

Price Outlook:

Indian Sugar market was overall showed weak trend this month due to weak to moderate demand in the local Indian markets. The sales quota for the month has been announced of 21 LT of sugar for March month against 20 LT in Feb'20 and 3 sugar mills have faced action for selling excessive sugar quota in last month. DFPD has reallocated the export sales quota of 6LT for those mills that were unable to export the sugar due to excess stock compared to those that were unable to export the allocated quota. The crushing in UP is progressing at faster pace with higher sugar production due to higher area covered this year compared to last year with an average sugar recovery rate of around 11.11% and the sugar production up by around 7% this year whereas Maharashtra is producing sugar in sluggish mode and the sugar recovery has increased from previous weak to 11.02% so far till last week. We expect sugar prices may trade steady in the next month. According to Agriwatch, Indian sugar prices may trade in range of 3150 to 3550 Rs/q in coming days.

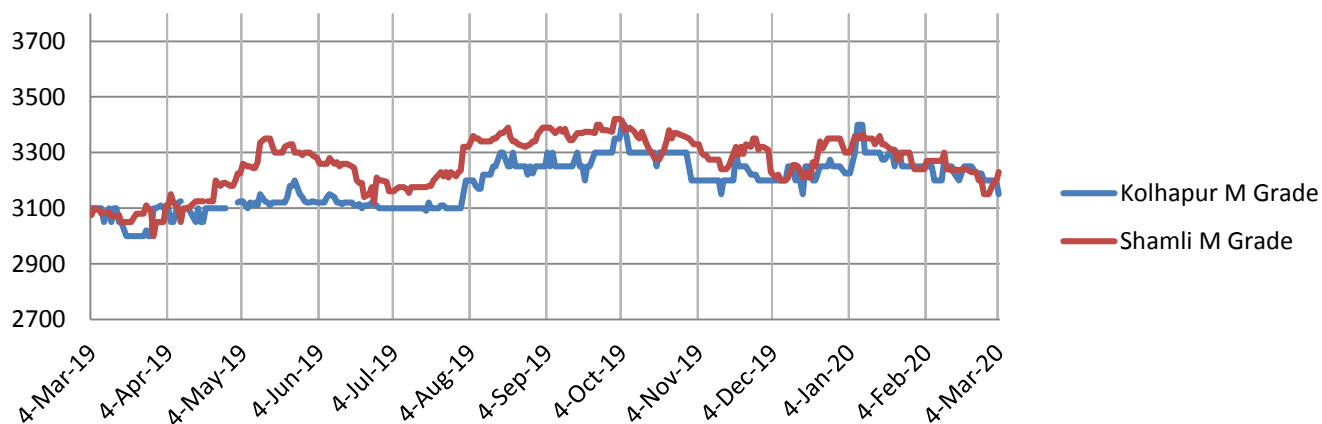
Price Projection for the Next Month:

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs. 3150–Rs. 3350 per quintal for February month.

Domestic Sugar Market Summary:

However, the average price for sugar 'M' grade in key Kolhapur market settled lower at Rs.3233 per quintal in February month down by only INR 55 from the previous month and spot sugar prices for the same grade in Shamli district is 3232 per quintal at the end of February month stood similar to the Kolhapur market prices, and significantly down by 83 INR against previous month's average price Rs. 3315.

**Price comparsion Kholpur M- grade and Shamli
Rs/Qtl**



Bullish and Bearish factors for Domestic sugar:

Factors	Impact
2019-20 SS Production is estimated to be lower and estimated not more than 26.5 million tonnes, according to ISMA	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	Bearish
The reallocation of sugar export sales would help sugar mill to clear sugar stock piles in 2019-20 season	Bullish
Tightening of restriction on monthly sales	Bearish

Domestic Market Highlights
Recent Updates:

Government fixed the monthly sugar sales quota as 21 LT for March month to 545 mills higher by 1 LT compared to the previous month that stood at 20 LT. Also, the allocated quota is 3.5 LT lower at 24.5LT in the same time previous year. In the previous month, the sugar millers have reported that there was moderate demand due to higher stock piles and lower sugar production this year. The millers are holding their stock and waiting for the prices to rise and demand to increase with the commencement of summer season and prices to be firm. While 3 sugar mills faced action against them for selling excess sugar from the monthly sugar sales quota.

According to the 2nd advance estimate released by the government recently, the total sugarcane production in India might reach upto 3528.45 lakh tonnes against the target of 3855 lakh tonnes. The 2nd advance estimate is lower by around 6% compared to the first advance estimate due to the lower production this year. Due to which the sugar production declined by around 22% at 194.84 lakh tonnes so far till 29th Feb'20. The major reduction in area reported to be in Maharashtra followed by Karnataka due to bad weather conditions earlier this year.

ISMA revised its sugar production from its November estimates of 26 million tonnes to 26.5 million tonnes in February month during 2019-20 SS. According to Agriwatch estimates, in 2019-20 SS India likely to produce around 26.2 million tonnes of sugar. Out of which, around 123 LT of sugar production likely to produce from UP (up by around 4%) followed by 60LT of sugar from Maharashtra (down by 45%) and around 35 LT of sugar from Karnataka (down by around 20%). With an expected ending stock of 7 million tonnes according to Agriwatch estimates compared to 6 -10 million tonnes surplus by ISMA at the end of the sugar season 2019-20.

According to ISMA, all sugar mills across India have produced around 194.84 lakh tonnes of sugar lower as compared to 249.3 lakh tonnes produced on the corresponding time last year lower by 22%. This year around 68 sugar mills across India have stopped crushing operation due to lack of availability of cane out of 453 sugar mills. Maharashtra this year have produced sugar less by around 45% to 50.7 lakh tonnes with a closure of around 22 sugar mills compared to 92.88 lakh tonnes last year till 29th Feb. In U.P. 119 sugar mills which are in operation have produced 76.86 lac tons of sugar till 29th February'20, compared with 73.87 lakh tons up by 4% year on year produced by 117 mills on the corresponding date of last year.

In Karnataka, 63 sugar mills are in operation on 29th Feb'20, who have produced 32.6 LT of sugar, as compared to 41.73 LT produced by 66 sugar mills during the same period last year. Out of 63 sugar mills which went for crushing this season, 32 sugar mills have stopped crushing as on 29th February'20. Tamil Nadu has produced only 3.2 lakh tonnes of sugar till 29th Feb'20 by 21 sugar mills compared to 32 sugar mills producing 4.63 lakh tonnes of sugar in the same period last year. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 6.83LT of sugar till 29th Feb'20 lower compared to 8.79 LT in the same period last year. As per market reports released by ISMA, about 22-23 lakh tons of sugar have been exported from India and about 35 lakh tons of contracts have been signed for exports.

Due to the higher sugar production, the year ended with higher ending stock. Therefore, due to excess sugar supply, the sugar mills which had partially exported their MIEQ of 2018-19 sugar season till 30th Sep'19, were allowed to export their remaining MIEQ of 2018-19 sugar season by 31st Dec'19. Then, it was decided by the Central Government to allow those sugar mills which had partially exported their MIEQ of 2018-19 sugar season till 31st Dec'19, to export the balance quantity of their MIEQ of 2018-19 sugar season by 15th Feb'20; but now again the date has been revised to 14th Mar'20, over and above the Maximum Admissible Export Quantity (MAEQ) allocated for 2019-20 sugar season. This move is being adopted by the government and keep on revising the dates so as to help the sugar mills to clear off the older stock piles and to reduce down the carry out stock compared to the previous season's stock.

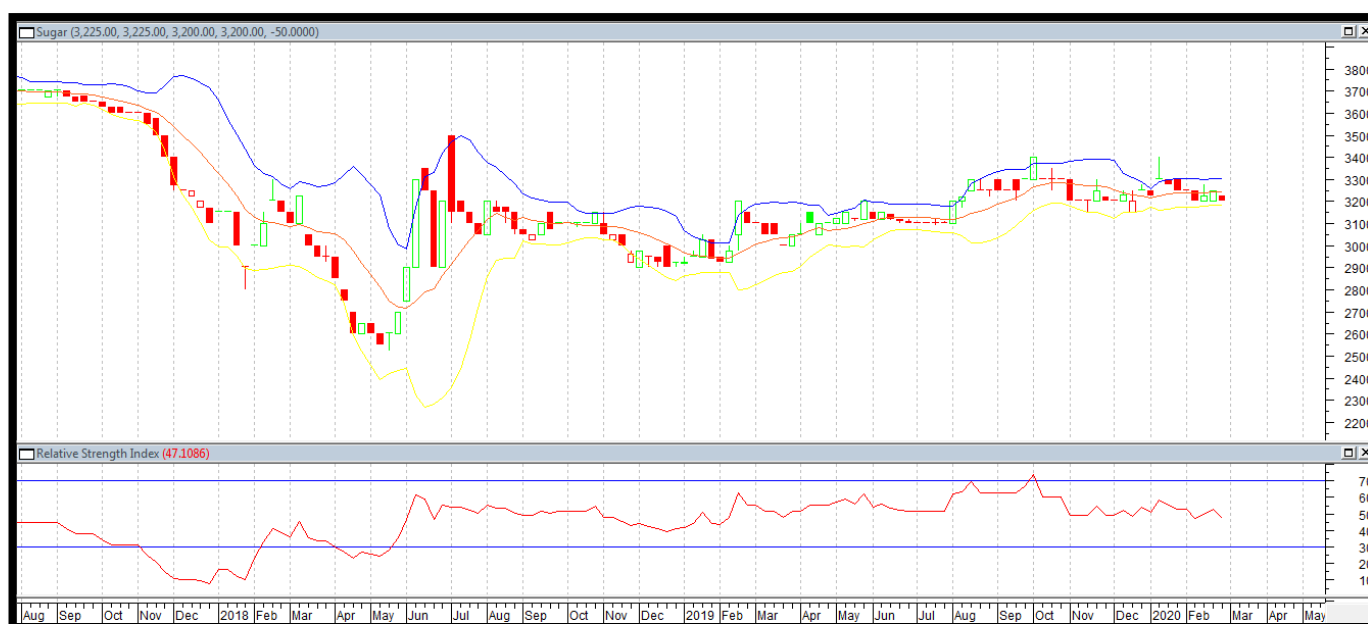
The sugar exports at this point of time this sugar season has picked up the pace due to the export subsidy incentives given to the sugar mills across India. This prompted the government (DFPD) to issue new guidelines directing the reallocation export quotas from mills that haven't been able to use them to those that have asked for higher quotas. Also, Indonesia has finally decided to allow sugar imports from India, discussions for which had been going on for about two years. Therefore, the government released a notification revising MAEQ of sugar for export during 2019-20 sugar season. In order to improve the liquidity position of the sugar mills so that they can move a step forward to clear off the cane price dues of farmers. Therefore, export quotas of 611,797 tonnes have been redistributed after reviewing exports performance of the mills. This would help the mills to export at faster pace those who have higher stocks. About 1.6-1.7 MMT have been exported and about 3.2-3.5 MMT of export contracts have been signed.

The global sugar shortage has pressurized Indonesia to import about 1.4 million tonnes of raw sugar for domestic use in 2020 and in early 2021. While domestic output is expected to fall with local demand increases. The Indonesian Sugar Association reports that if there is no additional supply through imports while demand keeps increasing, prices will definitely continue to rise. Whereas the supply of raw sugar from Thailand has drastically impacted the supply and hiked the international prices by around 10-12%. While, rising demand from Indonesia may benefit top sugar producers India and Brazil, both of which are seeking to fill the gap in supply from Thailand. Also, India in the close proximity to Indonesia and carry the import duty of 5% might get an opportunity to export the raw sugar. Indonesia is also buying sugar from Brazil which is set to ship 60,000 tonnes of raw sugar.

According to the trade sources, India exported 3.58 LT of sugar in January month. The Indian mills have started exporting the sugar produced in the new season (2019-20) due to which the prices reported are slightly higher compared to the previous month December. Out of the total exports, largest quantity of refined sugar has been exported to Malaysia exporting 1,39,033 tonnes at an average FOB of \$330/MT followed by Iran of 59,565 tonnes at an average FOB \$343/MT and Afghanistan exporting 53,973MT worth \$342/MT. Sugar has been exported to Middle Eastern countries including Somalia (11,751 tonnes at an average FOB \$355/MT), Saudi Arabia (9,135MT tonnes at an average FOB \$354/MT). The export to Sri Lanka was at an average \$337/MT (19,822 tonnes) and to Pakistan at an average of \$347/MT (10,589 tonnes).

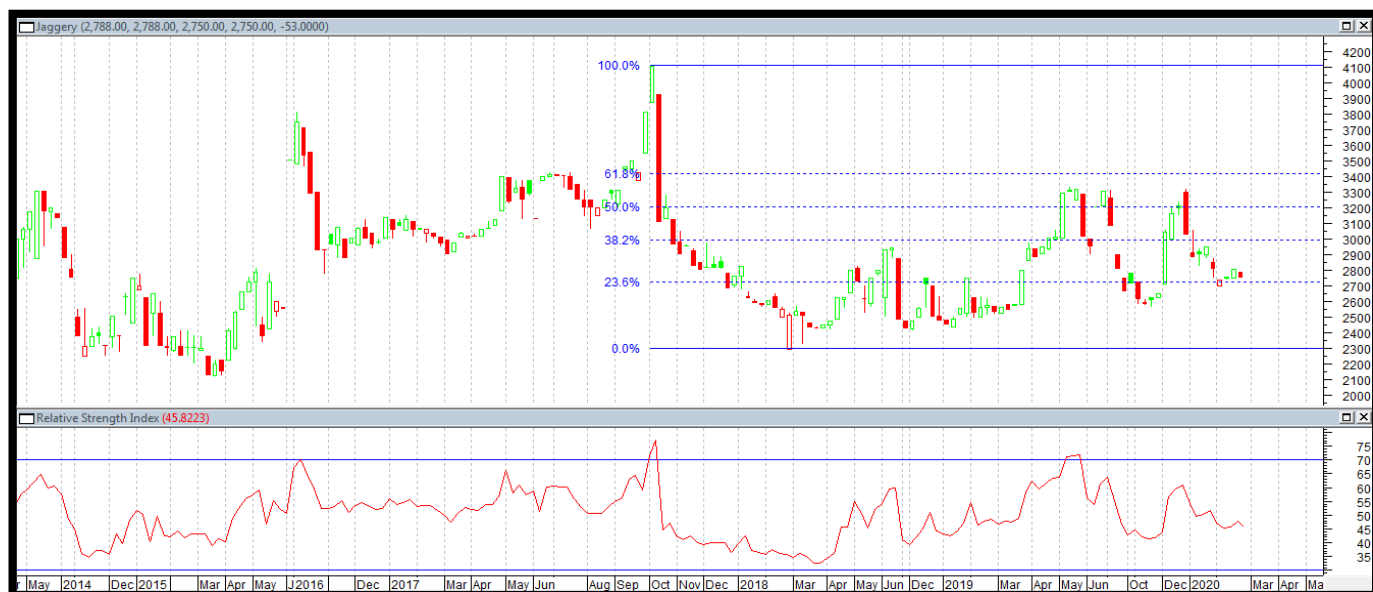
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed lower at Rs.3200 quintal this month against the closing price of Rs. 3250/q in the previous month.
- Next resistance and support level for the next 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 higher arrivals compared to previous month.
- The average prices stood lower at Rs. 2755/q in the February month.
- 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

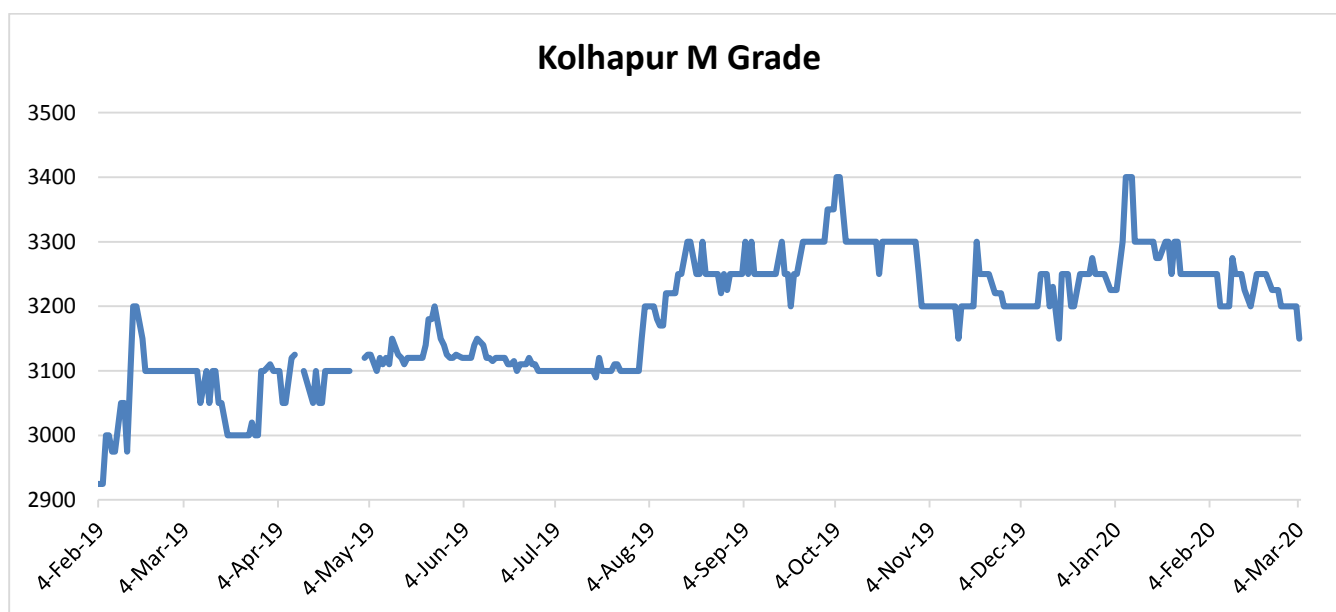
SUGAR BALNCE SHEET 2019-20(LT)								
SUGAR BALNCE SHEET 2019-20(LT)	2016-17	2017-18	2018-19	2019-20*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	77	34.1	82.67	119.78	119.78	112.49	205.36	135.94
Estimated sugar production	202.85	321.96	331.61	262.76	77.95	159.04	23.03	2.74
Imports	4.46	2.85	0.00	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	284.31	358.91	414.28	382.54	197.73	271.53	228.39	138.68
Exports	4.6	16.24	38.00	53.46	10.59	13.29	15.93	13.65
Availability for domestic consumption (D - E)	279.71	342.67	376.28	329.08	187.14	258.24	212.46	125.03
Estimates sugar consumption	245.61	260	256.50	259.00	74.65	52.88	76.52	54.95
Carry out stock (F - G)	34.10	82.67	119.78	70.08	112.49	205.36	135.94	70.08

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 331.61 LT in 2018/19 whereas the new season expects to decline by around 21% at 262.76 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 70.08 LT in 2019-20.
- India exported around 38 LT against export target of 5.3 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.

Domestic Sugar (M- grade) Price Projection for next 3 months

Particulars	Month	(Rs/Qtl)
Current Average Price	Feb'20	3233
Projected Price	Oct	3300-3400
	Nov	3200-3300
	Dec	3100-3200
	Jan	3200-3350
	Feb	3150-3300
	Mar	3200-3400
	Apr	3250-3400
	May	3250-3450



International Sugar Market Summary:

Overall average International sugar prices were significantly firm this month \$411.05/MT compared to the previous month (\$388.45/MT) with a two year high on tighter sugar supplies. The major reduction in sugar production in Thailand followed by India and Australia were the major positive factors that supported the prices in the month. India's ISMA reported a reduction of 22% in sugar production down by 54.4 million tonnes against last year's production during October to February. Also, sugar supplies from Thailand likely to decline by around 35% to 9MMT in 2019-20 sugar season according to the Thai Sugar Millers Corp due to the reduced sugarcane yields because of severe drought conditions. While the sugar production in Brazil has also reported that Brazil's Center-South sugar production till mid Feb'20 slumped to 34.47% from 35.42% last year.

Bullish and Bearish factors for International sugar:

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will cut by -5.3% to 30.1 MMT from 31.8 MMT in the earlier estimate	Bullish
Global 2019/20 sugar production likely to decline by -4.8% y/y to 166.7 MMT (ISO) in 2019/20	Bullish
The world sugar balance in 2019/20 will tighten to a -9.4 MMT deficit from the -6.2 MMT surplus in the November estimate.	Bullish

International Market Highlights:

The International Sugar Organization (ISO) raised its global 2019-20 sugar deficit estimate to an 11-year high of -9.4 MMT from a November estimate of -6.1 MMT. World sugar production in 2019-20 (Apr to Mar) will fall - 4.8% year on year to 166.7 MMT, after the +0.6% year on year rise to a record 185.2 MMT in 2018-19 (ISO). The global sugar deficit is attributed because of lower than previously projected sugar production in Thailand and India while a record crop in Russia and the prospect of increased production in Brazil.

The surge in international sugar prices is encouraging Brazil to divert sugarcane to sugar production in the month of Feb'20. Unica earlier in the month reported that Brazil's 2019/20 Center-South sugar production Oct-through mid-Feb is up +0.48% y/y to 26.488 MMT with the percentage of sugar cane crushed for sugar falling to 34.47% from 35.42% last year and the percentage of cane crushed for ethanol production rising to 65.53% from 64.58% last year. Conab on Dec 19 cut its Brazil 2019/20 sugar production estimate by -5.3% to 30.1 MMT from an Aug estimate of 31.8 MMT. Platts estimates that Center-South sugar mix in the crop for 2020-21 which will end in March 2021 will reach 37.5%, up from 34.41% recorded in the current crop of 2019-20.

Sugar prices have support from reduced sugar output from Thailand, the world's fourth-biggest sugar producer. Thailand's Office of the Cane and Sugar Board reported that Thailand's sugar production from 1st Dec'19 till 23rd Feb'20 was down by -8.1% year on year at 7.9 MMT. According to the Thailand Meteorological Department this year's drought in Thailand is the worst in 40 years, which is slashing the country's sugar output. The Thai Sugar Millers Corp forecasted that Thailand's 2019-20 sugar production would drop -35% year on year to 9 MMT from 14 MMT in 2018-19 as dry conditions reduce sugarcane yields.

Thailand Raw sugar as well as refined sugar exports declined by 6% and 2% respectively in 2019 (Jan'19-Jan'20) whereas the white sugar exports rose significantly by 16% to 7.19 LT till Jan'20 from Jan'19. Overall Thailand sugar exports also declined by around 3.5% to 107.92 LT compared to the previous year. In January, around 462,098 tonnes of raw sugar was exported at an average FOB of \$292.29/ton higher price compared to the previous months' exports. Similarly, White and refined sugar were exported around 44,283 tonnes and 2,49,084 tonnes at an average FOB of \$338.6/ton and \$347.73/ton respectively reported to be the highest price of the season. The Thailand exports

in January'20 increased due to the higher imports in Indonesia, Vietnam, Sudan, Singapore, China followed by Philippines.

Indonesia has reported that it is likely to import 4,38,802 tonnes of raw sugar for the domestic consumption until May. Usually Indonesia imports sugar from Thailand but the country is struggling with shortage of sugar this year due to severe drought conditions. Also, Indonesia is likely to start its season by the mid to end of June this year but it usually starts the sugar season in May. Indian sugar is in limelight because of Indian export subsidy incentives along with higher sugar stock piles. Also, Brazil has not yet commenced the sugar season, therefore, Indonesia might purchase a large quantity of sugar from India this year.

Bangladesh imports large amount of raw sugar to fulfill its demand of 1.4 million tonnes annually. Bangladesh Sugar and Food Industries Corporation is seeking to import 100,000 tonnes of sugar in a tender to secure supplies for the Muslim fasting month of Ramadan. Mostly Bangladesh imports most of the raw sugar from Brazil. Because of the government released export incentive quota India can also have an opportunity to export raw sugar to Bangladesh.

Russia is likely to produce sugar in 2019-20 rose to 70 lakh tonnes setting a new high record this year. This is 4th year that Russia has produced the significant sugar with the estimation of record high production this year. The country is expecting to export around 11 lakh tonnes of sugar this year. Although Russia is experiencing higher cost of exporting sugar at the ports due to lack of investments in port logistics. The demand for export is growing but supply for service is the same. So it seems difficult that Russia could reach its target of 11 lakh tonnes.

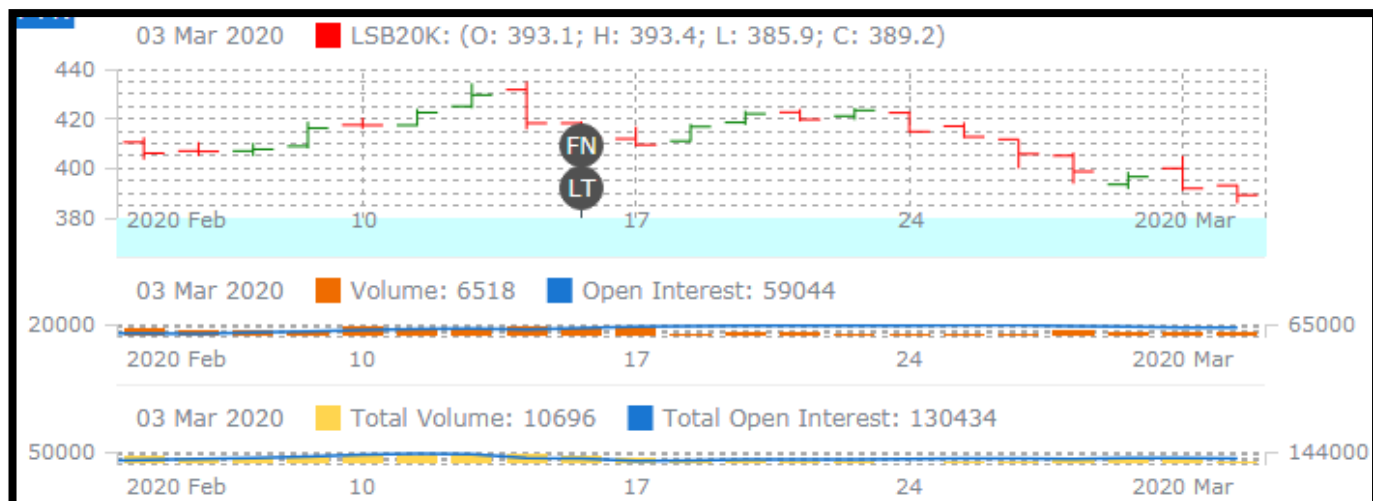
The total 2019-20 EU sugar production likely to decline by 428,000 MT in 2019-20 sugar season (October-September) at 17.502 MMT according to the S&P Global Platts Analytics forecasts due to the dry conditions early in the season and heavy rainfall late in the season. The sugar production has fallen since previous two seasons and is likely to see further drop in production. Prices slumped because of the initial rise in production that forced the EU to try to compete in a depressed global market. Prices have now rebounded as production has fallen in the EU.

International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (May 19 Contract) Technical Commentary

- LIFFE future market showed mixed trend in the month.
- Volume decreased & open interest has been increased over a month significantly.
- Strategy: Sell at level 385, T1 410

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	May'20	389.2	370-420

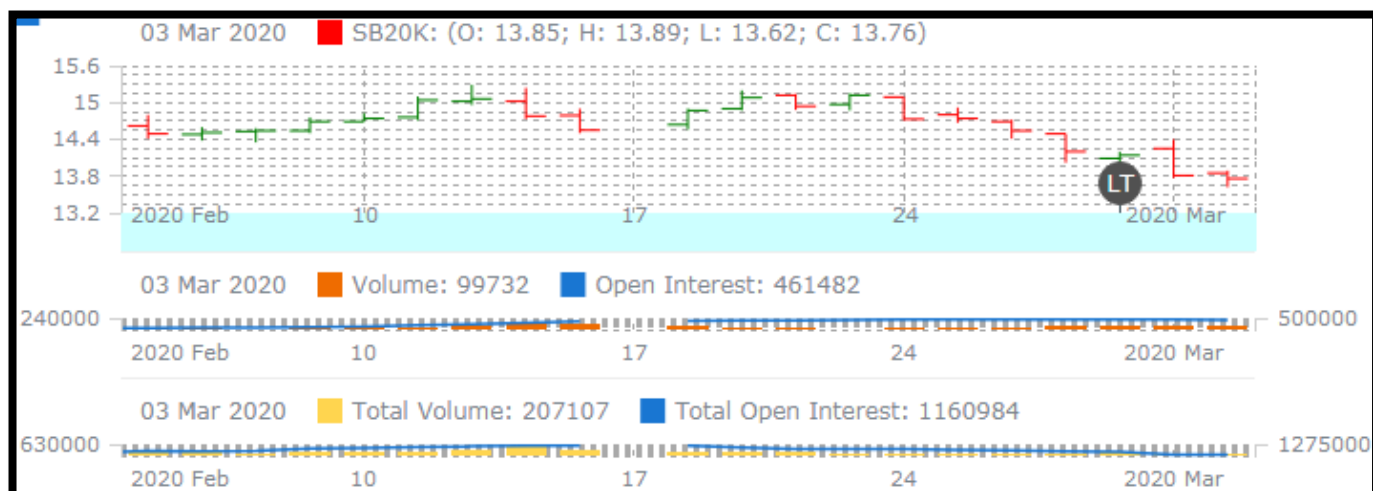


ICE (Raw Sugar Exchange) Future Market Scenario (May'20 Contract)

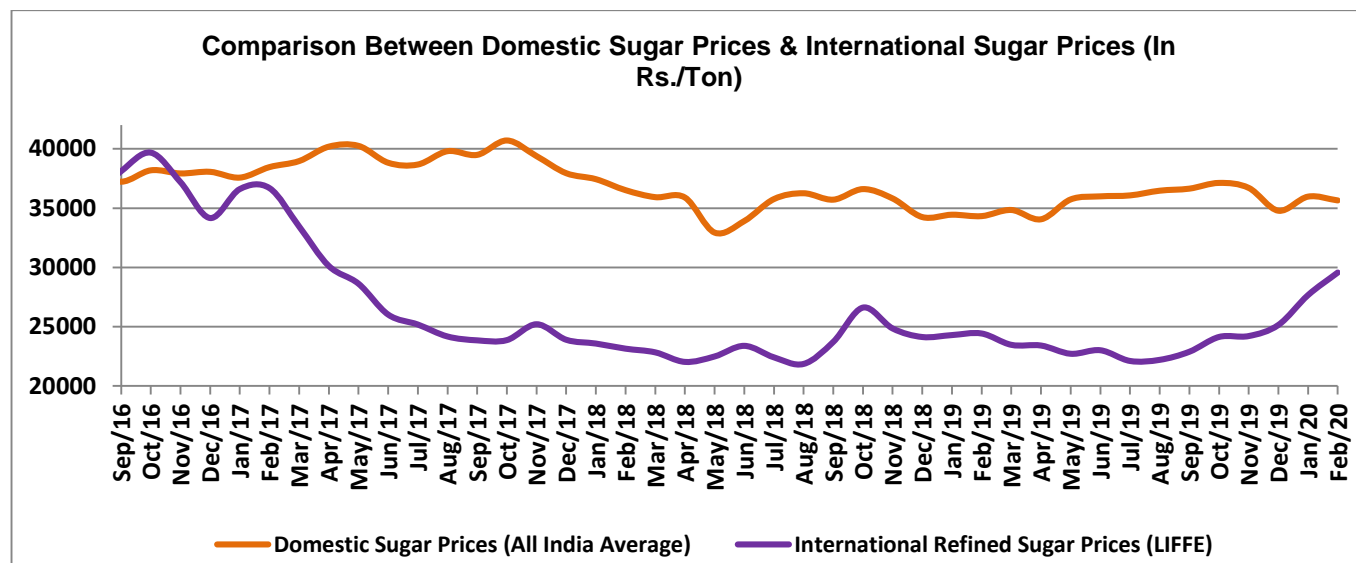
Technical Commentary:

- ICE raw sugar futures were reported to show steady trend in the month.
- Both Volume and open interest decreased.
- Strategy: Buy at rate 13.5 Targeting 15.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'2020	13.76	12.5-18



Comparison of Indian Sugar Prices (All India Average) and International Refined Sugar Prices (LIFFE)



Source: USDA and Agmark.net

Domestic Sugar Spot Prices:

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			February,20	January,20	
Delhi	Delhi	M-Grade	3230	3306	-76
	Delhi	S-Grade	3210	3286	-76
Uttar Pradesh	Khatauli	M-Grade	3290	3330	-39
	Ramala	M-Grade	3210	NA	-
	Dhampur	M-Grade Ex-Mill	3193	3269	-76
	Dhampur	S-Grade Ex-Mill	3173	3249	-76
	Dhampur	L-Grade Ex-Mill	3243	3319	-76
Maharashtra	Mumbai	M-Grade	3581	3573	8
	Mumbai	S-Grade	3306	3353	-47
	Nagpur	M-Grade	3358	3413	-55
	Nagpur	S-Grade	3247	3258	-11
	Kolhapur	M-Grade	3233	3288	-55
	Kolhapur	S-Grade	3122	3133	-11
Assam	Guhawati	S-Grade	3433	3444	-11
Meghalaya	Shillong	S-Grade	3442	3453	-11
Andhra Pradesh	Vijayawada	M-Grade	3658	3670	-12
	Vijayawada	S-Grade	3598	3610	-12
West Bengal	Kolkata	M-Grade	3662	3657	4

Tamil Nadu	Chennai	S-Grade	3593	3601	-8
	Dindigul	M-Grade	3632	3643	-11
	Coimbatore	M-Grade	3645	3623	22
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3530	3600	-70

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			February,20	January,20	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2755	2924	-169
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	226000	171000	55000
	Muzaffarnagar	Khurpa (Fresh)	2657	2803	-146
	Muzaffarnagar	Laddoo (Fresh)	2725	3212	-486
	Muzaffarnagar	Rascut (Fresh)	2337	2353	-17
	Hapur	Chaurasa	2511	2743	-232
	Hapur	Balti	2441	2699	-258
Andhra Pradesh	Chittur	Gold	4504	5184	-680
		White	4004	4571	-567
		Black	3596	4029	-434
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4283	117
	Belgaum	Mudde (Average)	3100	3005	95
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3278	3330	-53
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3329	3415	-86
	Mandya	Achhu (Medium)	3122	3168	-46
	Mandya	Kurikatu (Medium)	2994	3042	-48
	Mandya	Other (Medium)	2909	3032	-123
	Mandya	Yellow (Medium)	3097	3212	-115
	Shimoga	Achhu (Average)	3552	3507	45

Spot Sugar Prices Scenario (Monthly):

International Sugar Prices (Monthly)				
	Contract Month	February,20	January,20	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	15.07	14.18	0.89
	20-May	14.7	14.13	0.57
	20-Jul	14.57	14.12	0.45
LIFFE Sugar (US \$/MT)	20-Mar	411.05	388.45	22.60



	20-May	413.27	387	26.27
	20-Aug	406.38	385.7	20.68

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