

**Price Outlook:**

**Indian Sugar market remained Rs.20-35/q weaker compared to previous week** due to lower demand. 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 3100 to 3450 Rs/q in coming days.

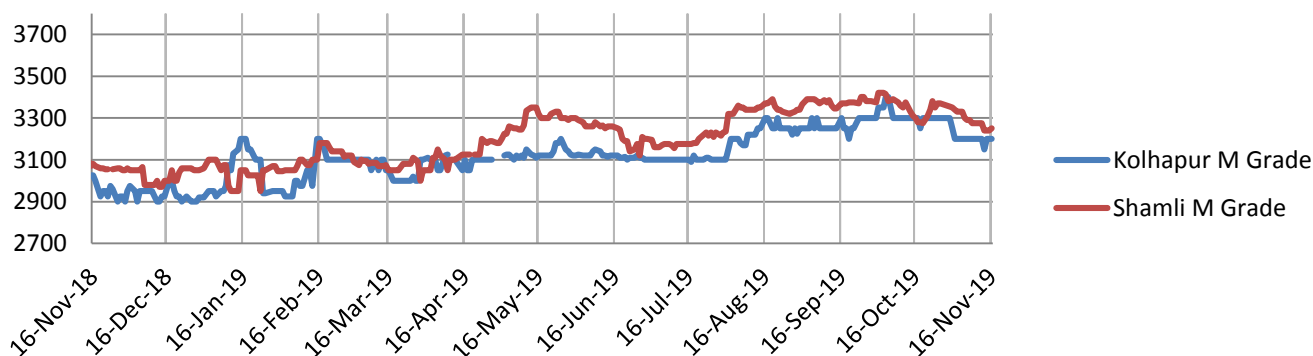
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3100 -3250 per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settled lower at Rs. 3192 per quintal due to weaker demand, while spot sugar prices for the same grade in Shamli district stood weaker Rs. 3261 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:

- **Government has extended the duration till December to export last year's balance quota of sugar.** As the sugar mills exported around 3.8 million tonnes only against the target of 5 million tonnes during Oct'18-Sep'19. Now, it has been decided by the central government to allow those sugar mills, which had partially exported their MIEQ of 2018-19 till September 2019, to export the balance quantity of their MIEQ by December 31, 2019.
- **The crushing in Maharashtra has already been delayed where usually the season starts after Diwali or in October.** But this year due to the prolonged rainfall, drought and the state assembly elections in the state, cane crushing is delayed. According to the reports, 89 mills have received the crushing license, and 72 are still waiting for it. Maharashtra sugar commissioner recommended to delay further to commence the crushing season from 25<sup>th</sup> Nov'19.
- **The crushing season was going to commence in Farrukhabad (U.P) on Thursday but due to scarcity of cane in the district due to insufficient supply of sugarcane,** the mills has stopped the operations. The next day cane available in mill yard was only 687 quintal whereas 1200 quintal cane is required to run the mill smoothly. Currently, 30-35 mills have started crushing operations in the Western and Central UP regions. The plants in Eastern UP would soon start crushing. The Centre has retained the cane FRP at Rs. 275/quintal sugarcane for all the states in 2019-20. UP traditionally announces a much higher SAP to remunerate the state farmers. Last year, the state had announced SAP of Rs. 315 per quintal.
- **Karnataka decided earlier in the month to ban sugarcane selling to other states which may create hardships for Maharashtra** that use to buy sugarcane from bordering areas of Karnataka. The millers from Maharashtra have decided to oppose the move. Also the farmers from Karnataka had appealed the government to intervene in this issue because mills from Maharashtra pays high to farmers than that of Karnataka which attracts the cane farmers to Maharashtra. As sugarcane production has been affected in Maharashtra as well as in Karnataka this year following the drought and the recent floods.

Previous 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. (NFCFSF), 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.

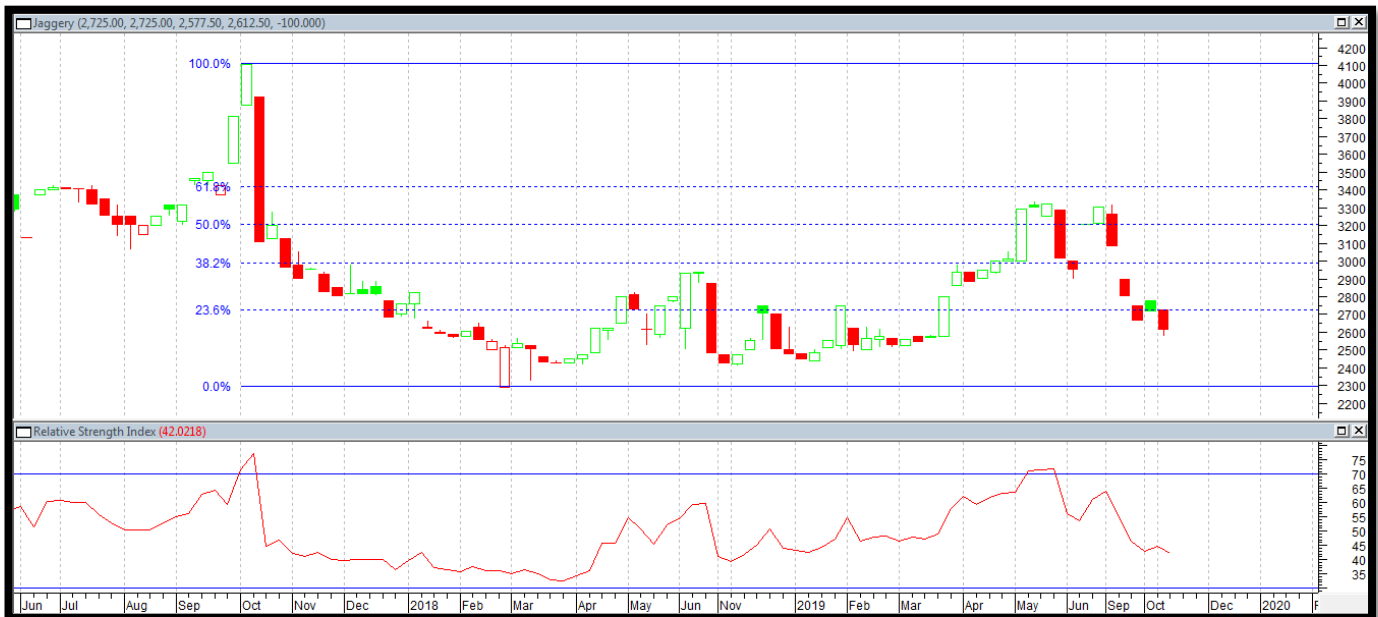
#### Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- 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.3250 and Rs.3100 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.2612/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
<b>Sugar</b>	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
<b>Sugar</b>	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 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> 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 down -0.08 (-0.62%).** The outlook for increased export selling from Brazil's sugar producers is weighing on sugar prices after the Brazilian real slumped to a 14-month low against the dollar on Thursday.
- **The main sugar producing region in Brazil, the centre- south region mills is likely to end its crushing earlier than expected due to drier-than-normal weather.** According to the Unica, 67 mills have already finished crushing as against 52 during the same period last year. Because of better realization on selling ethanol instead of sugar, the country is more focusing on producing more ethanol production. Also, the falling prices of sugar in the international market has helped Brazil to emphasise more on ethanol production.

- **Thailand government has recently posed ban of using Paraquat, Chloropyrifos and Glyphosate chemicals especially used in sugarcane production.** The ban on paraquat will affect sugar production as well as impact food processing, animal feed and ethanol production sector. There will be a decrease in the production of sugarcane between 20 per cent and 50 per cent. Thailand being the 2<sup>nd</sup> biggest exporter, the ban would impact the raw sugar production and further would decline the exports. If no alternative is introduced as soon as possible, other countries would get the opportunity to liquidate their stock in the global market especially India.
- **Ties between Pakistan and China becoming stronger after US and China trade war started.** Pakistan likely to export more goods especially sugar to China in the current year. Pakistan exported sugar worth \$609.9 million to China, which was over four times compared to sugar exports in fiscal year 2017-18. India remained behind in case of sugar exports to China due to imposition of heavy tariffs by China and the domestic prices remained higher in India. The second phase of Pakistan-China Free Trade Agreement (FTA) will become operational from the first of December.
- **The production of sugar in China has reached upto 3.98 LT till the end of Oct'19 up by 3.01 LT** at the same time last year whereas the total production is forecast to fall 2.4% to 10.5 mln tonnes in 2019-20. 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 the same period. The total imports till Aug'19 stood at 4.3 mln tonnes which is around 1% lower compared to last year.

#### Previous 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.

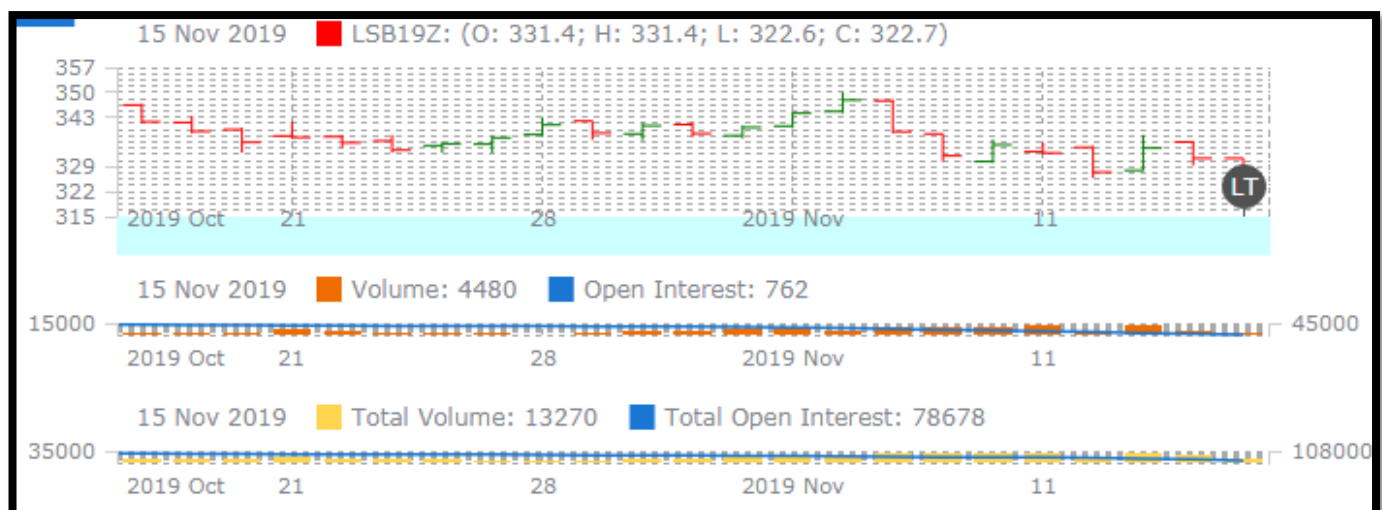
**International Sugar Market Summary:****Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	<b>Bearish</b>
World sugar production in 2019/20 (Apr/Mar) will up by 1.01% y/y to 180 MMT (USDA) in 2019/20	<b>Bearish</b>
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.	<b>Bullish</b>
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	<b>Bullish</b>

**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 320, T1 335

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	322.7	320-340





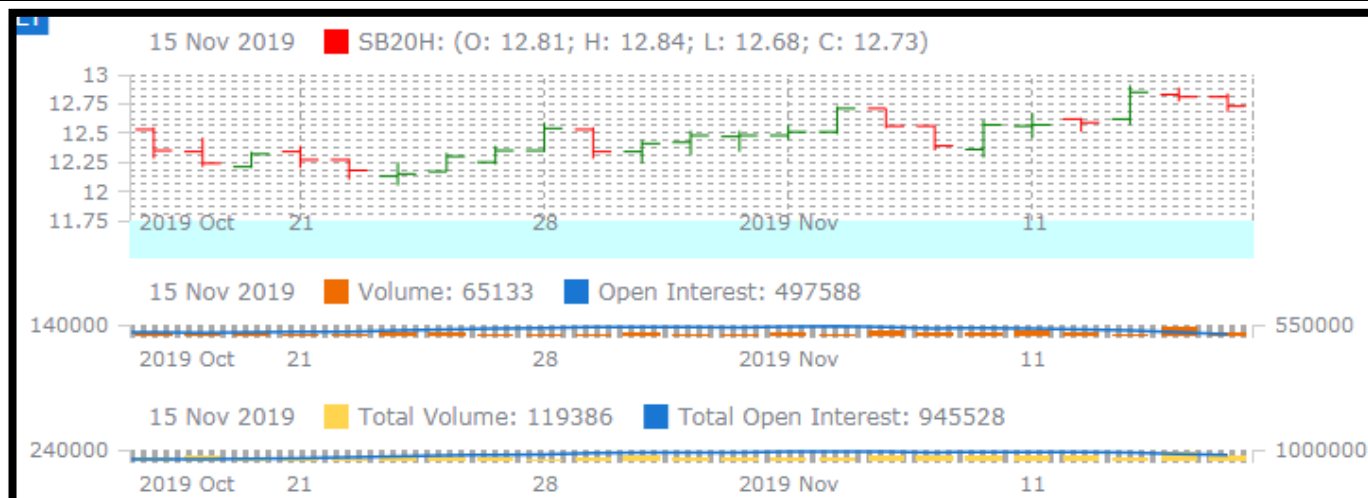
## ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

## 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	12.73	11-18



## Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			8th Nov to 14th Nov 2019	1st Nov to 7th Nov 2019	
Sugar	Delhi	M-Grade	3301	3305	-4
		S-Grade	3281	3285	-4
Uttar Pradesh	Khatauli	M-Grade	3384	3430	-46
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3294	3332	-38
	Dhampur	S-Grade Ex-Mill	3274	3312	-38
	Dhampur	L-Grade Ex-Mill	3344	3382	-38
Maharashtra	Mumbai	M-Grade	3588	3583	6
	Mumbai	S-Grade	3299	3323	-24
	Nagpur	M-Grade	3317	3325	-8
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3192	3200	-8
	Kolhapur	S-Grade	3100	3100	Unch

Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3700	3713	-13
	Vijayawada	S-Grade	3640	3653	-13
West Bengal	Kolkata	M-Grade	3678	3715	-37
Tamil Nadu	Chennai	S-Grade	3815	3835	-20
	Dindigul	M-Grade	3613	3582	32
	Coimbatore	M-Grade	3590	3645	-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)			8th Nov to 14th Nov 2019	1st Nov to 7th Nov 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2680	2744	-64
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	43000	49000	-6000
	Muzaffarnagar	Khurpa (Fresh)	2543	2587	-44
	Muzaffarnagar	Laddoo (Fresh)	2737	2860	-123
	Muzaffarnagar	Rascut (Fresh)	2054	2072	-18
	Hapur	Chaurasa	2453	2565	-112
	Hapur	Balti	2456	2598	-141
Andhra Pradesh	Chittur	Gold	4733	3175	2658
		White	4300	2075	-
		Black	0	0	Unch
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	0	0	Unch
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	3418	0	3418
	Gulbarga	Other (Average)	3338	2267	1072
	Mahalingapura	Penti (Average)	3451	2377	1074
	Mandya	Achhu (Medium)	3594	3654	-60
	Mandya	Kurikatu (Medium)	3240	3240	Unch
	Mandya	Other (Medium)	3306	3288	18
	Mandya	Yellow (Medium)	3400	3340	60
	Shimoga	Achhu (Average)	3675	3738	-63

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago

Sugar			16-Nov-19	9-Nov-19	17-Oct-19	16-Nov-18
Delhi	Delhi	M-Grade	3300	3285	3300	3090
	Delhi	S-Grade	3280	3265	3280	3070
Uttar Pradesh	Khatauli	M-Grade	3370	3400	3395	3250
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3260	3350	3290	3075
	Dhampur	S-Grade Ex-Mill	3240	3330	3270	3055
	Dhampur	L-Grade Ex-Mill	3310	3400	3340	3125
Maharashtra	Mumbai	M-Grade	3596	3582	3536	3326
	Mumbai	S-Grade	3286	3310	3330	3112
	Nagpur	M-Grade	3325	3325	3425	3150
	Nagpur	S-Grade	3225	3225	3225	3050
	Kolhapur	M-Grade	3200	3200	3300	3025
	Kolhapur	S-Grade	3100	3100	3100	2925
Assam	Guhawati	S-Grade	3410	3410	3410	3233
Meghalaya	Shillong	S-Grade	3420	3420	3420	3245
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	3740	3540
	Vijayawada	S-Grade	3640	3640	3680	3480
West Bengal	Kolkata	M-Grade	3640	3700	3670	3620
Tamil Nadu	Chennai	S-Grade	3800	3830	3740	3200
	Dindigul	M-Grade	3640	3600	3680	3620
	Coimbatore	M-Grade	3590	3590	3700	3580
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)			16-Nov-19	9-Nov-19	17-Oct-19	16-Nov-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2613	2713	3253	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	9000	0
	Muzaffarnagar	Khurpa	2325	2563	2625	0
	Muzaffarnagar	Laddoo	2725	2778	3063	0
	Muzaffarnagar	Rascut	2050	2088	2600	0
	Hapur	Chaurasa	2263	2513	2600	2350
	Hapur	Balti	2288	2475	2600	2325
Andhra Pradesh	Chittur	Gold	4700	4600	5100	4100
		White	4400	4200	4200	4000
		Black	4200	0	3900	3700
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	NA	4800	4250

	Belgaum	Mudde (Average)	NA	0	0	3300
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	3145	2900
	Gulbarga	Other (Average)	NA	3375	3425	3350
	Mahalingapura	Penti (Average)	NA	0	NA	3136
	Mandya	Achhu (Medium)	3530	NA	3350	3100
	Mandya	Kurikatu (Medium)	3000	NA	3100	3000
	Mandya	Other (Medium)	3300	NA	3030	2950
	Mandya	Yellow (Medium)	3370	NA	3380	3150
	Shimoga	Achhu (Average)	NA	0	3750	3500

International Sugar Prices (Weekly)				
	Contract Month	8th Nov to 14th Nov 2019	1st Nov to 7th Nov 2019	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2100.00	2061.00	39.00
	19-Mar	2034.00	1988.00	46.00
	19-May	2050.00	2008.00	42.00
LIFFE Sugar (US \$/MT)	19-Oct	2489.00	2461.00	28.00
	19-Dec	2379.00	2412.00	-33.00
	19-Mar	2416.00	2398.00	18.00

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