies.

Previous Updates

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.

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

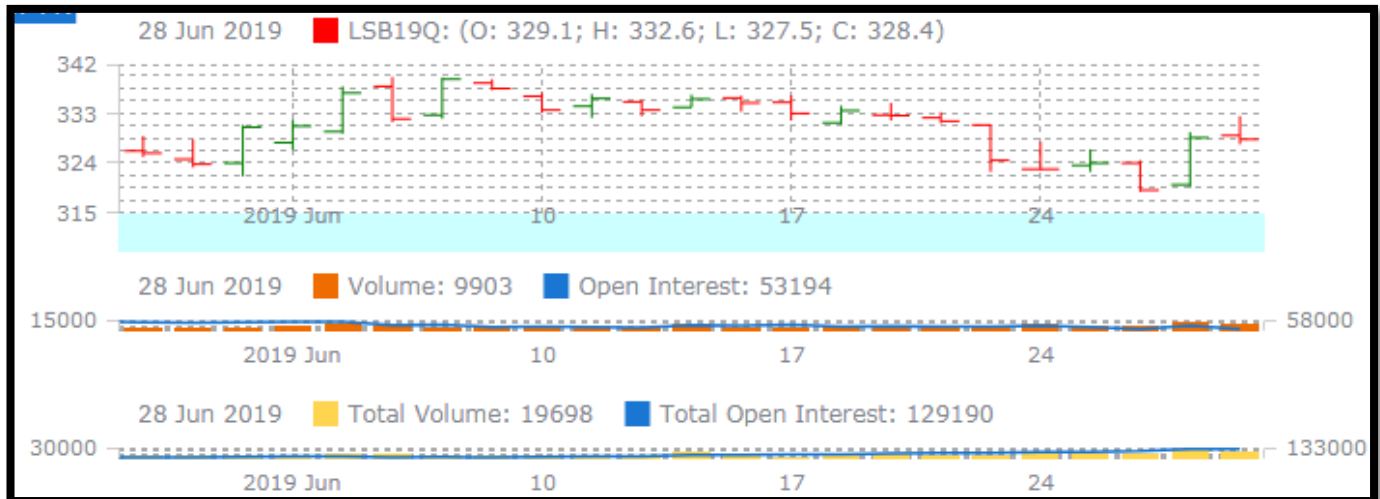
International Sugar Futures Price Projection

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: Sell at level 330,T1 332

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	328	325-330

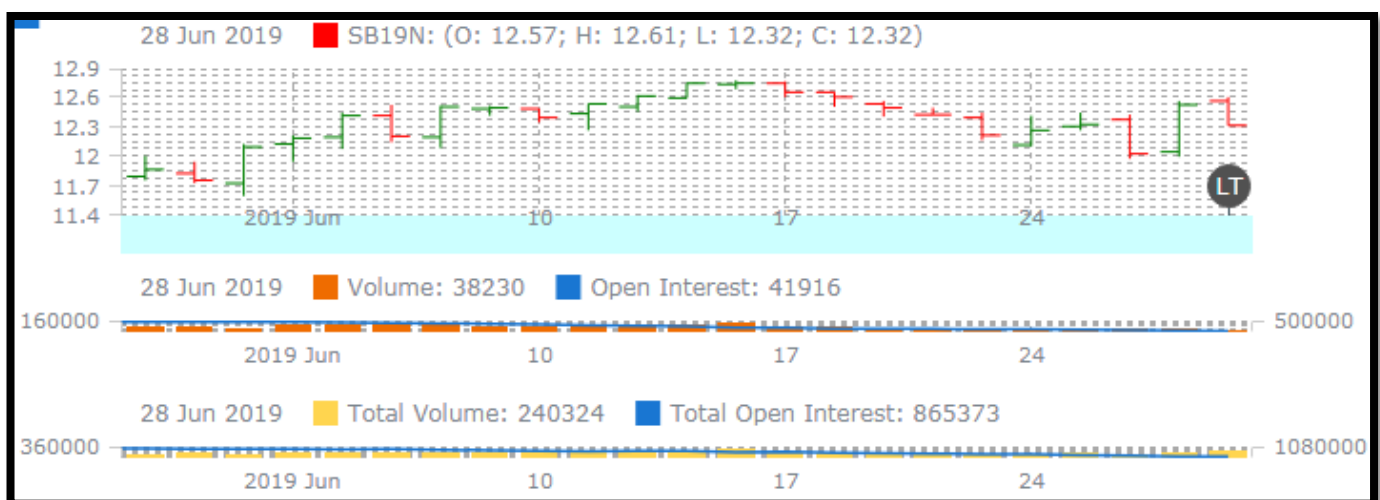


ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

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 12.2 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	12.32	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			21st June to 27th June 2019	14th June to 20th June 2019	
Delhi	Delhi	M-Grade	3211	3248	-38
	Delhi	S-Grade	3191	3228	-38
Uttar Pradesh	Khatauli	M-Grade	3353	3362	-9
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3287	3253	33
	Dhampur	S-Grade Ex-Mill	3267	3233	33
	Dhampur	L-Grade Ex-Mill	3337	3303	33
Maharashtra	Mumbai	M-Grade	3330	3342	-12
	Mumbai	S-Grade	3244	3246	-2
	Nagpur	M-Grade	3235	3241	-6
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3110	3116	-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	3640	3620	20
	Vijayawada	S-Grade	3580	3560	20
West Bengal	Kolkata	M-Grade	3633	3657	-23
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3507	3560	-53
	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)			21st June to 27th June 2019	14th June to 20th June 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	0	0	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	Unch
	Muzaffarnagar	Khurpa (Fresh)	0	0	Unch
	Muzaffarnagar	Laddoo (Fresh)	0	0	Unch
	Muzaffarnagar	Rascut (Fresh)	0	0	Unch
	Hapur	Chaurasa	2988	2993	-5
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	4160	4050	427
		White	3760	3733	-

		Black	1360	3400	-2040
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	1666	1810	-144
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3000	2960	40
	Gulbarga	Other (Average)	3195	3120	75
	Mahalingapura	Penti (Average)	3066	3018	48
	Mandya	Achhu (Medium)	2933	3100	-167
	Mandya	Kurikatu (Medium)	2792	2820	-28
	Mandya	Other (Medium)	2808	2810	-2
	Mandya	Yellow (Medium)	3058	3110	-52
	Shimoga	Achhu (Average)	3850	3650	200

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			1-Jul-19	24-Jun-19	1-Jun-19	1-Jul-18
Delhi	Delhi	M-Grade	3100	3215	3300	#N/A
	Delhi	S-Grade	3080	3195	3280	#N/A
Uttar Pradesh	Khatauli	M-Grade	3395	3345	3400	#N/A
	Ramala	M-Grade	NA	0	0	#N/A
	Dhampur	M-Grade Ex-Mill	3290	3280	3270	#N/A
	Dhampur	S-Grade Ex-Mill	3270	3260	3250	#N/A
	Dhampur	L-Grade Ex-Mill	3340	3330	3320	#N/A
Maharashtra	Mumbai	M-Grade	3320	3330	3366	#N/A
	Mumbai	S-Grade	3216	3246	3240	#N/A
	Nagpur	M-Grade	3225	3235	3250	#N/A
	Nagpur	S-Grade	3225	3225	3225	#N/A
	Kolhapur	M-Grade	3100	3110	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	3620	3620	3720	#N/A
	Vijayawada	S-Grade	3560	3560	3660	#N/A
West Bengal	Kolkata	M-Grade	3620	3630	3600	#N/A
Tamil Nadu	Chennai	S-Grade	3600	3600	3580	#N/A
	Dindigul	M-Grade	3560	3480	3560	#N/A
	Coimbatore	M-Grade	3650	3650	3650	#N/A
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	3350	#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)			1-Jul-19	24-Jun-19	1-Jun-19	1-Jul-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	3013	#N/A
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	1000	#N/A
	Muzaffarnagar	Khurpa	NA	0	2888	#N/A
	Muzaffarnagar	Laddoo	NA	0	3175	#N/A
	Muzaffarnagar	Rascut	NA	0	2750	#N/A
	Hapur	Chaurasa	Closed	Closed	2938	#N/A
	Hapur	Balti	Closed	Closed	2813	#N/A
Andhra Pradesh	Chittur	Gold	4100	4200	4100	#N/A
		White	3600	3800	3700	#N/A
		Black	3200	0	3600	#N/A
Maharashtra	Latur	Lal Variety	NR	0	0	#N/A
Karnataka	Bangalore	Mudde (Average)	4350	4300	4300	#N/A
	Belgaum	Mudde (Average)	NA	0	2750	#N/A
	Belthangadi	Yellow (Average)	NA	0	0	#N/A
	Bijapur	Achhu	3100	3000	3000	#N/A
	Gulbarga	Other (Average)	3300	3180	NA	#N/A
	Mahalingapura	Penti (Average)	3090	3041	NA	#N/A
	Mandya	Achhu (Medium)	2950	2950	3200	#N/A
	Mandya	Kurikatu (Medium)	2850	2800	2900	#N/A
	Mandya	Other (Medium)	2800	2800	3100	#N/A
	Mandya	Yellow (Medium)	3050	3100	3100	#N/A
	Shimoga	Achhu (Average)	3600	3900	3650	#N/A

International Sugar Prices (Weekly)

	Contract Month	28-Jun-19	21-Jun-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	2104.52	2109.08	-4.56
	19-Jul	1902.25	1904.87	-2.63
	19-Oct	1948.57	1945.40	3.17
LIFFE Sugar (US \$/MT)	19-May	2422.89	2453.74	-30.85
	19-Aug	2475.97	2510.81	-34.84
	19-Oct	2263.66	2258.89	4.77



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