

Price Outlook:

In the spot wholesale markets, sugar prices are trending higher (by Rs.30 to 80) because of lower sales released by the government and upcoming festivals. Also the expectations of achieving 14-16% less sugar in the coming season because of damage caused to the crop by the delayed monsoon is supporting the prices. We expect Indian sugar prices may trade in range of 3220 to 3400 Rs/qtl in coming days.

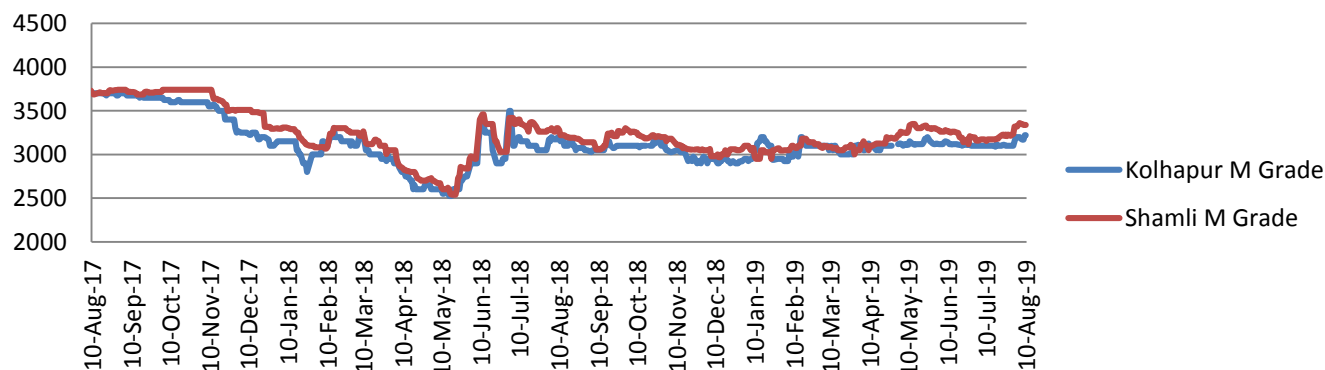
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3186 per quintal this week up by Rs.78 in previous week, while spot sugar prices for the same grade in Shamli district is Rs. 3340 per quintal during the week, up by 100 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:

- **The Agriculture Ministry has released the sugarcane sowing data on 8th Aug'19. Sugarcane acreage remained at 52.30 lakh ha.** 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. Higher area is reported in the state of UP (3.96 lakh ha), and Karnataka (1.12 lakh ha) and largest decrease in acreage is seen in Tamil Nadu, Gujarat and Maharashtra by 0.64 lakh ha, 0.51 lakh ha, 0.27 lakh ha respectively from last year.
- **Sugarcane belts of Maharashtra; Sangli, Satara and Kolhapur under severe conditions of floods.** Maharashtra' CM took the review of flood situation in Kolhapur, Sangli & Satara. The sugarcane crop would mostly get affected which will eventually affect the state's sugar production. Although the crop area is declined by 22-25% in Maharashtra and Kolhapur contributing the major crop area around 60-70% of total sugarcane area in Maharashtra so this situation would affect the crop yield adversely in the coming sugar season.
- **The export target of 5 million tonnes set by the government for sugar season 2018-19 seems like not possible to achieve.** Although government has offered many incentives this year to boost the export sales included transport subsidies of between Rs.1000/tonne to Rs. 3000/tonne depending on the distance to ports. According to Agriwatch, India has exported around 35 LT of sugar till July'19 from the beginning of the season in Sep'18. With this pace, India is expected to export only 2-2.5 LT in the two months left for the current season.
- **According to trade sources, 3 Sugar vessels are lined up in the Kandla port for loading and is expected for departure in coming days.** Estimated time of completion of loading the vessel (ALLIANCE) with 26804 tonnes was on 6th Aug'19. 10th Aug'19. The loading completion in the vessel (ASSOSA) with 25000 tonnes and vessel (NEW VICTORY) with 25500 tonnes was scheduled on 10th Aug'19.

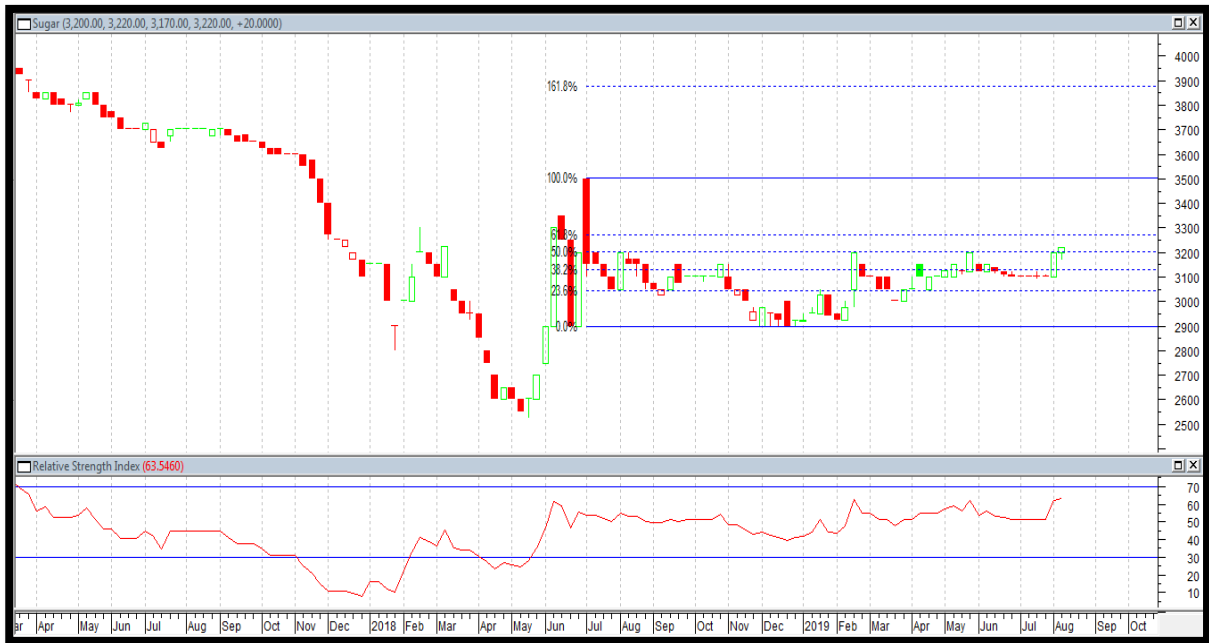
Previous Updates

- **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 2nd 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.

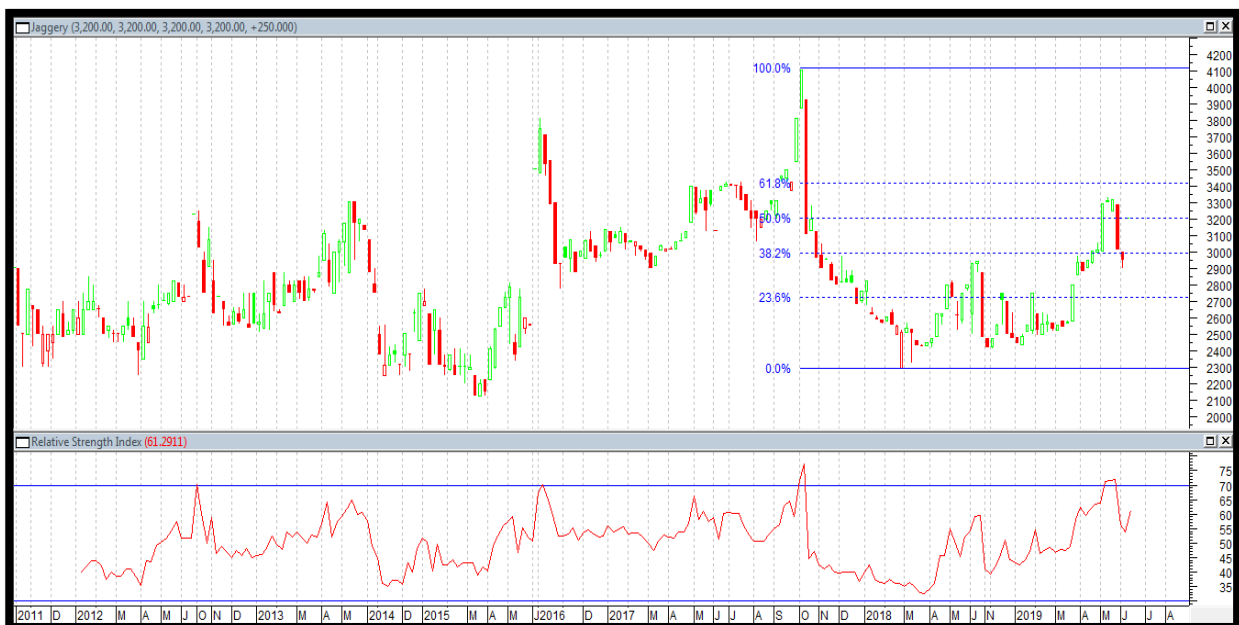
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed higher at Rs.3220 quintal this week.
- Next resistance and support level for the coming week is expected at Rs.3300 and Rs.3150 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 +	284.31	358.91	412.76	400.10	204.26	260.71	232.12	161.54

B + C)								
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 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 40 LT in 2018-19.

International Market Highlights

Recent Updates:

Oct NY world sugar #11 on Friday closed up by +0.43 (+3.76%). The rise in crude oil prices supported the sugar prices and higher oil prices are supportive for ethanol prices, which may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus curbing sugar supplies.

According to Unica report released by Brazil on Friday reported that nearly 50 mln tonnes of cane were processed in 2nd half of July'19, 4.25% above the same time last year in Center-South region. The Sugar production in Brazil's Center-South region in the second half of July fell by -5.5% y/y to 2.478 MMT, with cumulative production in the 2019-20 marketing year through July falling -9.9% y/y to 13.334 MMT.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending was slightly lower compared previous week on 4th July'19 to 1.417 lakh tonnes reaching 8.28 lakh tonnes (26.3%) total crush from the beginning of the season. The crush as on 5th July'18, was around 1.562 lakh tonnes and total crush till 5th July'18 was 11.386 lakh tonnes (27% higher) compared to 2019-20 crushing.

Previous 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.

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

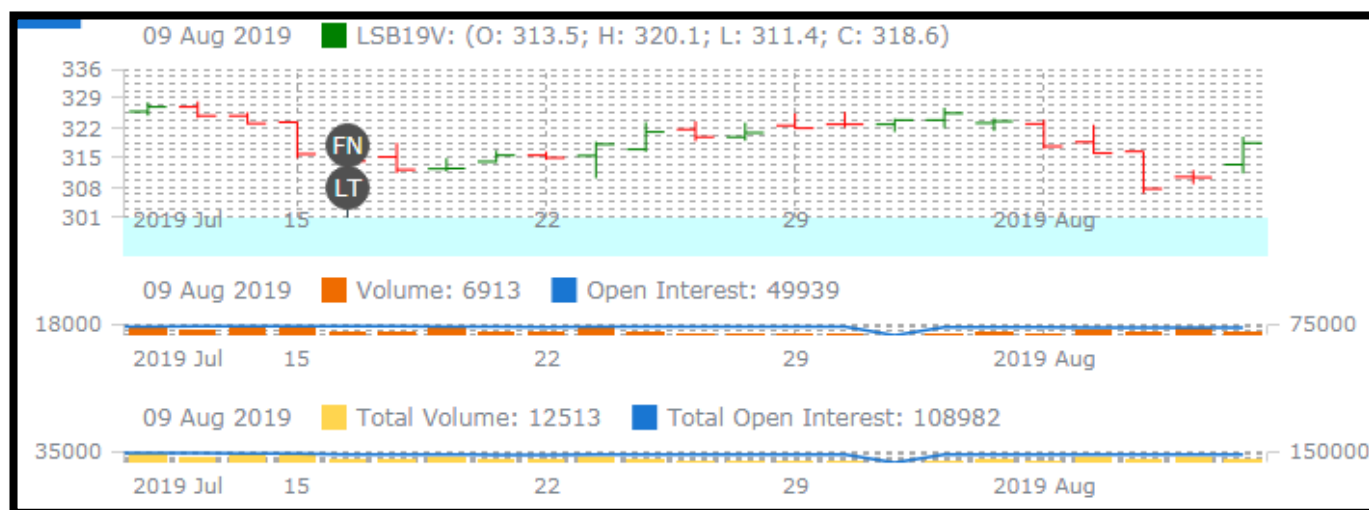
International Sugar Futures Price Projection

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 both has been increased over a week.
- Strategy: Sell at level 320, T1 319.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	318.60	316-325

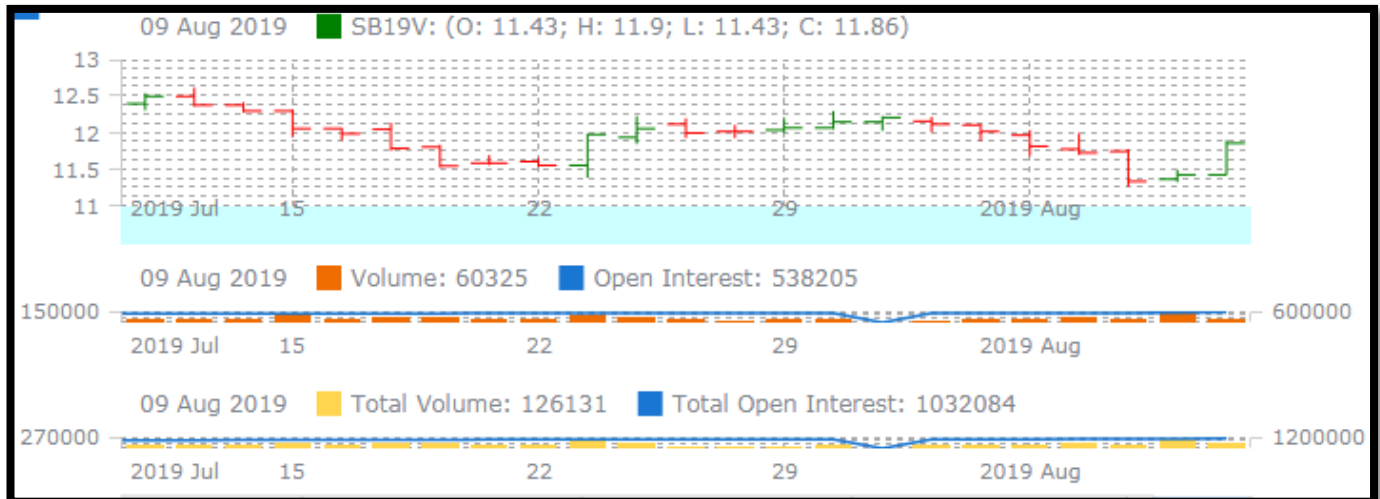


ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the week.
- Last candle stick of the week depicts buy in future.
- Volume and open interest both decreased.
- Strategy: Buy at rate 11 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	11.86	10-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			2nd Aug to 08th Aug 2019	26th July to 01st Aug 2019	
Sugar					
Delhi	Delhi	M-Grade	3299	3222	78
	Delhi	S-Grade	3279	3202	78
Uttar Pradesh	Khatauli	M-Grade	3396	3343	53
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3285	3253	32
	Dhampur	S-Grade Ex-Mill	3265	3233	32
	Dhampur	L-Grade Ex-Mill	3335	3303	32
Maharashtra	Mumbai	M-Grade	3446	3327	119
	Mumbai	S-Grade	3267	3223	44
	Nagpur	M-Grade	3298	3233	65
	Nagpur	S-Grade	3228	3166	63
	Kolhapur	M-Grade	3173	3108	65
	Kolhapur	S-Grade	3103	3041	63
Assam	Guhawati	S-Grade	3414	3350	63
Meghalaya	Shillong	S-Grade	3423	3361	63
Andhra Pradesh	Vijayawada	M-Grade	3597	3563	33
	Vijayawada	S-Grade	3537	3503	33
West Bengal	Kolkata	M-Grade	3638	3582	57
Tamil Nadu	Chennai	S-Grade	3600	3597	3
	Dindigul	M-Grade	3572	3540	32
	Coimbatore	M-Grade	3542	3520	22
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)			2nd Aug to 08th Aug 2019	26th July to 01st Aug 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	1500	0	-
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	4183	3517	-
		White	1850	0	-
		Black	3733	2933	-
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4500	4350	150
	Belgaum	Mudde (Average)	1067	800	267
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3173	3150	23
	Gulbarga	Other (Average)	3290	1655	1635
	Mahalingapura	Penti (Average)	2485	3229	-744
	Mandya	Achhu (Medium)	3208	3208	Unch
	Mandya	Kurikatu (Medium)	2967	3000	-33
	Mandya	Other (Medium)	2925	2917	8
	Mandya	Yellow (Medium)	3183	3192	-8
	Shimoga	Achhu (Average)	3642	3680	-38

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			10-Aug-19	3-Aug-19	11-Jul-19	10-Aug-18
Delhi	Delhi	M-Grade	3360	3320	3160	3193
	Delhi	S-Grade	3340	3300	3140	3173
Uttar Pradesh	Khatauli	M-Grade	3425	3400	3250	3300
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3300	3300	3170	3280
	Dhampur	S-Grade Ex-Mill	3280	3280	3150	3260
	Dhampur	L-Grade Ex-Mill	3350	3350	3220	3330
Maharashtra	Mumbai	M-Grade	3600	3396	3312	3430

	Mumbai	S-Grade	3356	3246	3230	3250
	Nagpur	M-Grade	3345	3325	3225	3300
	Nagpur	S-Grade	3245	3225	3155	3200
	Kolhapur	M-Grade	3220	3200	3100	3175
	Kolhapur	S-Grade	3120	3100	3030	3075
Assam	Guhawati	S-Grade	3431	3410	3339	3385
Meghalaya	Shillong	S-Grade	3440	3420	3350	3395
Andhra Pradesh	Vijayawada	M-Grade	3620	3580	3560	3660
	Vijayawada	S-Grade	3560	3520	3500	3600
West Bengal	Kolkata	M-Grade	3650	3620	3620	3580
Tamil Nadu	Chennai	S-Grade	3600	3600	3600	3500
	Dindigul	M-Grade	3590	3540	3560	3820
	Coimbatore	M-Grade	3520	3520	3650	3680
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	3350	3600
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						

International Sugar Prices (Weekly)				
	Contract Month	8-Aug-19	1-Aug-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1815.01	2073.21	-258.19
	20-Mar	1994.45	1875.17	119.28
	20-May	2018.27	2032.98	-14.71
LIFFE Sugar (US \$/MT)	19-Aug	2408.13	2431.26	-23.13
	19-Oct	2469.81	2481.69	-11.88
	19-Dec	2268.48	2311.08	-42.60

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