

**Price Outlook:**

In the spot wholesale markets, sugar prices are trending higher because of lower sales released by the government and expectations of achieving 14-16% less sugar in the coming season because of damage caused to the crop by the delayed monsoon. We expect Indian sugar prices may trade in range of 3120 to 3350 Rs/qrtl in coming days.

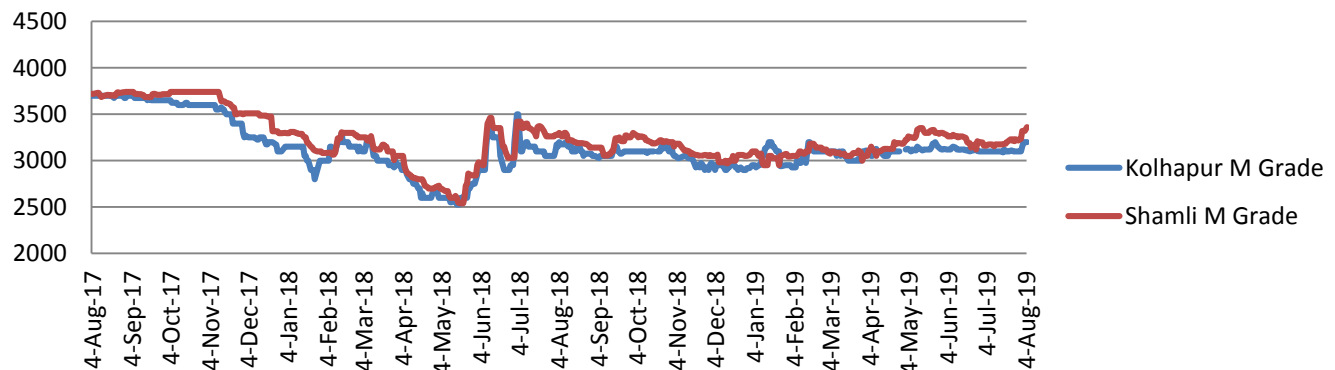
**Price Projection for the Next week**

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

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3108 per quintal this week, while spot sugar prices for the same grade in Shamli district is Rs. 3240 per quintal during the week, up 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 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
Announcement of the export incentives for sugar millers in the country before the commencement of new sugar season.	Bullish
Tightening of restriction on monthly sales	Bullish
Announcement for creation of 4 mn tonnes of buffer stock	Bullish

### Domestic Market Highlights

#### Recent Updates:

- **August month's sugar quota have been fixed at 19 LT to each 535 mills in India** along with added incentivised quota to those mills who have completed their export targets under MIEQ Quota. The government has increased the buffer stock to 40 LT that would help to maintain the supply and demand. Also, the festive demand will help the sugar mills to liquidate the stocks in the August month.
- **The Agriculture Ministry has released the sugarcane sowing data on 2<sup>nd</sup> Aug'19. Sugarcane acreage remained same at 52.30 lakh ha from last week.** The area is higher by 4.56 lakh ha compared to the normal area and lagging behind by 3.15 lakh ha from that in corresponding period previous year. Largest decrease in acreage is seen in Maharashtra, Tamil Nadu, UP and Gujarat by 2.6 lakh ha, 0.81 lakh ha, 0.56 lakh ha and 0.47 lakh ha respectively from last year.
- **Maharashtra millers demanded the central government's nod to convert existing sugar to ethanol**, an alternate to C- Heavy Molasses, B Heavy Molasses and juice into ethanol. As oil companies are expecting 110 crore liters of ethanol from Maharashtra to meet E10 fuel (gasoline containing 10 percent ethanol). The crop in 2019-20 season is estimated lower in Maharashtra due to unavailability of water, therefore, the shortfall of B- heavy molasses may occur. The availability of ethanol will get restricted to 70 crore litre, 5 crore litre totalling 75 crore litre through the B Heavy Molasses and Juice routes separately.
- **Heavy rains in Maharashtra filled up the existing desiccated dams and received a surplus rainfall of 7%** whereas Marathwada region is still deficit of rain by around 27 to 30%. Heavy rains in Satara and Sangli districts have ensured a healthy water stock in dams. The Koyna dam the largest source of water of the state has filled up to 74.89 TMC of its 105 TMC capacity.
- **Farmers are more likely to send the cane for fodder as they are getting better prices instead of selling to the sugar mills.** A lot of dried cane in the last month is sent for fodder. In Maharashtra, the Marathwada regions rainfall since June has been 29% lower than normal, while Vidarbha saw rains that were 19% below average, according to IMD. But the arrival of monsoon has brought some relief but several area are still suffering from scanty rainfall.

Previous Updates

- **The Agriculture Ministry has released the sugarcane area as on 26<sup>th</sup> July, the area progressed slightly to 52.30 lakh ha.** The area is slightly higher by 3.98 lakh ha against the normal area and lagging behind by 3.15 lakh ha from the corresponding period in the previous year. The large decrease in area is seen in Tamil Nadu, Maharashtra and Gujarat by 28.22%, 23.64% and 25.68% respectively from last year. The south India and some parts of Maharashtra have been affected adversely due to bad rainfall scenario in the current monsoon.
- **The area under sugarcane has slightly risen to 20,369 ha from 16,275 ha previous year** also higher than normal area as on 24th July at 17,866 ha in Telangana. The area planting under sugarcane has almost been completed in the state.
- **Recently the central government has fixed around 10,000 tonnes of sugar of export quota to the European Union** for the period starting from 1<sup>st</sup> Nov'19 to 30<sup>th</sup> Sep'20 under CXL concession. By availing the CXL concession on export to the EU, traders can export sugar at relatively low or zero customs duty. The central government is putting efforts in making new sugar export policy to cut the hindrance faced by the country this year. New policy should be released in the coming days to ease the export supply and curbing the sugar stocks by the sugar mills.
- **The sugarcane area in Marathwada and vidarbha region in Maharashtra have been affected severely due to weaker monsoon this year.** The availability of green fodder has declined adversely in these areas for the cattle, therefore, farmers are uprooting the dried sugarcane for fodder purpose. According to Agriwatch estimates, sugarcane crop would be reduced by around 25% in Maharashtra due to less rainfall, diversion in fodder.
- **Government has approved to increase the buffer stock to 40 lakh tonnes from 30 lakh tonnes** for one year starting from 1<sup>st</sup> August to 31<sup>st</sup> July'20 2019-20 season. For this, the Central government would incur the estimated maximum expenditure of Rs 1,674 crore. This created a relief among the sugar mills across the country.
- **Gorakhpur mill in Uttar Pradesh is also likely to produce ethanol from sugarcane as directed by the government.** Although the state has produced around 42.37 crore litres and is expected to increase upto 81.36 crore litres of ethanol. Uttar Pradesh has around 16-17% diversion to jiggery which is likely to surge in the coming season as state government has issued 86 new licenses for setting up of jiggery units. This increase in diversion would be able to curb the sugar stocks and thereby increasing the sugar prices.

- As India is focusing on diversion of cane crush to ethanol production, India has so far around 29.5 crores of litres of ethanol have been supplied to oil manufacturing companies. A few months ago, the Centre approved incentives worth Rs 3,300 crore to help sugar mills boost ethanol production capacity. Since India is struggling to clear the sugar stocks due to higher price of sugar in India compared to other countries, it becomes necessary to opt ethanol production instead of sugar production in the coming season.

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

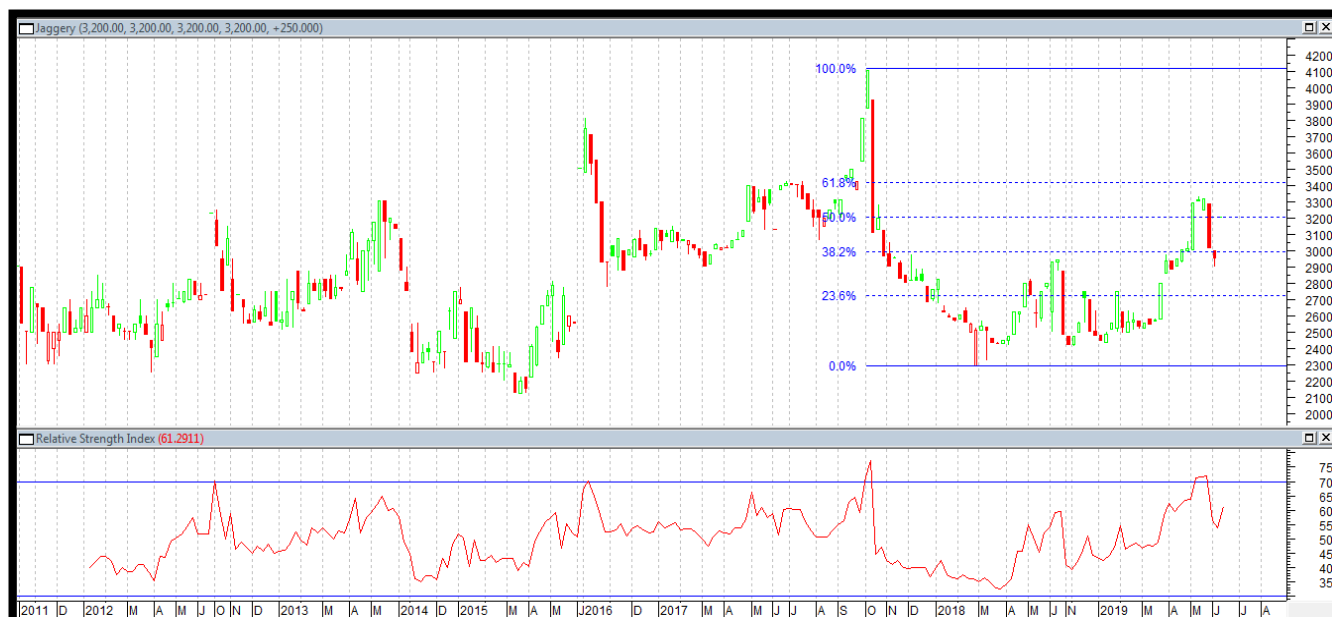
- Sugar spot prices at benchmark Kolhapur market closed higher at Rs3200 quintal this week.
- Next resistance and support level for the coming week is expected at Rs 3300 and Rs3100 per quintal respectively.
- RSI is in the neutral region.



#### 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 2019-20(LT)								
SUGAR BALNCE SHEET 2018-19(LT)	2016-17	2017-18	2018-19*	2019-20*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	77	34.1	82.67	120.76	120.76	124.18	190.86	143.49
Estimated sugar production	202.85	321.96	330.09	279.34	83.50	136.53	41.27	18.04
Imports	4.46	2.85	0	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	284.31	358.91	412.76	400.10	204.26	260.71	232.12	161.54
Exports	4.6	16.24	40	50.00	5.00	16.67	11.67	16.67
Availability for domestic consumption (D - E)	279.71	342.67	372.76	350.10	199.26	244.05	220.46	144.87
Estimates sugar consumption	245.61	260	252	260.50	75.08	53.19	76.96	55.27
Carry out stock (F - G)	34.1	82.67	120.76	89.60	124.18	190.86	143.49	89.60

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 330.09 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 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> 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 40 LT in 2018-19.

## International Market Highlights

**Recent Updates:**

**Oct NY world sugar #11 on Monday closed down by -0.20 (-1.66%).** A decline in the Brazilian real to a 2-month low against the dollar Monday weighed on sugar prices since the weaker real encourages export selling by Brazil's sugar producers.

**Brazil Sugar exports reached 1.82 mln tonnes in July according to the Ministry of trade (Brazil)** up from previous month since the beginning of the season from April'19. Total exports so far this season at 6.38 mln tonnes down from 6.89 mln tonnes.

**The Sugar Regulatory Administration (SRA) has approved Phillipines sugar industry to import 2,50,000 tonnes** of refined sugar to meet the increase in demand amid low domestic production. The concerns over increase in domestic prices and to meet the rising demand made SRA to take step forward for importation.

**According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 28th July'19 jumped to 1.473 lakh tonnes** reaching 6.82 lakh tonnes (21.7%) total crush from the beginning of the season. The crush as on 29th July'18, was around 3 lakh tonnes higher at 9.82 lakh tonnes compared to 2019-20 crushing.

**Previous Updates**

**Oct NY world sugar #11 on Friday closed slightly higher by +0.02 (+0.17%).** A bullish factor for sugar was entertained after the news from India emerged about the approval of the creation of a buffer stock of 4 million MT of sugar for 1 year starting from 1<sup>st</sup> Aug in an attempt to lock up supply and support domestic sugar prices.

**Sugar output in Brazil, the world's biggest sugar producer, after Unica reported that Brazil's 2019/20 Center-South sugar production fell sharply by 19.1% to 1.93 MT** with cumulative production in the 2019-20 marketing year through mid-July falling -10.8% y/y to 10.857 MMT.

**Australia Sugar mills crushed only 1.45 mln tonnes of cane in the week to July 21,** down from 0.53 mln tonnes a week earlier and also below from 1.54 mln in the same period last year, Australian Sugar Milling Council (ASMC) data show. As on 21st July, the total sugarcane crush reached 53.89 lakh tonnes around 17% of cane is crushed till now and 6.9% less compared to previous year at same period of time.

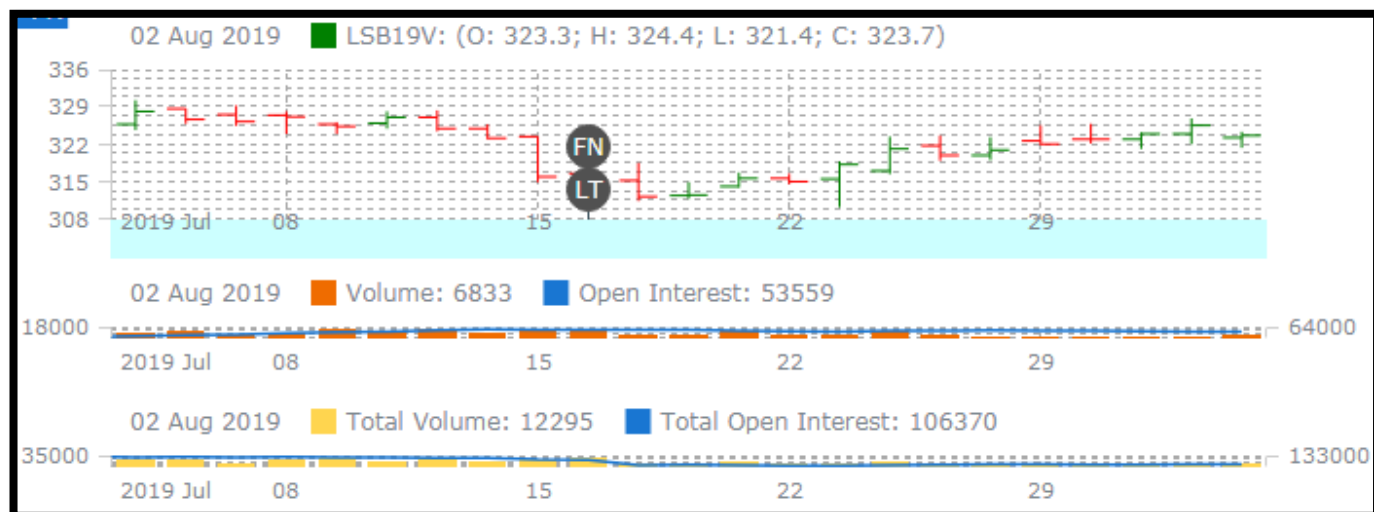
**International Sugar Market Summary:****Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	Bullish
World sugar production in 2019/20 (Apr/Mar) will climb +1% y/y to 180.7 MMT (USDA) after the +0.6% y/y rise to a record 185.2 MMT in 2018/19 (ISO)	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
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 month.
- Total volume and open interest has been decreased over a month.
- Strategy: Sell at level 323, T1 328

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	323.70	320-338





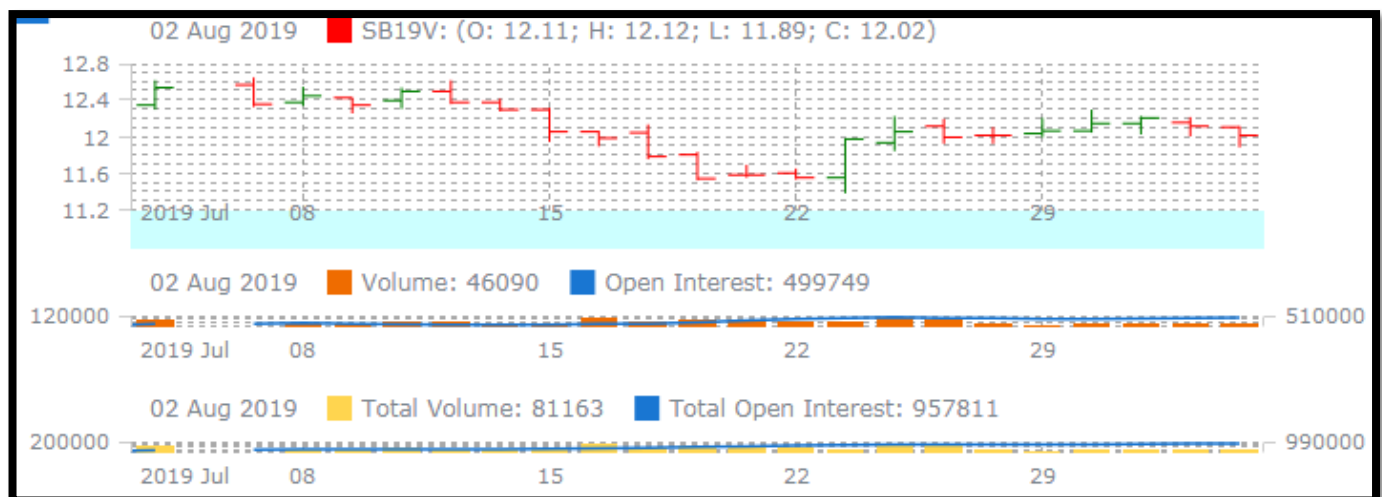
## ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

## Technical Commentary:

- ICE raw sugar futures were firm in the month.
- Last candle stick of the week depicts buy in future market as open position is increasing.
- Volume decreased open interest increased.
- Strategy: Buy at rate 11.5 Targeting 14.

## International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'2019	12.02	12-15



## Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			26th June to 01st Aug 2019	19th June to 25th July 2019	
Sugar	Delhi	M-Grade	3222	3213	9
	Delhi	S-Grade	3202	3193	9
Uttar Pradesh	Khatauli	M-Grade	3343	3308	36
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3253	3208	46
	Dhampur	S-Grade Ex-Mill	3233	3188	46
	Dhampur	L-Grade Ex-Mill	3303	3258	46
Maharashtra	Mumbai	M-Grade	3327	3335	-8
	Mumbai	S-Grade	3223	3227	-4
	Nagpur	M-Grade	3233	3228	5
	Nagpur	S-Grade	3166	3175	-9
	Kolhapur	M-Grade	3108	3103	5

	Kolhapur	S-Grade	3041	3050	-9
Assam	Guhawati	S-Grade	3350	3360	-9
Meghalaya	Shillong	S-Grade	3361	3370	-9
Andhra Pradesh	Vijayawada	M-Grade	3563	3560	3
	Vijayawada	S-Grade	3503	3500	3
West Bengal	Kolkata	M-Grade	3582	3578	3
Tamil Nadu	Chennai	S-Grade	3597	3587	10
	Dindigul	M-Grade	3540	3527	13
	Coimbatore	M-Grade	3520	3650	-130
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)			26th June to 01st Aug 2019	19th June to 25th 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	0	0	-
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	3517	3300	-
		White	0	0	-
		Black	2933	2660	-
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	800	640	160
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3150	3160	-10
	Gulbarga	Other (Average)	1655	#DIV/0!	-
	Mahalingapura	Penti (Average)	3229	3233	-5
	Mandya	Achhu (Medium)	3208	3183	25
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2917	2925	-8
	Mandya	Yellow (Medium)	3192	3183	8
	Shimoga	Achhu (Average)	3680	3633	47

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			5-Aug-19	29-Jul-19	6-Jul-19	5-Aug-18
Delhi	Delhi	M-Grade	3300	3200	3160	NA
	Delhi	S-Grade	3280	3180	3140	NA
Uttar Pradesh	Khatauli	M-Grade	3450	3300	3270	NA
	Ramala	M-Grade	NA	0	0	NA
	Dhampur	M-Grade Ex-Mill	3325	3240	3160	NA
	Dhampur	S-Grade Ex-Mill	3305	3220	3140	NA
	Dhampur	L-Grade Ex-Mill	3375	3290	3210	NA
Maharashtra	Mumbai	M-Grade	3396	3322	3312	NA
	Mumbai	S-Grade	3246	3222	3230	NA
	Nagpur	M-Grade	3325	3225	3225	NA
	Nagpur	S-Grade	3225	3150	3225	NA
	Kolhapur	M-Grade	3200	3100	3100	NA
	Kolhapur	S-Grade	3100	3025	3100	NA
Assam	Guhawati	S-Grade	3410	3334	3410	NA
Meghalaya	Shillong	S-Grade	3420	3345	3420	NA
Andhra Pradesh	Vijayawada	M-Grade	3600	3560	3580	NA
	Vijayawada	S-Grade	3540	3500	3520	NA
West Bengal	Kolkata	M-Grade	3640	3590	3650	NA
Tamil Nadu	Chennai	S-Grade	3600	3600	3600	NA
	Dindigul	M-Grade	3590	3540	3580	NA
	Coimbatore	M-Grade	3520	3520	3650	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	3350	NA

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)			5-Aug-19	29-Jul-19	6-Jul-19	5-Aug-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	0	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	NA
	Muzaffarnagar	Khurpa	NA	0	0	NA
	Muzaffarnagar	Laddoo	NA	0	0	NA
	Muzaffarnagar	Rascut	NA	0	0	NA
	Hapur	Chaurasa	NA	0	3000	NA
	Hapur	Balti	NA	0	0	NA
Andhra Pradesh	Chittur	Gold	4300	4100	3900	NA
		White	NA	0	3700	NA
		Black	4000	3400	3400	NA

<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	NA
<b>Karnataka</b>	Bangalore	Mudde (Average)	4650	4350	4350	NA
	Belgaum	Mudde (Average)	NA	0	3200	NA
	Belthangadi	Yellow (Average)	NA	0	0	NA
	Bijapur	Achhu	NA	3200	3000	NA
	Gulbarga	Other (Average)	NA	NA	3050	NA
	Mahalingapura	Penti (Average)	NA	3214	NA	NA
	Mandya	Achhu (Medium)	3300	3100	2900	NA
	Mandya	Kurikatu (Medium)	3000	3000	2800	NA
	Mandya	Other (Medium)	2900	2850	2800	NA
	Mandya	Yellow (Medium)	3250	3150	2900	NA
	Shimoga	Achhu (Average)	NA	3800	3800	NA

International Sugar Prices (Weekly)				
	Contract Month	1-Aug-19	25-Jul-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2073.21	1853.11	220.10
	20-Mar	1875.17	2004.44	-129.28
	20-May	2032.98	2022.98	10.00
LIFFE Sugar (US \$/MT)	19-Aug	2431.26	2402.56	28.70
	19-Oct	2481.69	2458.40	23.28
	19-Dec	2311.08	2278.47	32.62

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