

Price Outlook:

From the starting of this month, in the spot wholesale markets, sugar prices are trading higher and likely to remain firm after the announcement of sugar export subsidy incentive and monthly sales quota of 19.5 LT released in the last week of August. We expect Indian sugar prices may trade in range of 3250 to 3450 Rs/qrtl in coming days.

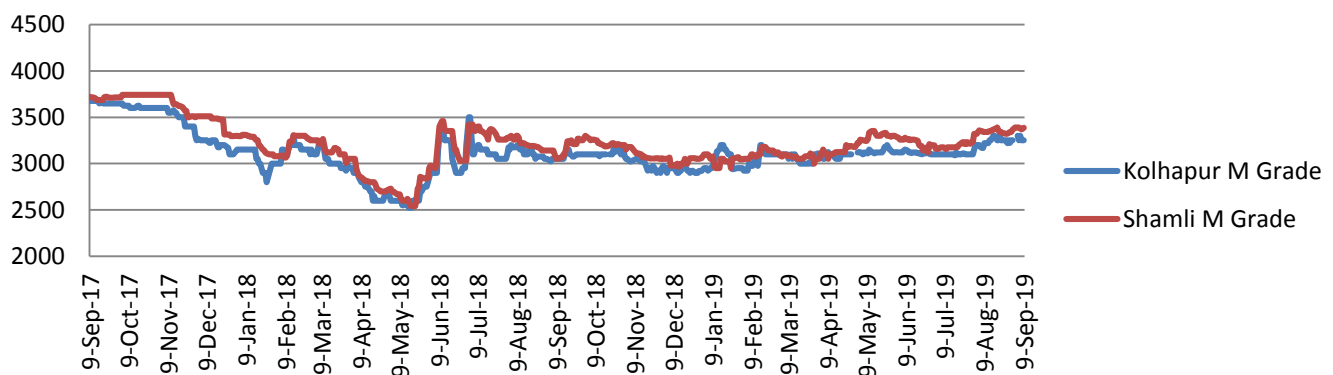
Price Projection for the Next week

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

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs. 3262 per quintal this week up by Rs.23 in previous week, while spot sugar prices for the same grade in Shamli district is Rs.3377 per quintal during the week, down by 48 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 06th Sep'19**, the sowing has almost been completed under sugarcane. A slight increase in total area stood is reported, 52.45 lakh ha area has been covered this year lower by 3.06 lakh ha (5.5%) but higher by 4.5% 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.
- **Crushing licenses in 2019-20 season will be issued to the same sugar mills in Maharashtra, which have paid 100% of the crushing season 2018-19** of the farmers. State sugar commissioner Shekhar Gaikwad told that there is still a balance of Rs 589.59 crore left on the state's sugar mills. He said that out of 195 sugar mills in the state, 130 sugar mills have paid 100 percent so far. He said that sugar mills have time till 31 September 2019 to pay the dues.
- **The cabinet approved rising the ethanol prices on 28th Aug'19** for supply to Public Sector Oil Marketing Companies for procurement of ethanol with the effect from 1st Dec'19 for one year. The price of ethanol from **C heavy** molasses route increased from Rs.43.46 per litre to Rs.43.75 per litre. The price of ethanol from **B heavy** molasses route be increased from Rs.52.43 per litre to Rs.54.27 per litre. The price of ethanol from **sugarcane juice/sugar/sugar syrup** route be fixed at Rs. 59.48 per litre. Remunerative price to ethanol suppliers will help in reduction of cane farmer's arrears, in the process contributing to minimizing difficulty of sugarcane farmers.
- **The higher cost of production of sugar in China and some countries are exporting the sugar below the cost prices has hampered the domestic sugar prices.** The ministry of commerce has been urged to increase the tariffs on sugar imports. According to the reports, the plan to request an extension of the tariffs was discussed at a meeting organized by the China Sugar Association on September 5. China in 2017 to protect the domestic industry imposed 15 per cent tariffs on sugar imports within 1.94 million tonnes, and 50 per cent levy on Imports beyond 1.94 million tonnes. China's trade measures on sugar imports, set to expire on May 21, 2020.

- **The world sugar prices is on declining trend after the announcement made by the Indian government for export subsidy incentive spending Rs.6268 crores** in an effort to cut the nation's record stock piles that would increase the inflows of sugar stock in the world market that would likely to hurt the world sugar market. Already the world inventory is on high and addition to this, recently the Brazil government last week agreed to increase tariff-free U.S. ethanol imports to 800 mln liters per year from the current 600 mln liters per year. The increased imports from the U.S. may prompt Brazil's sugar mills to decrease ethanol output in favor of increased sugar production. Also, Mexico will likely try to export as much as 500,000 metric tons into the world market to clear some storage space before the next season begins on 1st Oct'19.

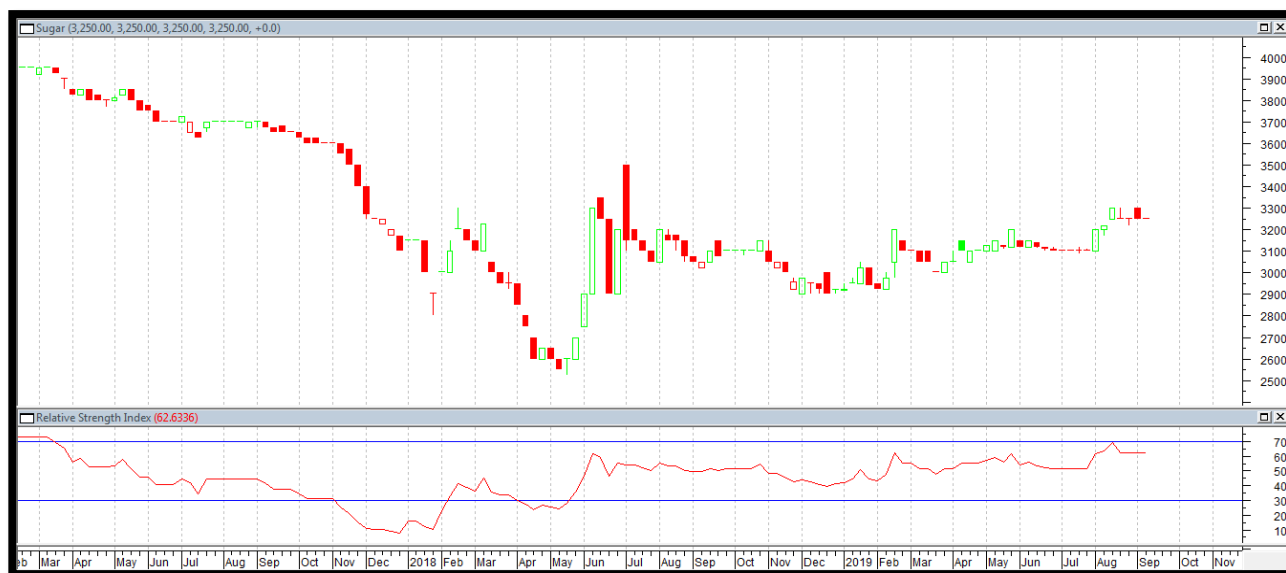
Previous Updates

- **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 stabilizes 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at same price 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 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 Monday closed down by -0.10 (-0.91%). Sugar prices were pressurized on Monday after the International Sugar Organization (ISO) said that a global sugar deficit for 2019-20 will be insufficient to erase huge global stockpiles against the consumption. ISO last Monday announced that it sees global 2019/20 sugar production falling by -2.3% to 172 MMT compared to previous year.

According to Thai Sugar Millers Corporation, Thailand exported 71,782 tonnes of white sugar and 4.82 lakh tonnes of raw sugar in July'19. Total of 4.03 lakh tonnes of white sugar at an average FOB \$320/tonne and 32.26 lakh tonnes of raw sugar at an average FOB \$292.5/tonne has been exported so far till July'19 from January'19.

ISO forecasts a global sugar deficit of nearly 4.76 mln tonnes in 2019-20 driven partly by lower production in India and Thailand. According to the report, Global production is falling by 2.35 per cent to 171.98 million tonnes, while consumption will rise by 1.34 per cent to 176.74 mt in 2019-20 (FY20) season which begins on 1st Oct'19.

The Conab projects Brazil's 2019-2020 crop to reach 31.8 million tonnes of sugar, up 9.5% from the previous one. The current crop started last April and runs till March 2020. There is an increase of 0.3% in sugarcane planting from the last crop, with a harvest of 622.3 million tonnes. In ethanol, Brazil will see 30.3 billion litres from sugarcane, as well as 1.35 billion of corn ethanol. Overall, it is expected to reach 31.6 billion litres. From the cane ethanol, anhydrous (which is mixed into gasoline) will see a 10.5 billion litres production, while hydrated ethanol (used pure as a fuel) will reach 19.8 billion litres.

Previous 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.

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

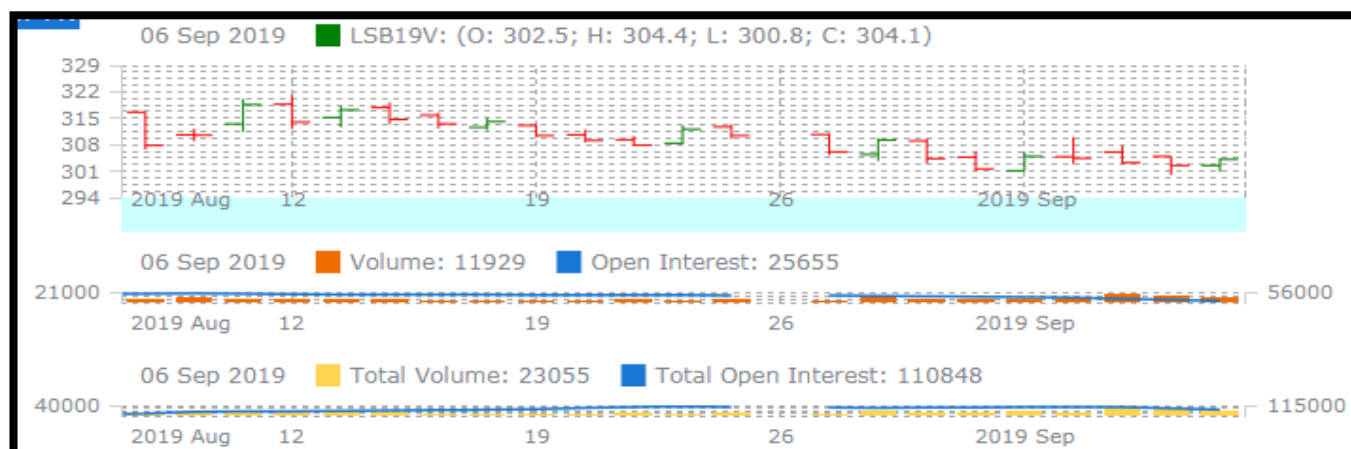
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market showed firm trend in the last week.
- Volume decreased and open interest has increased over a week and prices also moved slightly lower.
- Strategy: Sell at level 303, T1 306

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'19	304.1	298-310

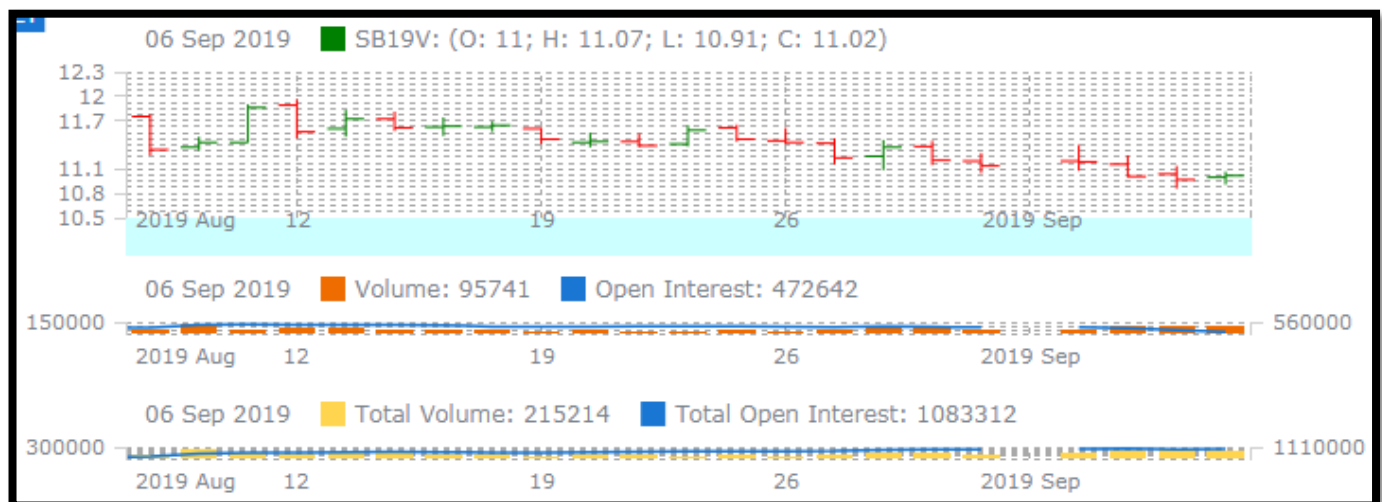


ICE (Raw Sugar Exchange) Future Market Scenario (July'19 Contract) Technical Commentary:

- ICE raw sugar futures were weaker in the week.
- Both Volume and open interest decreased.
- Strategy: Buy at rate 11 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	11.02	10-14



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			30th Aug to 5th Sep 2019	23rd Aug to 29th Aug 2019	
Delhi	Delhi	M-Grade	3398	3340	58
	Delhi	S-Grade	3378	3320	58
Uttar Pradesh	Khatauli	M-Grade	3466	3421	45
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3389	3340	49
	Dhampur	S-Grade Ex-Mill	3369	3320	49
	Dhampur	L-Grade Ex-Mill	3439	3390	49
Maharashtra	Mumbai	M-Grade	3613	3626	-14
	Mumbai	S-Grade	3350	3339	11
	Nagpur	M-Grade	3388	3364	24
	Nagpur	S-Grade	3288	3278	10

	Kolhapur	M-Grade	3263	3239	24
	Kolhapur	S-Grade	3163	3153	10
Assam	Guhawati	S-Grade	3474	3464	10
Meghalaya	Shillong	S-Grade	3483	3473	10
Andhra Pradesh	Vijayawada	M-Grade	3790	3740	50
	Vijayawada	S-Grade	3730	3680	50
West Bengal	Kolkata	M-Grade	3690	3684	6
Tamil Nadu	Chennai	S-Grade	3700	3660	40
	Dindigul	M-Grade	3700	3648	52
	Coimbatore	M-Grade	3630	3600	30
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3550	3510	40

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)			30th Aug to 5th Sep 2019	23rd Aug to 29th 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	4800	4660	140
		White	4340	4400	-60
		Black	3867	3700	167
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	0	640	-640
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3367	2267	1100
	Gulbarga	Other (Average)	866	1382	-517
	Mahalingapura	Penti (Average)	3435	3455	-20
	Mandya	Achhu (Medium)	3333	3590	-257
	Mandya	Kurikatu (Medium)	3117	3200	-83
	Mandya	Other (Medium)	3083	3180	-97
	Mandya	Yellow (Medium)	3367	3650	-283
	Shimoga	Achhu (Average)	4013	4210	-198

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			9-Sep-19	2-Sep-19	10-Aug-19	9-Sep-18
Delhi	Delhi	M-Grade	3380	3420	3360	NA
	Delhi	S-Grade	3360	3400	3340	NA
Uttar Pradesh	Khatauli	M-Grade	3455	3470	3425	NA
	Ramala	M-Grade	NA	0	0	NA
	Dhampur	M-Grade Ex-Mill	3390	3400	3300	NA
	Dhampur	S-Grade Ex-Mill	3370	3380	3280	NA
	Dhampur	L-Grade Ex-Mill	3440	3450	3350	NA
Maharashtra	Mumbai	M-Grade	3576	Closed	3600	NA
	Mumbai	S-Grade	3370	Closed	3356	NA
	Nagpur	M-Grade	3375	Closed	3345	NA
	Nagpur	S-Grade	3275	Closed	3245	NA
	Kolhapur	M-Grade	3250	Closed	3220	NA
	Kolhapur	S-Grade	3150	Closed	3120	NA
Assam	Guhawati	S-Grade	3461	Closed	3431	NA
Meghalaya	Shillong	S-Grade	3470	Closed	3440	NA
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	3620	NA
	Vijayawada	S-Grade	3740	3740	3560	NA
West Bengal	Kolkata	M-Grade	3700	3700	3650	NA
Tamil Nadu	Chennai	S-Grade	3700	Closed	3600	NA
	Dindigul	M-Grade	3700	NR	3590	NA
	Coimbatore	M-Grade	3690	3600	3520	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3550	3550	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)			9-Sep-19	2-Sep-19	10-Aug-19	9-Sep-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	0	NA
	Hapur	Balti	NA	0	0	NA
Andhra Pradesh	Chittur	Gold	4600	Closed	4600	NA
		White	4300	Closed	4300	NA

		Black	NA	Closed	NA	NA
Maharashtra	Latur	Lal Variety	NR	0	0	NA
Karnataka	Bangalore	Mudde (Average)	4650	NA	0	NA
	Belgaum	Mudde (Average)	NA	0	0	NA
	Belthangadi	Yellow (Average)	NA	0	0	NA
	Bijapur	Achhu	NA	NA	0	NA
	Gulbarga	Other (Average)	NA	0	NA	NA
	Mahalingapura	Penti (Average)	NA	NA	NA	NA
	Mandya	Achhu (Medium)	3100	NA	3350	NA
	Mandya	Kurikatu (Medium)	3050	NA	3000	NA
	Mandya	Other (Medium)	3100	NA	3000	NA
	Mandya	Yellow (Medium)	3150	NA	3350	NA
	Shimoga	Achhu (Average)	4000	NA	NA	NA

International Sugar Prices (Weekly)

	Contract Month	5-Sep-19	30-Aug-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1765.80	1784.18	-18.38
	20-Mar	1926.77	1958.76	-31.99
	20-May	1944.47	1982.78	-38.31
LIFFE Sugar (US \$/MT)	19-Oct	2387.19	2414.56	-27.37
	19-Dec	2226.22	2225.80	0.43
	19-Mar	2276.52	2293.72	-17.20

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