

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 3350 Rs/qrtl in coming days.

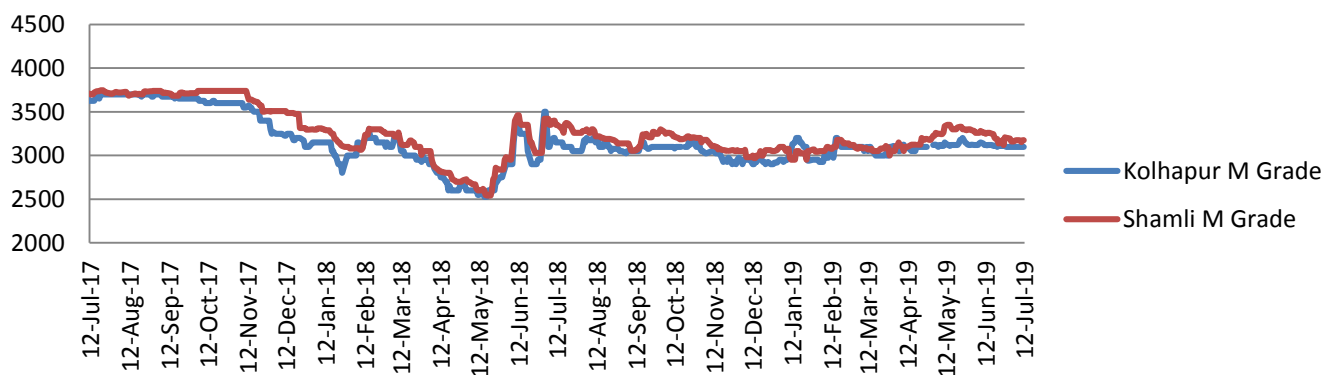
Price Projection for the Next week

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, while spot sugar prices for the same grade in Shamli district is Rs.3170 per quintal during the week, down by 9.16 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 2019-20 SS is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States.	Bullish
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 5 mn tonnes of buffer stock	Bullish

Domestic Market Highlights

Recent Updates:

- **Sugarcane acreage in the latest report released by Ministry of Agriculture as on 11th July'19 stood same at 49.98 lakh hectare 3.96% lower compared to last year in the same period (52.04 lakh ha) whereas ahead by 3.51% compared to normal area of the corresponding week. The crop condition is average but the deficient rainfall in the coming weeks would affect the crop adversely on yield.**
- **The all India sugar consumption has been declined since last month and the higher sales quota is being severely affecting the sugar industry.** The mills are not able to sell sugar according the total quota allocated to them due to lower demand. Due to disparity in prices as Indian sugar is much costlier than any country and due to quality issues, India is facing hurdles in exporting its stock as well as due to the global glut the demand has seen a dip this year.
- **According to All India Sugar Trade Association,** the Central Government should introduce dual MSP where Central Northern states MSP to be higher than that of Central Southern states or Maharashtra State Government gives transport subsidy for the difference of transportation cost which can enable Maharashtra to sell the allotted quota allotted every month.
- **Since Oct'18 to May'19, the Central Government has allocated 60.50 LMT to sugar mills in Maharashtra and mills are able to sale only approximately 46 LMT failing to sell 14 LMT and hence falling short of cash liquidity worth Rs. 4350 crores. There is excess transportation cost difference of Rs.1800 to Rs.2000 per MT which Maharashtra seeks help from the Government.**

Previous 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.

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	82.67	82.67	105.50	194.20	176.38
Estimated sugar production	202.85	321.96	331.09	99.13	161.71	48.88	21.38
Imports	4.46	2.85	0	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	284.31	358.91	413.76	181.80	267.20	243.08	197.76
Exports	4.6	16.24	33	3.30	11.00	7.70	11.00
Availability for domestic consumption (D - E)	279.71	342.67	380.76	178.50	256.20	235.38	186.76
Estimates sugar consumption	245.61	260	252	73.00	62.00	59.00	58.00
Carry out stock (F - G)	34.1	82.67	128.76	105.50	194.20	176.38	128.76

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 331.09 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 decline to 252 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 33 LT in 2018-19.

International Market Highlights

Recent Updates:

October NY world sugar #11 (SBV19) on Friday closed down -0.08 (-0.65%). A bullish factor for sugar is strength in the Brazilian real which climbed high against the dollar Friday as the stronger real discourages export selling by Brazil's sugar producers. Sugar prices also have support from reduced sugar output in Brazil, the world's biggest sugar producer, after Unica reported Wednesday that Brazil's 2019/20 Center-South sugar production through June fell -8.9% y/y to 8.905 MMT.

Severe drought circumstances has reduced the total sugar production estimates to 13 million tonnes in Thailand around 7% reduction is expected compared to this year (2018-19). Sugarcane output is expected to decline about 8% to 120 million tonnes in 2019-20 season which will start from Nov'19 due to scanty rainfalls and decreased acreage compared to 130.9 million tonnes of cane in 2018-19. But it is highly dependent on rainfall whether the output would increase or decrease.

Mexico sugar production for 2018/19 is increased by 25,643 MT to 6.425 million MT based on the final season production. Residually estimated exports are increased by the 25,643-MT supply increase to 2.179 million MT. Exports to the United States are estimated at 853,004 MT, an increase of 85,583 MT.

Previous 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.

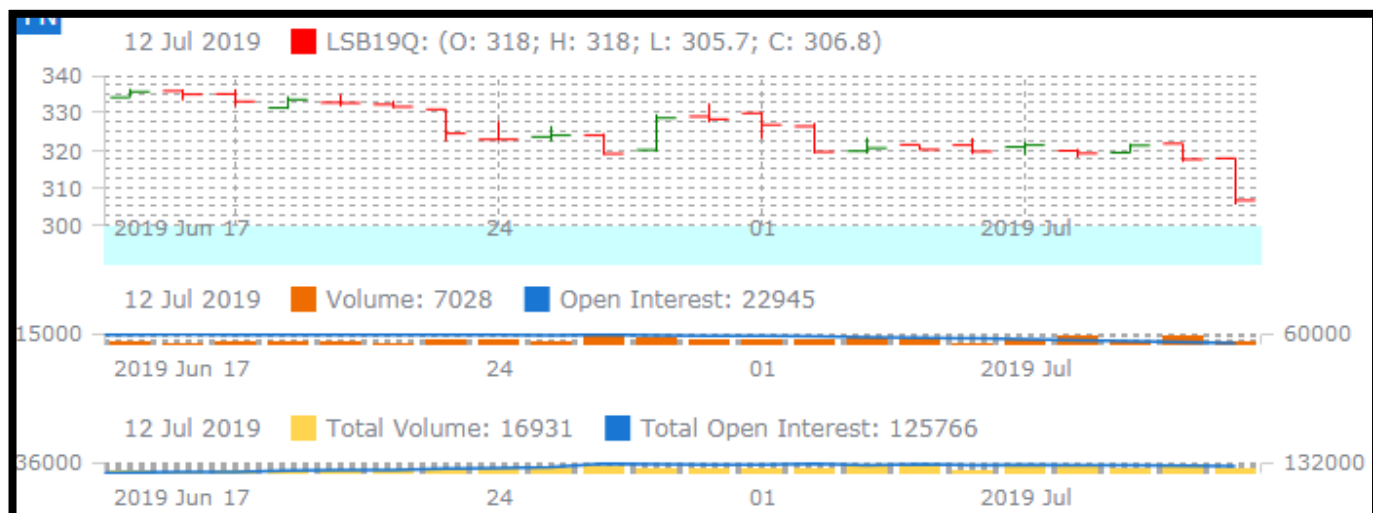
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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 also.
- Last candlestick of the week depicts bearish in the market.
- Strategy: Sell at level 310,T1 315

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	306.8	301-315



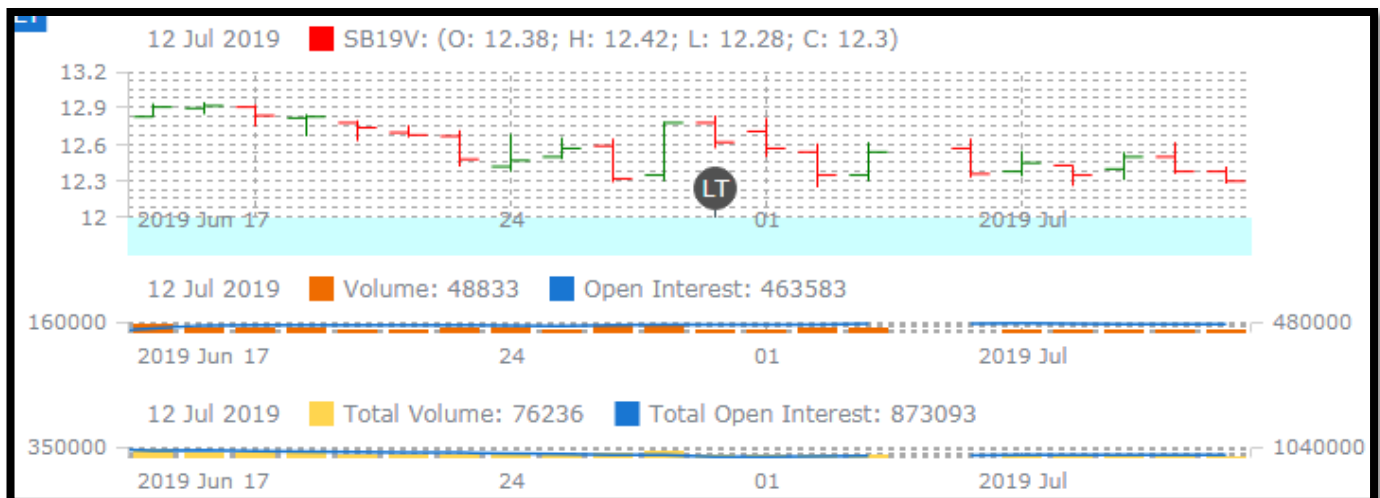
ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

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: Sell at rate 12.5 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	12.3	11-14



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			5th June to 11th July 2019	28th June to 04th July 2019	
Delhi	Delhi	M-Grade	3162	3146	16
	Delhi	S-Grade	3142	3126	16
Uttar Pradesh	Khatauli	M-Grade	3266	3342	-77
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3162	3232	-70
	Dhampur	S-Grade Ex-Mill	3142	3212	-70
	Dhampur	L-Grade Ex-Mill	3212	3282	-70
Maharashtra	Mumbai	M-Grade	3306	3319	-13
	Mumbai	S-Grade	3230	3222	8
	Nagpur	M-Grade	3225	3225	Unch

	Nagpur	S-Grade	3213	3225	-12
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3088	3100	-12
Assam	Guhawati	S-Grade	3399	3410	-12
Meghalaya	Shillong	S-Grade	3408	3420	-12
Andhra Pradesh	Vijayawada	M-Grade	3570	3617	-47
	Vijayawada	S-Grade	3510	3557	-47
West Bengal	Kolkata	M-Grade	3642	3627	15
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3573	3567	7
	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)			5th June to 11th July 2019	28th June to 04th July 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	3000	1800	1200
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	1300	4050	-2350
		White	1233	3650	-
		Black	1133	3300	-2167
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	3225	0	3225
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3040	3000	40
	Gulbarga	Other (Average)	3224	3217	7
	Mahalingapura	Penti (Average)	3196	3089	108
	Mandya	Achhu (Medium)	2917	2908	8
	Mandya	Kurikatu (Medium)	2808	2808	Unch
	Mandya	Other (Medium)	2808	2758	50
	Mandya	Yellow (Medium)	2950	2967	-17
	Shimoga	Achhu (Average)	3640	3600	40

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			13-Jul-19	6-Jul-19	13-Jun-19	13-Jul-18
Delhi	Delhi	M-Grade	3150	3160	3260	3350
	Delhi	S-Grade	3130	3140	3240	3330
Uttar Pradesh	Khatauli	M-Grade	3245	3270	3400	3410
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3170	3160	3270	3320
	Dhampur	S-Grade Ex-Mill	3150	3140	3250	3300
	Dhampur	L-Grade Ex-Mill	3220	3210	3320	3370
Maharashtra	Mumbai	M-Grade	3312	3312	3340	3520
	Mumbai	S-Grade	3230	3230	3246	3260
	Nagpur	M-Grade	3225	3225	3240	3275
	Nagpur	S-Grade	3175	3225	3225	3175
	Kolhapur	M-Grade	3100	3100	3115	3150
	Kolhapur	S-Grade	3050	3100	3100	3050
Assam	Guhawati	S-Grade	3360	3410	3410	3360
Meghalaya	Shillong	S-Grade	3370	3420	3420	3370
Andhra Pradesh	Vijayawada	M-Grade	3560	3580	3620	3740
	Vijayawada	S-Grade	3500	3520	3560	3680
West Bengal	Kolkata	M-Grade	3620	3650	3650	3600
Tamil Nadu	Chennai	S-Grade	3600	3600	3600	3500
	Dindigul	M-Grade	3560	3580	3600	3680
	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)			13-Jul-19	6-Jul-19	13-Jun-19	13-Jul-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	3200	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	0
	Muzaffarnagar	Khurpa	NA	0	3000	0
	Muzaffarnagar	Laddoo	NA	0	3200	0
	Muzaffarnagar	Rascut	NA	0	2875	2650
	Hapur	Chaurasa	NA	3000	2950	2800
	Hapur	Balti	NA	NA	0	NA
Andhra Pradesh	Chittur	Gold	0	3900	NR	0

		White	0	3700	NR	0
		Black	0	3400	NR	0
Maharashtra	Latur	Lal Variety	0	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4350	4300	4300
	Belgaum	Mudde (Average)	NA	3200	NA	3000
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	3000	2940	3100
	Gulbarga	Other (Average)	NA	3050	3250	2880
	Mahalingapura	Penti (Average)	NA	NA	2995	3254
	Mandya	Achhu (Medium)	NA	2900	3150	3050
	Mandya	Kurikatu (Medium)	NA	2800	2800	2900
	Mandya	Other (Medium)	NA	2800	2800	2900
	Mandya	Yellow (Medium)	NA	2900	3000	3200
	Shimoga	Achhu (Average)	NA	3800	3650	3850

International Sugar Prices (Weekly)

	Contract Month	11-Jul-19	4-Jul-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2105.19	2125.51	-20.33
	20-Mar	2050.03	2068.48	-18.45
	20-May	2065.35	2083.90	-18.55
LIFFE Sugar (US \$/MT)	19-Aug	2404.94	2433.12	-28.18
	19-Oct	2173.07	2203.98	-30.92
	19-Dec	2280.46	2303.07	-22.61

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