

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 3450 Rs/qrtl in coming days.

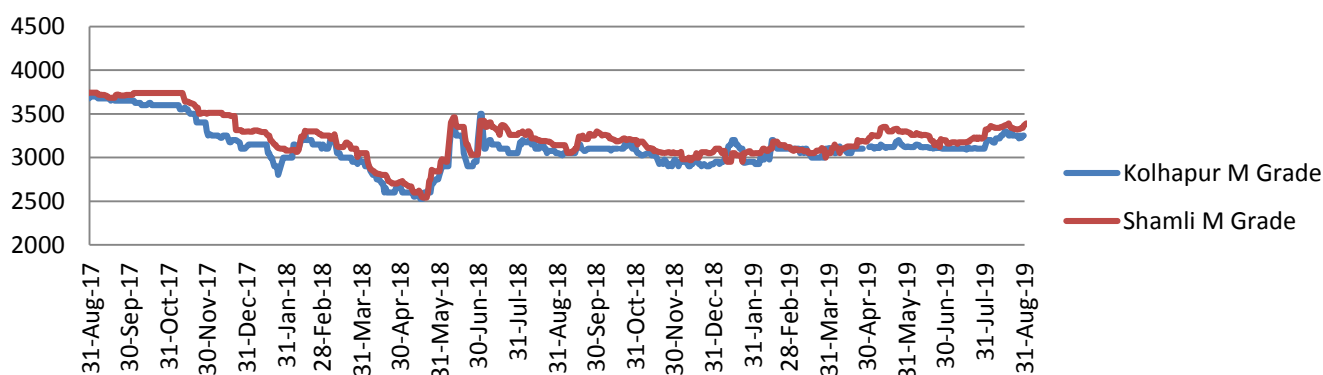
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3370 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs. 3239 per quintal this week down by Rs.36 in previous week, while spot sugar prices for the same grade in Shamli district is Rs.3329 per quintal during the week, down by 31 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 5 million MT in 2018/19	Bullish
The announcement of export subsidy incentive of Rs.10.48/kg of sugar upto 6 mln tonne would help clear sugar stock piles	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 30th Aug'19, the sowing has almost been completed under sugarcane.** A slight increase in total area stood is reported, 52.41 lakh ha area has been covered this year lower by 3.06 lakh ha (5.5%) but higher by 4.4% than normal area as on date. The acreage in Tamil Nadu, Maharashtra, Telangana, AP, and UP declined this year by 0.81 lakh ha, 2.6 lakh ha, 0.07 lakh ha, 0.11 lakh ha and by 0.56 lakh ha respectively due to unfavourable prolonged drought conditions (delayed monsoon) in all the states.
- **Monthly sales quota has been announced by the government for September at 19.5 LT to each 535 mills in India.** This month's quota is slightly higher by 0.5 LT compared to previous month in the view of upcoming festivals which would stabilize the sugar prices, maintain the supply demand balance and to improve their liquidity position. 9 sugar mills face action for selling excessive sugar quota and were issued by Show Cause Notices (SCNs) for violation of stock holding order for the month of April 2019.
- **The cabinet has approved to give the export subsidy incentives to the sugar mills as long awaited by the millers since last month.** The government has approved Rs.10,448 per tonne of sugar upto 6 million tonnes in the marketing year 2019-20 with an estimated cost of Rs. 6268 crore against the current year's Rs.11000 per tonne for 5 million tonnes of sugar. The subsidy will be covering expenses on marketing, handling, processing and transport charges, and the amount will be credited directly to farmers' accounts on behalf of mills against cane price dues and if anything left, it will go to the mills directly. This move would encourage the exports clearing the cane arrears mounted on the sugar millers to the farmers and would also help clearing the stock as much as possible with an advantage of lower estimated crop this year, thus, supporting the prices in the coming season.
- **Maharashtra millers have requested to delay crushing in the coming season which usually starts from 1st of October and likely to start from second week of November'19.** Sugarcane which has survived from recent floods will require time to revive (around 75,000 ha in Kolhapur, Sangli & Satara) and similarly the drought affected cane also requires time to mature as these areas have received sufficient amount of rainfall. The number of days for crushing is also expected to reduce by 30-35 days from 160 to 130 days and around 50 mills are unlikely to crush cane for 2019-20 season due to lack of availability.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed higher at Rs.3250 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 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 -0.07 (-0.62%). Sugar prices moved lower Friday with Oct London sugar at a new 6-week nearest-futures low. Sugar prices weakened after the Brazil government on Friday agreed to increase tariff-free U.S. ethanol imports to 800 mln liters per year from the current 600 mln liters per year.

Brazil has continued to be more oriented towards ethanol production instead of sugar production. Only 35% of cane has been allocated for sugar production while the rest is being devoted on ethanol production the ongoing marketing year due to better fuel prices in the Brazilian domestic market. According to Unica, the mills crushed 42.54 million tonnes of cane early in August, 26% more than in similar period last year. Sugar production was up 24% to 2.12 million tonnes, while ethanol production was up 20% to 2.39 billion liters.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 25th Aug'19 stood at 1.55 lakh tonnes reaching 128.03 lakh tonnes (41.3%) total crush from the beginning of the season. The crush as on 26th Aug'18, was around 160.70 lakh tonnes higher by 32.67 lakh tonnes (47.9%) compared to 2019-20 crushing.

Previous 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.

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

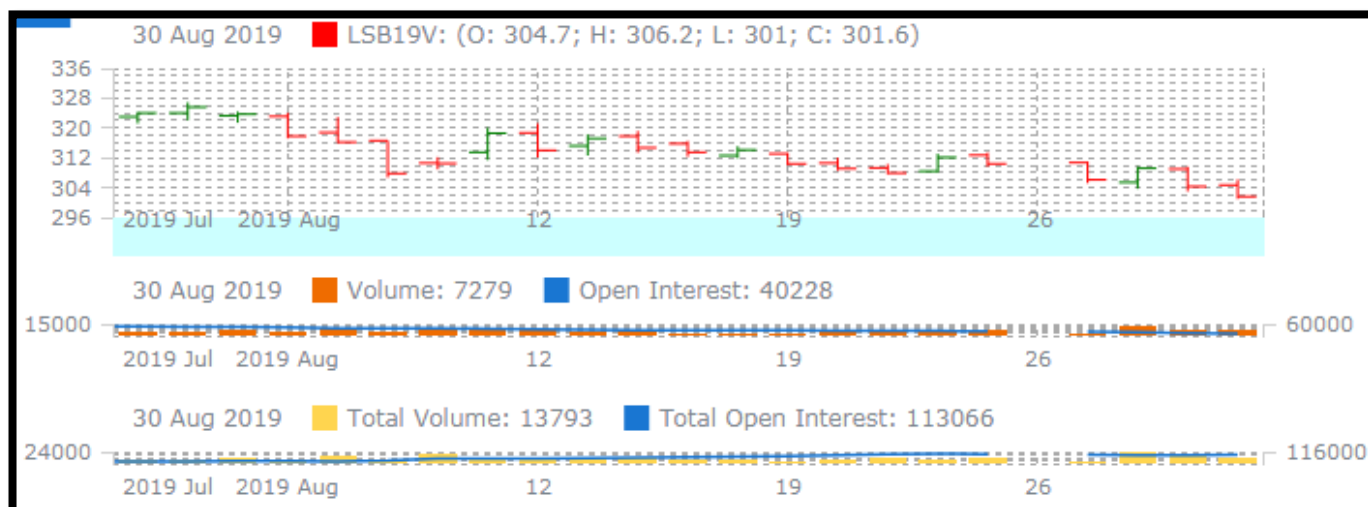
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (AUG 19 Contract)

Technical Commentary

- LIFFE future market showed weak trend in the last week.
- Volume increased and open interest has decreased over a week and prices also moved slightly lower.
- Strategy: Sell at level 301, T1 305

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'19	301.6	298-310

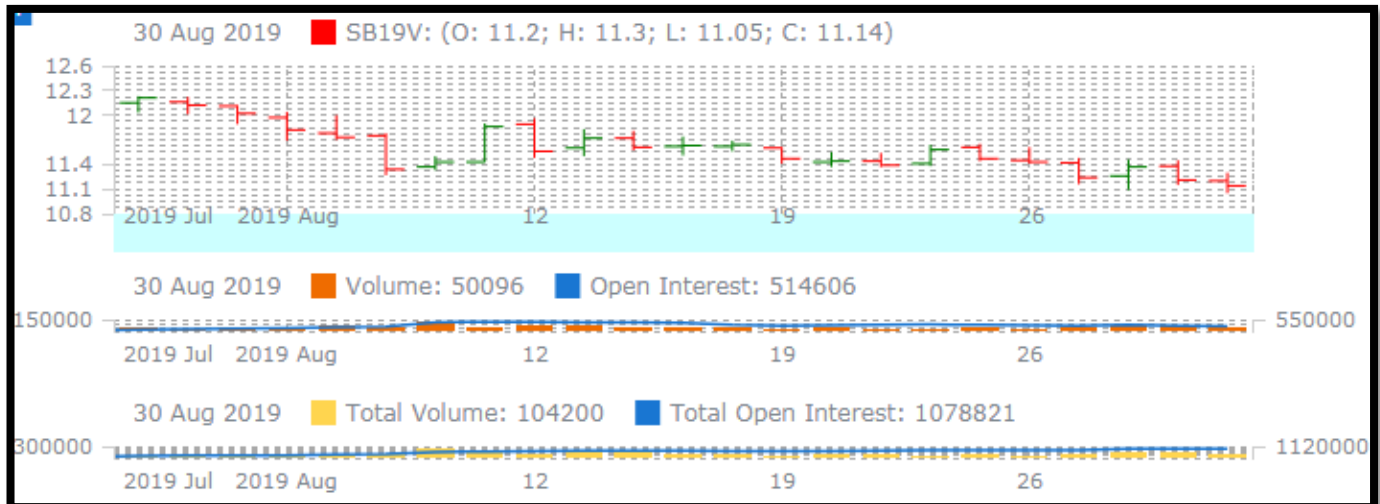


ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract)

Technical Commentary:

- ICE raw sugar futures were weaker in the week.
- Both Volume and open interest increased.
- Strategy: Buy at rate 11.1 Targeting 12.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'2019	11.14	10-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			23rd Aug to 31st Aug 2019	16th Aug to 22nd Aug 2019	
Delhi	Delhi	M-Grade	3333	3310	23
	Delhi	S-Grade	3313	3290	23
Uttar Pradesh	Khatauli	M-Grade	3408	3409	-1
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3329	3291	38
	Dhampur	S-Grade Ex-Mill	3309	3271	38
	Dhampur	L-Grade Ex-Mill	3379	3341	38
Maharashtra	Mumbai	M-Grade	3571	3560	12
	Mumbai	S-Grade	3324	3333	-9
	Nagpur	M-Grade	3345	3343	2
	Nagpur	S-Grade	3266	3243	23
	Kolhapur	M-Grade	3220	3218	2
	Kolhapur	S-Grade	3141	3118	23
Assam	Guhawati	S-Grade	3452	3429	23
Meghalaya	Shillong	S-Grade	3461	3438	23
Andhra Pradesh	Vijayawada	M-Grade	3720	3656	64
	Vijayawada	S-Grade	3660	3596	64
West Bengal	Kolkata	M-Grade	3668	3652	17
Tamil Nadu	Chennai	S-Grade	3653	3610	43
	Dindigul	M-Grade	3630	3588	42
	Coimbatore	M-Grade	3587	3568	18
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3483	3350	133

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)			23rd Aug to 31st Aug 2019	16th Aug to 22nd 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	4617	3783	833
		White	3667	3420	247
		Black	3680	1650	2030
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4600	4650	-50
	Belgaum	Mudde (Average)	800	1067	-267
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	2500	0	2500
	Gulbarga	Other (Average)	3460	3320	140
	Mahalingapura	Penti (Average)	3368	3493	-125
	Mandya	Achhu (Medium)	3480	3340	140
	Mandya	Kurikatu (Medium)	3160	3040	120
	Mandya	Other (Medium)	3130	3020	110
	Mandya	Yellow (Medium)	3550	3330	220
	Shimoga	Achhu (Average)	4140	3917	223

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			31-Aug-19	24-Aug-19	1-Aug-19	31-Aug-18
Delhi	Delhi	M-Grade	3420	#N/A	3250	3145
	Delhi	S-Grade	3400	#N/A	3230	3125
Uttar Pradesh	Khatauli	M-Grade	3485	#N/A	3420	3300
	Ramala	M-Grade	NA	#N/A	0	0
	Dhampur	M-Grade Ex-Mill	3375	#N/A	3300	3150
	Dhampur	S-Grade Ex-Mill	3355	#N/A	3280	3130
	Dhampur	L-Grade Ex-Mill	3425	#N/A	3350	3200
Maharashtra	Mumbai	M-Grade	3590	#N/A	3350	3446

	Mumbai	S-Grade	3350	#N/A	3226	3210
	Nagpur	M-Grade	3375	#N/A	3275	3175
	Nagpur	S-Grade	3275	#N/A	3225	3075
	Kolhapur	M-Grade	3250	#N/A	3150	3050
	Kolhapur	S-Grade	3150	#N/A	3100	2950
Assam	Guhawati	S-Grade	3461	#N/A	3410	3258
Meghalaya	Shillong	S-Grade	3470	#N/A	3420	3270
Andhra Pradesh	Vijayawada	M-Grade	3800	#N/A	3580	3600
	Vijayawada	S-Grade	3740	#N/A	3520	3540
West Bengal	Kolkata	M-Grade	3690	#N/A	3570	3550
Tamil Nadu	Chennai	S-Grade	3680	#N/A	3600	3350
	Dindigul	M-Grade	3700	#N/A	3540	3620
	Coimbatore	M-Grade	3600	#N/A	3520	3680
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3550	#N/A	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)			31-Aug-19	24-Aug-19	1-Aug-19	31-Aug-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	#N/A	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	#N/A	0	0
	Muzaffarnagar	Khurpa	NA	#N/A	0	0
	Muzaffarnagar	Laddoo	NA	#N/A	0	0
	Muzaffarnagar	Rascut	NA	#N/A	0	2750
	Hapur	Chaurasa	NA	#N/A	0	0
	Hapur	Balti	NA	#N/A	0	0
Andhra Pradesh	Chittur	Gold	4900	#N/A	4100	4100
		White	4400	#N/A	0	4000
		Black	3900	#N/A	3700	2550
Maharashtra	Latur	Lal Variety	NR	#N/A	0	0
Karnataka	Bangalore	Mudde (Average)	4650	#N/A	4350	4150
	Belgaum	Mudde (Average)	NA	#N/A	3200	NA
	Belthangadi	Yellow (Average)	NA	#N/A	0	0
	Bijapur	Achhu	NA	#N/A	3100	3000
	Gulbarga	Other (Average)	NA	#N/A	NA	3200
	Mahalingapura	Penti (Average)	NA	#N/A	NA	NA
	Mandya	Achhu (Medium)	NA	#N/A	3300	NA
	Mandya	Kurikatu (Medium)	NA	#N/A	3000	NA
	Mandya	Other (Medium)	NA	#N/A	2950	NA
	Mandya	Yellow (Medium)	NA	#N/A	3250	NA
	Shimoga	Achhu (Average)	NA	#N/A	3600	NA

International Sugar Prices (Weekly)				
	Contract Month	30-Aug-19	22-Aug-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1784.18	1860.10	-75.92
	20-Mar	1958.76	2031.97	-73.22
	20-May	1982.78	2051.25	-68.47
LIFFE Sugar (US \$/MT)	19-Oct	2414.56	2441.01	-26.45
	19-Dec	2225.80	2499.81	-274.02
	19-Mar	2293.72	2309.78	-16.06

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