

**Price Outlook:**

From the starting of this month, in the spot wholesale markets, sugar prices are trading higher because of upcoming festivals and the crop loss due to recent floods in few major districts in Maharashtra leading to fall in sugar production. We expect Indian sugar prices may trade in range of 3250 to 3400 Rs/qrtl in coming days.

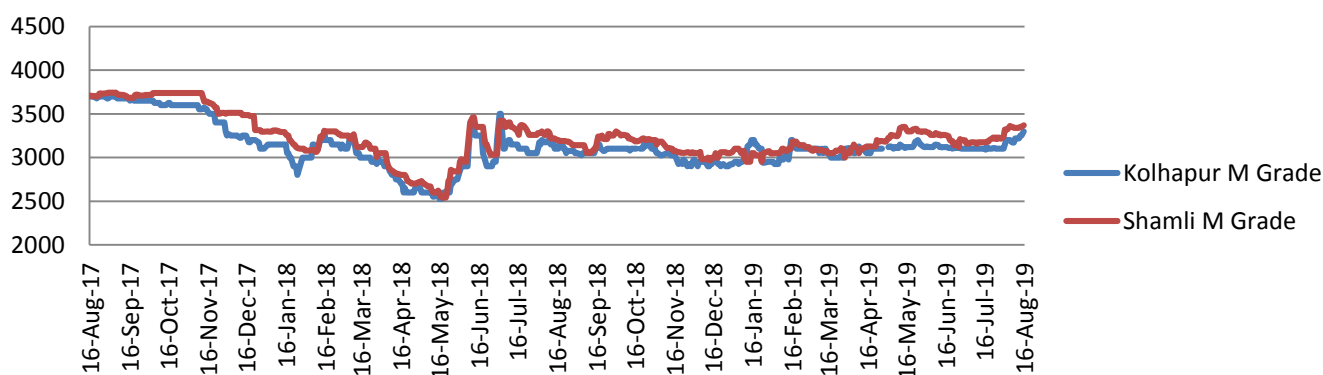
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3250 -3370 per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3248 per quintal this week up by Rs.60 in previous week, while spot sugar prices for the same grade in Shamli district is Rs. 3350 per quintal during the week, up by only 2 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:

- **All India sugarcane sowing progress released by Government of India, as on 16<sup>th</sup> Aug'19, the sowing has almost been completed under sugarcane.** Total area stood at 52.30 lakh ha this year lower by 3.15 lakh ha (5.6%) but higher by 9.5% than normal area as on date. The acreage in Tamil Nadu, Maharashtra, Telangana, AP, and UP declined this year by 28%, 24%, 18%, 8% and by 2% respectively due to unfavourable prolonged drought conditions in all the states.
- **As on 14th Aug'19, 78% sugarcane area in AP is sown, covering 1.06 lakh ha which is 9.6% less from corresponding period last year (0.97 lakh ha).** In Telangana also, 64% area of the season normal has been sown under sugarcane and declined on large scale compared to previous year by 9,295 ha this year covering only 21,932 ha. The crop in both the states are in vegetative phases.
- **The government is likely to announce the sugar export policy by the end of this month of 60 to 80 LMT** as the millers are not able to export as per the MIEQ quota allocated to the mills. Also, the Indian sugar miller's seek export and transport subsidy of Rs.1030 to Rs.1200 per quintal. Although lakhs of hectares is on verge of damage due to recent floods in Satara, Sangli, Kolhapur, Karad, Belgaum which are also prominent cane areas. Despite of that, there is surplus sugar in the mills and a quick decision is necessary to clear the stocks. Of the existing policy, 37 LMT to 38 LMT has been contracted and is likely to get exported by 30th Sept 2019 which actually running behind of 12 LMT.
- **The heavy rains in Kolhapur, Sangli and Satara resulted in more than 90,000 ha of sugarcane is under water since last 4 days.** According to Western India Sugar Mills Association (WISMA), 50% of Maharashtra has been hit by drought in the last two months and the remaining 50% has been affected by floods that hit western Maharashtra last week. More than 40% of crop could be affected as sugarcane is the main crop in the region according to the trade sources.

#### Previous Updates

- **The Agriculture Ministry has released the sugarcane sowing data on 8<sup>th</sup> 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 6<sup>th</sup> Aug'19. 10<sup>th</sup> Aug'19. The loading completion in the vessel (ASSOSA) with 25000 tonnes and vessel (NEW VICTORY) with 25500 tonnes was scheduled on 10<sup>th</sup> Aug'19.

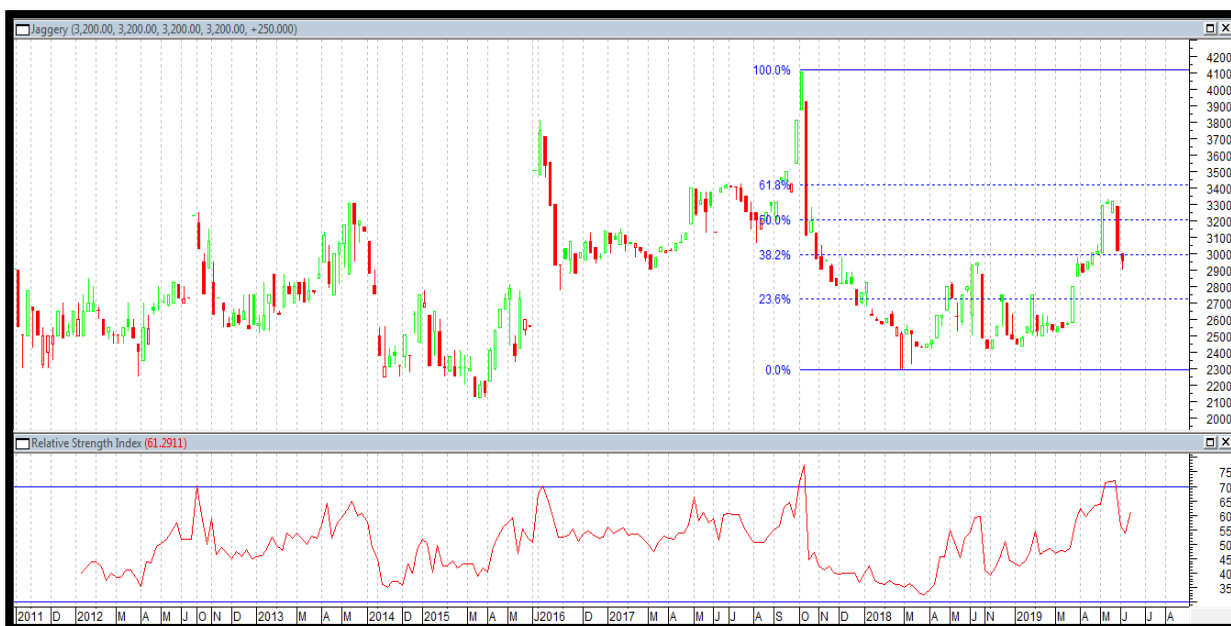
#### Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed higher at Rs.3300 quintal this week.
- Next resistance and support level for the coming week is expected at Rs.3350 and Rs.3200 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			<b>S2</b>	<b>S1</b>	<b>PCP</b>	<b>R1</b>	<b>R2</b>
<b>Sugar</b>	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			<b>Call</b>	<b>Entry</b>	<b>T1</b>	<b>T2</b>	<b>SL</b>
<b>Sugar</b>	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 Friday closed up by +0.01 (+0.09%).** Higher crude prices are positive for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to ethanol production rather than sugar, thus reducing sugar supplies.

**Mexico sugar production is estimated to decline by 4% for 2019-20 season** compared to the production in 2018-19. According to country's cane growers association Union Nacional de Caneros, Mexico is expected to produce 6.2 MMT of sugar in 2019-20 season with the 50 sugar mills in operation. In the 2018-19 season, the country had produced 6.4 MMT of sugar. The decline is expected as few cane producing regions in Mexico are suffering from drought, which will hamper the sugar output.

**According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 11th Aug'19 stood at 1.43 lakh tonnes** reaching 97.11 lakh tonnes (31.2%) total crush from the beginning of the season. The crush as on 12th Aug'18, was around 129.44 lakh tonnes higher by 32.33 lakh tonnes (25%) compared to 2019-20 crushing.

Previous 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 2<sup>nd</sup> 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.

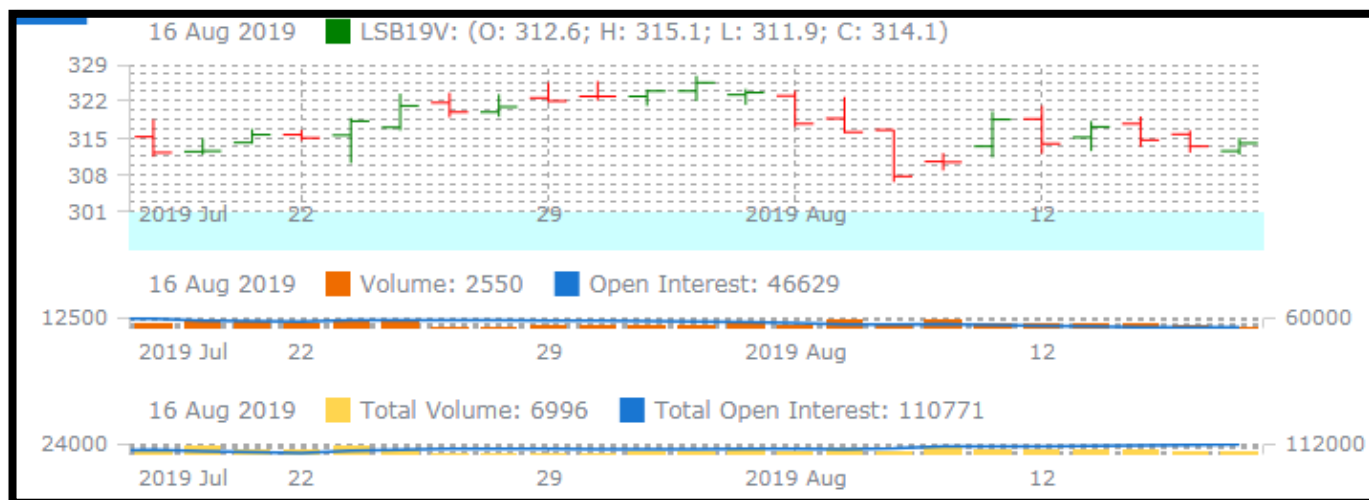
**International Sugar Market Summary:****Bullish and Bearish factors for International sugar**

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 showed mixed trend in the last week.
- Total volume decreased while open interest has increased over a week.
- Strategy: Sell at level 315, T1 318

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'19	314.1	313-320



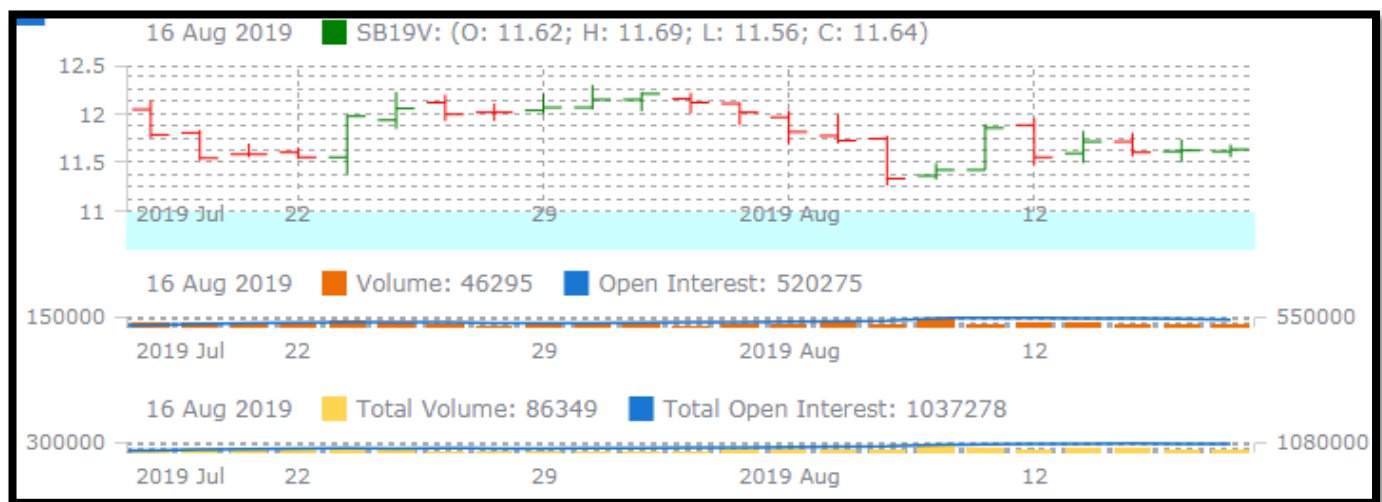
## ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

## Technical Commentary:

- ICE raw sugar futures were firm in the week.
- Volume increased while open interest 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	11.64	10-15



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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			9th Aug to 16th Aug 2019	2nd Aug to 08th Aug 2019	
Sugar	Delhi	M-Grade	3310	3299	11
	Delhi	S-Grade	3290	3279	11
Uttar Pradesh	Khatauli	M-Grade	3409	3396	13
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3291	3285	6
	Dhampur	S-Grade Ex-Mill	3271	3265	6
	Dhampur	L-Grade Ex-Mill	3341	3335	6
Maharashtra	Mumbai	M-Grade	3560	3446	114
	Mumbai	S-Grade	3333	3267	66
	Nagpur	M-Grade	3343	3298	45
	Nagpur	S-Grade	3243	3228	15



	Kolhapur	M-Grade	3218	3173	45
	Kolhapur	S-Grade	3118	3103	15
Assam	Guhawati	S-Grade	3429	3414	15
Meghalaya	Shillong	S-Grade	3438	3423	15
Andhra Pradesh	Vijayawada	M-Grade	3656	3597	59
	Vijayawada	S-Grade	3596	3537	59
West Bengal	Kolkata	M-Grade	3652	3638	13
Tamil Nadu	Chennai	S-Grade	3610	3600	10
	Dindigul	M-Grade	3588	3572	17
	Coimbatore	M-Grade	3568	3542	27
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)			9th Aug to 16th Aug 2019	2nd Aug to 08th 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	0	1500	-
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	3783	4183	-400
		White	3420	1850	1570
		Black	1650	3733	-2083
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4650	4500	150
	Belgaum	Mudde (Average)	1067	1067	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	0	3173	-3173
	Gulbarga	Other (Average)	3320	3290	30
	Mahalingapura	Penti (Average)	3493	2485	1008
	Mandya	Achhu (Medium)	3340	3208	132
	Mandya	Kurikatu (Medium)	3040	2967	73
	Mandya	Other (Medium)	3020	2925	95
	Mandya	Yellow (Medium)	3330	3183	147
	Shimoga	Achhu (Average)	3917	3642	275

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			17-Aug-19	10-Aug-19	18-Jul-19	17-Aug-18
Delhi	Delhi	M-Grade	3400	3360	3180	3190
	Delhi	S-Grade	3380	3340	3160	3170
Uttar Pradesh	Khatauli	M-Grade	3470	3425	3250	3320
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3350	3300	3170	3200
	Dhampur	S-Grade Ex-Mill	3330	3280	3150	3180
	Dhampur	L-Grade Ex-Mill	3400	3350	3220	3250
Maharashtra	Mumbai	M-Grade	3620	3600	3326	3446
	Mumbai	S-Grade	3366	3356	3230	3236
	Nagpur	M-Grade	3425	3345	3245	3225
	Nagpur	S-Grade	3275	3245	3175	3150
	Kolhapur	M-Grade	3300	3220	3120	3100
	Kolhapur	S-Grade	3150	3120	3050	3025
Assam	Guhawati	S-Grade	3461	3431	3360	3334
Meghalaya	Shillong	S-Grade	3470	3440	3370	3345
Andhra Pradesh	Vijayawada	M-Grade	3740	3620	3560	3620
	Vijayawada	S-Grade	3680	3560	3500	3560
West Bengal	Kolkata	M-Grade	3670	3650	3570	3590
Tamil Nadu	Chennai	S-Grade	3620	3600	3600	3475
	Dindigul	M-Grade	3600	3590	3560	3760
	Coimbatore	M-Grade	3600	3520	3650	3680
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	3350	3600

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)			17-Aug-19	10-Aug-19	18-Jul-19	17-Aug-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	0
	Muzaffarnagar	Khurpa	NA	0	0	0
	Muzaffarnagar	Laddoo	NA	0	0	0
	Muzaffarnagar	Rascut	NA	0	0	2675
	Hapur	Chaurasa	NA	0	0	2750
	Hapur	Balti	NA	0	0	NA
Andhra Pradesh	Chittur	Gold	4600	4600	0	4120
		White	4400	4300	0	3900

		Black	NA	NA	0	2600
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4650	NA	4350	NA
	Belgaum	Mudde (Average)	NA	0	NA	3100
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	3200	NA
	Gulbarga	Other (Average)	NA	NA	0	NA
	Mahalingapura	Penti (Average)	NA	NA	3291	NA
	Mandya	Achhu (Medium)	3400	3350	3100	NA
	Mandya	Kurikatu (Medium)	3050	3000	3000	NA
	Mandya	Other (Medium)	3050	3000	2900	NA
	Mandya	Yellow (Medium)	3400	3350	3150	NA
	Shimoga	Achhu (Average)	4100	NA	3600	NA

## International Sugar Prices (Weekly)

	Contract Month	16-Aug-19	8-Aug-19	Change
<b>ICE Sugar #11 (US Cent/lb)</b>	<b>19-Oct</b>	1855.92	1815.01	<b>40.91</b>
	<b>20-Mar</b>	2023.33	1994.45	<b>28.89</b>
	<b>20-May</b>	2045.66	2018.27	<b>27.39</b>
<b>LIFFE Sugar (US \$/MT)</b>	<b>19-Aug</b>	2428.66	2408.13	<b>20.53</b>
	<b>19-Oct</b>	2484.89	2469.81	<b>15.09</b>
	<b>19-Dec</b>	2302.67	2268.48	<b>34.19</b>

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