

Price Outlook:

The sugar spot wholesale prices are trading at mixed trend last week but likely to remain steady to firm amid export subsidy incentives in the coming month and support from festive season. We expect Indian sugar prices may trade in range of 3250 to 3500 Rs/qrtl in coming days.

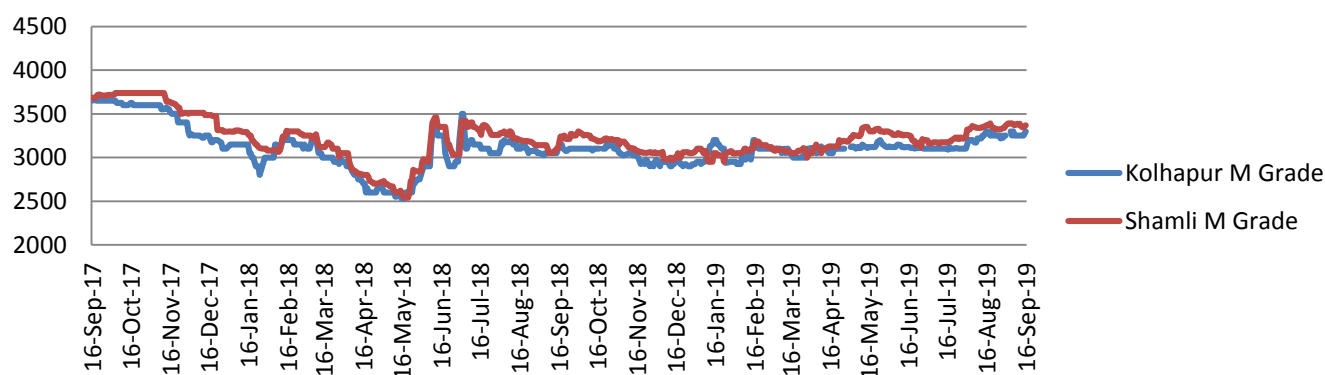
Price Projection for the Next week

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. 3256 per quintal, while spot sugar prices for the same grade in Shamli district is Rs.3376 per quintal during the week, up by 1 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 12th Sep'19, the sowing has almost been completed under sugarcane.** The total area stood same as of last week at 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.
- **The rain advanced in the southern states in AP, Telangana and Karnataka and the Belagavi district of Karnataka has been affected with floods due to which the shortage of sugarcane is reported this year.** The flood had destroyed sugarcane crop on 1.15 lakh hectares, which is around 45 per cent of the total cane that stands on 2.5 lakh hectares in the district. This would affect the overall production of the state and the farmers are worried that they would be get paid if the mills are struggling with shortage of cane.
- **The recent floods in Kolhapur, Sangli and Satara had created havoc in the districts by damaging around 50-60 lakh tonnes of cane and another 30-40 lakh tonnes of cane** was drastically affected by the drought in earlier of season. Cooperative sugar millers in Maharashtra have urged state sugar commissioner Shekhar Gaikwad to postpone the crushing season of 2019-20 to December 1 which is requested to be delayed by around 1 month.
- **The government is likely to accept a proposal made by Indonesia to reduce import duty on refined palm oil from Indonesia in exchange they will import high quality raw sugar exports from India.** Since India is struggling due to surplus sugar, and the next season is estimated at 120 lakh tonnes of opening stock. Such a large quantity is sufficient to meet India's six months of sugar consumption.
- **The current hike in ethanol prices should result in enhancement of the ethanol production addition to the subsidised loans,** the long-term policy on ethanol pricing and procurement policies. As India targeted to achieve 20% ethanol blending by 2020, then there is need to introduce fuel cars to utilize ethanol blended fuel. For 2018-19, 10% blending requires 3.3 bln litres annually and contracts were entered into for 2.4 bn litres (over 7% blend levels). As per the current supplies, about 6% blending is expected and India currently has over 80-90 lakh tonne of surplus sugar. The drawback in achieving the target is the lack of current capacity which is only 3.5 billion litres but the country has huge demand which requires around 7-8 billion litres.
- **The sugar mills are all set to export the sugar stock piles from 1st Oct'19** instead of waiting for the new sugar crop to become available to utilize the time until April, when supplies from rival Brazil start to

flood in the market. India is likely to export sugar to China, East Africa, Bangladesh, Iran and Sri Lanka with the shipments starting from next month. As the accelerating exports might affect the global prices, therefore, Australia, Brazil and Guatemala have jointly asked the WTO to set up a panel to challenge India's subsidies. But from the point of view of India, the ever since 2 years piled sugar stocks can be relieved in the new season to clear off the cane arrears.

- **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.

Previous Updates

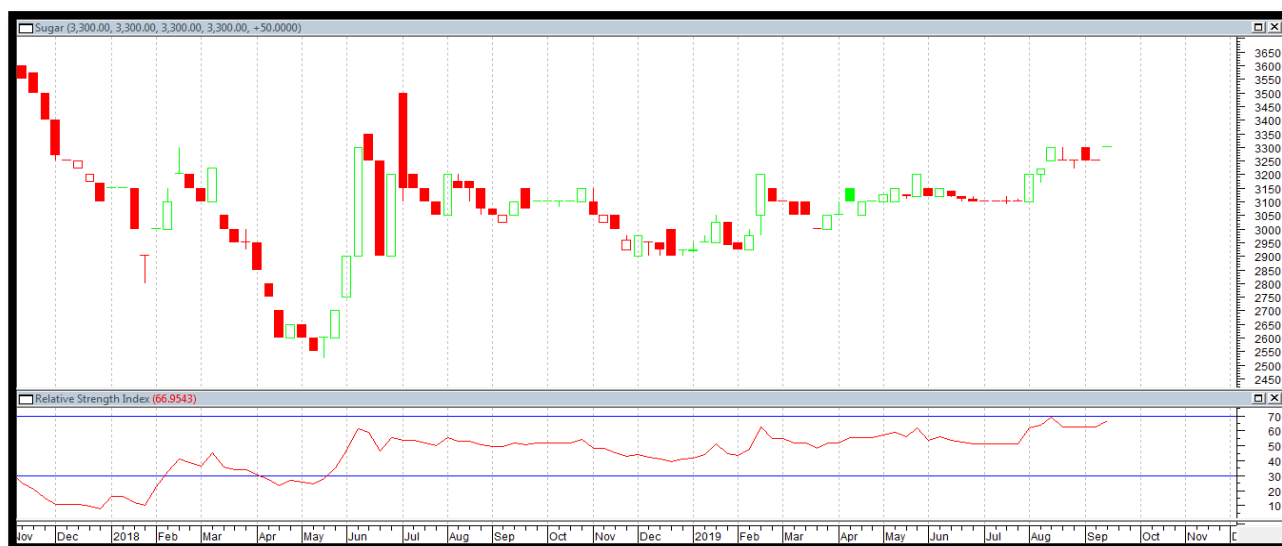
- **All India sugarcane sowing progress released by Government of India, as on 06th Sep'19**, the sowing has almost been completed under sugarcane. A slight increase in total area stood is reported, 52.45 lakh ha area has been covered this year lower by 3.06 lakh ha (5.5%) but higher by 4.5% than normal 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.

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

- Sugar spot prices at benchmark Kolhapur market closed at same price 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			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:

Mar NY world sugar #11 on Monday closed up by +0.32 (+2.68%). The surge is due to a surge in crude oil prices and another supportive factor for sugar prices projection that EU 2019/20 projected sugar output will fall - 2.8% y/y to 17.5 MMT. Another bullish factor for sugar after Unica showed sugar production in Brazil's Center-South region in the 2019/20 marketing year through August fell -4.85 y/y to 17.971 MMT.

Thailand is making every effort to reduce the excess stock which has increased more than ever during the season of 2018-19. Sugar cane production in Thailand currently stands at 131 million tonnes in 2018-19 marketing year higher against the earlier estimates of 115 – 120 mln tonnes. The demand for sugar has dropped and there is a struggle to find a buyer for sugar traders in Thailand. According to the Thai Sugar Millers Corporation estimates, in January-June, the major buyers of Thai sugar, Myanmar and Cambodia, reported a sharp decline in refined sugar imports at 1.5 million tonnes and 2.5 million tonnes, respectively, down 8 percent and 8 percent throughout the year.

The sugar cane crush in the key Center-South Brazil region is expected to total 47.68 million mt in the second half of August, an increase of 9.6% year on year and cumulative sugar production of 17.931 million mt since April 1, still down 911 million mt from a year earlier. Although CS region of Brazil received 84% below normal rainfall in 2nd half of August'19, despite dry weather, expectations for the cane's total recoverable sugar came in at 149 kg/mt, 2.4% below 152.6 kg/mt a year earlier. The cane used for sugar production is expected to be 36.52%, down from 37.64% a year earlier. Brazilian producers are expected to maintain the trend so far this season and keep favoring ethanol production over sugar. With more cane being moved toward ethanol production, total ethanol output from sugar cane is expected to be 2.686 billion liters, up 10.2% year on year.

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.

Previous 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.

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

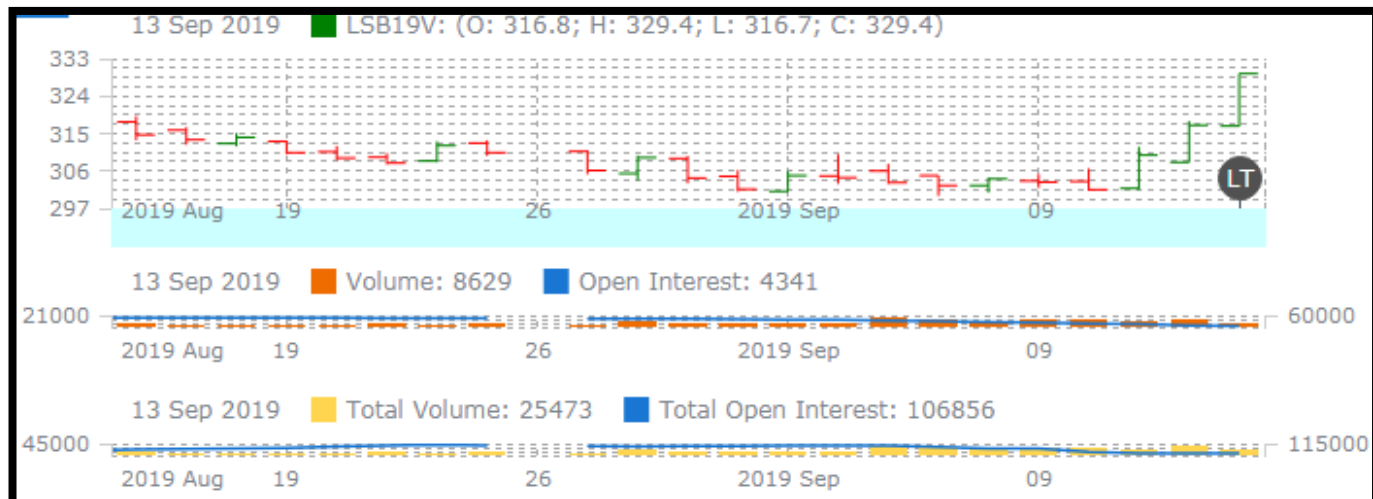
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (OCT 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 329.5, T1 331

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'19	329.4	320-330

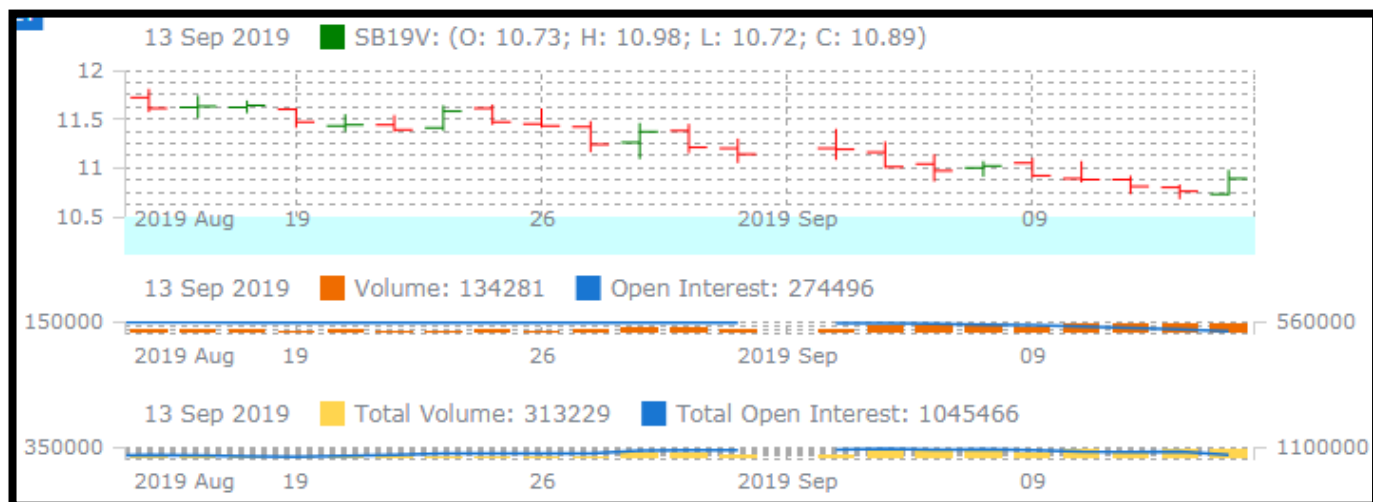


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

Technical Commentary:

- ICE raw sugar futures were weaker in the week.
- Volume decreased and open interest increased.
- Strategy: Buy at rate 10 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	10.89	10-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			6th Aug to 12th Sep 2019	30th Aug to 5th Sep 2019	
Delhi	Delhi	M-Grade	3378	3398	-20
	Delhi	S-Grade	3358	3378	-20
Uttar Pradesh	Khatauli	M-Grade	3446	3466	-20
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3388	3389	-2
	Dhampur	S-Grade Ex-Mill	3368	3369	-2
	Dhampur	L-Grade Ex-Mill	3438	3439	-2
Maharashtra	Mumbai	M-Grade	3574	3613	-39
	Mumbai	S-Grade	3373	3350	23
	Nagpur	M-Grade	3383	3388	-4
	Nagpur	S-Grade	3283	3288	-4
	Kolhapur	M-Grade	3258	3263	-4
	Kolhapur	S-Grade	3158	3163	-4
Assam	Guhawati	S-Grade	3470	3474	-4
Meghalaya	Shillong	S-Grade	3478	3483	-4
Andhra Pradesh	Vijayawada	M-Grade	3800	3790	10
	Vijayawada	S-Grade	3740	3730	10
West Bengal	Kolkata	M-Grade	3697	3690	7
Tamil Nadu	Chennai	S-Grade	3706	3700	6
	Dindigul	M-Grade	3700	3700	Unch
	Coimbatore	M-Grade	3690	3630	60
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3550	3550	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)			6th Aug to 12th Sep 2019	30th Aug to 5th Sep 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	4583	4800	-217
		White	4300	4340	-40
		Black	3600	3867	-267

Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	1492	0	1492
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	2020	3367	-1347
	Gulbarga	Other (Average)	1382	866	517
	Mahalingapura	Penti (Average)	2287	3435	-1148
	Mandya	Achhu (Medium)	3160	3333	-173
	Mandya	Kurikatu (Medium)	3050	3117	-67
	Mandya	Other (Medium)	3050	3083	-33
	Mandya	Yellow (Medium)	3150	3367	-217
	Shimoga	Achhu (Average)	3963	4013	-50

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			16-Sep-19	9-Sep-19	17-Aug-19	16-Sep-18
Delhi	Delhi	M-Grade	3380	3380	3400	N/A
	Delhi	S-Grade	3360	3360	3380	N/A
Uttar Pradesh	Khatauli	M-Grade	3455	3455	3470	N/A
	Ramala	M-Grade	NA	0	0	N/A
	Dhampur	M-Grade Ex-Mill	3375	3390	3350	N/A
	Dhampur	S-Grade Ex-Mill	3355	3370	3330	N/A
	Dhampur	L-Grade Ex-Mill	3425	3440	3400	NA
Maharashtra	Mumbai	M-Grade	3570	3576	3620	NA
	Mumbai	S-Grade	3366	3370	3366	NA
	Nagpur	M-Grade	3425	3375	3425	NA
	Nagpur	S-Grade	3325	3275	3275	NA
	Kolhapur	M-Grade	3300	3250	3300	NA
	Kolhapur	S-Grade	3200	3150	3150	NA
Assam	Guhawati	S-Grade	3512	3461	3461	NA
Meghalaya	Shillong	S-Grade	3520	3470	3470	NA
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	3740	NA
	Vijayawada	S-Grade	3740	3740	3680	NA
West Bengal	Kolkata	M-Grade	3720	3700	3670	NA
Tamil Nadu	Chennai	S-Grade	3650	3700	3620	NA
	Dindigul	M-Grade	3680	3700	3600	NA
	Coimbatore	M-Grade	3690	3690	3600	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)			16-Sep-19	9-Sep-19	17-Aug-19	16-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	4800	4600	4600	NA
		White	4400	4300	4400	NA
		Black	3900	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	0	0	NA
Karnataka	Bangalore	Mudde (Average)	4600	4650	4650	NA
	Belgaum	Mudde (Average)	NA	0	0	NA
	Belthangadi	Yellow (Average)	NA	0	0	NA
	Bijapur	Achhu	NA	0	3575	NA
	Gulbarga	Other (Average)	3150	0	NA	NA
	Mahalingapura	Penti (Average)	NA	3503	NA	NA
	Mandya	Achhu (Medium)	2900	3100	3400	NA
	Mandya	Kurikatu (Medium)	2850	3050	3050	NA
	Mandya	Other (Medium)	2900	3100	3050	NA
	Mandya	Yellow (Medium)	2950	3150	3400	NA
	Shimoga	Achhu (Average)	4000	4000	4100	NA

International Sugar Prices (Weekly)				
	Contract Month	12-Sep-19	5-Sep-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1719.22	1765.80	-46.58
	20-Mar	1891.79	1926.77	-34.98
	20-May	1910.96	1944.47	-33.51
LIFFE Sugar (US \$/MT)	19-Oct	2344.62	2387.19	-42.57
	19-Dec	2196.96	2226.22	-29.26
	19-Mar	2244.76	2276.52	-31.77

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