

Price Outlook:

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

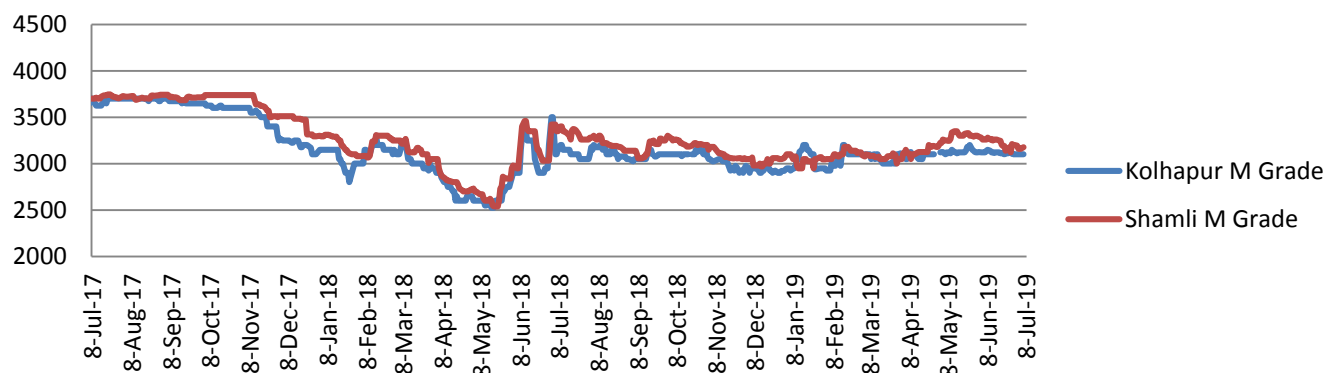
Price Projection for the Next week

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.3100 per quintal this week, down Rs.10 from last week; while spot sugar prices for the same grade in Shamli district is Rs.3179.16 per quintal during the week, down by 15 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:

- **Kharif sowing of sugarcane crop was delayed in key growing states like Maharashtra, Karnataka.** The total Kharif planting reached 49.98 lakh hectare as on 4th July'19, 1.66 lakh ha higher than last week and down by 1.43 lakh ha compared to previous year (51.41 lakh ha) in 2018-19 season.
- **Kisan Cooperative Sugar Mill from Uttar Pradesh has got permission from Central government to export 59,000 quintals sugar to Sri Lanka.** The government is planning over framing new sugar export policy to reduce surplus and address the concerns of the glut in sugar industry.
- **Kharif sowing of sugarcane crop was delayed in key growing states like Maharashtra, Karnataka.** The total Kharif planting reached 49.81 lakh hectare as on 28th June'19 down by 1.46 lakh ha compared to previous year (50.68 lakh ha) in 2018-19 season. It is expected to pick up the pace due to onset of monsoon in major growing states and the revival of standing sugarcane crop is now on positive side.
- **Export demand for sugar has been decreasing since last month, exporting around 31LT till May'19.** Exports are expected to reach upto 33-35LT till the end of this season (2018-19 SS). Domestic sugar prices are dwindling at or below MSP due to lack of demand against the huge stacks of sugar piles.
- **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 adsali.

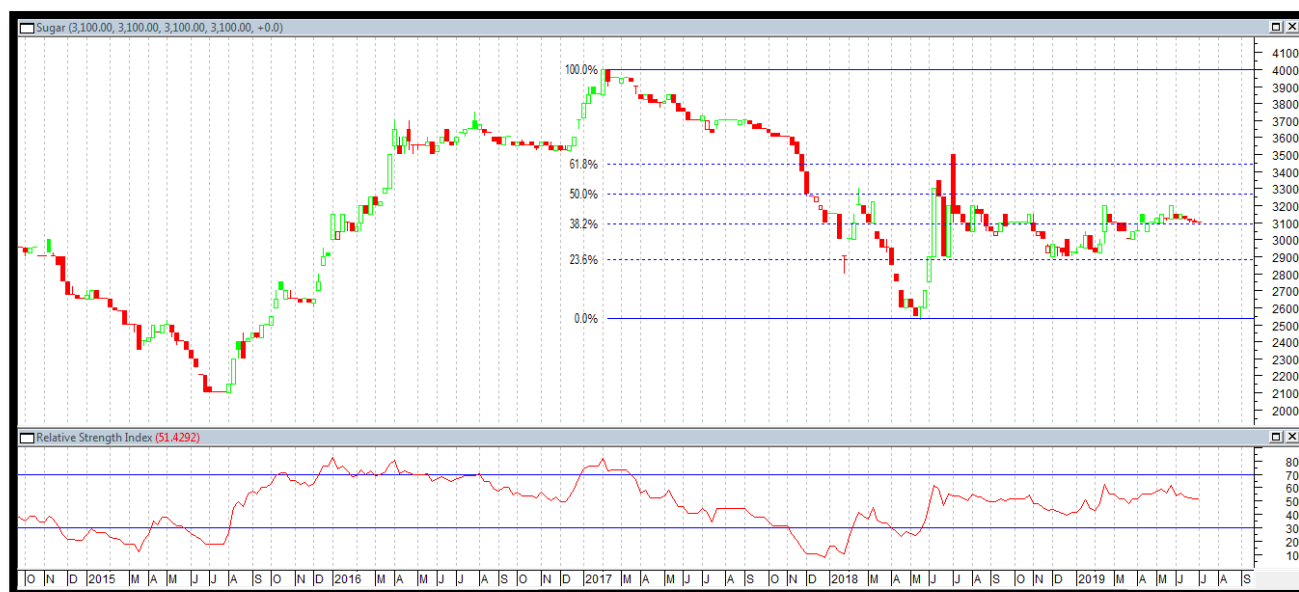
Previous Updates

- **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.

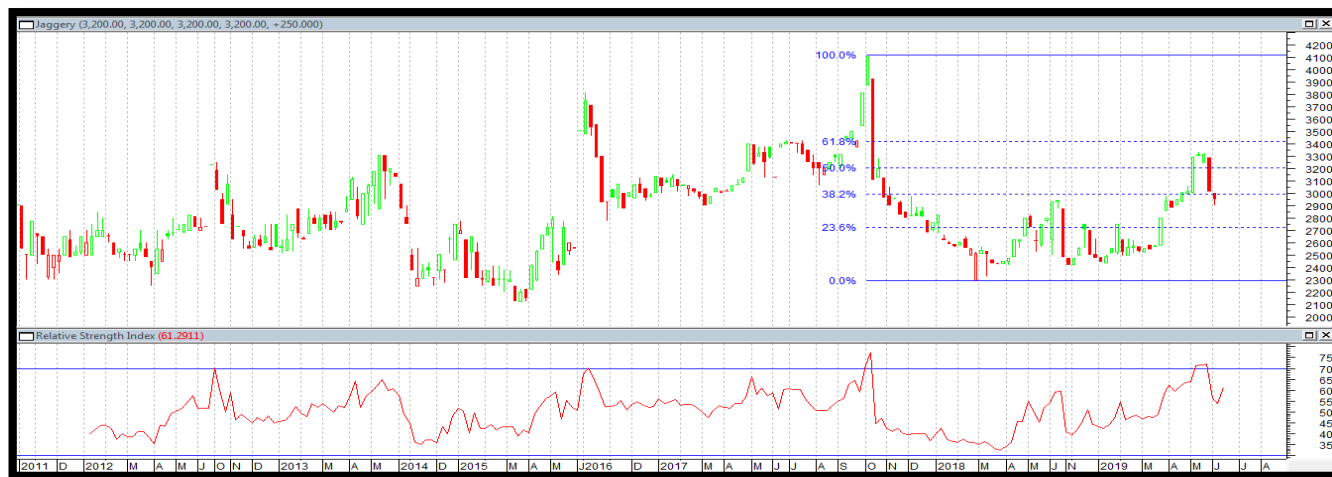
- **Maharashtra's cane area has estimated down by about 30% for 2019-20 SS**, due to poor rainfall from September'2018 onwards and lack of pre-monsoon rainfall, followed by low reservoir levels, which adversely affected sowing of 15 month and 12 month crops.
- **Sugarcane area in Karnataka has also decreased 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.

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 3200 and Rs2900 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 (SBV19) on Friday closed down -0.18 (-1.44%). Sugar prices closed lower Friday due to weakness in the Brazilian real against the dollar Friday spurred fund selling in sugar futures since the weaker real encourages export selling by Brazil's sugar producers. Ample global supplies have undercut the sugar prices in past few days.

Brazil CS sugar production for 2019-20 season reached 42.4 mln tonnes till first half of June whereas by June 30th, 2.451 mln tonnes of cane have been crushed by Australia compared to 3.77 mln tonnes crushed by July last year.

Brazil expects rise in sugar and ethanol exports demand from European Union. It was announced recently that an agreement has been reached on different terms, allowing 562 million liters of ethanol to enter the EU without a tariff every year, and 250 million liters to receive lower tariffs. Also, the tariff will be zero for 180,000 tonnes of sugar imports per year. This could bring the value of annual exports from Brazil to the EU to BRL 2 billion, up from BRL 600 million in the past.

Previous 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.

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

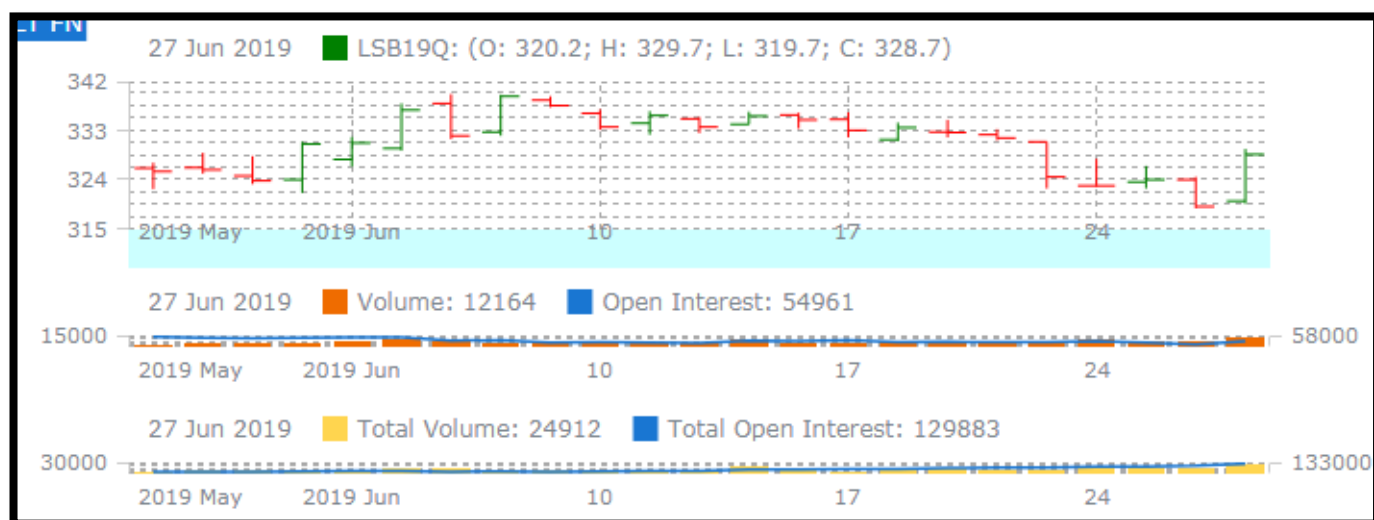
International Sugar Futures Price Projection

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	328.7	325-330

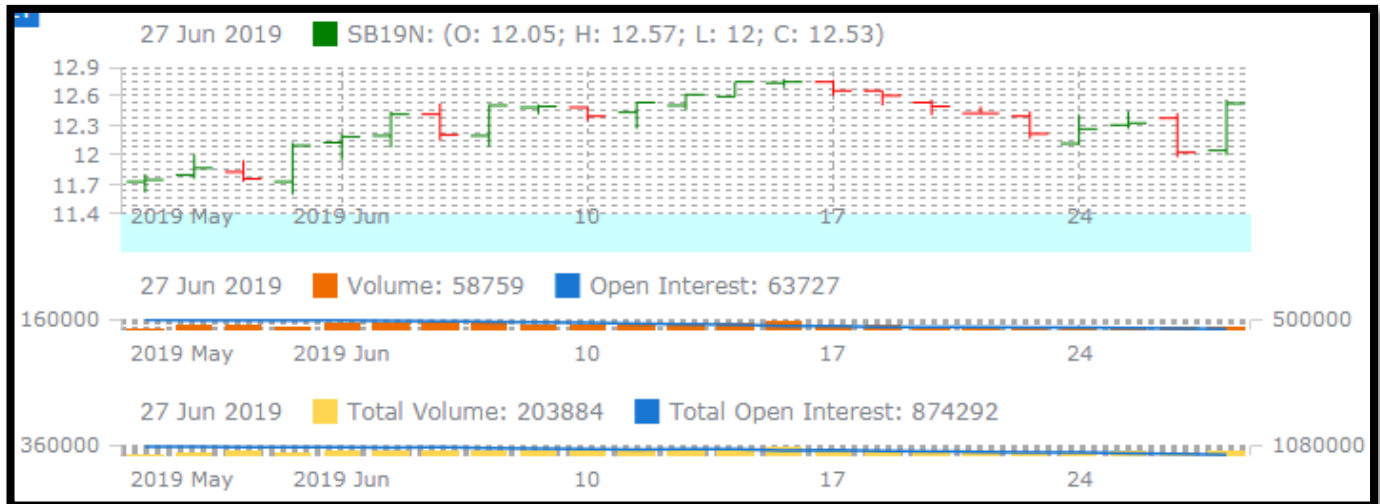


ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

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	12.53	11-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			28th June to 04th July 2019	21st June to 27th June 2019	
Delhi	Delhi	M-Grade	3146	3211	-65
	Delhi	S-Grade	3126	3191	-65
Uttar Pradesh	Khatauli	M-Grade	3342	3353	-11
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3232	3287	-55
	Dhampur	S-Grade Ex-Mill	3212	3267	-55
	Dhampur	L-Grade Ex-Mill	3282	3337	-55
Maharashtra	Mumbai	M-Grade	3319	3330	-11
	Mumbai	S-Grade	3222	3244	-22
	Nagpur	M-Grade	3225	3235	-10
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3110	-10
	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	3617	3640	-23
	Vijayawada	S-Grade	3557	3580	-23
West Bengal	Kolkata	M-Grade	3627	3633	-7
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3567	3507	60
	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)			28th June to 04th July 2019	21st June to 27th 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	1800	2988	-1188
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	4050	4160	290
		White	3650	3760	-
		Black	3300	1360	1940
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4350	4300	50
	Belgaum	Mudde (Average)	0	1666	-1666
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3000	3000	Unch
	Gulbarga	Other (Average)	3217	3195	22
	Mahalingapura	Penti (Average)	3089	3066	23
	Mandya	Achhu (Medium)	2908	2933	-25
	Mandya	Kurikatu (Medium)	2808	2792	17
	Mandya	Other (Medium)	2758	2808	-50
	Mandya	Yellow (Medium)	2967	3058	-92
	Shimoga	Achhu (Average)	3600	3850	-250

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			6-Jul-19	29-Jun-19	6-Jun-19	6-Jul-18
Delhi	Delhi	M-Grade	3160	3160	3325	3270
	Delhi	S-Grade	3140	3140	3305	3250
Uttar Pradesh	Khatauli	M-Grade	3270	3400	3385	3380
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3160	3300	3280	3400
	Dhampur	S-Grade Ex-Mill	3140	3280	3260	3380
	Dhampur	L-Grade Ex-Mill	3210	3350	3330	3450
Maharashtra	Mumbai	M-Grade	3312	3312	3340	3440
	Mumbai	S-Grade	3230	3216	3232	3276

	Nagpur	M-Grade	3225	3225	3245	3225
	Nagpur	S-Grade	3225	3225	3225	3125
	Kolhapur	M-Grade	3100	3100	3120	3100
	Kolhapur	S-Grade	3100	3100	3100	3000
Assam	Guhawati	S-Grade	3410	3410	3410	3309
Meghalaya	Shillong	S-Grade	3420	3420	3420	3320
Andhra Pradesh	Vijayawada	M-Grade	3580	3620	3660	3680
	Vijayawada	S-Grade	3520	3560	3600	3620
West Bengal	Kolkata	M-Grade	3650	3630	3680	3650
Tamil Nadu	Chennai	S-Grade	3600	3600	3600	3500
	Dindigul	M-Grade	3580	3560	3560	3700
	Coimbatore	M-Grade	3650	3650	3650	3700
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	3350	3450

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)			6-Jul-19	29-Jun-19	6-Jun-19	6-Jul-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	2900	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	1000	0
	Muzaffarnagar	Khurpa	NA	0	2925	0
	Muzaffarnagar	Laddoo	NA	0	3180	0
	Muzaffarnagar	Rascut	NA	0	2750	2613
	Hapur	Chaurasa	3000	3000	2925	2750
	Hapur	Balti	NA	0	2813	NA
Andhra Pradesh	Chittur	Gold	3900	4100	4000	0
		White	3700	3700	3700	0
		Black	3400	NA	3400	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4350	4350	4300	4300
	Belgaum	Mudde (Average)	NA	0	2800	3000
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	3000	3000	NA	3000
	Gulbarga	Other (Average)	NA	NA	3155	2860
	Mahalingapura	Penti (Average)	NA	NA	3024	3160
	Mandya	Achhu (Medium)	2900	2950	3150	3100
	Mandya	Kurikatu (Medium)	2800	2800	3000	2900
	Mandya	Other (Medium)	2800	2800	3100	3000
	Mandya	Yellow (Medium)	2900	3000	3200	3150
	Shimoga	Achhu (Average)	3800	NA	3850	3800

International Sugar Prices (Weekly)				
	Contract Month	4-Jul-19	28-Jun-19	Change
ICE Sugar #11 (US Cent/lb)	19-May	2083.90	2104.52	-20.62
	19-Jul	2100.85	1902.25	198.60
	19-Oct	2125.51	1948.57	176.94
LIFFE Sugar (US \$/MT)	19-May	2376.70	2422.89	-46.19
	19-Aug	2433.12	2475.97	-42.84
	19-Oct	2203.98	2263.66	-59.68

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.