

Price Outlook:

Indian Sugar market remained stronger by around Rs.40/q compared to previous week as the crushing started across India including Maharashtra this week. Around 2 lakh tonnes of sugar has been exported so far this season along with around 12 lakh tonnes of export contracts have been booked by the sugar mills in India. 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 3200 to 3500 Rs/q in coming days.

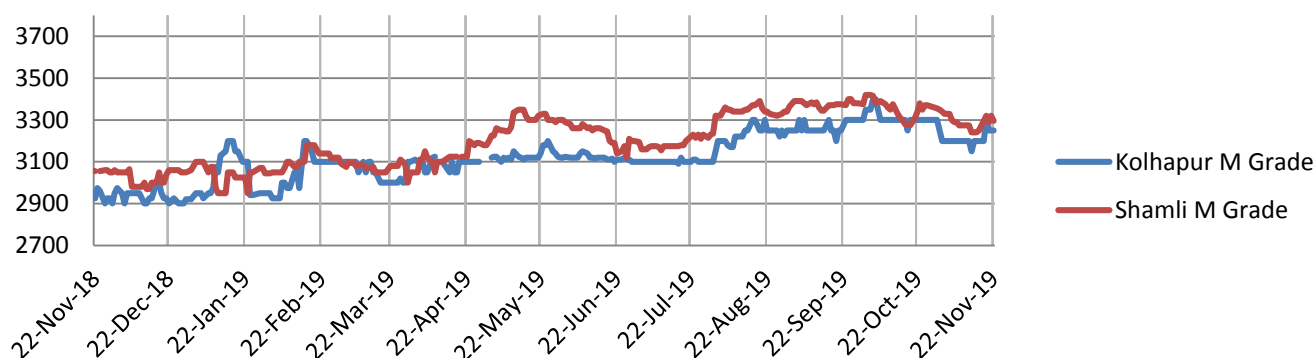
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3150 -3300 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled higher at Rs. 3233 per quintal due to weaker demand, while spot sugar prices for the same grade in Shamli district stood firmer Rs. 3285 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 ISMA, as on 15th Nov'19, mills have crushed around 4.85 lakh tonnes in the current season 2019-20 sugar season** as compared to 13.38 lakh tonnes sugar produced in the last season. Only 100 mills were crushing compared to 310 mills last year. In UP, 69 sugar mills have started the crushing operations for this season and they have produced 2.93 lac tons of sugar by 15th Nov'19. Whereas, during the same period last year in the same period, they had produced 1.76 lac tons till 15th Nov'18. Maharashtra has recently started the crushing operations this week, therefore, one of the reasons for lower crushing so far this season.
- **Mills have so far crushed 3.56 mln tonnes of cane and produced 325,000 tonnes of sugar as against the reported numbers released by ISMA.** The average recovery of sugar has so far been 9.14%. According to the National Federation of Cooperative Sugar Factories Federation, so far, 74 mills in the country have started crushing cane this season. In Maharashtra, of the total 195 mills in the state, only 105 mills have issued licenses to crush cane so far. The lower cane availability in the state also likely to reduce cane crushing duration to 70-80 days against the usual of 140-150 days.
- **According to the trade sources, Indian sugar mills have so far contracted exports of around 10-12 LT sugar in 2019-20 sugar season since October'19.** In the October month, sugar mills have exported around 4-5 LT of old sugar stock and it is projected that around 6-8LT of sugar have been exported so far. Good demand have been reported from the following countries: Afghanistan, Iran, Sri Lanka, Somalia, Nepal, Kenya, Bangladesh, Saudi Arabia, & Qatar. Indian FOB is hovering around \$323/tonne for refined sugar and \$ 309/ tonne for raw sugar at present which is lower than LIFFE sugar which is hovering around \$336/tonne (Refined sugar). The mills in the last season were ineligible to avail the incentives for exports due to partial fulfilment of export quota. Hence, on the request of the mills, the government has extended the last date to exhaust last year's export quota by December 31, 2019.

Previous 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 25th 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.

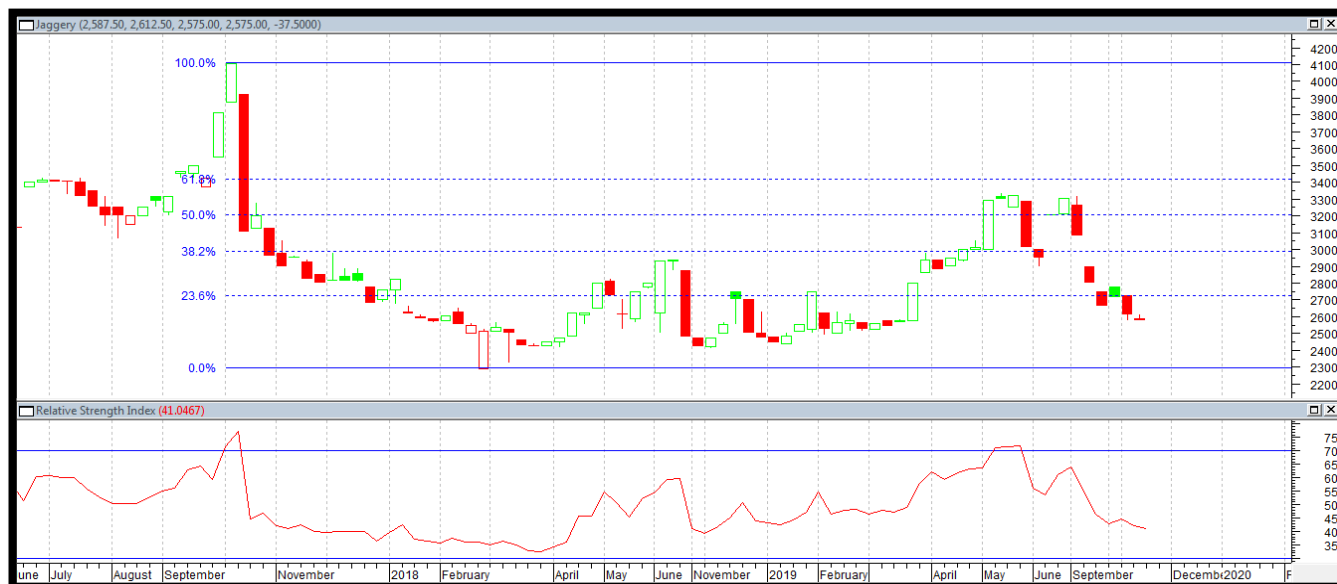
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed lower at Rs.3250 quintal this week.
- Next resistance and support level for the November month is expected at Rs.3300 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.2575/q against Rs.2612/q last week.
- 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 +0.22 (+1.74%).** Sugar prices rallied to a 1-week high on Friday after the USDA's sugar forecast that global 2019-20 sugar production will drop -3.2% to 174.1 MMT and that global 2019-20 sugar ending stocks will fall -9.9% to 49.58 MMT compared to previous year. The USDA projects that global 2019-20 sugar consumption will climb +0.8% to 174.684 MMT.
- **Brazil so far has produce around 408.54 billion litres of ethanol out of which around 1.19 billion litres have been exported till October'19** since start of the season in April'19 at an average price of 516 US\$/m³, the exports increased by around 17% compared to the previous year. Brazil's ethanol stocks reached 11.42 billion litres by 31st Oct'19, up 3.9 % from the same time last year and 4% more than on 15th Oct'19 this year. By 31st Oct last year, ethanol stocks in the country were at 10.99 billion litres. The monthly average price increased by 11% at 529 US\$/m³ which encouraged the exports.
- **As per the latest estimate of USDA, sugar production is projected at 8.6 million tons, decrease by 572,000 ton from the previous month's prediction.** The poor growing weather and forecasts for smaller beet and sugar cane crops have affected sugar production in the US. The US is planning to allow more imports of sugar so as to fulfil the demands from bakers, candy makers, and food manufacturers. The sugar is likely to be imported from Mexico, which has surplus sugar at present. The decision in this regard will be taken in December. India with export incentives this could get opportunity to export to US on subsidized prices.
- **U.S. sugar production have declined significantly due to adverse weather in both sugar beet and sugarcane regions.** In the November 2019 WASDE Report, the U.S. sugar production projection declined by 524,000 short tons raw value to 13.55 STRV from the previous month, while ongoing weather concerns threaten further reductions. USDA intends to make an announcement between November 18 and December 10 as to quantity, type and source of additional sugar needed to ensure an adequate supply for the domestic market.

Previous 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 2nd 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.

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

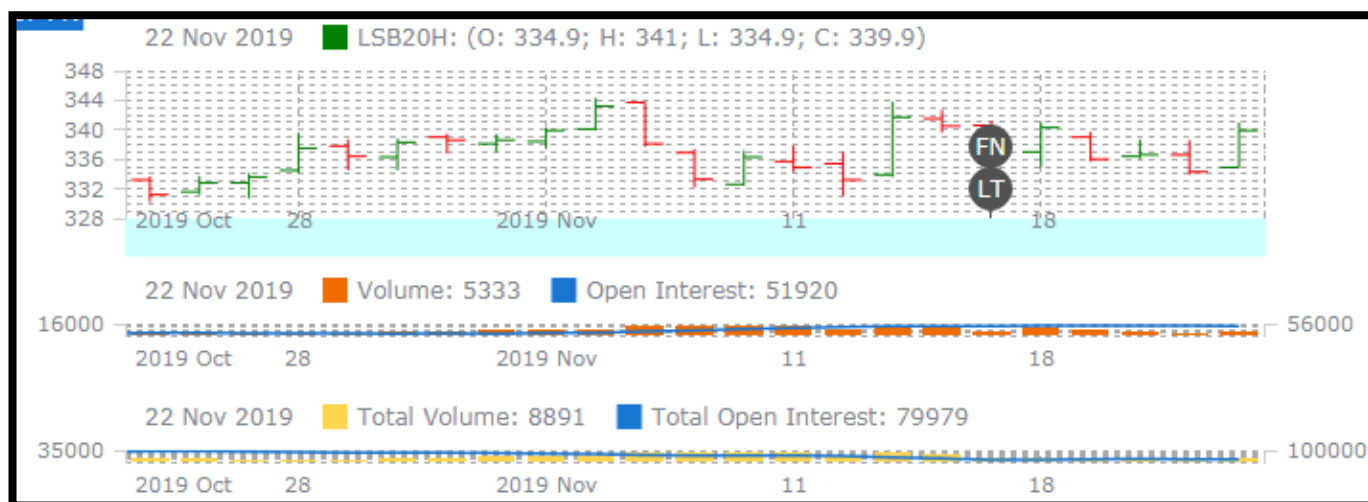
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market bearish for the weak.
- Total volume decreased and open interest declined over a week.
- Strategy: Sell at level 339, T1 340

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	339.9	330-344

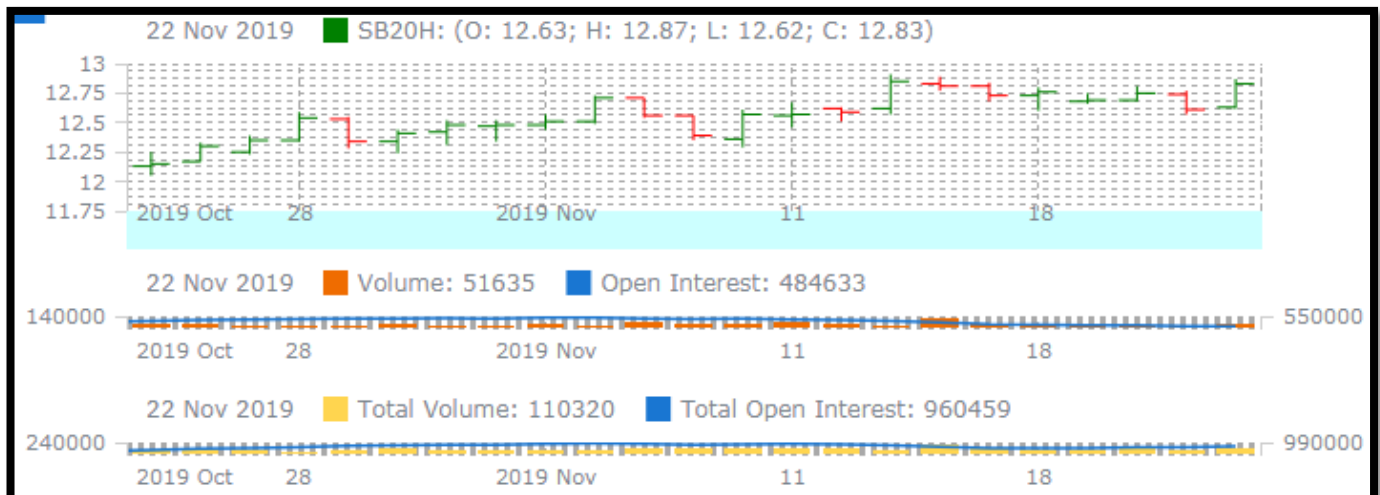


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Total volume decreased 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	12.83	11-18



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			15th Nov to 21st Nov 2019	8th Nov to 14th Nov 2019	
Sugar	Delhi	M-Grade	3342	3301	41
		S-Grade	3322	3281	41
Uttar Pradesh	Khatauli	M-Grade	3410	3384	26
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3300	3294	6
	Dhampur	S-Grade Ex-Mill	3280	3274	6
	Dhampur	L-Grade Ex-Mill	3350	3344	6
Maharashtra	Mumbai	M-Grade	3599	3588	10
	Mumbai	S-Grade	3282	3299	-17
	Nagpur	M-Grade	3358	3317	42
	Nagpur	S-Grade	3228	3225	3
	Kolhapur	M-Grade	3233	3192	42
	Kolhapur	S-Grade	3103	3100	3
Assam	Guhawati	S-Grade	3414	3410	3
Meghalaya	Shillong	S-Grade	3423	3420	3
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch
	Vijayawada	S-Grade	3640	3640	Unch
West Bengal	Kolkata	M-Grade	3642	3678	-37
Tamil Nadu	Chennai	S-Grade	3800	3815	-15
	Dindigul	M-Grade	3620	3613	7
	Coimbatore	M-Grade	3590	3590	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)			15th Nov to 21st Nov 2019	8th Nov to 14th Nov 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2598	2680	-81
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	51000	43000	8000
	Muzaffarnagar	Khurpa (Fresh)	2388	2543	-156
	Muzaffarnagar	Laddoo (Fresh)	2723	2737	-14
	Muzaffarnagar	Rascut (Fresh)	2058	2054	4
	Hapur	Chaurasa	2313	2453	-141
	Hapur	Balti	2320	2456	-136
Andhra Pradesh	Chittur	Gold	4850	4733	550
		White	4350	4300	-
		Black	4167	0	4167
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	2270	1715	555
	Gulbarga	Other (Average)	2600	3338	-738
	Mahalingapura	Penti (Average)	2235	2852	-617
	Mandya	Achhu (Medium)	3318	3594	-276
	Mandya	Kurikatu (Medium)	3000	3240	-240
	Mandya	Other (Medium)	3060	3306	-246
	Mandya	Yellow (Medium)	3298	3400	-102
	Shimoga	Achhu (Average)	2800	1225	1575

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			22-Nov-19	15-Nov-19	23-Oct-19	22-Nov-18
Delhi	Delhi	M-Grade	3400	3300	3420	2915
	Delhi	S-Grade	3380	3280	3400	2895
Uttar Pradesh	Khatauli	M-Grade	3410	3360	3490	3165
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3310	3260	3320	3050
	Dhampur	S-Grade Ex-Mill	3290	3240	3300	3030
	Dhampur	L-Grade Ex-Mill	3360	3310	3370	3100
Maharashtra	Mumbai	M-Grade	3612	3596	3562	3276
	Mumbai	S-Grade	3280	3286	3350	3076
	Nagpur	M-Grade	3375	3325	3425	3050

	Nagpur	S-Grade	3225	3225	3245	3025
	Kolhapur	M-Grade	3250	3200	3300	2925
	Kolhapur	S-Grade	3100	3100	3120	2900
Assam	Guhawati	S-Grade	3410	3410	3431	3207
Meghalaya	Shillong	S-Grade	3420	3420	3440	3220
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	3740	3520
	Vijayawada	S-Grade	3640	3640	3680	3460
West Bengal	Kolkata	M-Grade	3640	3640	3700	3600
Tamil Nadu	Chennai	S-Grade	3800	3800	3810	3100
	Dindigul	M-Grade	3600	3640	3640	3510
	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)			22-Nov-19	15-Nov-19	23-Oct-19	22-Nov-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2575	2578	2900	2538
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	10000	8000
	Muzaffarnagar	Khurpa	2325	2425	2525	2475
	Muzaffarnagar	Laddoo	2675	2730	2950	2738
	Muzaffarnagar	Rascut	2063	2063	2338	2113
	Hapur	Chaurasa	2288	2363	2550	2275
	Hapur	Balti	2300	2375	2600	2250
Andhra Pradesh	Chittur	Gold	4900	5000	4800	4000
		White	4300	4400	4300	3900
		Black	NA	4100	0	3600
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	NA	4800	4250
	Belgaum	Mudde (Average)	NA	0	0	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	3355	0	0	2950
	Gulbarga	Other (Average)	NA	0	3475	3550
	Mahalingapura	Penti (Average)	NA	0	3596	3159
	Mandya	Achhu (Medium)	3100	NA	3170	3050
	Mandya	Kurikatu (Medium)	3000	NA	3050	2900
	Mandya	Other (Medium)	3200	NA	3220	2950
	Mandya	Yellow (Medium)	2900	NA	3300	3100
	Shimoga	Achhu (Average)	NA	0	3700	3400

International Sugar Prices (Weekly)				
	Contract Month	15th Nov to 21st Nov 2019	8th Nov to 14th Nov 2019	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2116.00	2100.00	16.00
	19-Mar	2044.00	2034.00	10.00
	19-May	2064.00	2050.00	14.00
LIFFE Sugar (US \$/MT)	19-Oct	2512.00	2489.00	23.00
	19-Dec	2531.00	2379.00	152.00
	19-Mar	2418.00	2416.00	2.00

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