

Price Outlook:

Indian Sugar market remained Rs.20-50/q weaker compared to previous week due to lower demand and the prices. 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 3150 to 3450 Rs/q in coming days.

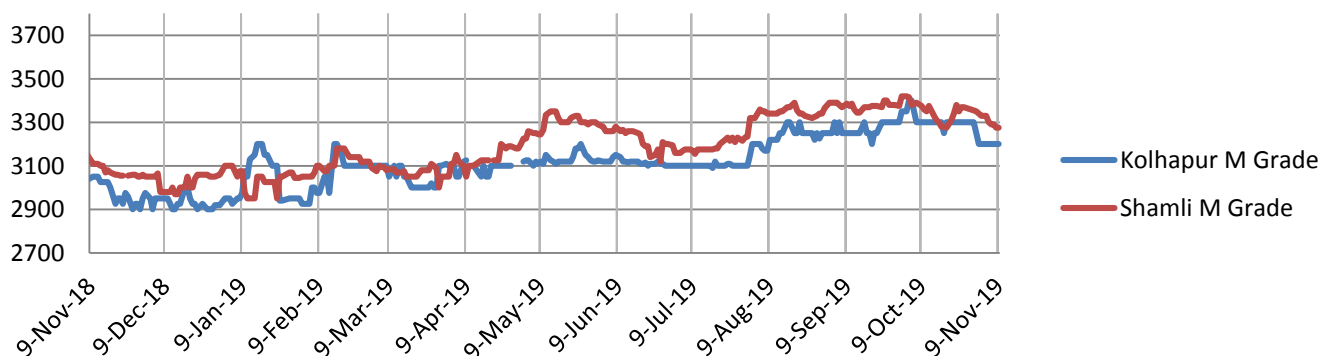
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3150 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled lower at Rs. 3200 per quintal due to weaker demand, while spot sugar prices for the same grade in Shamli district stood weaker Rs. 3313 per quintal during the week.

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:

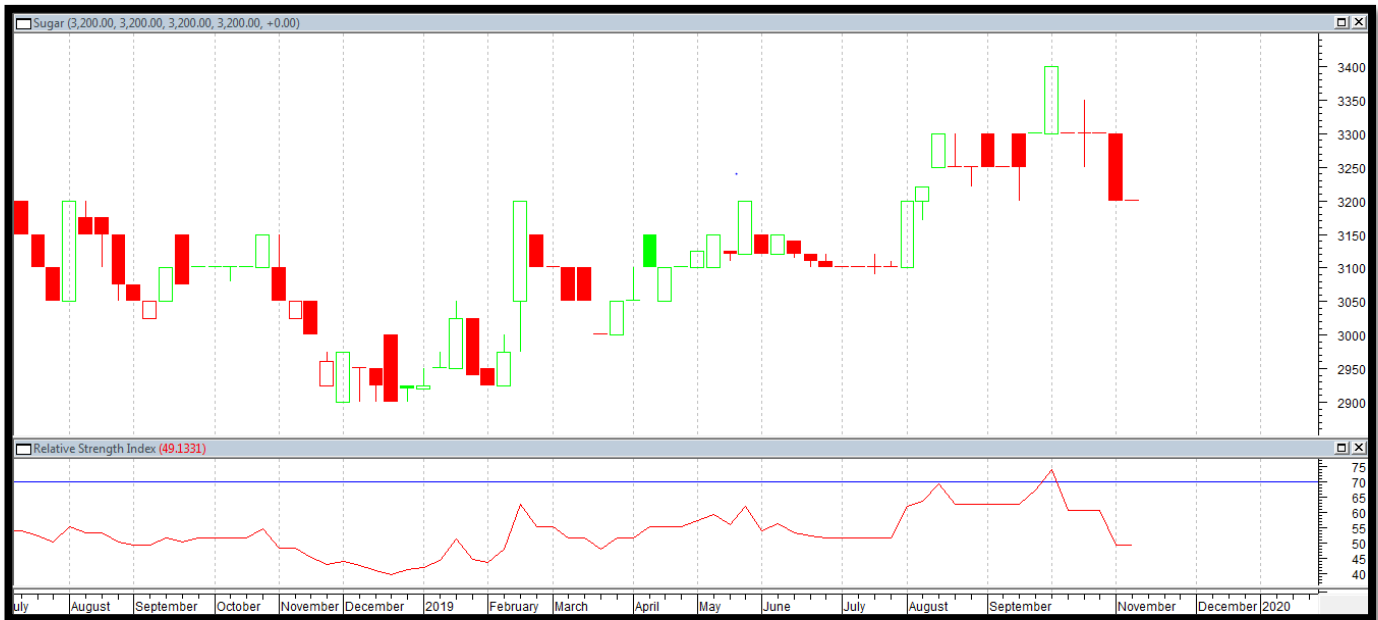
- **According to Agriwatch estimates, Maharashtra is likely to produce 59 LT sugar** including the diversion to ethanol production against the latest data released by Maharashtra's sugar commissioner that has estimated the sugar production to decline by 45% at 58 LT whereas ISMA pegged Maharashtra's 2019-20 sugar production at 62 LT, a decline of 40%. ISMA expects sugar production to be around 268.5 lakh tonnes and considering the diversion to ethanol, ISMA declined the sugar production to around 260 lakh tonnes. Whereas Agriwatch estimates 271LT sugar production so far after the losses reported in Maharashtra and Karnataka due to bad weather also including the diversion to ethanol production across India.
- **Final estimates for 2018-19 has been released by ISMA recently with total 331.61 LT of sugar production and expected to produce around 260 LT of sugar in 2019-20 MY.** Total sugar monthly sales quota of 246LT was released by the government to the mills during Oct'18 to Sep'19 (MY), ISMA declares the total sugar consumption of 255 LT as 8-9 LT of sugar was sold in excess which was not reported by the government. Exports of 38 LT has been reported with closing balance of 145.81 LT in 2018-19. So far from the starting of the new season in Oct'19, in only one month the country is expected to have exported around 7-8 LT only with the support of new export policy of MAEQ of 60 LT.
- **According to the data released by the National Federation of Cooperative Sugar Factories Ltd. (NFCSF), total 28 mills have crushed 14.5 LT of cane** and have produced 1.25 LT of sugar at an average recovery of 8.67%. In Karnataka State, 9 sugar mills have crushed 6.67 Lakh Tons sugarcane and have produced 60,000 Tons new sugar at an average recovery of 9% followed by Uttar Pradesh where 13 mills have crushed 1.88 Lakh Tons sugarcane and have produced 15,000 Tons new sugar at an average recovery of 8%. The mills have already started crushing 1 month late this year due to incessant rains which has delayed crushing. According to the latest estimates by ISMA, India might produce 268.5 LT in 2019-20 marketing year.
- **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.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed lower at Rs.3200 quintal this week.
- Next resistance and support level for the October month is expected at Rs.3300 and Rs.3150 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 higher at Rs.2712/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	116.17	116.17	117.05	178.32	129.01
Estimated sugar production	202.85	321.96	330	271.07	81.03	132.49	40.04	17.51
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	387.24	197.20	249.54	218.37	146.52
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	332.24	191.70	231.20	205.53	128.19
Estimates sugar consumption	245.61	260	256.5	259.00	74.65	52.88	76.52	54.95
Carry out stock (F - G)	34.10	82.67	116.17	73.24	117.05	178.32	129.01	73.24

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 271.07 LT in 2019-20.
- On the other hand, sugar domestic consumption is expected to decline to 256.5 lakh tonnes in 2018-19 (01st October, 2018 – 30th September, 2019) whereas the consumption is estimated to increase to 259 LT in 2019-20.
- Although the production is estimated to decline, with an ending stock lower than the previous year at 73.24 LT in 2019-20.
- 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 Friday closed up +0.18 (+1.45%).** Sugar prices recovered from early losses Friday and closed higher after the USDA cut its U.S. 2019/20 sugar production estimate to 8.61 MMT from an Oct estimate of 9.18 MMT.
- **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.

- **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.

Previous 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.

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

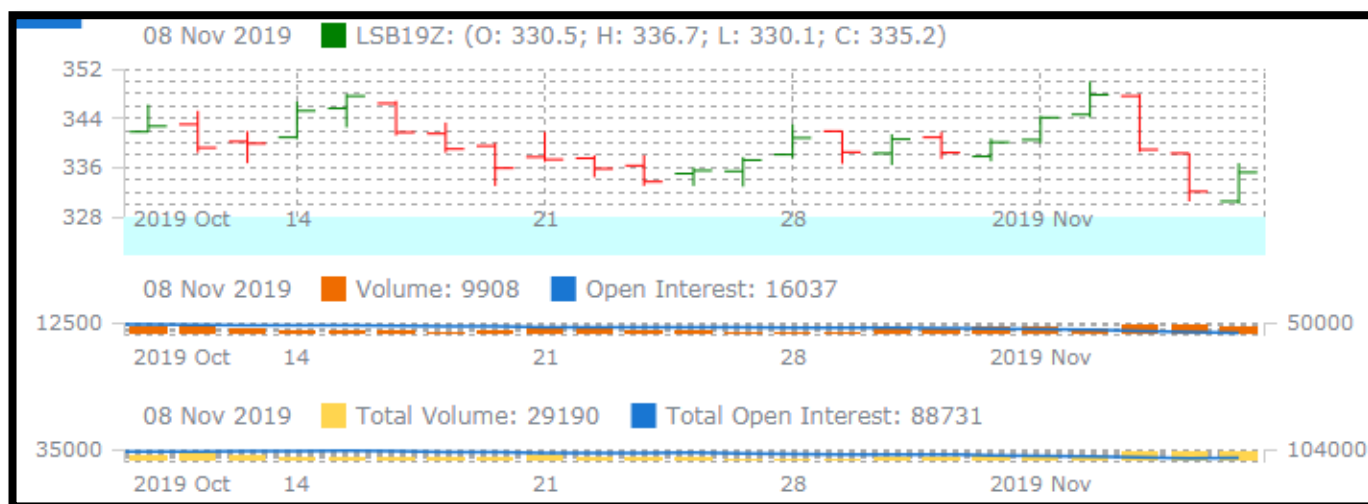
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market bearish for the month.
- Total volume increased and open interest declined over a week.
- Strategy: Sell at level 335, T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	335.2	340-350

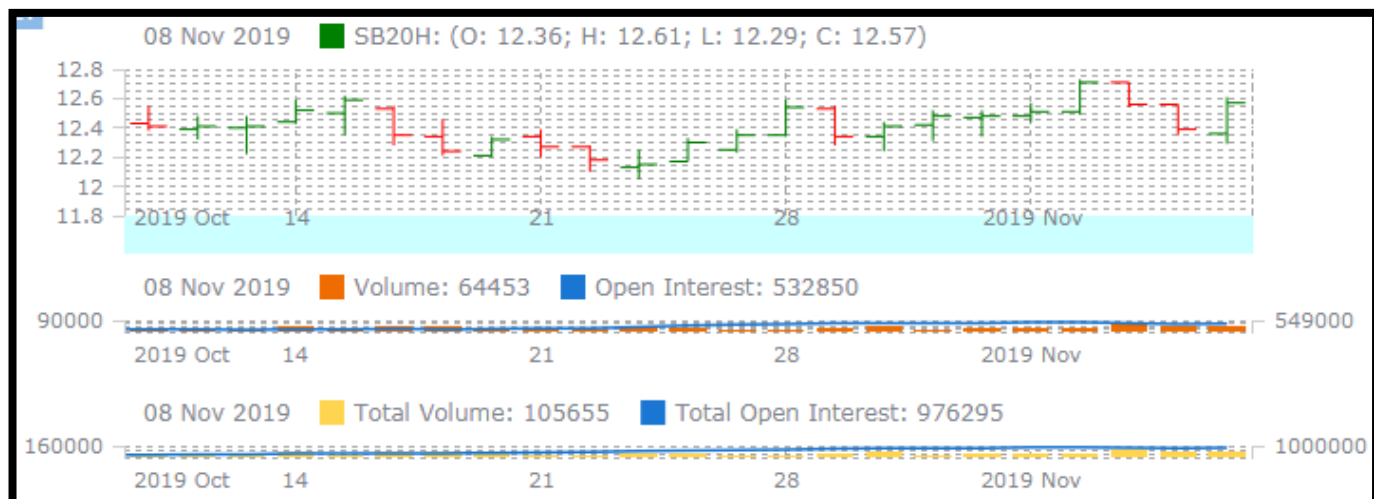


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Total volume increased while open interest decreased.
- 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	12.57	11-18



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			1st Nov to 7th Nov 2019	25th Oct to 31st Oct 2019	
Delhi	Delhi	M-Grade	3305	3355	-50
	Delhi	S-Grade	3285	3335	-50
Uttar Pradesh	Khatauli	M-Grade	3430	3476	-46
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3332	3385	-53
	Dhampur	S-Grade Ex-Mill	3312	3365	-53
	Dhampur	L-Grade Ex-Mill	3382	3435	-53
Maharashtra	Mumbai	M-Grade	3583	3584	-1
	Mumbai	S-Grade	3323	3344	-21
	Nagpur	M-Grade	3325	3408	-83
	Nagpur	S-Grade	3225	3233	-8
	Kolhapur	M-Grade	3200	3283	-83
	Kolhapur	S-Grade	3100	3108	-8
Assam	Guhawati	S-Grade	3410	3419	-9
Meghalaya	Shillong	S-Grade	3420	3428	-8
Andhra Pradesh	Vijayawada	M-Grade	3713	3732	-19
	Vijayawada	S-Grade	3653	3672	-19
West Bengal	Kolkata	M-Grade	3715	3700	15
Tamil Nadu	Chennai	S-Grade	3835	3855	-20
	Dindigul	M-Grade	3582	3604	-22
	Coimbatore	M-Grade	3645	3700	-55
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	25th Oct to 31st Oct 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2744	2761	-17
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	49000	32000	17000
	Muzaffarnagar	Khurpa (Fresh)	2587	2529	58
	Muzaffarnagar	Laddoo (Fresh)	2860	2803	57
	Muzaffarnagar	Rascut (Fresh)	2072	2208	-136
	Hapur	Chaurasa	2565	2498	67
	Hapur	Balti	2598	2585	13
Andhra Pradesh	Chittur	Gold	3175	4600	1742
		White	2075	1433	-
		Black	0	0	Unch
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4650	4700	-50
	Belgaum	Mudde (Average)	0	0	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	0	0	Unch
	Gulbarga	Other (Average)	2267	0	2267
	Mahalingapura	Penti (Average)	2377	3126	-749
	Mandya	Achhu (Medium)	3654	3488	166
	Mandya	Kurikatu (Medium)	3240	3200	40
	Mandya	Other (Medium)	3288	3253	35
	Mandya	Yellow (Medium)	3340	3388	-48
	Shimoga	Achhu (Average)	3738	2900	838

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			9-Nov-19	2-Nov-19	10-Oct-19	9-Nov-18
Delhi	Delhi	M-Grade	3285	3300	3350	Closed
	Delhi	S-Grade	3265	3280	3330	Closed
Uttar Pradesh	Khatauli	M-Grade	3400	3440	3480	Closed
	Ramala	M-Grade	NA	0	0	Closed
	Dhampur	M-Grade Ex-Mill	3350	3330	3380	Closed
	Dhampur	S-Grade Ex-Mill	3330	3310	3360	Closed
	Dhampur	L-Grade Ex-Mill	3400	3380	3430	Closed
Maharashtra	Mumbai	M-Grade	3582	3582	3546	Closed

	Mumbai	S-Grade	3310	3326	3340	Closed
	Nagpur	M-Grade	3325	3325	3425	Closed
	Nagpur	S-Grade	3225	3225	3275	Closed
	Kolhapur	M-Grade	3200	3200	3300	Closed
	Kolhapur	S-Grade	3100	3100	3150	Closed
Assam	Guhawati	S-Grade	3410	3410	3461	Closed
Meghalaya	Shillong	S-Grade	3420	3420	3470	Closed
Andhra Pradesh	Vijayawada	M-Grade	3700	3720	3760	Closed
	Vijayawada	S-Grade	3640	3660	3700	Closed
West Bengal	Kolkata	M-Grade	3700	3720	3730	Closed
Tamil Nadu	Chennai	S-Grade	3830	3830	3760	3200
	Dindigul	M-Grade	3600	3580	3680	3520
	Coimbatore	M-Grade	3590	3700	3700	NR
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)			9-Nov-19	2-Nov-19	10-Oct-19	9-Nov-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2713	2738	0	Closed
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	0	Closed
	Muzaffarnagar	Khurpa	2563	2580	0	Closed
	Muzaffarnagar	Laddoo	2778	2875	0	Closed
	Muzaffarnagar	Rascut	2088	2028	0	Closed
	Hapur	Chaurasa	2513	2575	0	0
	Hapur	Balti	2475	2600	0	0
Andhra Pradesh	Chittur	Gold	4600	4300	5300	Closed
		White	4200	4200	4300	Closed
		Black	NA	0	0	Closed
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4650	4600	4250
	Belgaum	Mudde (Average)	NA	0	0	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	NA
	Gulbarga	Other (Average)	NA	0	3252	3450
	Mahalingapura	Penti (Average)	NA	0	3342	NA
	Mandya	Achhu (Medium)	NA	3600	3150	3050
	Mandya	Kurikatu (Medium)	NA	3250	2850	3000
	Mandya	Other (Medium)	NA	3250	2850	2900
	Mandya	Yellow (Medium)	NA	3150	3150	3100
	Shimoga	Achhu (Average)	NA	3700	3750	3550

International Sugar Prices (Weekly)

	Contract Month	1st Nov to 7th Nov 2019	25th Oct to 31st Oct 2019	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2061.00	2046	15.00
	19-Mar	1988.00	1973	15.00
	19-May	2008.00	1988	20.00
LIFFE Sugar (US \$/MT)	19-Oct	2461.00	2445	16.00
	19-Dec	2412.00	2404	8.00
	19-Mar	2398.00	2388	10.00

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