

Price Outlook:

Indian Sugar market remained steady to weak showing mixed trend compared to previous week due to lower demand and the prices likely to get support only from the export deals. 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 3500 Rs/q in coming days.

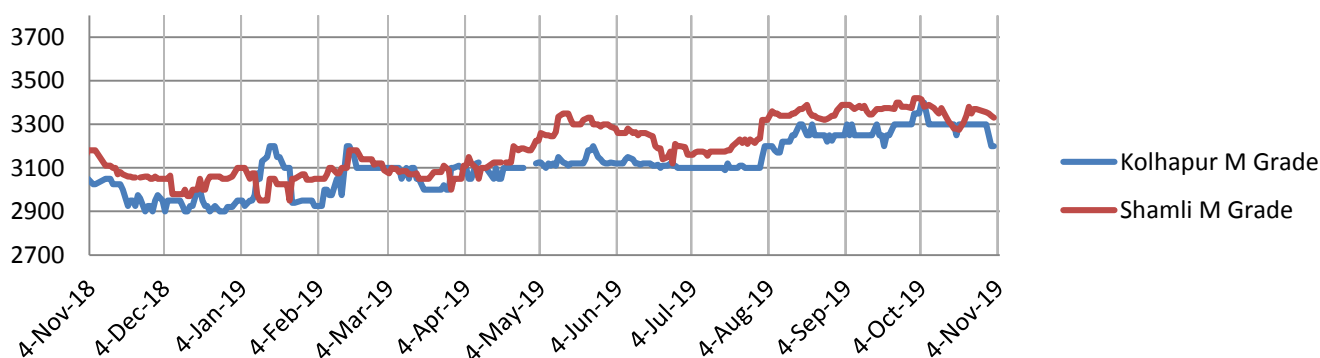
Price Projection for the Next week

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 lower at Rs. 3287 per quintal due to weaker demand, while spot sugar prices for the same grade in Shamli district stood higher Rs. 3361 per quintal during the week as dispatches for exports due to better quality compared to the quality of Kolhapur sugar, 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 6 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:

- **Sales quota allocated to the mills this month at 20.5LT on monthly basis for November to each 535 mills** in India lower compared to the previous month's quota of 21LT. The allocated quota of November 2019 is 1.5 LMT lower than the preceding year's November month quota that stood at 22 LMT. The prices are expected to remain stable inspite of no major festivals in November month but the prices could get support from the new export deals from different countries.
- **Maharashtra is likely to commence crushing not before 15th Nov'19 as directed by the state government.** This time the number of private and cooperative sugar mills licensed for crushing sugarcane is lower than last year and is expected to fall sharply. Around 159 have applied for license whereas this season as compared to the previous season of 195 mills. Due to the lower crop, because of excess rains in western Maharashtra and drought in Marathwada, the number of sugar mills for crushing has come down. Sugarcane crop has been badly damaged due to floods in western Maharashtra, due to lack of water in Marathwada, the crop has been affected.
- **In the month of September, India exported around 1.46 LT lower than the previous month's exports.** Iran imported the largest amount of sugar (45,931MT) at an average FOB of \$352/MT followed by Somalia, importing 33,392MT at \$332/MT FOB. Total refined sugar exports are expected to have reached around 40 LT so far in the marketing year 2018-19. After the introduction of export incentives by the government, there is expectations of exporting around 55LT of sugar in the 2019-20 marketing year.
- **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.

Previous 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.

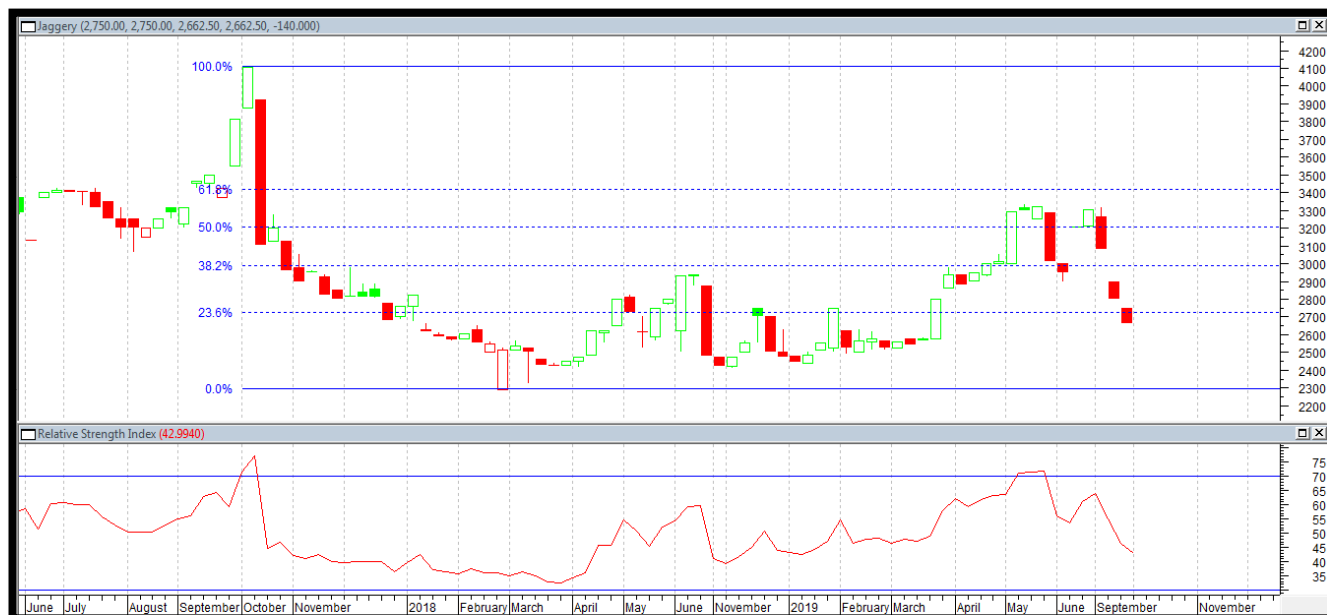
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed higher at Rs.3330 quintal this week.
- Next resistance and support level for the October month is expected at Rs.3200 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 has started arriving in last month and stood lower at Rs.2660/q.
- 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) Mar'20 contract on Friday closed unchanged (12.48cents/lbs).** Sugar prices have seen support this week from strength in the Brazilian real, which rallied to a 2-2.5 month high on Thursday. A stronger real discourages export selling by Brazil's sugar producers.
- **Sugar production is forecast to decline by 7% from 14.6 MMT in 2018-19 to 13.5MMT in 2019-20** marketing year in Thailand. The unfavourable weather conditions as in 2019, precipitation was 40-70 percent below average especially during tillering and elongation growth stages precipitation in 2019 was 40-70 percent below average especially during the intensive vegetative growth stage. Subsequently, the exports are estimated down to 10.5MMT from the previous estimates due to reduction in sugar production as well as the reduced import demand from the neighbouring countries has affected the exports.
- **According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 27th Oct'19 fall to 12.48 lakh tonnes** and the total crush reached 255.92 lakh tonnes (84.9%) total crush from the beginning of the season. The weekly crush as on 28th Oct'18, was around 12.63 lakh tonnes and total crush as on date was 287.71 lakh tonnes (87.6%) compared to 2019-20 crushing as this year the country is facing from drought conditions. Total sugar production is estimated to be 5% down from 2018-19 season. As a result, Australian sugar exports are also forecast to fall to 3.5 MMT in MY 2019-20, from 3.8 MMT in MY 2018-19.

Previous 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.

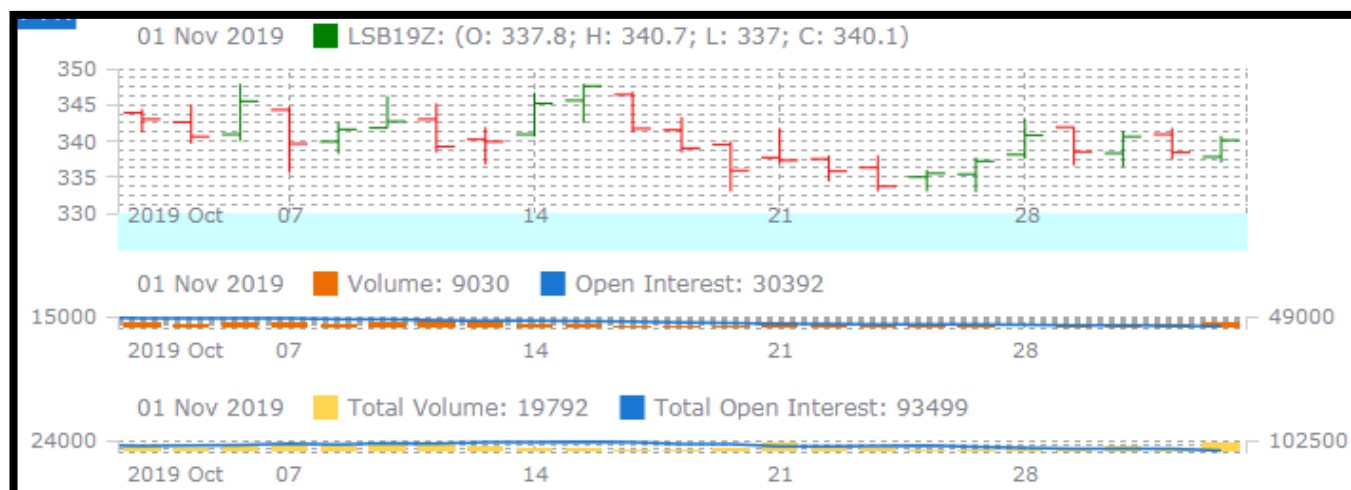
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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 up by 1.01% y/y to 180 MMT (USDA) in 2019/20	Bearish
Platts estimates a global sugar surplus will return as global 2020/21 sugar production climbs +5.2% y/y to 186.0 MMT on higher expected output in India, Brazil, EU and Russia.	Bullish
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 342, T1 345

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	340.1	340-350



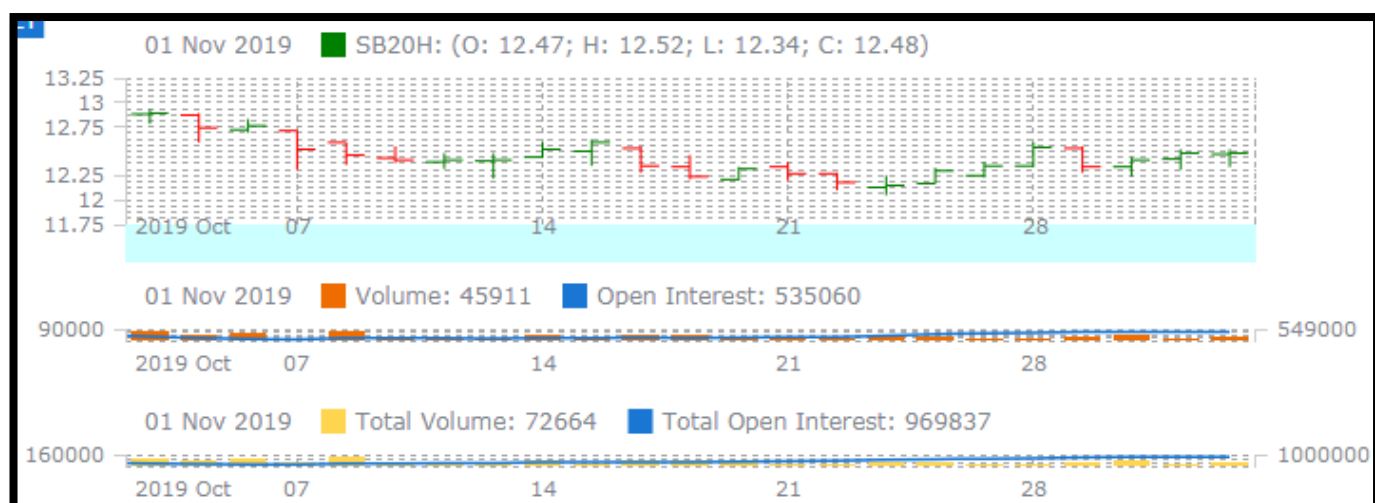
ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Total volume declined while open interest increased.
- Strategy: Buy at rate 12 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	12.48	11-18



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			25th Oct to 31st Oct 2019	18th Oct to 24th Oct 2019	
Sugar	Delhi	M-Grade	3355	3377	-22
	Delhi	S-Grade	3335	3357	-22
Uttar Pradesh	Khatauli	M-Grade	3476	3447	30
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3385	3318	67
	Dhampur	S-Grade Ex-Mill	3365	3298	67
	Dhampur	L-Grade Ex-Mill	3435	3368	67
Maharashtra	Mumbai	M-Grade	3584	3544	40
	Mumbai	S-Grade	3344	3338	6
	Nagpur	M-Grade	3408	3415	-7
	Nagpur	S-Grade	3233	3238	-5

	Kolhapur	M-Grade	3283	3290	-7
	Kolhapur	S-Grade	3108	3113	-5
Assam	Guhawati	S-Grade	3419	3424	-5
Meghalaya	Shillong	S-Grade	3428	3433	-5
Andhra Pradesh	Vijayawada	M-Grade	3732	3740	-8
	Vijayawada	S-Grade	3672	3680	-8
West Bengal	Kolkata	M-Grade	3700	3693	7
Tamil Nadu	Chennai	S-Grade	3855	3780	75
	Dindigul	M-Grade	3604	3640	-36
	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)			25th Oct to 31st Oct 2019	18th Oct to 24th Oct 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2761	3077	-316
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	56000	-48000
	Muzaffarnagar	Khurpa (Fresh)	2529	2588	-58
	Muzaffarnagar	Laddoo (Fresh)	2803	3048	-245
	Muzaffarnagar	Rascut (Fresh)	2208	2381	-173
	Hapur	Chaurasa	2498	2535	-38
	Hapur	Balti	2585	2608	-23
Andhra Pradesh	Chittur	Gold	4600	4817	317
		White	1433	4283	-
		Black	0	780	-780
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4700	4800	-100
	Belgaum	Mudde (Average)	0	0	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	0	640	-640
	Gulbarga	Other (Average)	0	3408	-3408
	Mahalingapura	Penti (Average)	3126	3520	-394
	Mandya	Achhu (Medium)	3488	3357	131
	Mandya	Kurikatu (Medium)	3200	3108	92
	Mandya	Other (Medium)	3253	3122	131
	Mandya	Yellow (Medium)	3388	3397	-9
	Shimoga	Achhu (Average)	2900	3810	-910

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			2-Nov-19	26-Oct-19	3-Oct-19	3-Nov-18
Delhi	Delhi	M-Grade	3300	3400	3420	3150
	Delhi	S-Grade	3280	3380	3400	3130
Uttar Pradesh	Khatauli	M-Grade	3440	3480	3525	3345
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3330	3390	3420	3200
	Dhampur	S-Grade Ex-Mill	3310	3370	3400	3180
	Dhampur	L-Grade Ex-Mill	3380	3440	3470	3250
Maharashtra	Mumbai	M-Grade	3582	3580	3570	3392
	Mumbai	S-Grade	3326	3346	3340	3230
	Nagpur	M-Grade	3325	Closed	3475	3175
	Nagpur	S-Grade	3225	Closed	3275	3075
	Kolhapur	M-Grade	3200	Closed	3350	3050
	Kolhapur	S-Grade	3100	Closed	3150	2950
Assam	Guhawati	S-Grade	3410	Closed	3461	3258
Meghalaya	Shillong	S-Grade	3420	Closed	3470	3270
Andhra Pradesh	Vijayawada	M-Grade	3720	3740	3760	3630
	Vijayawada	S-Grade	3660	3680	3700	3570
West Bengal	Kolkata	M-Grade	3720	3700	3720	3620
Tamil Nadu	Chennai	S-Grade	3830	Closed	3800	3300
	Dindigul	M-Grade	3580	3640	3680	3500
	Coimbatore	M-Grade	3700	3700	3700	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)			2-Nov-19	26-Oct-19	3-Oct-19	3-Nov-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2738	2803	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	9000	0	0
	Muzaffarnagar	Khurpa	2580	2528	0	0
	Muzaffarnagar	Laddoo	2875	2813	0	0
	Muzaffarnagar	Rascut	2028	2278	0	0
	Hapur	Chaurasa	2575	2475	0	0
	Hapur	Balti	2600	2575	0	0
Andhra Pradesh	Chittur	Gold	4300	Closed	4500	4200
		White	4200	Closed	4100	3800
		Black	NA	Closed	0	2800

Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	NA	4600	4250
	Belgaum	Mudde (Average)	NA	0	0	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	3200	3100
	Gulbarga	Other (Average)	NA	0	3155	3475
	Mahalingapura	Penti (Average)	NA	NA	3379	NA
	Mandya	Achhu (Medium)	3600	3450	3350	NA
	Mandya	Kurikatu (Medium)	3250	3200	2800	NA
	Mandya	Other (Medium)	3250	3230	2950	NA
	Mandya	Yellow (Medium)	3150	3300	3300	NA
	Shimoga	Achhu (Average)	NA	0	3800	NA

International Sugar Prices (Weekly)

	Contract Month	31-Oct-19	24-Oct-19	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2055.22	2025.72	29.50
	19-Mar	1980.63	1957.29	23.33
	19-May	1996.50	1970.02	26.47
LIFFE Sugar (US \$/MT)	19-Oct	2458.50	2426.02	32.48
	19-Dec	2397.56	2383.39	14.17
	19-Mar	2398.98	2364.21	34.77

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