

### Price Outlook:

After lockdown, the demand of sugar is reduced, therefore, the monthly sales quota has been released at 17 LT for May'20 which is 3.99 LT lower compared to the previous year quota during the same time. The sugar sales have declined and the unsold sugar is piling in the warehouses. The domestic consumption declined by around 40-50% due to the unavailability of demand from the bulk buyers. It was 18 LT sales quota for the April month and the unsold sugar is carry forwarded in the coming month till 31st May'20 by DFPD. In almost all the states the crushing has been completed. Uttar Pradesh is likely to finish their operations till mid of May month. According to the sugar millers in Maharashtra, exporting the sugar is the better option as they are getting better returns than selling in the domestic market. As the summer season has arrived in the country, therefore, a slight increase in sugar sales in domestic market can be expected in the coming month.

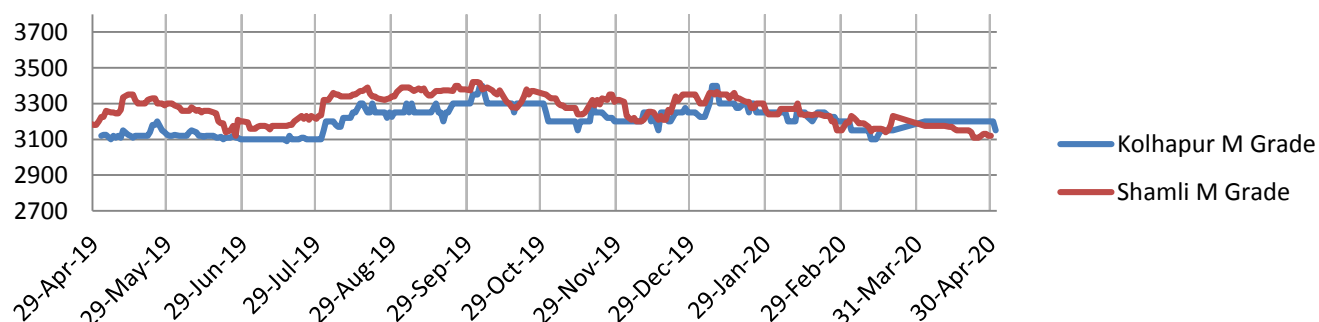
### Price Projection for the Next Month:

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to show steady to weaker trend in May as the lockdown is extended till 17<sup>th</sup> May or might be extended by the government if coronavirus spread is not controlled until.

### Domestic Sugar Market Summary:

However, the average price for sugar 'M' grade in key Kolhapur market settled at Rs.3199 per quintal in April month slightly up by INR 52 from the previous month because of higher transport charges due to lockdown in some areas. Spot sugar prices for the same grade in Shamli district is 3150.83 per quintal by the end of April month stood lower to the Kolhapur market prices, and significantly down by around 30 INR against previous month's average price Rs. 3180/q.

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



**Bullish and Bearish factors for Domestic sugar:**

Factors	Impact on prices
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 reduction in export and could hardly reach a target of 5.5 million tonnes in 2019/20 amid the lockdown effects.	Bearish
The reallocation of sugar export sales would help sugar mill to clear sugar stock piles in 2019-20 season.	Bullish
The outbreak of coronavirus will affect the sales of sugar in domestic market as well as cause disruption in sugar exports.	Bearish

**Domestic Market Highlights**
**Recent Updates:**

**The monthly sales quota has been released at 17 LT for May'20 which is 3.99 LT lower compared to the previous year quota during the same time. It was 18 LT sales quota for the April month and the unsold sugar is carry forwarded in the coming month till 31<sup>st</sup> May'20 by DFPD.**

**India has produced around 258 LT of sugar till 30<sup>th</sup> Apr'20**, down by 20% from last year and reached near the target of 2019-20 which is around 262 LT. In all the states, the crushing operations are completed so far except in UP. The mills in UP would continue crushing till the last week of May this year. According to Agriwatch estimates, as the disruption caused amid lockdown in the last few days due to which the cane that used to be delivered to the jaggery units are now moved to the sugar mills in UP. Also, some cane is crushed in special season later in the year in Karnataka and Tamil Nadu. Considering all, the sugar production might increase by around 2-3 LT to reach around 265 LT this year from the previous estimate of 262.

**As on 30<sup>th</sup> April'20, 112 mills were operational in UP while only 90 sugar mills that were still crushing sugarcane last year.** In UP, sugar mills have produced 116.52 LT of sugar at 11.36% sugar recovery compared to 112.9 LT of sugar production at 11.46% sugar recovery with 75 mills operational mills till 30th April'20 and 68 mills were operational last year. In Maharashtra, 143 mills have closed their operations with only 3 mills operating at this time with producing 60.67 LT compared with 107.15 LT produced year on year.

**Many sugar mills across India were not able to export the allocated quota given by the government amid lockdown.** The quantity of around 3.53 LT was reallocated amongst the mills those were willing to export. Also, the Government has allowed extension of time to sign contracts for exports and dispatches upto 30th June 2020. Another revision of reallocations is expected in two months, which will further boost exports from India. The exports of 3.53 LT is expected to be compensated by the demand India getting from Indonesia.

**The sugar production in UP might increase from the expected production of 123 LT after the lockdown.** Till 30<sup>th</sup> Apr'20, around 1008 LT of sugarcane is crushed by producing 116.5 LT of sugar while sugar production. Many sugarcane producers in UP give their produce to the sugar mills and few producers sell to the jaggery units. But, currently the small jaggery units are non-operational as the labour is not available. Therefore, farmers are forced to sell their produced cane to the sugar mills. Also, after the lockdown a fall in demand is reported in jaggery.

**Although the sugar demand declined in both domestic and international market but soon after the lockdown is lifted,** it is expected that the demand would surge. As the demand would increase from the bulk consumers when the restaurants, malls, the processing factories would resume their operations. Also, the demand from Indonesia and Thailand could compensate the exports that are halted for a while in lockdown period. Usually Indonesia imports a major quantity of sugar from Thailand but the country is itself facing from sugar shortage of around 5 million tonnes. Therefore, as soon as the lockdown is lifted in all countries the sudden demand is likely to receive by India from Indonesia, Thailand along with Australia with the preferential duty most probably by June and July.

**India has permitted the exports of 745 tonnes of raw sugar up to 30<sup>th</sup> Sep'20 to USA under TRQ (Tariff Rate Quota)** i.e., exporting under relatively low tariff. India has permitted the exports of 9,169 tonnes of raw sugar for the export to the USA under TRQ up to Sep'20. Till 3<sup>rd</sup> Sep'19, India permitted 8,424 tonnes of sugar and the rest of the quantity would be shipped up till 30<sup>th</sup> Sep this year. India enjoys the duty free sugar exports to US under TRQ annually. India has this preferential quota with the European nations as well.

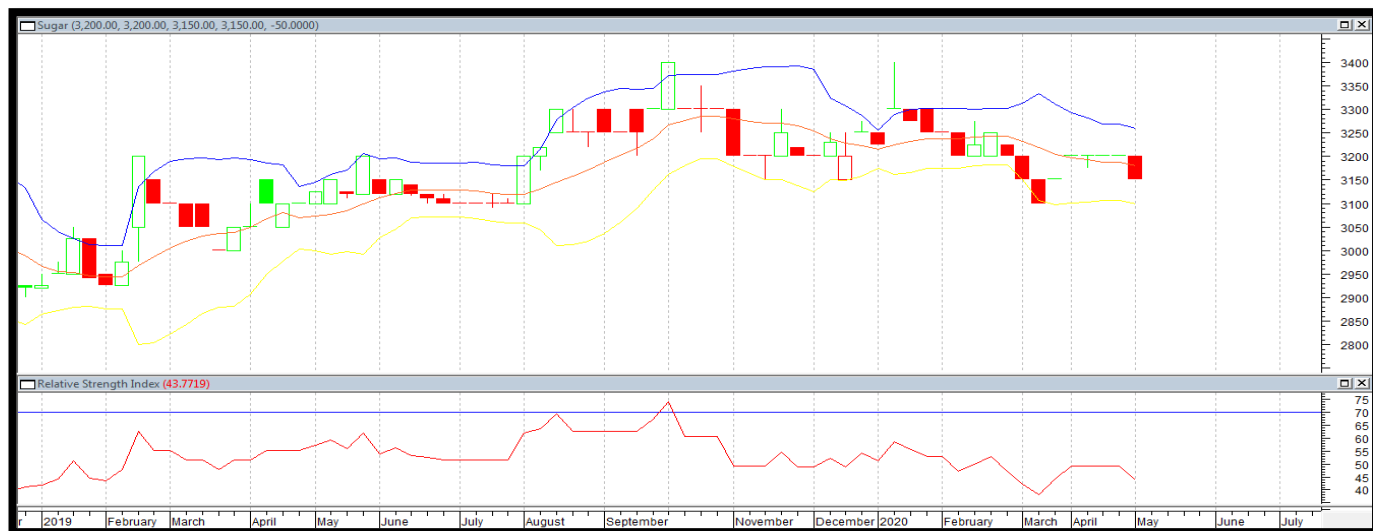
**The sugar exports have been resumed from India few days back in the week.** Around 2 LT of raw sugar is in line waiting for loading at the Kandla port by this week end and some 1 LT sugar is waiting for loading in other ports. All the major contracts are being sent to Kandla port because the port is known for following good safety measure required for exports. Mostly the sugar from Maharashtra is being transported to Kandla port by train at the price of around Rs.2400-2550/q. After applying the export subsidy to the exports, the realization of export reaches to around Rs.33-34/kg whereas the domestic prices are hovering around Rs.31/kg.

**EXPORT: According to the trade sources, India exported 4.98 LT of total sugar (including white refined and raw sugar) in March month.** Out of the total sugar exports, largest quantity of raw sugar has been exported to Yemen exporting 1,04,900 tonnes at an average FOB of \$296/MT followed by Malaysia of 77,624 MT of sugar and at an average FOB \$335.64/MT and only 756 tonnes of refined sugar (\$374.76/MT). In March, Iran imported large quantity of raw around 40,720 tonnes (\$350.89/MT) and 1728 tonnes of white sugar at an average FOB of \$353/MT.

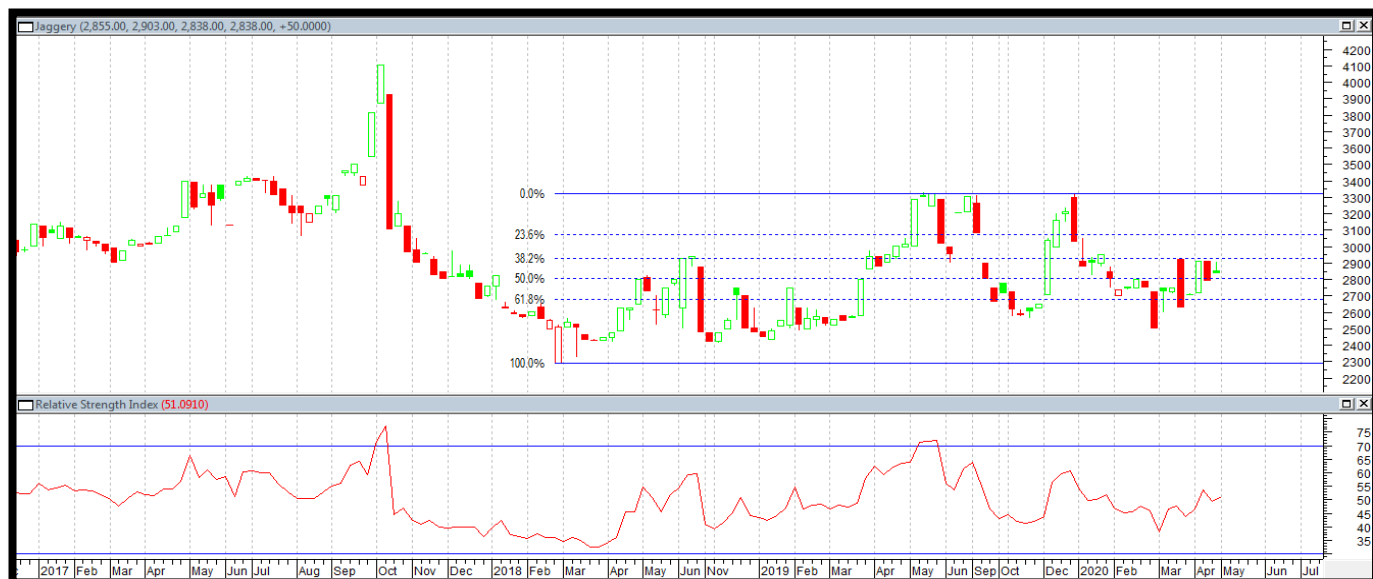
**India exported around 43,590 tonnes of white sugar to Somalia and only 7,000 tonnes of white refined sugar at an average FOB of \$364/MT and \$366/MT respectively.** India also exported to Sudan and Sri Lanka around 37,000 tonnes each at \$353.9/MT and \$356.39/MT to the respective country. Thailand preferred importing white sugar in March month 9,180 tonnes at an average FOB of \$385/MT. According to the contract signed with Indonesia, the raw sugar exports to Indonesia also resumed and India shipped around 6000 tonnes in March at an average FOB of \$309/MT.

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

- Sugar spot prices at benchmark Kolhapur market closed same at Rs.3150 quintal at the end of this month against the closing price of Rs. 3150/q in the previous month.
- Next resistance and support level for the next month is expected at Rs.3250 and Rs.3050 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 due to the sudden lockdown in March month.
- The average prices stood lower at Rs. 2806 /q in the April compared to Rs. 2711/q in the previous 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
<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 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	130.77	204.02	162.01
Estimated sugar production	202.85	321.96	331.61	262.76	77.95	154.05	26.66	4.10
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	284.82	230.68	166.11
Exports	4.6	16.24	38.00	53.46	7.80	21.77	14.13	9.76
Availability for domestic consumption (D - E)	279.71	342.67	376.28	329.08	189.93	263.05	216.55	156.35
Estimates sugar consumption	245.61	260	256.50	237.85	59.16	59.03	54.54	65.12
Carry out stock (F - G)	34.10	82.67	119.78	91.23	130.77	204.02	162.01	91.23

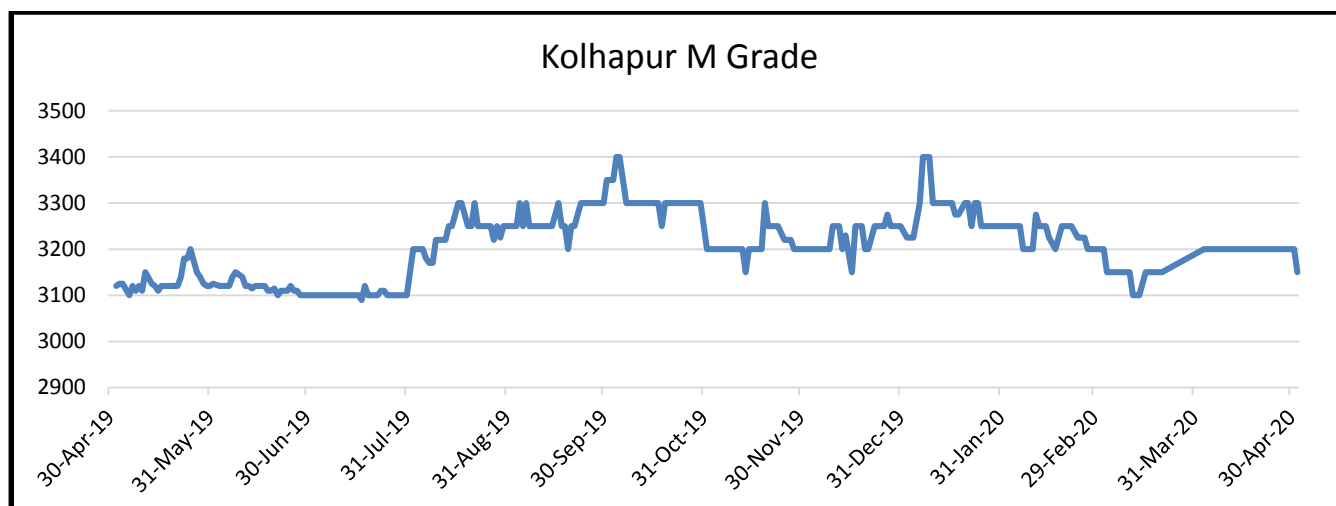
Source: Agriwatch and ISMA

- **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 237.85 lakh tonnes in 2019-20 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> September, 2019) from the previous estimate of 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 likely to export around 53 LT against the target of 60 LT in 2019-20. Government has released the sugar export incentives for 60LT target which could help clear the stock as well as the arrears of cane farmers. It is expected that the sugar exports are disrupted amid coronavirus

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

Pariculars	Month	(Rs/Qtl)
Current month Average Price	Apr'20	3199
Previous month's Average Prices	Oct	3312
	Nov	3212
	Dec	3226
	Jan	3287
	Feb	3233
	Mar	3147
Projected Price Range	May	3050-3250
	Jun	3100-3250
	Jul	3150-3300

\* Kolhapur benchmark



### International Sugar Market Summary:

The average global raw sugar prices have fallen by around 2% since last month from 11.76 cents/lbs to 10.07 cents/lbs by the end of April month and similarly the average white sugar have plunged to \$331.81/tonne by the end of April from \$355/tonne during the same period due to the pandemic effect globally. The weakness in Brazilian real is negative for sugar prices. The fall in prices due to weak crude oil prices, growing risk and on expectation of a decline in demand amid outbreak of coronavirus. The downfall in crude oil prices is encouraging one of the largest sugar producing countries Brazil and a major competitor of India to divert the sugarcane crushing to sugar production instead of ethanol production in the coming sugar year in Brazil.

### Bullish and Bearish factors for International sugar:

Factors	Impact on Prices
Brazil 2020/21 sugar production will increase to around 41 MMT from 26.4 MMT in the earlier season	Bearish
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
Researcher Czarnikow cut its global sugar consumption estimate for this year by -2.0 MMT	Bearish

### International Market Highlights:

**Brazilian sugar mills produced around 9.48 LT of sugar in the South-Central region up by 178%, a huge surge in first week of April'20** that allocated 39.69% of the cane to produce sugar in the period, compared to 23.49% at this time last year. Weak ethanol demand is negative for sugar prices after Unica reported that Brazil sugarcane-based ethanol sales the first half of April plunged down by 32% to 800 mln liters compared to the same period last year. While the total sugar exports declined by 11% in Brazil year on year by producing 26.76 MMT of

total sugar in 2019-20, up by only around 1% this season. Brazilian sugar consumption for 2020-21 MY likely to remain unchanged from the MY 2019-20 estimate at 10.65 MMT, according to the Brazilian Government.

**The sugar production in Thailand is estimated to recover to 12.9 MMT in 2020-21 season, up by 56% in 2019-20 year.** Sugar production in 2019-20 is forecast to decline to 8.3 MMT due to reduced sugarcane acreage and reduced average yields caused by drought. Sugar exports in marketing year 2020-21 are expected to increase to around 11 MMT, up 3 percent from exports in MY 2019-20. Also, in MY 2019-20 sugar consumption is forecast to be at around 2.4 MMT down by 3% from the previous year. As, Non-alcoholic beverage manufacturers in the country are likely to further reduce production of beverages with high-sugar content also. Also, the household consumption growth is in sluggish pace due to the slow economic growth since 2019 and is likely to reduce further in 2020 due to the sharp decline in tourism amid covid-19.

**The sugarcane production in Mexico is has declined sharply and hit a seven year low in 2019-20 MY.** The severe drought and adverse weather conditions in many sugarcane producing states in countries subsequently lead to the reduced sugar production in 2019-20. The raw sugar production is estimated around 5.7 MMT for 2019-20 MY, a reduction from earlier forecast of 6 MMT. The sugar consumption in the country is seen to be affected after the pandemic hit the country and reduced the consumer purchasing power amid lower economic growth. Around 2% reduction is expected to 4.3 MMT from earlier estimate of 4.4 MMT in 2019-20 MY.

**Sri lanka imposes import restriction on around 156 items including rice, sugar, liquor, flour and apparels etc.** in effect from 16<sup>th</sup> April'20 after facing foreign exchange crisis. Sri Lanka depends on other countries to fulfil the domestic need.

**The reduction in sugarcane production in Kenya resulted in increase in sugar import quantity.** The country witnessed 88 % hike in the sugar import in the month of February this year to furnish the domestic demand. The country imported 51,423 tonnes compared with 27,375 tonnes in the last year during the same period.

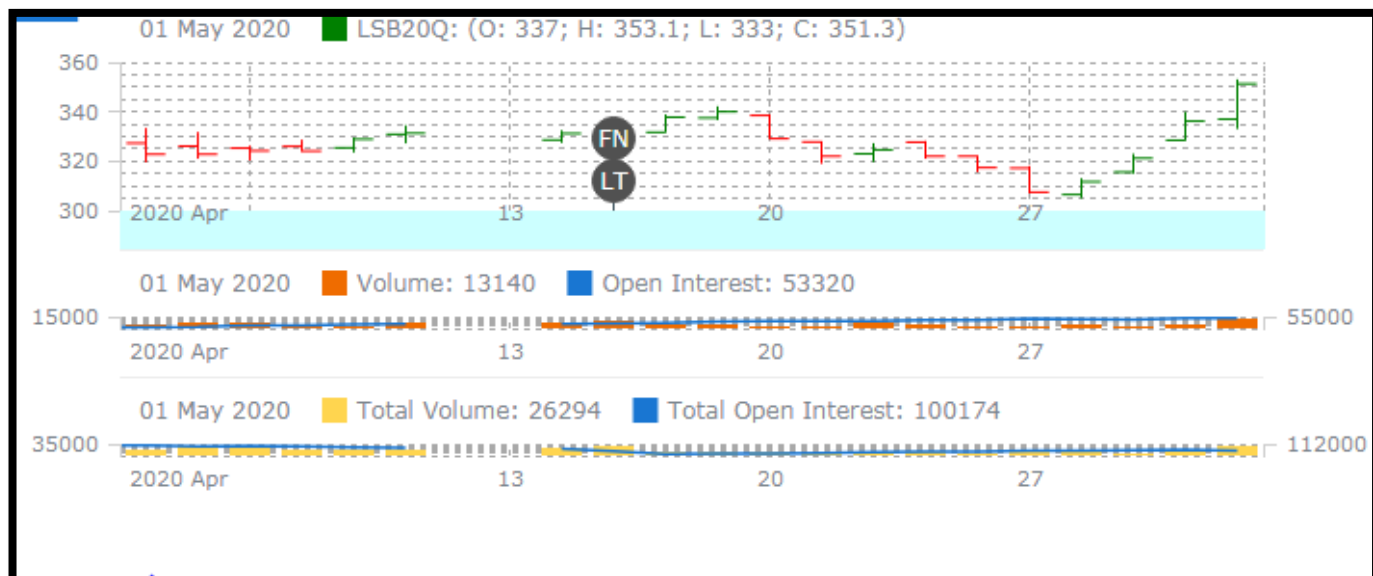
### International Sugar Futures Price Projection

#### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Aug 20 Contract)

##### Technical Commentary

- LIFFE future market corrected slightly in the month.
- Both volume increased while open interest decreased over a month significantly.
- Strategy: Sell at level 358, T1 354

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Aug'20	351.3	335-365

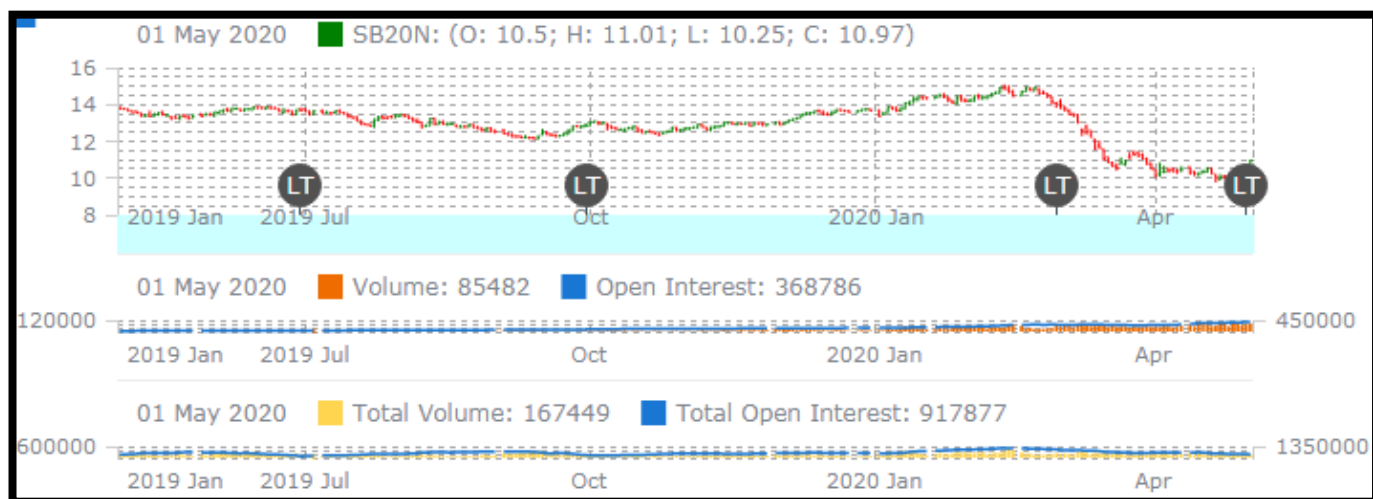


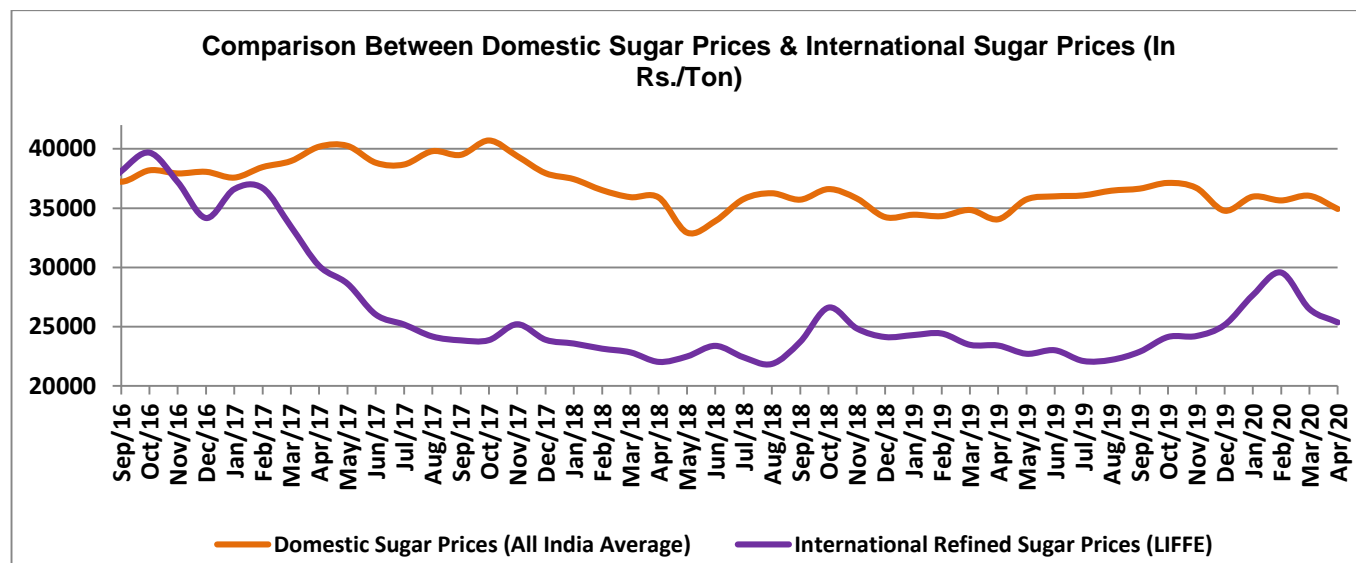
### ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract)

#### Technical Commentary:

- ICE raw sugar futures showed significant bearish trend in the month.
- Both Volume and open interest decreased over a month.
- Strategy: Buy at rate 10.1 Targeting 12.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'2020	10.29	9.0-15



**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			April'20	March'20	
Delhi	Delhi	M-Grade	3140	3163	-22
	Delhi	S-Grade	3120	3143	-22
Uttar Pradesh	Khatauli	M-Grade	3211	3267	-56
	Ramala	M-Grade	3125	3136	-11
	Dhampur	M-Grade Ex-Mill	3151	3171	-20
	Dhampur	S-Grade Ex-Mill	3131	3151	-20
	Dhampur	L-Grade Ex-Mill	3201	3221	-20
Maharashtra	Mumbai	M-Grade	3531	3553	-22
	Mumbai	S-Grade	3391	3290	100
	Nagpur	M-Grade	3324	3272	52
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3199	3147	52
	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	3788	3656	132
	Vijayawada	S-Grade	3728	3596	132
West Bengal	Kolkata	M-Grade	3722	3593	129

Tamil Nadu	Chennai	S-Grade	3809	3569	240
	Dindigul	M-Grade	NA	3604	-
	Coimbatore	M-Grade	NA	3700	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3632	3764	-132

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)			April'20	March'20	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2806	2711	95
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	176000	82500	93500
	Muzaffarnagar	Khurpa (Fresh)	2647	2578	69
	Muzaffarnagar	Laddoo (Fresh)	2902	2626	275
	Muzaffarnagar	Rascut (Fresh)	2438	2351	87
	Hapur	Chaurasa	2624	2493	131
	Hapur	Balti	2596	2431	165
Andhra Pradesh	Chittur	Gold	4864	4488	376
		White	5200	4100	1100
		Black	4008	3571	438
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	NA	4447	-
	Belgaum	Mudde (Average)	3150	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	3200	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3644	3277	367
	Mandya	Achhu (Medium)	3500	3371	129
	Mandya	Kurikatu (Medium)	3300	3044	256
	Mandya	Other (Medium)	3200	2955	245
	Mandya	Yellow (Medium)	NA	3174	-
	Shimoga	Achhu (Average)	NA	3600	-

Spot Sugar Prices Scenario (Monthly):

International Sugar Prices (Monthly)				
	Contract Month	April'20	March'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	10.19	11.76	-1.57
	20-Oct	10.51	11.99	-1.48
	21-Mar	11.11	12.24	-1.13
LIFFE Sugar (US \$/MT)	20-Aug	325.86	346.94	-21.08
	20-Oct	318.09	342.35	-24.26
	20-Dec	319.55	343.58	-24.03

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