

Price Outlook:

Indian Sugar market remained overall steady this week compared to previous week. We expect sugar prices may trade firm in the next week also due arrival of festive season (Diwali) and sales quota for the month of 21 LT announced by the ministry higher compared to 19.5 LT last month. As per the Agriwatch estimate, Indian sugar prices may trade in range of 3300 to 3600 Rs/qtl in coming days.

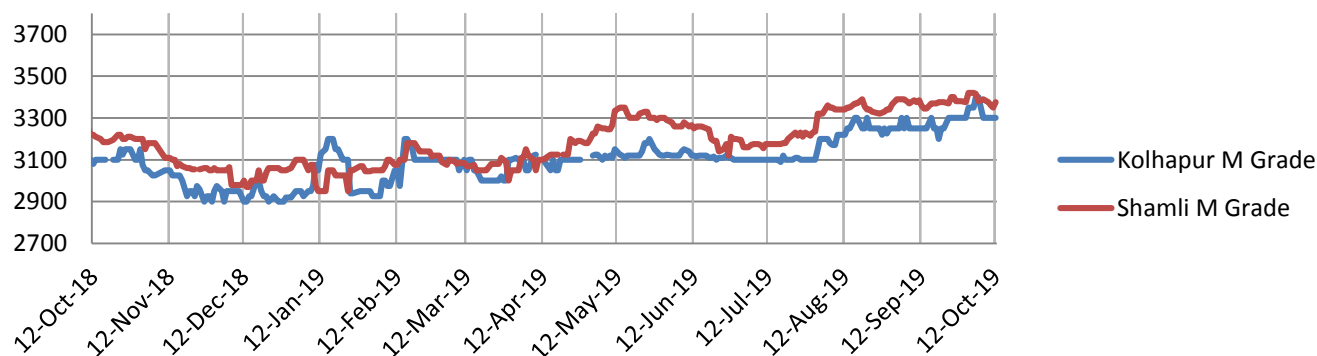
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3300 -3450 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at Rs. 3340 per quintal, while spot sugar prices for the same grade in Shamli district is Rs. 3384 per quintal during the week, down by 11 INR against previous week's average price.

**Price comparsion Kholpur M- grade and Shamli
Rs/Qtl**

**Fundamental summary:**

Factors	Impact
2019-20 SS Production 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
The announcement of export subsidy incentive of Rs.10.48/kg of sugar upto 6 mln tonne would help clear sugar stock piles in 2019-20 season	Bullish
Tightening of restriction on monthly sales	Bearish

Domestic Market Highlights

Recent Updates:

- **In UP, the mills are all set to start crushing after 20th Oct'19 whereas some mills are intended to start crushing in 2nd week of Nov'19.** Farmer organization have started demanding for hiking (State advised price) SAP from Rs. 325 to 450 per quintal. The 119 sugar mills in the state are ready to begin operations. Last year, these mills across the state collectively owe the cane farmers dues to the tune Rs 4,600 crore. The farmers have two demands: first sugarcane prices be hiked and secondly, payment with interest be made in time.
- **Crushing in Maharashtra is delayed and would likely to commence from 2nd week of November** as the mills in the state are facing difficulty in getting the crushing licenses this year. As to ensure the early payment for sugarcane farmers, Maharashtra government has decided that sugar mills would be issued crushing licences only if they agree to pay fair and remunerative price (FRP) dues to cane growers within 14 days.
- **India is expecting good export trade deals this year. Brazil has estimated to produce around 25 mln tonnes of sugar slightly lower than India's sugar production.** Thailand, Australia, EU, Pakistan and India are expected to produce less sugar in 2019-20. Therefore, India with ending stock this year has good opportunity to capture markets for raw sugar in China, Indonesia, Iran, Bangladesh and Sri Lanka. Indonesia has already reduced the import tariffs to 5% from 13% for India recently.

Previous Updates

- **The Food Ministry has allocated 21LT monthly sales quota for October which is higher than previous month allocation of 19.5 LT** to each of 535 mills in India along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota. The allocated quota is 1 LT lower than previous year's allocated quota which stood at 22LT. The prices would remain firm amid upcoming Indian festivals along with export demand this year would supplement the sugar market.
- **Sugar mills in Maharashtra urge to commence 2019-2020 sugar season from November 1.** State government has decided to delay the new season considering the recent floods in Kolhapur, Sangli, Pune and Satara. The sugarcane in western Maharashtra should be used quickly as most of them are damaged because of the flood. As farmers from Marathwada have uprooted sugarcane to feed their animals as fodders were not available. So, if the crushing season gets delay, there is a likelihood of more cane being

diverted towards fodder. The decision regarding the start of crushing would be taken after the election only as code of conduct is enforced now.

- **Till 29th Sep'19, around 171 sugar mills have applied for online crushing license with the maximum mills reported from Solapur district (24 mills).** The crushing in Maharashtra is going to start quite late this year after Diwali. Recently, the Sugar commissioner office extended the deadline for issuing the crushing license to 30 September. It has become difficult for the mills to get the crushing license as recently the government has that the same sugar mills will be issued crushing licenses for the new season, which will pay the farmers fair and remunerative price (FRP) within 14 days.
- **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.

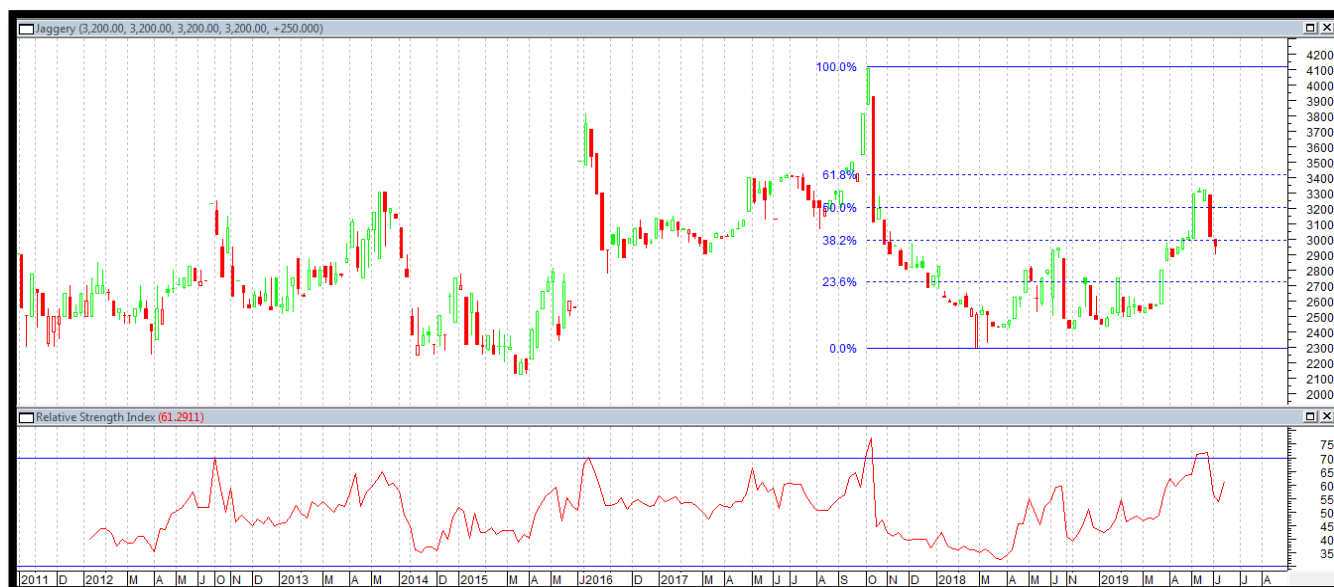
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed higher at Rs.3300 quintal this week.
- Next resistance and support level for the October month is expected at Rs.3300 and Rs.3450 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	114.67	114.67	117.11	181.33	132.57
Estimated sugar production	202.85	321.96	330	277.73	83.02	135.75	41.03	17.94
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	412.67	392.40	197.69	252.85	222.36	150.50
Exports	4.6	16.24	40	55.00	5.50	18.33	12.83	18.33
Availability for domestic consumption (D - E)	279.71	342.67	372.67	337.40	192.19	234.52	209.53	132.17
Estimates sugar consumption	245.61	260	258	260.50	75.08	53.19	76.96	55.27
Carry out stock (F - G)	34.1	82.67	114.67	76.90	117.11	181.33	132.57	76.90

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 reach upto 330 LT in 2018/19 whereas the new season expects to decline by around 16% at 277.73 LT in 2019-20.
- On the other hand, sugar domestic consumption is expected to decline to 258 lakh tonnes in 2018-19 (01st October, 2018 – 30th September, 2019) whereas the consumption is estimated to increase to 260.5 LT in 2019-20.
- Although the production is estimated to decline, due to the higher ending stock of 114.67 LT which is enough to supply the demand.
- India exported around 40 LT against export target of 5 mln tonnes in 2018-19 but to clear the mounting sugar stocks from 2018-19, government has released the sugar export incentives for 60LT target which could help clear the stock as well as the arrears of cane farmers.

International Market Highlights

Recent Updates:

Mar NY world sugar #11 (SBH20) on Monday at 12.46 (+0.40%). The Brazilian real rose +0.32% Friday against the dollar, which discourages export selling by Brazil's sugar producers. Another supportive factor for sugar was carry-over from Wednesday's sugarcane crushing data from Brazil's Center-South, the country's biggest sugar-producing region, after Unica reported that 35.1 MMT of total sugarcane was crushed in the second half of Sep, below expectations of 36.2 MMT.

Brazil's center-south region crushed 35.08 million tonnes, 26% more, while ethanol output increased 32% to 2.18 billion liters in the second half of September. Total cane crush so far reached 472.8 mln tonnes by October 1, according to UNICA. This is 2.71% above the same time last year. Sugar production is down by 2.39% so far (Till 1st Oct'19) compared to 22.33 mln tonnes in 2018-19 in the same period. Mills in the state reported that crushing season could end earlier than usual in the season 2019-20 mainly due to the dry weather that has been favoring a faster pace of the harvest.

Syrian state agency has issued an international tender to purchase and import 80,000 tonnes of white refined sugar. According to the reports, the deadline mentioned in the tender from the General Foreign Trade Organisation is November 11. Out of 80,000 tonnes consignments, shipment is sought in two 40,000 tonne consignments. The first consignment being shipped 60 days after the letter of credit opening on the deal and the other one 180 days after supply of the first shipment. Indian sugar millers would definitely gain some advantage in exporting its refined sugar helping to clear off some stock from India.

After the Chinese officials visited India for trade deal on 10th Oct'19, China signed an MOU with India to purchase 50,000 tonnes of raw sugar in this marketing year. As China is likely to produce 10 mln tonnes of sugar and their annual consumption is 15 mln tonnes, so the country have a shortfall of 5 mln tonnes. India's trade relation with China is likely to improve with this move. Recently, India has also signed trade deals to export 100,000-150,000 tn sugar to Iran, Sri Lanka and Afghanistan.

With the domestic output and imports under the quota, China's domestic demand can be met. Supply and demand is balanced. China has set the 2020 sugar import quota at 1.945 million tonnes. Among the total import quota for the commodity, 70% would be allocated to state-owned firms. Companies applying for the quota must have processed 600 tonnes and more raw sugar per day in 2018, or sold 450 million yuan (\$63.73 million) and more worth of sugar during the year.

Previous Updates

Mar NY world sugar #11 (SBH20) on Friday closed up +2 (+0.16%). ISO sees global 2019/20 sugar production falling by -2.3% y/y to 172 MMT and a 2019/20 global sugar deficit of -4.8 MMT (after 2018/19's surplus of 1.7 MT). And Green Pool Commodity Specialists also raised their 2019/20 global sugar deficit estimate to 5.3 MMT from an Aug estimate of -3.8 MMT.

The data released by UNICA indicate that hydrous ethanol consumption reached 1.87 billion liters, 49% compared to August 2018 in Brazil. This figure is all time highest for August in the historical series started in 2000 and also the highest monthly average volume demanded by biofuel. In 2019, the value reaches 1.81 billion liters, 26% higher than in 2018. This represents that the consumption for ethanol has been increasing since 2019 season has started in Brazil in April'19 which subsequently encourages to increase the ethanol production instead of sugar production this year.

Recently, in August to avoid possible sugar price hike in the Philippines, the SRA had allowed the importation of 250,000 metric tonnes of refined sugar to fulfil the deficit in domestic production to meet the rising demand. 100,000 MT was allocated for industrial users, while the rest 150,000 MT was for consumers, and sugar producers. This imported sugar will be coming in until October 31, and this will be good until next year. According to SRA (Sugar Regulatory Administration), further importation might lower the prices and the imported sugar so far is enough to feed the country's demand.

The delegation of China will be coming to New Delhi on October 10. China imports 50 lakh tonne of sugar every year. India is looking forward to every opportunity to clear off the stocks. As the international sugar production is expected to decline in the following countries: Brazil, Thailand India is expected to decline. The central government had announced sugar export quota of 60 LMT, and the policy involves financial aid of Rs 10,448 per metric tonne (mt) to sugar mills.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 29th Sep'19 fall to 13.83 lakh tonnes and the total crush reached 202.31 lakh tonnes (66%) total crush from the beginning of the season. The weekly crush as on 30th Sep'18, was around 15.33 lakh tonnes and total crush as on date was 236.47 lakh tonnes (71.6%) compared to 2019-20 crushing as this year the country is facing from drought conditions.

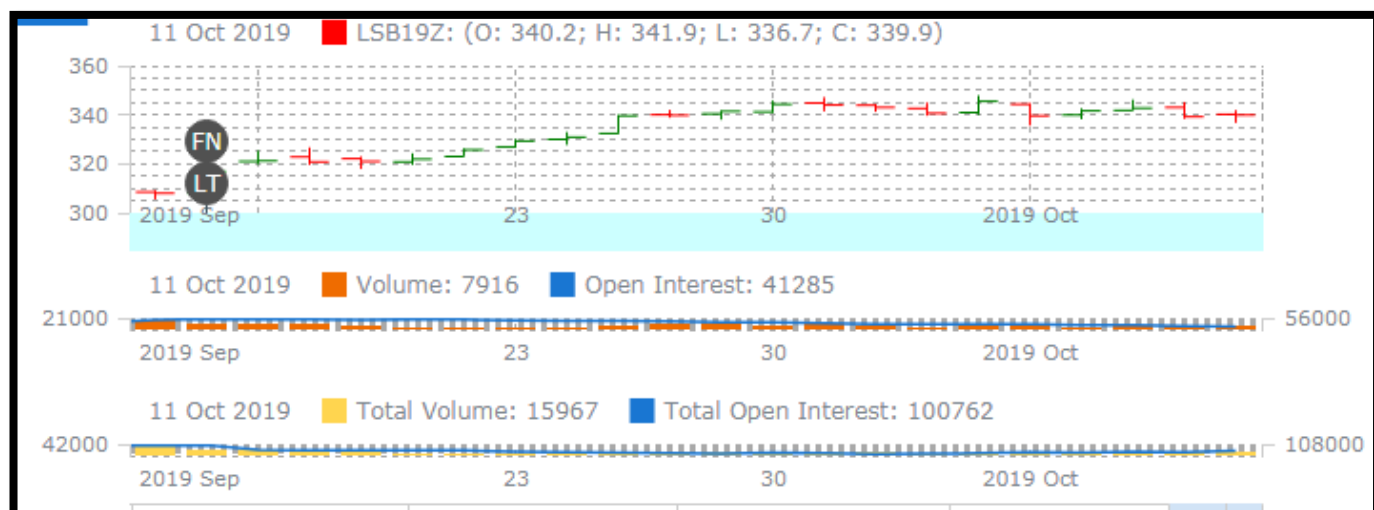
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	Bearish
World sugar production in 2019/20 (Apr/Mar) will fall by 2.3% y/y to 172 MMT (USDA) in 2019/20 (ISO)	Bullish
Brazil's Agricultural Trade Office estimates Brazil's marketing year (MY April-March) 2019/20 sugarcane crush at 635 million metric tons (mmt)	Bearish
The 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 bullish for the month.
- Both Total volume and open interest has been increased over a weak.
- 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)	Dec'19	339.9	336-348

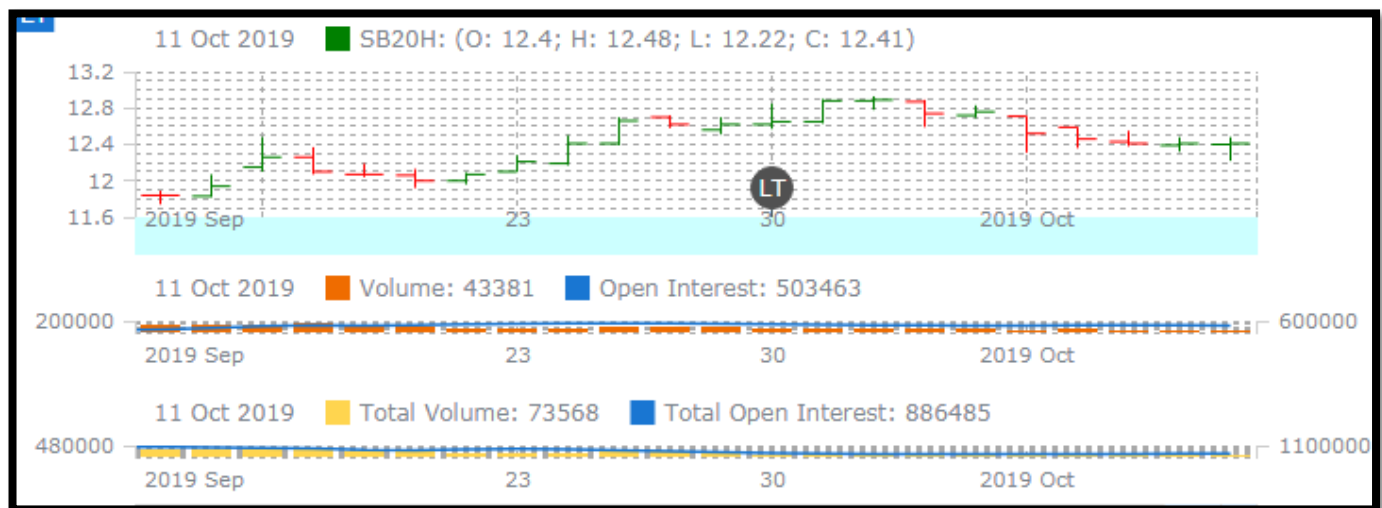


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract) Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Last candle stick of the week depicts buy in future market as open position is increasing.
- Both Volume & open interest increased.
- Strategy: Buy at rate 12.3 Targeting 14.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'2020	12.41	11-18



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			4th Oct to 10th Oct 2019	27th Sep to 3rd Oct 2019	
Delhi	Delhi	M-Grade	3405	3406	-1
	Delhi	S-Grade	3385	3386	-1
Uttar Pradesh	Khatauli	M-Grade	3497	3512	-15
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3392	3408	-16
	Dhampur	S-Grade Ex-Mill	3372	3388	-16
	Dhampur	L-Grade Ex-Mill	3442	3458	-16
Maharashtra	Mumbai	M-Grade	3557	3564	-7
	Mumbai	S-Grade	3338	3333	4
	Nagpur	M-Grade	3465	3458	7
	Nagpur	S-Grade	3275	3271	4

	Kolhapur	M-Grade	3340	3333	7
	Kolhapur	S-Grade	3150	3146	4
Assam	Guhawati	S-Grade	3461	3457	4
Meghalaya	Shillong	S-Grade	3470	3466	4
Andhra Pradesh	Vijayawada	M-Grade	3760	3780	-20
	Vijayawada	S-Grade	3700	3720	-20
West Bengal	Kolkata	M-Grade	3724	3723	1
Tamil Nadu	Chennai	S-Grade	3790	3800	-10
	Dindigul	M-Grade	3680	3693	-13
	Coimbatore	M-Grade	3700	3695	5
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			4th Oct to 10th Oct 2019	27th Sep to 3rd Oct 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	Unch
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	4900	4450	767
		White	4300	4133	-
		Black	1900	0	1900
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4600	4600	Unch
	Belgaum	Mudde (Average)	0	0	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	825	2167	-1342
	Gulbarga	Other (Average)	3311	2366	944
	Mahalingapura	Penti (Average)	2004	3356	-1352
	Mandya	Achhu (Medium)	3263	3230	33
	Mandya	Kurikatu (Medium)	2938	2840	98
	Mandya	Other (Medium)	2925	2870	55
	Mandya	Yellow (Medium)	3225	3210	15
	Shimoga	Achhu (Average)	3725	3730	-5

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			12-Oct-19	5-Oct-19	12-Sep-19	12-Oct-18
Delhi	Delhi	M-Grade	3330	3400	3350	3200
	Delhi	S-Grade	3310	3380	3330	3180
Uttar Pradesh	Khatauli	M-Grade	3470	3500	3435	3415
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3380	3400	3375	3260
	Dhampur	S-Grade Ex-Mill	3360	3380	3355	3240
	Dhampur	L-Grade Ex-Mill	3430	3450	3425	3310
Maharashtra	Mumbai	M-Grade	3546	3560	Closed	3380
	Mumbai	S-Grade	3340	3336	Closed	3196
	Nagpur	M-Grade	3425	3525	3375	3205
	Nagpur	S-Grade	3250	3275	3275	3105
	Kolhapur	M-Grade	3300	3400	3250	3080
	Kolhapur	S-Grade	3125	3150	3150	2980
Assam	Guhawati	S-Grade	3436	3461	3461	3289
Meghalaya	Shillong	S-Grade	3445	3470	3470	3300
Andhra Pradesh	Vijayawada	M-Grade	3760	3760	3800	3600
	Vijayawada	S-Grade	3700	3700	3740	3540
West Bengal	Kolkata	M-Grade	3730	3720	3720	3590
Tamil Nadu	Chennai	S-Grade	3760	3800	3650	3250
	Dindigul	M-Grade	3680	3680	3700	3580
	Coimbatore	M-Grade	3700	3700	3690	3580
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			12-Oct-19	5-Oct-19	12-Sep-19	12-Oct-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3238	0	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	11000	0	0	0
	Muzaffarnagar	Khurpa	2900	0	0	0
	Muzaffarnagar	Laddoo	3125	0	0	0
	Muzaffarnagar	Rascut	NA	0	0	0
	Hapur	Chaurasa	2625	0	0	0
	Hapur	Balti	2625	0	0	0
Andhra Pradesh	Chittur	Gold	5300	4700	4600	3850
		White	4300	4300	4300	3100
		Black	NA	3800	3700	2450

Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4600	4650	4250
	Belgaum	Mudde (Average)	NA	0	3150	3100
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	3300	3300	3000
	Gulbarga	Other (Average)	3200	3430	0	3250
	Mahalingapura	Penti (Average)	NA	0	3403	NA
	Mandya	Achhu (Medium)	3100	3350	3100	NA
	Mandya	Kurikatu (Medium)	2850	3000	3050	NA
	Mandya	Other (Medium)	2850	2950	3000	NA
	Mandya	Yellow (Medium)	3150	3250	3100	NA
	Shimoga	Achhu (Average)	NA	3700	3950	3700

International Sugar Prices (Weekly)

	Contract Month	11-Oct-18	4-Oct-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2048.44	2103.21	-54.77
	19-Mar	1973.69	2028.49	-54.81
	19-May	1989.59	2049.16	-59.57
LIFFE Sugar (US \$/MT)	19-Oct	2454.47	2500.27	-45.80
	19-Dec	2413.29	2452.01	-38.72
	19-Mar	2398.38	2444.92	-46.54

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