

Price Outlook:

Indian Sugar market remained steady to firm showing mixed trend compared to previous week as the millers are trying to sell of their old stocks even on lesser price before the crushing begins also the consumers are shifting from sugar consumption to dry fruits and other eatables. We expect sugar prices may trade steady to weak in the next week. As per the Agriwatch estimate, Indian sugar prices may trade in range of 3300 to 3550 Rs/q in coming days.

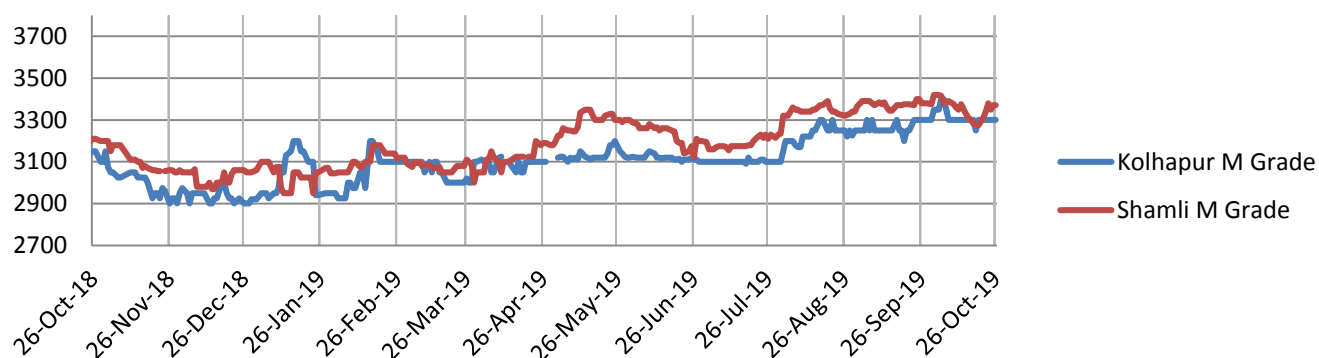
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3300 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled at steady price Rs. 3300 per quintal due to steady demand, while spot sugar prices for the same grade in Shamli district is Rs. 3322 per quintal during the week, stood steady against the 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:

- **Sugar mills have partially started crushing operation, but will commence in full swing from November 15 onwards.** There are about 534 sugar mills in the country. The government has fixed fair and remunerative price (FRP) of sugarcane at Rs 2.75/quintal for the current marketing year. Farmers in many states such as Andhra Pradesh, Karnataka and Maharashtra, are paid on the basis of the FRP set by the Centre. Whereas in Uttar Pradesh, Punjab, Tamil Nadu and other states have a State Advised Price (SAP). Sugarcane production is estimated to be lower at 377.77 million tonnes in the 2019-20 crop year (July-June) as against 400 million tonnes last year.
- **Sugarcane factories in Uttar Pradesh have started sugarcane sowing.** But the mills still have the arrears to be paid to the farmers which is causing hindrance in thought of sowing sugarcane. The millers have demanded the state government to give the subsidy of Rs.30/q to the farmers to pay the dues. As the sugar industry is facing crisis with not been able to fulfill the payment dues to the farmers as the problem lies in the higher cost of making sugar around Rs.34-35/kg than they receive at Rs.31/kg. Also the UP government had earlier fixed the reserve quota for molasses from 12.5% to 16% for the state manufacturers of country made liquor to maintain adequate supply of molasses for distilleries to produce country liquor. The millers have strongly opposed reservation of molasses, claiming it is a vital byproduct and the revenue generated by it contributes towards sugarcane payments to farmers.
- **UP government is likely to invest Rs.160 crore to create ethanol production capacity of 53 million liters.** In order to adopt greener fuels and to cut down the oil imports, the ethanol would be supplied to Oil Marketing Companies (OMCs). UP Cooperative Sugar Mills Federation Limited have an installed capacity to produce 35 million liters and 13.5 million liters of ethanol and rectified spirit respectively. In 2019, the ethanol production is subsequently to rise by at least 5% (estimated at 3300 million liters in 2019) as already procurement of 910 million liters have been booked earlier in the beginning of the season.

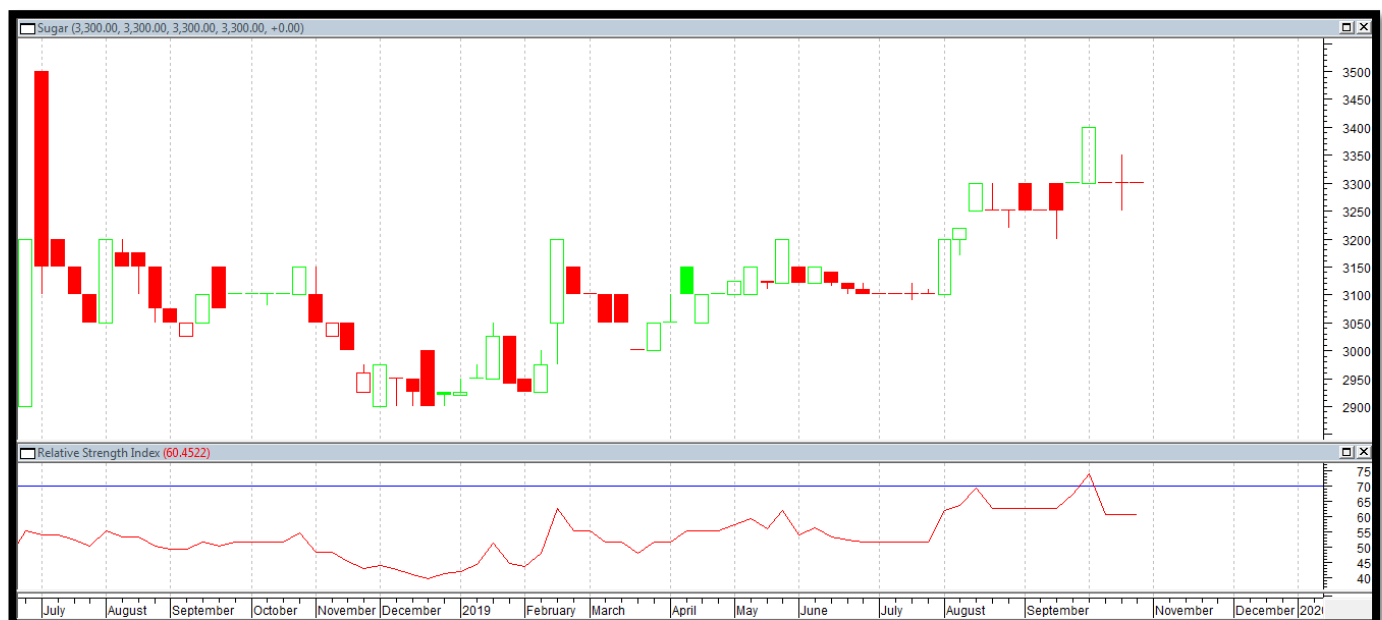
Previous Updates

- **The Karnataka government has given the sugar mills a deadline to clear all the sugarcane arrears to be given to the farmers on or before 5th of November.** 23 factories in Belagavi district have a total arrears of Rs. 84 crore to be paid to farmers out of which 99 % of arrears have been paid to farmers. Also the government likely to take action against factories that had not renewed their license for this year. The State government is also set to decide on a demand for a ban on transporting sugarcane to neighbouring States on 10th Nov'19.

- The latest data released by USDA, projected that this year's India's total sugar production will decline to **29.3MMT** which is **14.6% less compared to previous year**. Also, a lower than expected diversion of cane for sugar production and an expectation of a net reduction in the national average sugar recovery rate are the reasons for decline.
- **Mansoorpur sugar mill in Muzaffarnagar district is likely to start crushing by 30th Oct'19**. Sugar mills of Uttar Pradesh are preparing to start new crushing season. Sugarcane procurement centers are also being set up for farmers. Many mills are due to start a little late due to rain. With the central government boosting sugar exports, many sugar mills are coming forward for increased sugar exports, which has given some relief to the mills from the problem of economic liquidity.
- **India is driving towards exporting as much sugar possible in 2019-20 after the announced subsidy by the government which will move down the global sugar prices**. India has been exporting old season sugar stock to Iran. India have contracted to export to Iran about 350,000 tonnes of sugar for shipments in October to December at about \$302/tonne FOB. And contracted another 150,000 tonnes from Sri Lanka, Afghanistan and African countries at around \$315/ tonne for shipments in the last quarter of 2019.

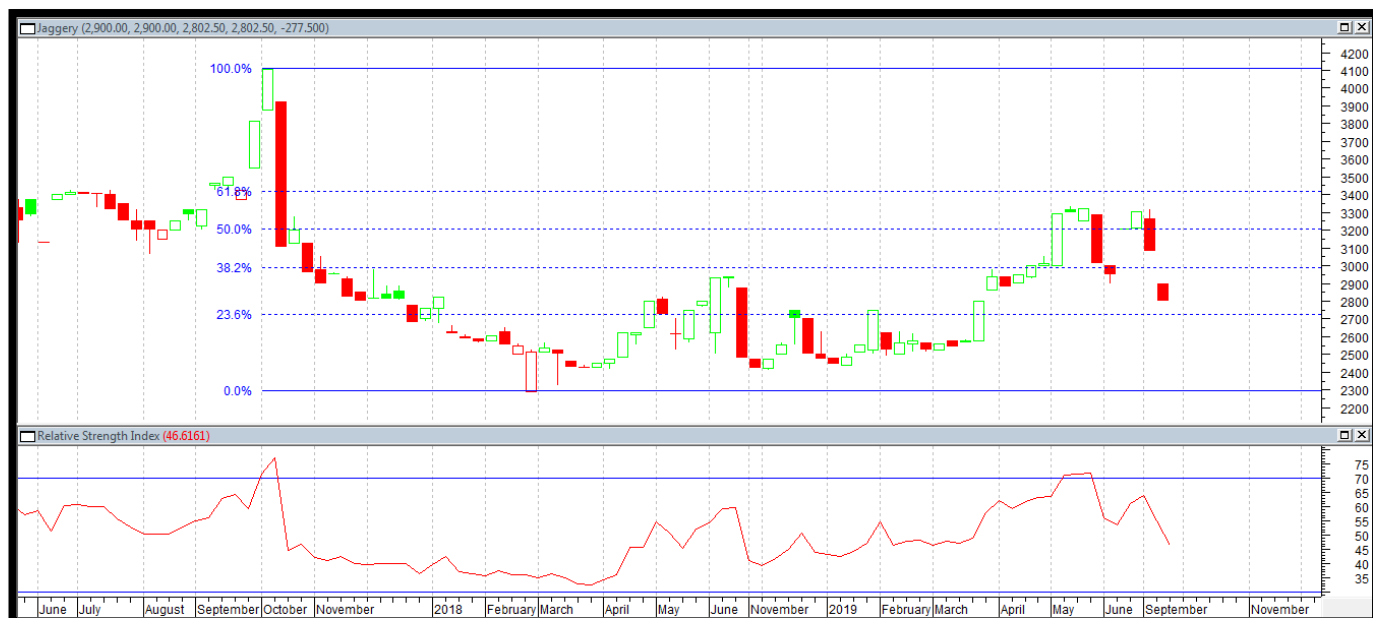
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- 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.3350 per quintal respectively.
- RSI is in the neutral region.



Technical Analysis - ChakuSukha-gur (fresh) at Spot (Muzaffarnagar) market.**Gur Market Scenario**

- Chaku variety of gur in key Muzaffarnagar market stood lower the last week around Rs.2800.
- RSI stood in the neutral region.

**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 closed up +0.19 (+1.54%). A stronger real discourages export selling from Brazil's sugar producers. March NY sugar prices were undercut after the report from Unica that Brazil's sugar millers in the Center-South produced 1.91 MMT of sugar in the 1st half of Oct, above estimates of 1.68 MMT.

The country is forced to import sugar after Kenya faced drought in 2017-18 which lead to closure of several sugar mills in the country and subsequently impacted the sugar production (-8%). According to the reports, sugar production between January and September declined to 335,992 tons compared with 366,398 tons during the same period last year. Also, the sugar import surged to 324,055 tonnes from 190,084 tonnes.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 20th Oct'19 jumped to 1.31 lakh tonnes reaching 24.34 lakh tonnes (80.7%) total crush from the beginning of the season. The weekly crush as on 22nd Oct'18, was around 1.08 lakh tonnes and the season crush as on date stood higher at 27.50 lakh tonnes compared to 2019-20 crushing.

Previous Updates

Mar NY world sugar #11 (SBH20) on Monday closed down -0.05 (-0.41%). Weakness in the Brazilian real against the dollar Monday weighed on sugar prices with the real down -0.66% against the dollar. A weaker real encourages export selling from Brazil's sugar producers.

Sugar production in Brazil's main producing region in the 2nd half of Sep remained 39% higher compared to the same time in the previous season. Till 1st of Oct'19, Brazil's center-south mills produced 21.8 million tonnes of sugar, 2% less than the same period last season, and crushed 472.80 million tonnes of cane, 3% higher from a year earlier.

Sep month sugar exports of Brazil stood at 17.19 LT higher than previous month which was 15.62 LT (Aug) at \$281/tonne but lower compared to previous year's exports which stood at 25.22 LT (-32%). The major export destination for Brazil were Algeria, China, Saudi Arabia, Bangladesh and Nigeria in the current season (April'19-Mar'20) for Brazil.

Malaysia is looking forward to enhance the bilateral trade with India and reducing the trade tensions between the two countries. Malaysia is planning to import more raw sugar in the coming year 2020 amid reports India is

considering restricting imports of palm oil from Malaysia. Malaysia's exports to India were worth \$10.8 billion in the fiscal year that ended on March 31, while imports totalled \$6.4 billion which shows that India is one of the major revenue generator for Malaysia.

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

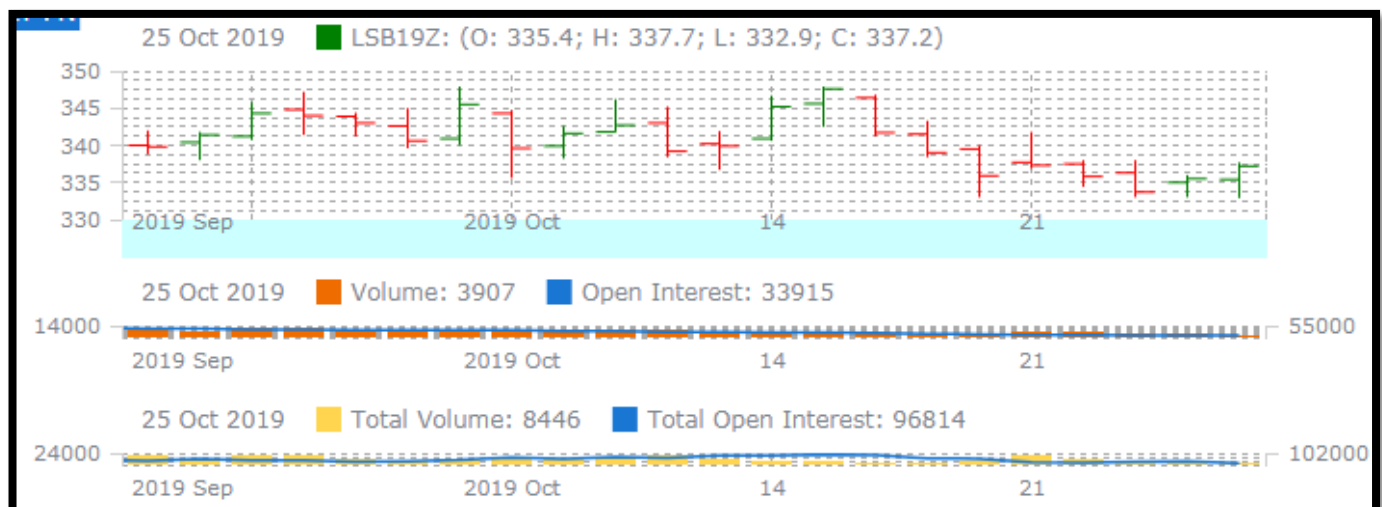
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market bearish for the month.
- Both Total volume and open interest has been decreased over a week.
- Strategy: Sell at level 337, T1 342

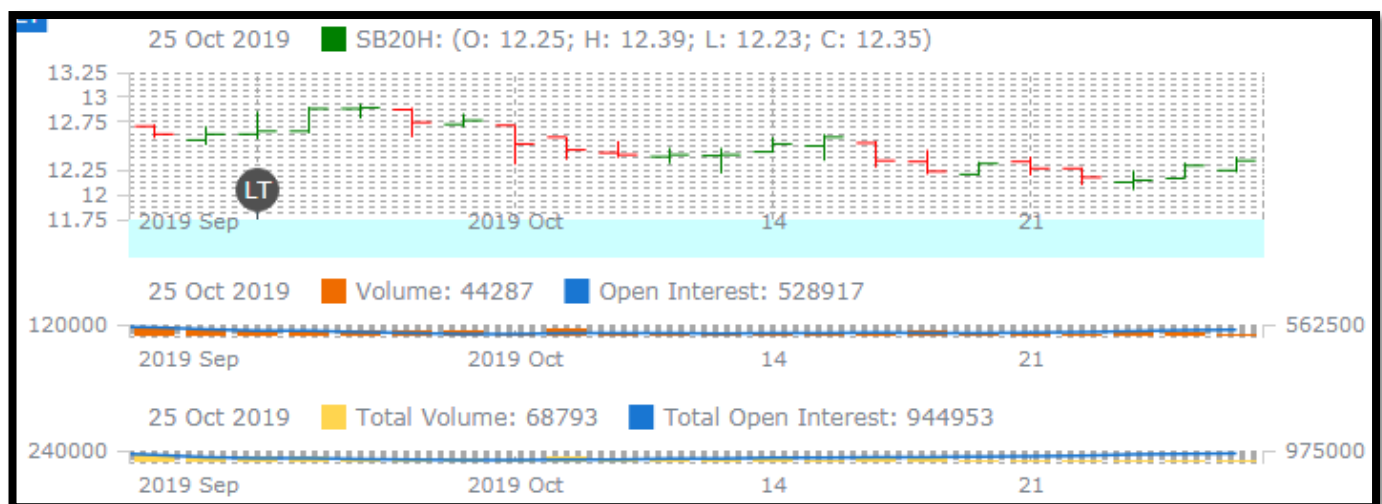
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	337.2	336-348



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

- ICE raw sugar futures were firm in the weak.
- Total volume declined while 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	12.35	11-18



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			18th Oct to 24th Oct 2019	11th Oct to 17th Oct 2019	
Delhi	Delhi	M-Grade	3377	3332	45
	Delhi	S-Grade	3357	3312	45
Uttar Pradesh	Khatauli	M-Grade	3447	3438	8
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3318	3333	-15
	Dhampur	S-Grade Ex-Mill	3298	3313	-15
	Dhampur	L-Grade Ex-Mill	3368	3383	-15
Maharashtra	Mumbai	M-Grade	3544	3543	1
	Mumbai	S-Grade	3338	3334	4
	Nagpur	M-Grade	3415	3433	-18
	Nagpur	S-Grade	3238	3242	-4

	Kolhapur	M-Grade	3290	3308	-18
	Kolhapur	S-Grade	3113	3117	-4
Assam	Guhawati	S-Grade	3424	3427	-4
Meghalaya	Shillong	S-Grade	3433	3437	-4
Andhra Pradesh	Vijayawada	M-Grade	3740	3747	-7
	Vijayawada	S-Grade	3680	3687	-7
West Bengal	Kolkata	M-Grade	3693	3712	-18
Tamil Nadu	Chennai	S-Grade	3780	3757	23
	Dindigul	M-Grade	3640	3680	-40
	Coimbatore	M-Grade	3700	3700	Unch
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)			18th Oct to 24th Oct 2019	11th Oct to 17th Oct 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3077	3247	-170
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	56000	55000	1000
	Muzaffarnagar	Khurpa (Fresh)	2588	2798	-211
	Muzaffarnagar	Laddoo (Fresh)	3048	3101	-53
	Muzaffarnagar	Rascut (Fresh)	2381	520	1861
	Hapur	Chaurasa	2535	2605	-70
	Hapur	Balti	2608	2610	-3
Andhra Pradesh	Chittur	Gold	4817	5200	533
		White	4283	4283	-
		Black	780	2600	-1820
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4800	3933	867
	Belgaum	Mudde (Average)	0	0	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	640	1616	-976
	Gulbarga	Other (Average)	3408	3346	62
	Mahalingapura	Penti (Average)	3520	3402	118
	Mandya	Achhu (Medium)	3357	3167	190
	Mandya	Kurikatu (Medium)	3108	2917	192
	Mandya	Other (Medium)	3122	2922	200
	Mandya	Yellow (Medium)	3397	3247	150
	Shimoga	Achhu (Average)	3810	3738	73

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			26-Oct-19	19-Oct-19	26-Sep-19	27-Oct-18
Delhi	Delhi	M-Grade	3400	3350	3400	3111
	Delhi	S-Grade	3380	3330	3380	3091
Uttar Pradesh	Khatauli	M-Grade	3480	3404	3500	3420
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3390	3300	3400	3230
	Dhampur	S-Grade Ex-Mill	3370	3280	3380	3210
	Dhampur	L-Grade Ex-Mill	3440	3350	3450	3280
Maharashtra	Mumbai	M-Grade	3580	3536	3570	3420
	Mumbai	S-Grade	3346	3330	3330	3250
	Nagpur	M-Grade	Closed	3425	3425	3275
	Nagpur	S-Grade	Closed	3225	3275	3175
	Kolhapur	M-Grade	Closed	3300	3300	3150
	Kolhapur	S-Grade	Closed	3100	3150	3050
Assam	Guhawati	S-Grade	Closed	3410	3461	3360
Meghalaya	Shillong	S-Grade	Closed	3420	3470	3370
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	3800	3600
	Vijayawada	S-Grade	3680	3680	3740	3540
West Bengal	Kolkata	M-Grade	3700	3680	3730	3600
Tamil Nadu	Chennai	S-Grade	Closed	3740	3800	3260
	Dindigul	M-Grade	3640	3640	3710	3540
	Coimbatore	M-Grade	3700	3700	3690	3640
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3600

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)			26-Oct-19	19-Oct-19	26-Sep-19	27-Oct-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2803	3178	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	9000	0	0
	Muzaffarnagar	Khurpa	2528	2638	0	0
	Muzaffarnagar	Laddoo	2813	3128	0	0
	Muzaffarnagar	Rascut	2278	2475	0	0
	Hapur	Chaurasa	2475	2525	0	0
	Hapur	Balti	2575	2625	0	0
Andhra Pradesh	Chittur	Gold	Closed	4700	4300	4600
		White	Closed	4300	4100	4000
		Black	Closed	0	0	2900

Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4800	4600	NA
	Belgaum	Mudde (Average)	NA	0	0	3250
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	3200	3100	3100
	Gulbarga	Other (Average)	NA	3330	0	3450
	Mahalingapura	Penti (Average)	NA	NA	3291	NA
	Mandya	Achhu (Medium)	NA	3370	3150	3100
	Mandya	Kurikatu (Medium)	NA	3100	2800	3100
	Mandya	Other (Medium)	NA	3000	2800	2900
	Mandya	Yellow (Medium)	NA	3400	3100	2950
	Shimoga	Achhu (Average)	NA	3900	3600	NA

International Sugar Prices (Weekly)

	Contract Month	24-Oct-18	17-Oct-18	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2025.72	2030.68	-4.96
	19-Mar	1957.29	1954.05	3.24
	19-May	1970.02	1970.02	0.01
LIFFE Sugar (US \$/MT)	19-Oct	2426.02	2448.84	-22.82
	19-Dec	2383.39	2416.05	-32.66
	19-Mar	2364.21	2388.97	-24.76

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