

Price Outlook:

Indian Sugar markets ended with slightly firmer during the week. We expect sugar prices will trade higher in near future due to the increase in demand till the upcoming festivals on Dussehra and Diwali. As per the Agriwatch estimate, Indian sugar prices may trade in range of 3250 to 3550 Rs/qrtl in coming days.

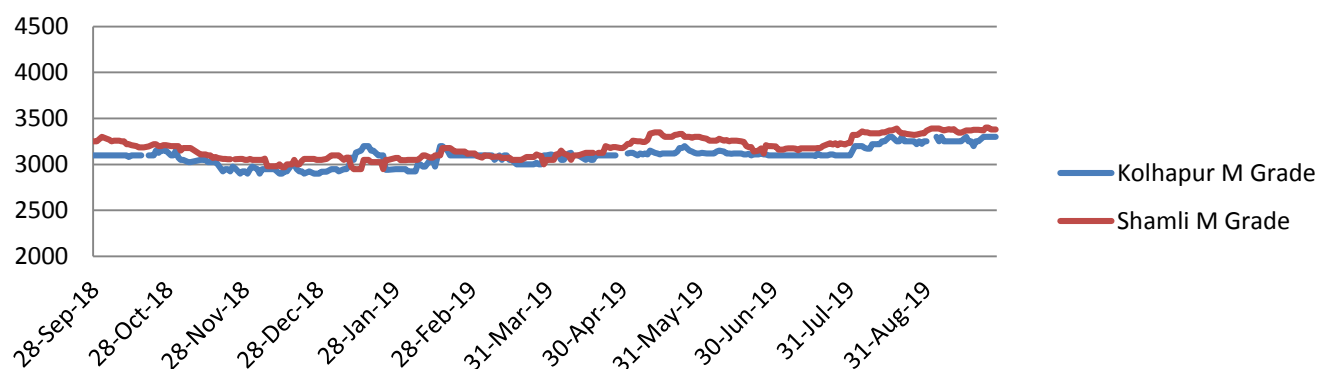
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3400 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs.3283 per quintal, while spot sugar prices for the same grade in Shamli district is Rs.3383 per quintal during the week, up by 20 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
Agriwatch expects to export a record 5 million MT of sugar in 2019/20 to reduce its huge stockpiles, up from 3.7 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:

- **Maharashtra this year have been in the adverse weather conditions with 50% area in dry and remaining area in flooded conditions.** The total loss of sugarcane in Maharashtra is expected to around 35-40% according to the trade sources. The sugarcane loss is included from the Marathwada region (20-25%) and from the flooded affected region in Kolhapur, Satara and Sangli (15-20%). The farmers are selling sugarcane in the cattle feed market, which is getting Rs 3,500 per tonne higher from Rs.2750 per tonne which is offered by the mills. Sugarcane was sold for cattle feed due to lack of fodder in several districts of Marathwada, Vidarbha along with some districts of western Maharashtra in the state, which gave attractive returns to farmers.
- **The UP government has issued an amount of Rs. 1,100 crore to revive two defunctional state-owned sugar mills in the eastern part of the state (Munderwa and Pipraich in Basti and Gorakhpur districts).** Both plants will be made operational from the upcoming 2019-20 crushing season. As there is huge demand of Sulphur free sugar which is of premium quality and the prices range Rs.150-200 higher compared to normal sugar, therefore, the new technology would be installed by 2020-21 to produce sulphur free sugar in the same districts.
- **Many sugar mills in India are going to close due to shortage of cane this year and due to bad financial conditions, the government is planning frame a policy to revive the sugar mills** by utilizing the land area of mill for ethanol production. The ethanol economy has the potential to reach Rs. 1 lakh crore from about Rs. 25,000 crore and can reduce the annual Rs. 7 lakh crore crude imports according to the Indian government. This will promote the Sugar industry to accelerate the ethanol production and thus supporting the sugar prices also by the estimation of lower sugar in 2019-20 season.
- **Imports of sugar in China stood at 4.7 lakh tonnes in the month of August'19 around 217.6% higher than last year in same period.** The total imports till Aug'19 stood at 4.3 mln tonnes which is around 1% lower compared to last year. From 1st Oct'19, Indian sugar producers are likely to start exporting sugar to China and among some other countries like Iran, East Africa, Bangladesh, Iran, Sri Lanka & Indonesia. After the sugar incentives subsidy announcement by India boosted the bookings of shipments across the countries for export among which Indonesia and Nepal already finalized the deal for importing Indian sugar from upcoming season.

- **Sugar factories are planning to start crushing before Diwali whereas Maharashtra will start only after Diwali due to the upcoming elections.** The Karnataka sugar mills could benefit from this while Maharashtra will face challenges due to the early crushing in the neighbouring state. Usually Karnataka pulls sugarcane from the bordering districts of Karnataka from Maharashtra (Kolhapur & Sangli). As the two districts; Kolhapur and Sangli results in higher recovery compared to Karnataka, therefore, they tend to carry sugarcane from Maharashtra.

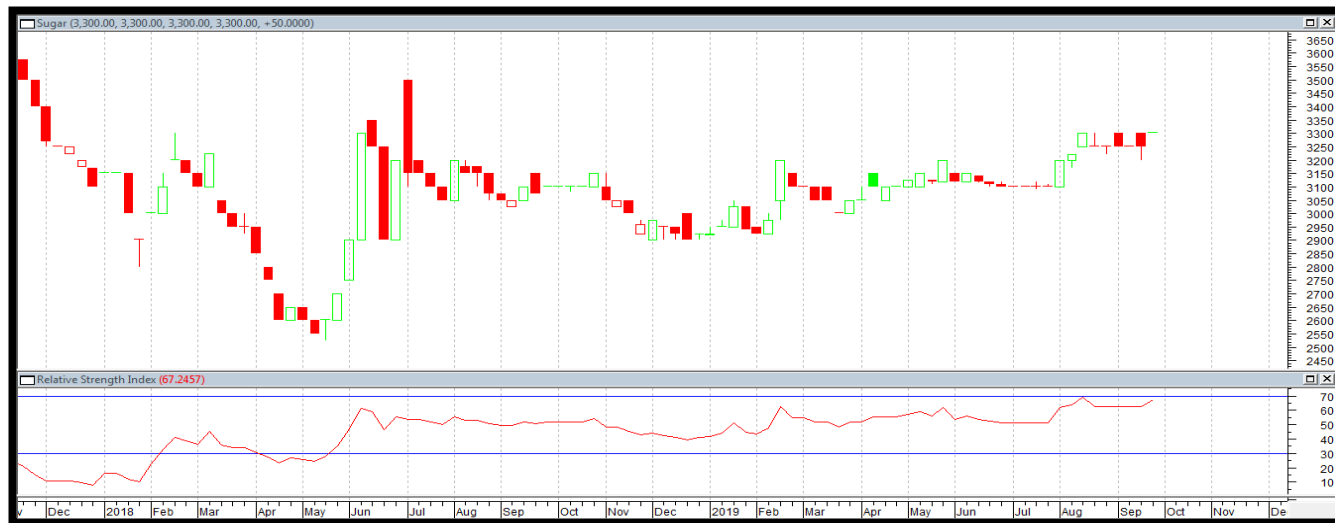
Previous Updates

- **All India sugarcane sowing progress released by Government of India, as on 19th 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.
- **In order to reduce the crude imports to India, OMCs have made decision to increase the ethanol blending and a step to promote ethanol production from molasses, sugarcane juice, sugar syrup and distilleries producing ethanol.** For the current year 2019-20, OMCs are likely to buy 5.11 billion liters of ethanol which is 55% higher than the preceding year which stood at 3.29 billion liters. The recent hike in ethanol prices from C-heavy, B-heavy and from direct juice along with surge in the requirement of ethanol by OMCs would help government in achieving the target of 10% blending of ethanol in petrol by 2020.
- **Nepal has lifted import restriction on Indian sugar, therefore, India can export sugar to Nepal in the coming season as a hope of opportunity to India to decrease the existing sugar stock.** Nepal has contracted to import 20,000 metric tonnes of sugar. Out of this, Food Management and Trade Company Limited and Salt Trading Corporation Limited to import 10,000 metric tonnes of sugar each. The ban earlier was imposed due to the excessive supply of cheaper foreign sugar in the Nepal domestic market which had lowered the demand for comparatively costly Nepali sugar.
- **Erratic rainfall in Karnataka has affected the sugarcane crop which might reduce the state's production by 5-8% in 2019-20.** At least 14 of the 25 private sector sugar mills in Tamil Nadu will not commence operations in the 2019-20 sugar season according to the South Indian Sugar Mills Association (SISMA) representatives due to shortage of cane in the coming season.
- **First distillery unit which will produce ethanol from direct juice going to be establish in Gorakhpur district of Uttar Pradesh in the coming 2 years.** The unit is likely to crush 1,250 tonnes of cane/day and produce 95,000 liters of ethanol. The Centre has also provided soft loans to sugar mills to build new distilleries and enhance existing ones in India. The government has recently hiked the prices of ethanol

made from 100% cane juice and C-heavy molasses to 59.48 rupees per ltr and 43.75 rupees per ltr respectively encouraging the ethanol production so as reduce sugar production.

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

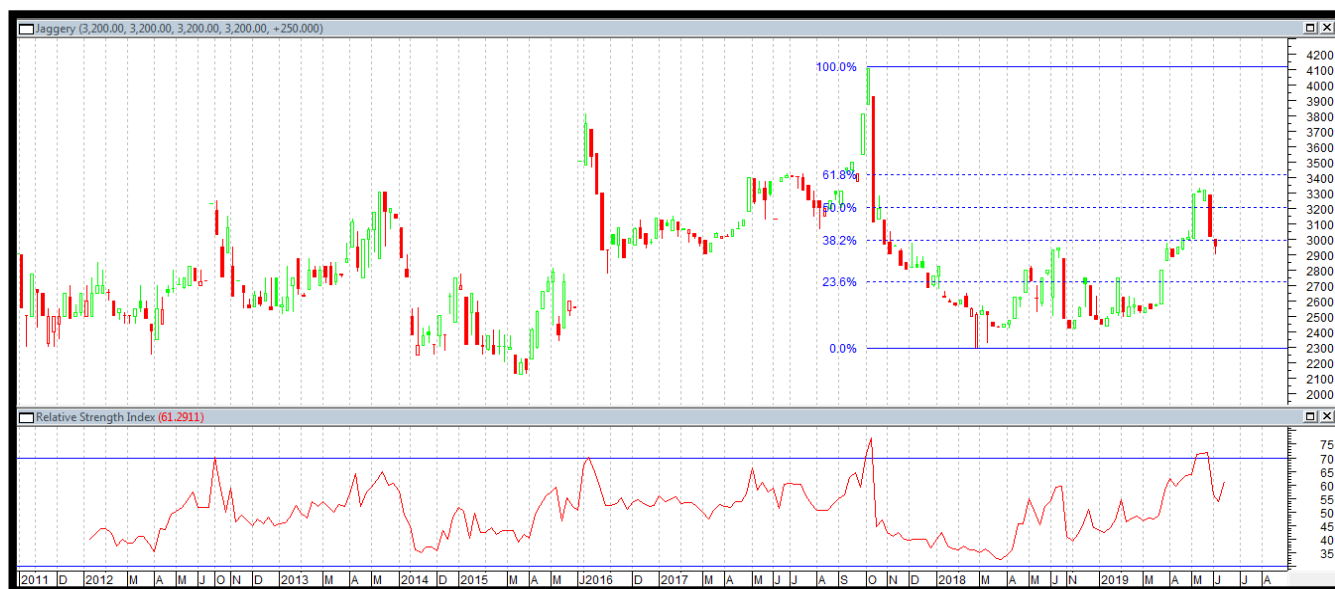
- Sugar spot prices at benchmark Kolhapur market closed at Rs.3300quintal this week.
- Next resistance and support level for the coming week is expected at Rs.3350 and Rs.3200 per quintal respectively.
- RSI is in the neutral region.



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 (SBH20) on Friday was unchanged at 12.62 cent/lbs. Crude prices fell -1.5% Friday to a 2-week low, which undercut sugar prices since weaker crude is negative for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to sugar production rather than ethanol production, thus boosting sugar supplies.

Unica reported that sugar production in Brazil's Center-South fell -5.6% against last year to 2.037 MT in the first half of Sep and that total 2019-20 sugar output through mid-Sep fell -4.9% to 20.01 MMT. The cane crush so far reached 437.74 mln tones as of 16th Sep'19 against 432.51 mln tonnes in 2018-19. Unica projects that increased ethanol output in Brazil will cut Brazil 2019/20 Center-South sugar production by -5.7% y/y to a 14-year low of 25 MMT.

Nepal has lifted import restriction on Indian sugar, therefore, India can export sugar to Nepal in the coming season as a hope of opportunity to India to decrease the existing sugar stock. Nepal has contracted to import 20,000 metric tonnes of sugar. Out of this, Food Management and Trade Company Limited and Salt Trading Corporation Limited to import 10,000 metric tonnes of sugar each. The ban earlier was imposed due to the excessive supply of cheaper foreign sugar in the Nepal domestic market which had lowered the demand for comparatively costly Nepali sugar.

According to Thai Sugar Millers Corporation, Thailand exported 3.85 lakh tonnes of refined sugar and 4.59 lakh tonnes of raw sugar in Aug'19. Total of 18.99 lakh tonnes of refined sugar (-29.59%) has been exported at an average FOB \$353.32/tonne and 36.86 lakh tonnes (-10.6% y/y) of raw sugar at an average FOB \$293.49/tonne much lower sugar has been exported so far till Aug'19 from January'19 because of lower sugar demand in 2018-19. Whereas the refined sugar exports in 2018-19 was at 26.97 lakh tonnes and 41.24 lakh tonnes of raw sugar was exported during Jan'18 to Aug'18.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 22th Sep'19 fall to 14.74 lakh tonnes and the total crush reached 188.48 lakh tonnes (61.5%) total crush from the beginning of the season. The weekly crush as on 23rd Sep'18, was around 15.24lakh tonnes and total crush as on date was 221.14 lakh tonnes (66.71%) compared to 2019-20 crushing.

Previous Updates

Mar NY world sugar #11 on Friday closed up by +0.07 (+0.58%). Sugar prices moved higher Friday on the outlook for lower sugar output in Brazil's Center South region. The consensus is for sugar production in the first half of Sep to fall -4.1% y/y to 2.11 MMT in Brazil's Center South, the country's largest sugar producing region.

Indonesia has agreed to import sugar and rice from India. Earlier Indonesia had asked India to cut its tariff on refined palm oil matching the levy faced by rival producer Malaysia, and offered market access for Indian sugar in exchange. This move will help to reduce trade deficit between the two sides and push trade volume to \$ 50 billion by 2025.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 15th Sep'19 fall to 15.07 lakh tonnes and the total crush reached 173.74 lakh tonnes (56.3%) total crush from the beginning of the season. The weekly crush as on 16th Sep'18, was around 15.00 lakh tonnes and total crush as on date was 205.89 lakh tonnes compared to 2019-20 crushing.

Brazil will allocate more sugarcane towards ethanol production due to its increasing demand. According to the Sugar group Biosev, Brazil's 2019-20 centre-south sugar output seen at 25.9 million tonnes as against 26.5 million tonnes in 2018-19. While the ethanol production in 2019-20 is seen at 32.1 billion as against the 30.9 billion litres in 2018-19.

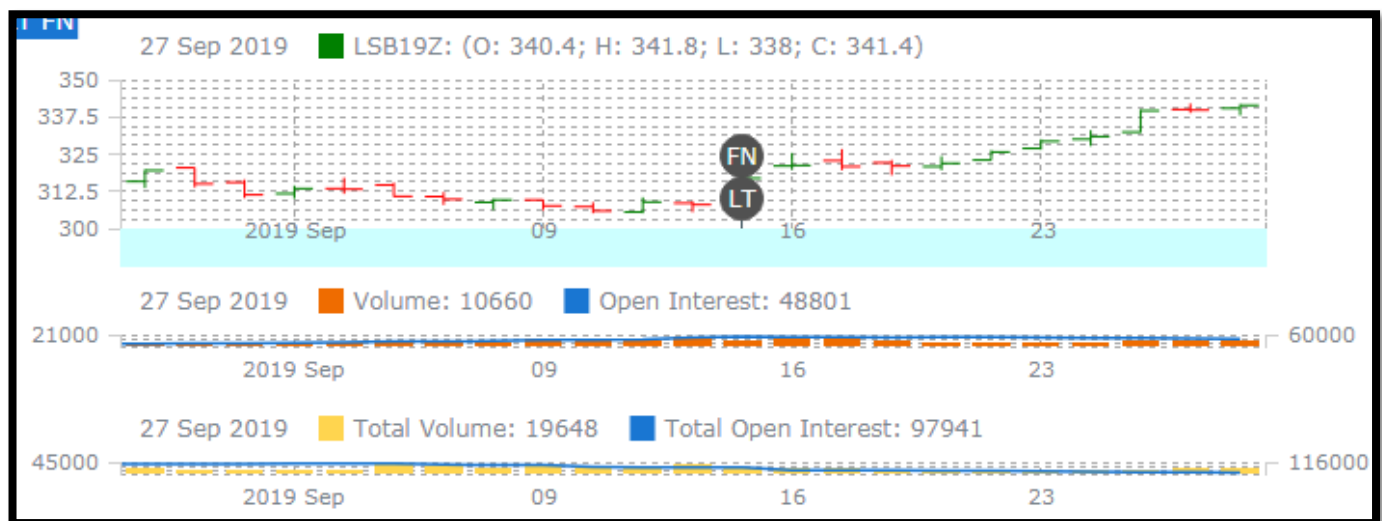
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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**

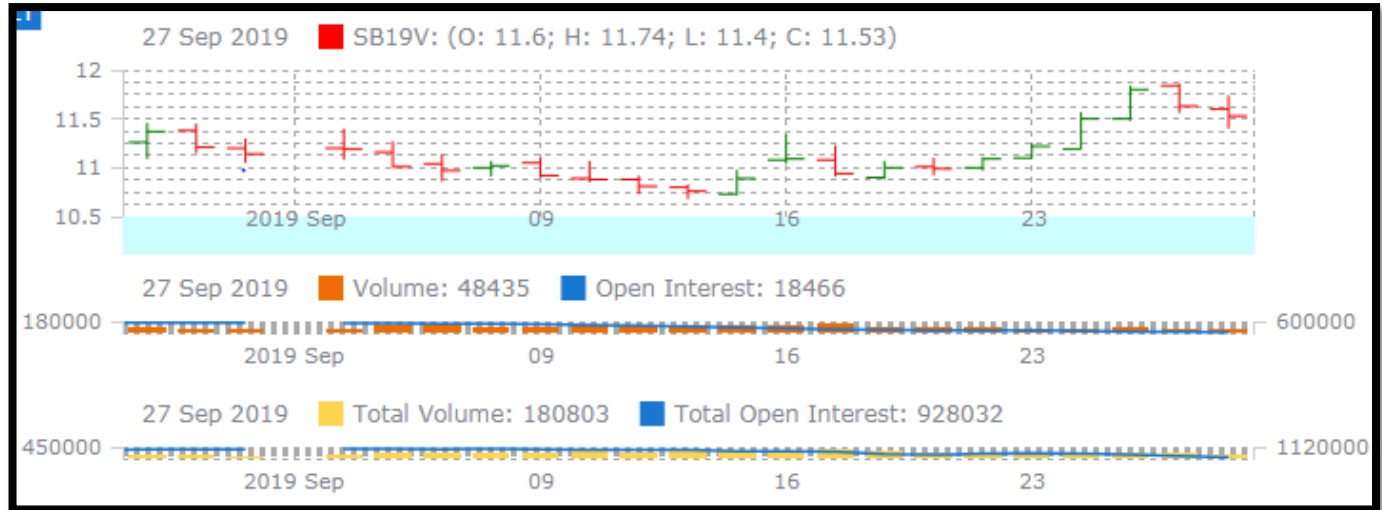
- LIFFE future market showed firm trend in the last week.
- Volume increased and open interest has decreased over a week and prices also moved slightly lower.
- Strategy: Sell at level 339, T1 342

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'19	341.4	325-345

**ICE (Raw Sugar Exchange) Future Market Scenario (Oct'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 13.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'2019	11.53	10-16



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			20th Sep to 26th Sep 2019	13th Sep to 19th Sep 2019	
Delhi	Delhi	M-Grade	3417	3384	33
	Delhi	S-Grade	3397	3364	33
Uttar Pradesh	Khatauli	M-Grade	3468	3450	18
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3385	3373	12
	Dhampur	S-Grade Ex-Mill	3365	3353	12
	Dhampur	L-Grade Ex-Mill	3435	3423	12
Maharashtra	Mumbai	M-Grade	3575	3562	13
	Mumbai	S-Grade	3337	3362	-25
	Nagpur	M-Grade	3408	3375	33
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3283	3250	33
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3728	3717	12
Tamil Nadu	Chennai	S-Grade	3800	3700	100
	Dindigul	M-Grade	3700	3687	13
	Coimbatore	M-Grade	3690	3690	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3583	3550	33

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)			20th Sep to 26th Sep 2019	13th Sep to 19th 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	4300	4575	-275
		White	3280	4350	-1070
		Black	3700	3833	-133
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4600	3842	758
	Belgaum	Mudde (Average)	1550	0	1550
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3160	2580	580
	Gulbarga	Other (Average)	3186	3171	15
	Mahalingapura	Penti (Average)	3291	2206	1085
	Mandya	Achhu (Medium)	2980	2942	38
	Mandya	Kurikatu (Medium)	2800	2883	-83
	Mandya	Other (Medium)	2790	2875	-85
	Mandya	Yellow (Medium)	3030	2983	47
	Shimoga	Achhu (Average)	3658	3910	-252

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			28-Sep-19	21-Sep-19	29-Aug-19	28-Sep-18
Delhi	Delhi	M-Grade	3400	3430	3350	3120
	Delhi	S-Grade	3380	3410	3330	3100
Uttar Pradesh	Khatauli	M-Grade	3505	3435	3450	3400
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3410	3370	3350	3200
	Dhampur	S-Grade Ex-Mill	3390	3350	3330	3180
	Dhampur	L-Grade Ex-Mill	3460	3420	3400	3250
Maharashtra	Mumbai	M-Grade	3562	3576	3636	3310

	Mumbai	S-Grade	3326	3340	3326	3210
	Nagpur	M-Grade	3425	3375	3350	3225
	Nagpur	S-Grade	3275	3275	3250	3125
	Kolhapur	M-Grade	3300	3250	3225	3100
	Kolhapur	S-Grade	3150	3150	3125	3000
Assam	Guhawati	S-Grade	3461	3461	3436	3309
Meghalaya	Shillong	S-Grade	3470	3470	3445	3320
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	3740	3600
	Vijayawada	S-Grade	3740	3740	3680	3540
West Bengal	Kolkata	M-Grade	3720	3730	3690	3650
Tamil Nadu	Chennai	S-Grade	3800	3800	3660	3225
	Dindigul	M-Grade	3710	3680	3700	3520
	Coimbatore	M-Grade	3690	3690	3600	3620
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3550	3550	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)			28-Sep-19	21-Sep-19	29-Aug-19	28-Sep-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	0
	Hapur	Chaurasa	NA	0	NA	0
	Hapur	Balti	NA	0	NA	0
Andhra Pradesh	Chittur	Gold	4300	4200	4600	3900
		White	4100	0	4400	3700
		Black	NA	3900	NA	2600
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4600	4650	4450
	Belgaum	Mudde (Average)	NA	0	0	3100
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	3200	3400	3000
	Gulbarga	Other (Average)	NA	3186	0	NA
	Mahalingapura	Penti (Average)	NA	3272	3461	3071
	Mandya	Achhu (Medium)	NA	2900	3550	3050
	Mandya	Kurikatu (Medium)	NA	2800	3200	3000
	Mandya	Other (Medium)	NA	2800	3100	2850
	Mandya	Yellow (Medium)	NA	2950	3600	3000
	Shimoga	Achhu (Average)	NA	3550	4150	3550

International Sugar Prices (Weekly)				
	Contract Month	26-Sep-19	13-Sep-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	1849.37	1733.41	115.97
	20-Mar	2006.80	1900.54	106.26
	20-May	2017.93	1916.46	101.47
LIFFE Sugar (US \$/MT)	19-Oct	2490.33	2363.46	126.87
	19-Dec	2412.24	2251.89	160.35
	19-Mar	2426.44	2283.87	142.57

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