

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.

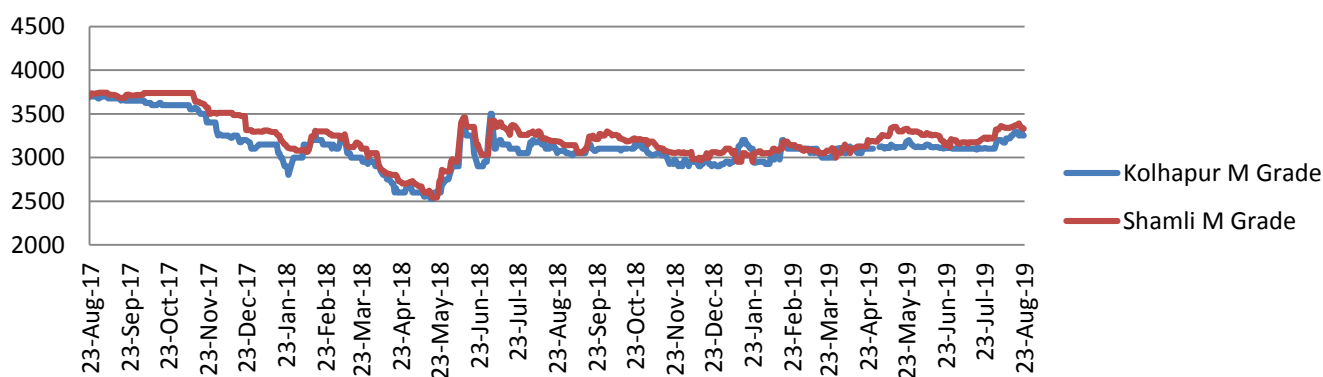
Price Projection for the Next week

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. 3275 per quintal this week up by Rs.43 in previous week, while spot sugar prices for the same grade in Shamli district is Rs.3360 per quintal during the week, up by 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
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 22nd Aug'19, the sowing has almost been completed under sugarcane.** Total area stood at 52.37 lakh ha this year lower by 3.1 lakh ha (5.5%) but higher by 9.6% than normal area as on date.
- **Indian domestic sugar prices has gained support by Rs.80-100 in last few days as the festive season begins and the demand for sugar has increased.** This will provide relief to those sugar mills who are suffering due to low sugar rate. Also due floods in Kolhapur, Sangli, the sugarcane crop has been destroyed in the area, and the mills here have not been able to sell sugar due to the flood. Due to this, the demand for sugar from the mills in the district has increased. The sugar output in MH was expected to around 66-70 lakh tonnes which might be reduced further by 10-15% more.
- **Since the beginning of this month, around 15 days the sugarcane crop remained in water logging (submerged) conditions upto 5-5.5 ft of muddy water after the continuous heavy rainfall in Kolhapur, Sangli and Satara.** East Kolhapur and south Sangli were the most affected areas (around 75000 ha sugarcane area) accounting more than 50% loss in crop, overall crop loss is estimated to be around 40-50% till date in Maharashtra. Eventually in this condition, the average sugar recovery of the state is likely to reduce by approximately 20-30% to 8-10% recovery rate. The Adsali crop planted during May-June'19 for 2020-21 crushing season is also been damaged according to the trade sources.
- **According to the Maharashtra state government, 10-15% sugar reduction after floods is likely to be observed in the coming crushing season 2019-20** as only around 570 lakh tonnes of sugarcane would be available for crushing from 8.40 lakh ha in Maharashtra. Sugarcane has been damaged by excessive waterlogging. Therefore, it is expected that this may have an impact on sugar production in the state. Once the water level recedes, clarity of total crop loss can be assessed by the end of this week.
- **Excessive rainfall in Haryana also on verge to damage of sugarcane crop after the Maharashtra and Karnataka.** According to the trade sources, the crop is under submerged condition after the excess water released from the Hathnikund barrage. Mainly Yamunanagar, Karnal, Panipat and Sonipat districts in the state are affected till now.

Previous Updates

- **All India sugarcane sowing progress released by Government of India, as on 16th 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.

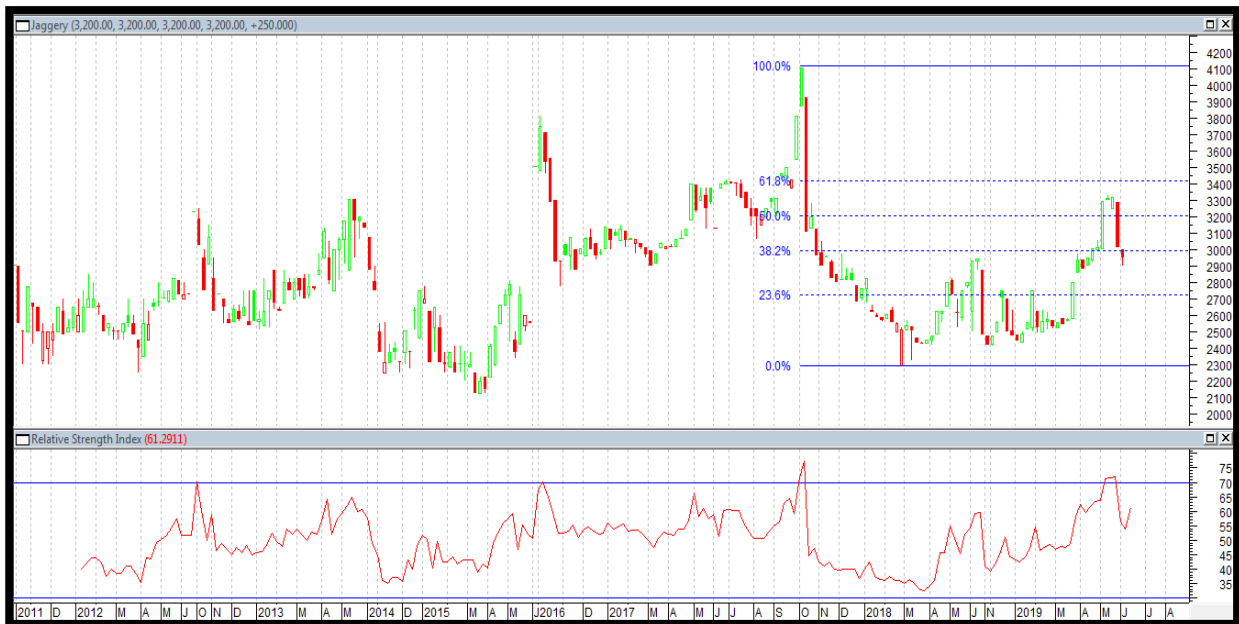
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed higher at Rs.3350 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			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 (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 down by -0.11 (-0.95%). Sugar prices moved lower Friday on weakness in crude oil and a slide in the Brazilian real. The Brazilian real tumbled to an 11-week low against the dollar Friday, which will encourage export selling by Brazil's sugar producers.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 18th Aug'19 stood at 1.53 lakh tonnes reaching 112.48 lakh tonnes (36.1%) total crush from the beginning of the season. The crush as on 19th Aug'18, was around 145.44 lakh tonnes higher by 32.96 lakh tonnes (43.2%) compared to 2019-20 crushing.

Surplus sugar stocks in Myanmar has urged the country to export as much as possible. China is likely to buy Myanmar sugar after inspecting the sugar quality, mills and warehouses of the country. China used to import sugar from Myanmar between 2015 to mid-2017 and China was one of the top sugar importers of Myanmar. But soon after China barred the sugar import, the country's sugar glut has been rising.

Previous 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.

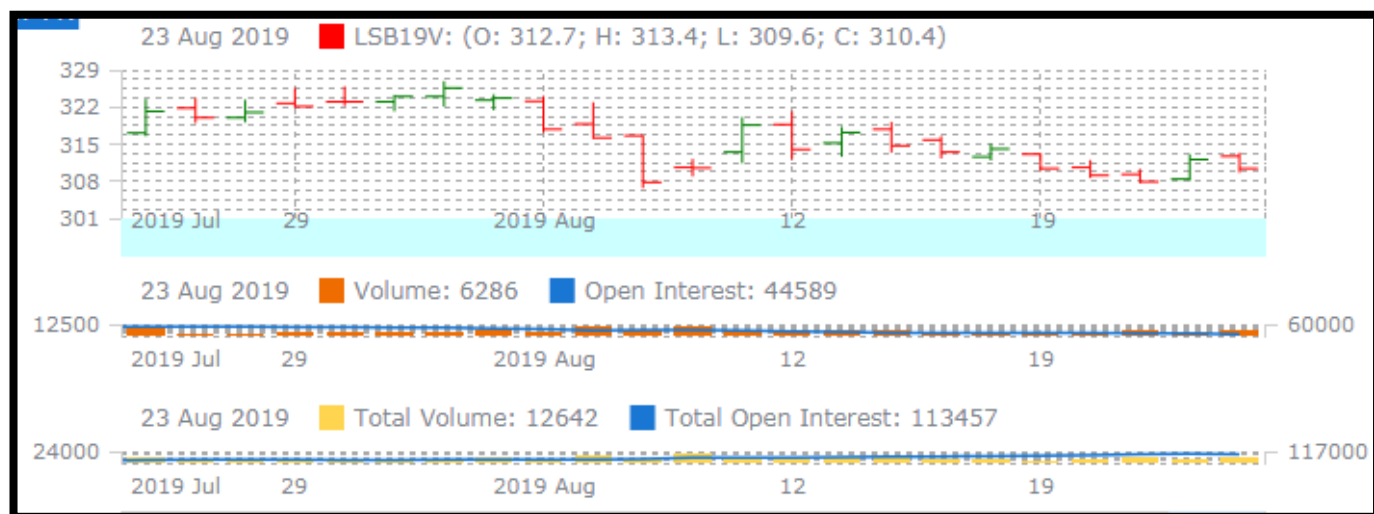
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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.
- Both volume and open interest has increased over a week but prices moved slightly lower.
- 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	310.4	309-316



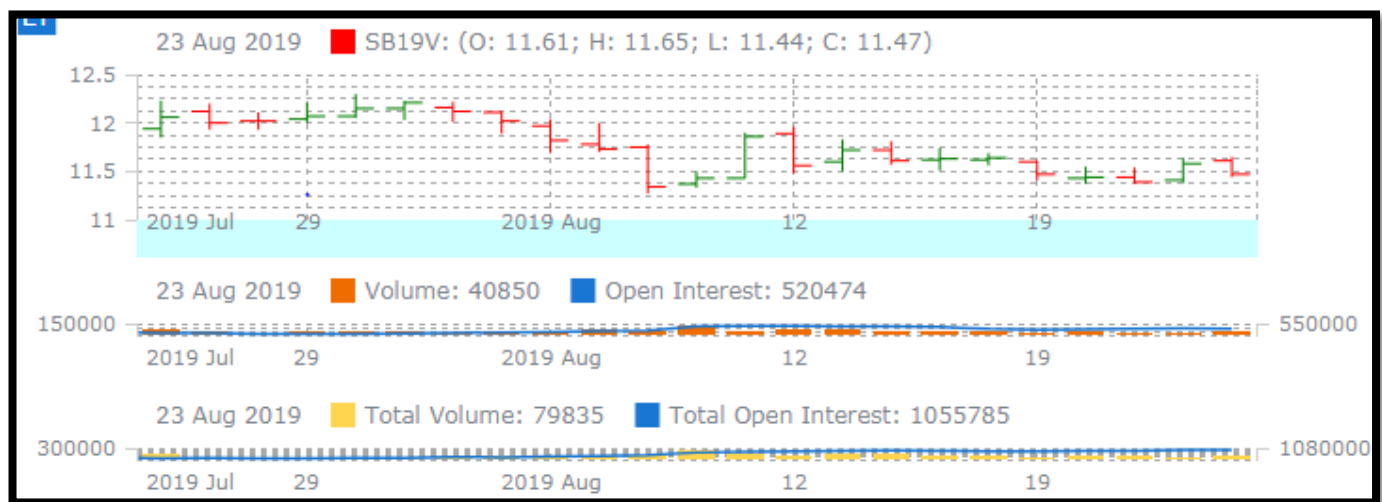
ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

Technical Commentary:

- ICE raw sugar futures were weaker in the week.
- Volume decreased while open interest increased.
- Strategy: Buy at rate 11.2 Targeting 13.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'2019	11.47	10-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			16th Aug to 22nd Aug 2019	9th Aug to 15th Aug 2019	
Sugar	Delhi	M-Grade	3310	3310	Unch
	Delhi	S-Grade	3290	3290	Unch
Uttar Pradesh	Khatauli	M-Grade	3409	3409	Unch
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3291	3291	Unch
	Dhampur	S-Grade Ex-Mill	3271	3271	Unch
	Dhampur	L-Grade Ex-Mill	3341	3341	Unch
Maharashtra	Mumbai	M-Grade	3560	3560	Unch
	Mumbai	S-Grade	3333	3333	Unch
	Nagpur	M-Grade	3343	3343	Unch
	Nagpur	S-Grade	3243	3243	Unch

	Kolhapur	M-Grade	3218	3218	Unch
	Kolhapur	S-Grade	3118	3118	Unch
Assam	Guhawati	S-Grade	3429	3429	Unch
Meghalaya	Shillong	S-Grade	3438	3438	Unch
Andhra Pradesh	Vijayawada	M-Grade	3656	3656	Unch
	Vijayawada	S-Grade	3596	3596	Unch
West Bengal	Kolkata	M-Grade	3652	3652	Unch
Tamil Nadu	Chennai	S-Grade	3610	3610	Unch
	Dindigul	M-Grade	3588	3588	Unch
	Coimbatore	M-Grade	3568	3568	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)			16th Aug to 22nd Aug 2019	9th Aug to 15th 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	0	-
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	3783	3783	Unch
		White	3420	3420	Unch
		Black	1650	1650	Unch
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	1067	1067	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	0	0	Unch
	Gulbarga	Other (Average)	3320	3320	Unch
	Mahalingapura	Penti (Average)	3493	3493	Unch
	Mandya	Achhu (Medium)	3340	3340	Unch
	Mandya	Kurikatu (Medium)	3040	3040	Unch
	Mandya	Other (Medium)	3020	3020	Unch
	Mandya	Yellow (Medium)	3330	3330	Unch
	Shimoga	Achhu (Average)	3917	3917	Unch

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			23-Aug-19	16-Aug-19	24-Jul-19	23-Aug-18
Delhi	Delhi	M-Grade	3340	3400	3220	3140
	Delhi	S-Grade	3320	3380	3200	3120
Uttar Pradesh	Khatauli	M-Grade	3410	3470	3325	3290
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3350	3350	3225	3180
	Dhampur	S-Grade Ex-Mill	3330	3330	3205	3160
	Dhampur	L-Grade Ex-Mill	3400	3400	3275	3230
Maharashtra	Mumbai	M-Grade	3636	3620	3322	3430
	Mumbai	S-Grade	3366	3366	3226	3206

	Nagpur	M-Grade	3375	3425	3235	3175
	Nagpur	S-Grade	3325	3275	3175	3075
	Kolhapur	M-Grade	3250	3300	3110	3050
	Kolhapur	S-Grade	3200	3150	3050	2950
Assam	Guhawati	S-Grade	3512	3461	3360	3258
Meghalaya	Shillong	S-Grade	3520	3470	3370	3270
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	3560	3600
	Vijayawada	S-Grade	3680	3680	3500	3540
West Bengal	Kolkata	M-Grade	3680	3670	3580	3550
Tamil Nadu	Chennai	S-Grade	3660	3620	3580	3400
	Dindigul	M-Grade	3600	3600	3540	3720
	Coimbatore	M-Grade	3600	3600	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)			23-Aug-19	16-Aug-19	24-Jul-19	23-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	2650
	Hapur	Chaurasa	NA	0	0	0
	Hapur	Balti	NA	0	0	0
Andhra Pradesh	Chittur	Gold	4700	4600	4100	4025
		White	4400	4400	0	3900
		Black	NA	0	3300	2600
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	4650	4350	4150
	Belgaum	Mudde (Average)	NA	3200	0	2900
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	NA	3100
	Gulbarga	Other (Average)	NA	3350	0	3255
	Mahalingapura	Penti (Average)	NA	3488	3241	3286
	Mandya	Achhu (Medium)	3550	3400	3200	3300
	Mandya	Kurikatu (Medium)	3200	3050	3000	3000
	Mandya	Other (Medium)	3250	3050	2900	3000
	Mandya	Yellow (Medium)	3700	3400	3200	3350
	Shimoga	Achhu (Average)	4250	4100	3700	4050

International Sugar Prices (Weekly)				
	Contract Month	22-Aug-19	16-Aug-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1860.10	1855.92	4.18
	20-Mar	2031.97	2023.33	8.64
	20-May	2051.25	2045.66	5.59
LIFFE Sugar (US \$/MT)	19-Aug	2441.01	2428.66	12.35
	19-Oct	2499.81	2484.89	14.92
	19-Dec	2309.78	2302.67	7.11

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