

**Price Outlook:**

Indian Sugar market was overall showed weaker trend this week due to weak demand in the market. Despite lower domestic demand, good export demand has been witnessed. The sugarcane crushing is likely to finish early as expected in Maharashtra and Karnataka. The crushing in UP is progressing at faster pace with higher sugar production compared to last year whereas Maharashtra is producing sugar in sluggish mode and the sugar recovery has increased from previous month. The prices in Vijayawada stood weaker at Rs.3643/q and Rs.3258/q in Kolhapur bench market whereas the prices in UP stood at Rs.3290/q.

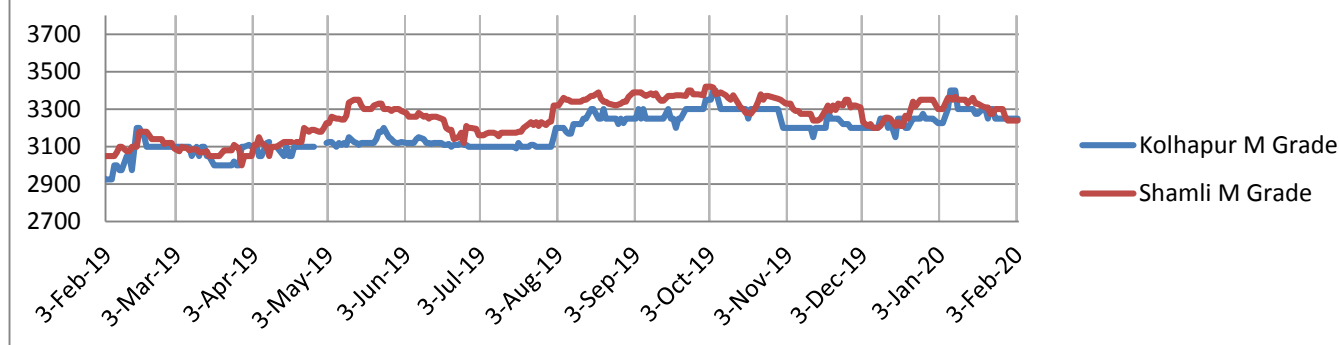
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3320 per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settle slightly weaker at Rs. 3258 per quintal, while spot sugar prices for the same grade in Shamli district stood slightly lower Rs. 3279 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:

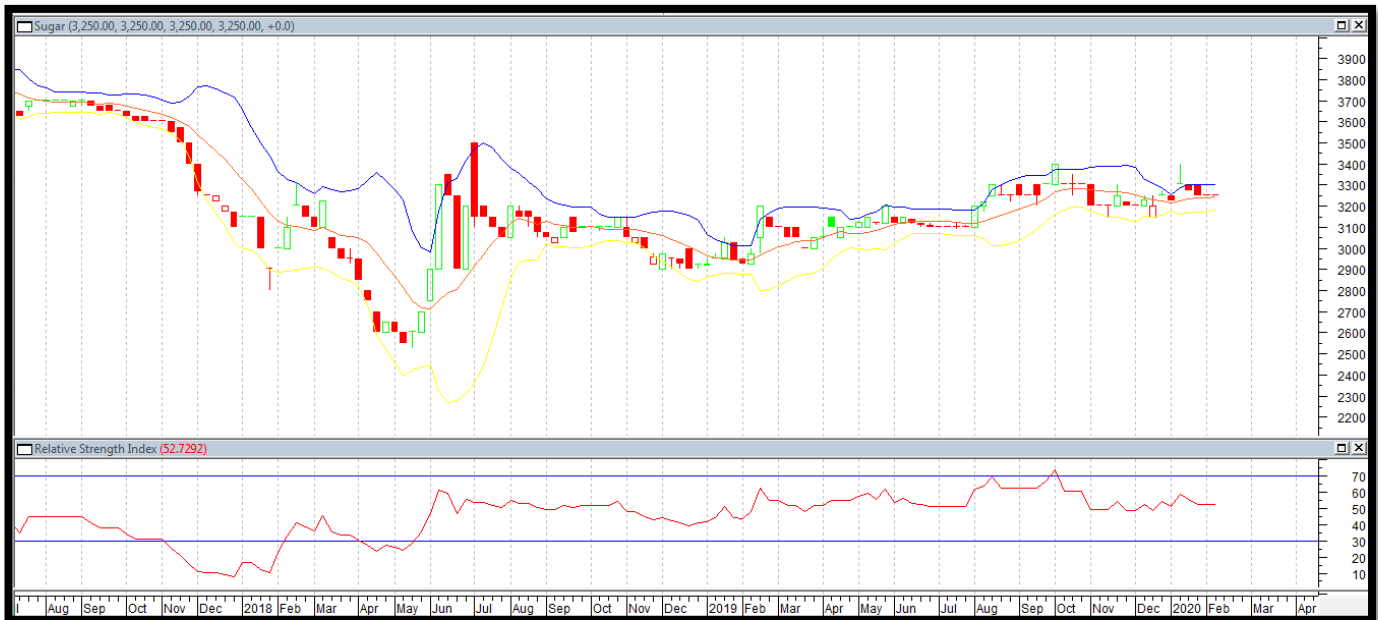
- **Government fixed the monthly sugar sales quota as 20LT for February month to 543 mills lower by 2 LT compared to the previous month that stood at 22 LT.** Also, the allocated quota is 1 LT lower at 21LT in the same time previous year. In the previous month, the sugar millers have reported that there 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.
- **OMC's have released a new tender (2<sup>nd</sup>) seeking 2.53 billion liters of ethanol for the supply between Feb'20 and 30<sup>th</sup> Nov'20** whereas out of the first tender (5.11 billion liters) released by OMCs only 1.56 billion liters have been finalized by the OMCs. But it becomes difficult whether the mills would be able to fulfill the OMC's demand as mills offered less than a third of what the OMCs asked for. As this year, the crop was damaged due to the drought as well as flooded conditions in the other half of the crop season that made lower sugarcane availability to the mills. As the government is aiming to increase the ethanol blending percentage from 5% to 10% and now 20% by 2030. Therefore, number of mills are setting up and extending the capacity of distilleries in the view with the increasing demand in the future.
- **Indian sugar exports have been hurt than expected as the sugar millers are backing off in exporting sugar at lesser price against higher prevailing global prices.** But some sugar mills are forced to sell sugar so as to clear their older stock piles. Traders have been offering Indian white sugar at between \$370 - \$380 /ton FOB. Lower exports has been reported in Maharashtra as the state has been waiting for the international prices might move upwards further. Also, Maharashtra exports lower quality white sugar which becomes unacceptable for fulfilling the global standards. Contrasting scenario can be seen in Uttar Pradesh where the mills have exhausted their government-issued export quotas. But there is expectation that if Maharashtra starts selling its sugar, India might export at least 53 LT against the 60 LT export target in 2019-20 sugar season.
- **As on 28<sup>th</sup> Jan'20, total sugar production across reached around 134.9 LT by 441 mills so far this season which is around 24.2% less than the previous year.** In 2018-19 during the same period, the country produced about 178.2 LT of sugar by around 514 mills. Uttar Pradesh, the largest sugar producing state in India have produced 52.8 LT of sugar with an average sugar recovery of 10.9% whereas the recovery was 11.05% and producing 51.05 LT of sugar lower compared to the same period in last year. In Maharashtra, 140 sugar mills were in operation producing 32.9 LT of sugar (with an average sugar recovery 10.6%) lower by 52% that produced 68.05 LT with an average sugar recovery 10.8% in the last year. In Karnataka, 62 sugar mills are in operation on 28<sup>th</sup> January'20, who have produced 26.9 LT of sugar, as compared to 32.15 LT produced by 65 sugar mills in 2018-19 sugar season during the same period last year. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 4.65 LT of sugar till 28<sup>th</sup> January'20 lower compared to 7.05 LT in the same period last year.

Previous Updates

- **According to the trade sources, India exported around 4 LT of sugar in December 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 November. Out of the total exports, largest quantity of refined sugar has been exported to Iran exporting 84,084 tonnes at an average FOB of \$365.73/MT followed by Afghanistan of 67,792 tonnes at an average FOB \$321.75/MT. Refined sugar has been exported to Middle Eastern countries including Somalia (57,816 tonnes at an average FOB \$323/MT), Sudan (38,554 tonnes at an average FOB \$329.57/MT), Saudi Arabia (22,309 tonnes at an average FOB \$343.85/MT). The export to Sri Lanka was at the cheapest price at an average \$323.03/MT (36,789 tonnes).
- **Only 139 sugar mills operating in Maharashtra has produced sugar lower by around 50%.** Two sugar mills from Jalgaon and Nandurbar districts of Khandesh are suffering from sugarcane scarcity due to which the mills in the district are purchasing cane from Madhya Pradesh. Three sugar mills from Nandurbar including two cooperatives and one private mill have crushed 4,39,356 metric tonnes of sugarcane and produced around 4,16,577 quintal of sugar with a recovery rate of 9.48 per cent till January 17. Only one sugar mill from Jalgaon district has operated in this season and crushed 1,00,990 metric tonnes of sugarcane and has produced 99,140 quintal of sugar with the recovery rate of 9.82 per cent.
- **As on 24<sup>th</sup> Jan'20, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 117 mills during the correspond period previous year.** So far, UP has crushed 4.92% more sugarcane around 459.41 LT against 437.88 LT in the previous year and produced 49.91 LT of sugar which is 3.29% higher due to the favorable conditions in the state this year as the area increased. Whereas, the recovery declined slightly by around 1.54% to 10.86% against 11.03% in the same time previous year from the start of the season in Oct till 24<sup>th</sup> of January.

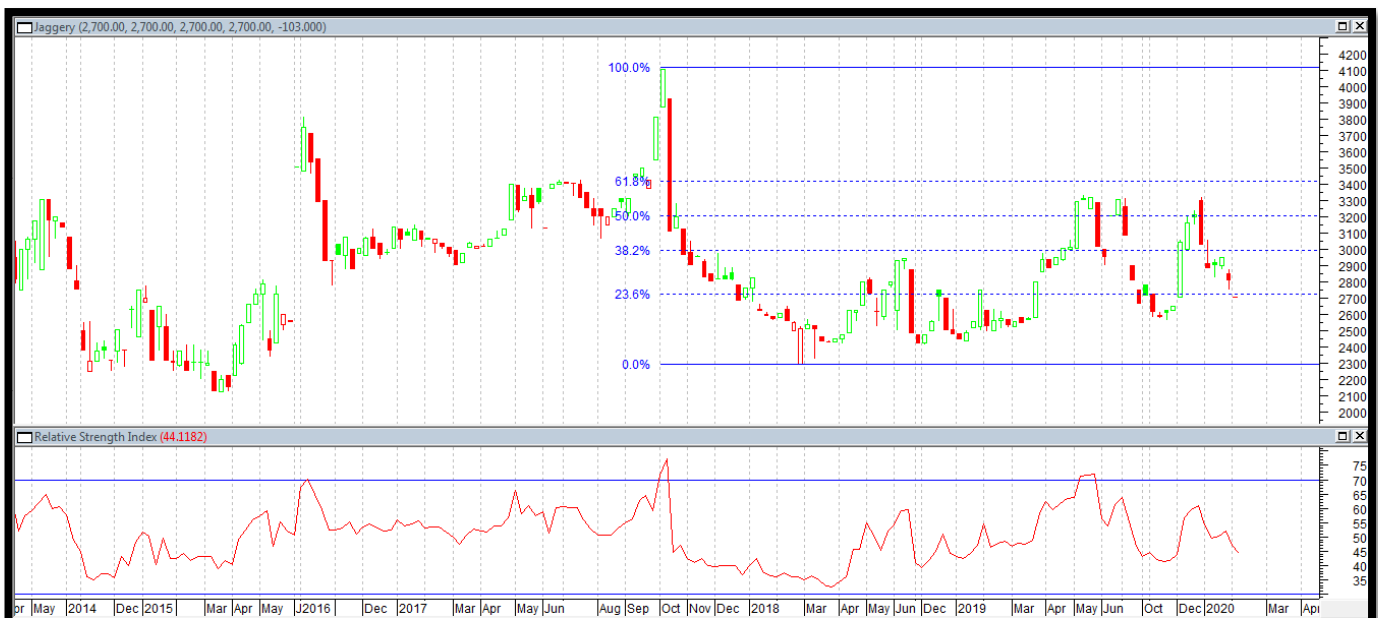
**Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market**

- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3250 quintal this week.
- Next resistance and support level for the next week is expected at Rs.3300 and Rs.3200 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 week and prices stood lower at Rs.2700/q against Rs. 2850/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	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 (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 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.

## International Market Highlights

Recent Updates:

- **Mar NY world sugar #11 on Monday closed up +0.28 (+1.92%).** Sugar prices pushed higher Monday with NY sugar at a new 2-year high and London sugar at a fresh 2 year high on shrinking global sugar supplies. India's Sugar Trade Association (ISMA) reported that sugar production in India, the world's second-largest sugar producer, dropped sharply by -24% compared to previous year to 14.1 MMT during 1<sup>st</sup> Oct'19 to 31<sup>st</sup> Jan'20. Sugar supplies from the EU are also on the decline after the European Commission reported Monday that EU sugar exports during 1<sup>st</sup> Oct'19 till 22<sup>nd</sup> Jan'20 fell -62% to a 3-year low of 291,000 MT.
- **Sugar production in Thailand for the season 2019-20 is estimated to be less by 4 million tonnes as compared with last season.** According to the reports, Thailand's 2019-20 sugar production will be the lowest

in 9 years. Sugar output is expected to fall 28 per cent to 10.5 million tonnes in the current crop season. The crushing season in Thailand lasts for 120 days but this season it will last from December 1 to February 8.

### Previous Updates

- **Mar NY world sugar #11 (SBH20) on Monday closed down -0.18 (-1.25%).** Sugar prices moved lower Monday with NY sugar at a 2-week low and London sugar at a 1-week low. Sugar prices were undercut by a cut down in crude prices, weakness in the Brazilian real, and general weakness in commodity prices due to the spreading Chinese coronavirus. Weaker crude prices undercut ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to sugar production rather than ethanol production, thus boosting sugar supplies.
- **The sugar prices have hiked by Rs.10/kg in Pakistan domestic market within one week from Rs.64/kg to Rs.74/kg.** The shortage of sugar led to the rise in prices and the government has demanded to stop exporting the sugar. As, the export of one million tons of sugar is the reason behind a shortage of sweetener. Similarly the exports in Ukraine also declined and exported around 2.3 lakh tonnes in 2019. As the production dropped by 19 per cent this season (2019-20) compared with last year to 1.48 million tonnes.
- **Malaysia's leading refined sugar producer, MSM Malaysia Holdings Berhad (MSM) has asked for around 1.3 LT of raw sugar worth nearly RM 200 million** in three shipments between January to February. Also the organization has announced that they have procured over 9 LT of raw sugar in 2019 from various producing countries including India. According to MSM, the acceptable quality and competitive freight cost of raw sugar produced from India, provides added-value and advantages for MSM to ensure a sustainable supply of best quality raw sugar stock for all of its refineries. Therefore, the India has the smooth way to export its sugar to one of the importers.

### International Sugar Market Summary:

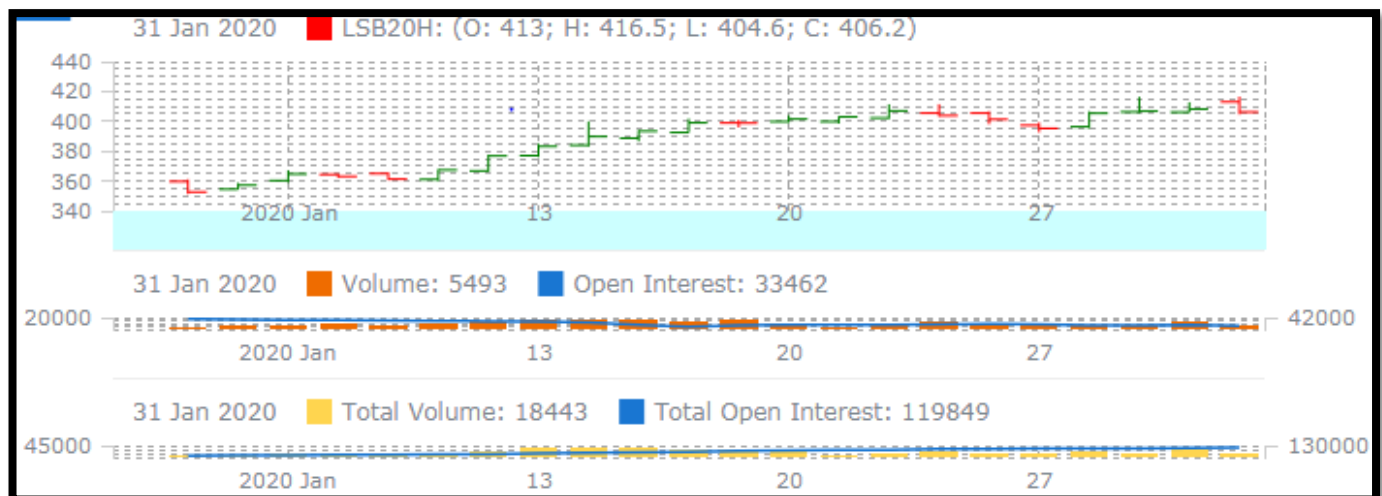
#### Bullish and Bearish factors for International sugar

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will decline to around 30 MMT against previous estimates of 31.8 MMT.	Bullish
Global 2019/20 sugar production will drop -3.2% y/y to 174.1 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
ISO's forecast to raise its global 2019/20 sugar deficit estimate to -6.1 MMT from a September projection of -4.8 MMT	Bullish

**International Sugar Futures Price Projection****LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar 20 Contract)****Technical Commentary**

- LIFFE future market was firm for the weak.
- Both total volume & open interest increased over a week.
- Strategy: Buy at level 400, T1 410

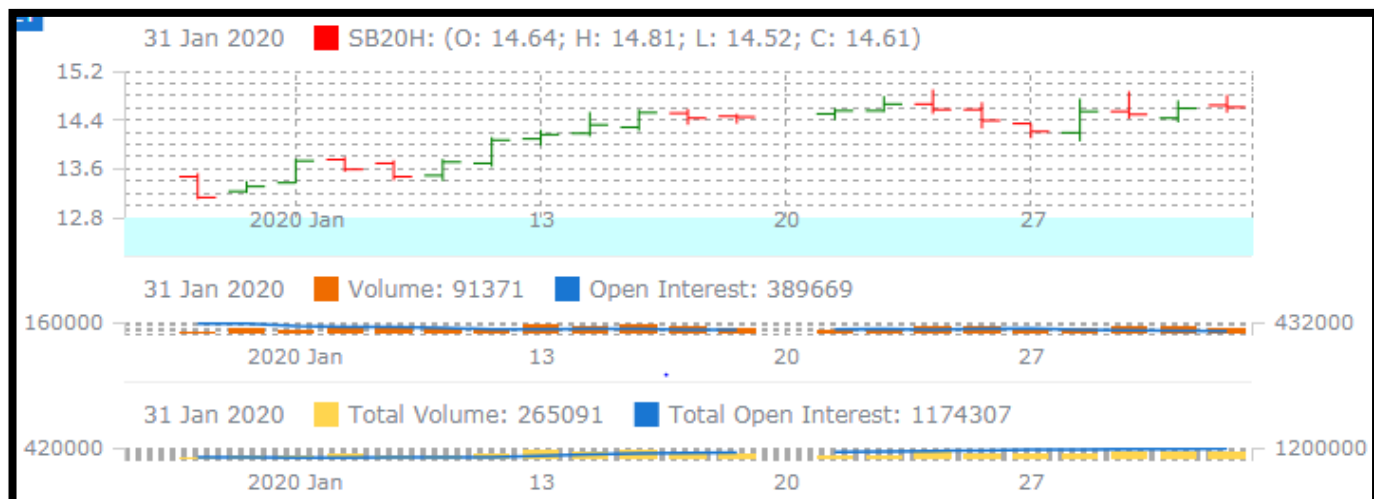
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	406.2	380-410

**ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)****Technical Commentary:**

- ICE raw sugar futures were firm in the weak.
- Both total volume and open interest increased.
- Strategy: Buy at rate 14 Targeting 15.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'20	14.52	13-19





Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/QtI)		Change
Sugar			24th Jan'20 to 30th Jan'20	17th Jan'20 to 23rd Jan'20	
Delhi	Delhi	M-Grade	3270	3303	-33
	Delhi	S-Grade	3250	3283	-33
Uttar Pradesh	Khatauli	M-Grade	3290	3320	-30
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3237	3265	-28
	Dhampur	S-Grade Ex-Mill	3217	3245	-28
	Dhampur	L-Grade Ex-Mill	3287	3315	-28
Maharashtra	Mumbai	M-Grade	3572	3576	-4
	Mumbai	S-Grade	3354	3374	-20
	Nagpur	M-Grade	3383	3408	-25
	Nagpur	S-Grade	3233	3263	-29
	Kolhapur	M-Grade	3258	3283	-25
	Kolhapur	S-Grade	3108	3138	-29
Assam	Guhawati	S-Grade	3419	3448	-30
Meghalaya	Shillong	S-Grade	3428	3458	-29
Andhra Pradesh	Vijayawada	M-Grade	3643	3680	-37
	Vijayawada	S-Grade	3583	3620	-37
West Bengal	Kolkata	M-Grade	3670	3668	2
Tamil Nadu	Chennai	S-Grade	3593	3600	-7
	Dindigul	M-Grade	3653	3680	-27
	Coimbatore	M-Grade	3640	3640	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)			24th Jan'20 to 30th Jan'20	17th Jan'20 to 23rd Jan'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2869	2891	-23
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	40000	29000	11000
	Muzaffarnagar	Khurpa (Fresh)	2631	2874	-243
	Muzaffarnagar	Laddoo (Fresh)	3025	3305	-280
	Muzaffarnagar	Rascut (Fresh)	2292	2392	-100
	Hapur	Chaurasa	2565	2858	-293
	Hapur	Balti	2488	2765	-278
Andhra Pradesh	Chittur	Gold	5080	5167	430
		White	4517	4650	317
		Black	4000	4200	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	3250	4642	-1392
	Belgaum	Mudde (Average)	3113	3070	43
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3350	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3395	3366	29
	Mandya	Achhu (Medium)	3152	3190	-38
	Mandya	Kurikatu (Medium)	3158	3180	-22
	Mandya	Other (Medium)	3045	3204	-159
	Mandya	Yellow (Medium)	3193	3356	-163
	Shimoga	Achhu (Average)	3522	3542	-20

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			3-Feb-20	27-Jan-20	4-Jan-20	4-Feb-19
Delhi	Delhi	M-Grade	3280	3290	3290	3140
	Delhi	S-Grade	3260	3270	3270	3120
Uttar Pradesh	Khatauli	M-Grade	3270	3300	3340	3245
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3200	3250	3260	3100
	Dhampur	S-Grade Ex-Mill	3180	3230	3240	3080
	Dhampur	L-Grade Ex-Mill	3250	3300	3310	3150
Maharashtra	Mumbai	M-Grade	3520	3572	3556	3300
	Mumbai	S-Grade	3310	3356	3296	3080

	Nagpur	M-Grade	3375	3375	3350	3050
	Nagpur	S-Grade	3275	3225	3250	3025
	Kolhapur	M-Grade	3250	3250	3225	2925
	Kolhapur	S-Grade	3150	3100	3125	2900
<b>Assam</b>	Guhawati	S-Grade	3461	3410	3436	3207
<b>Meghalaya</b>	Shillong	S-Grade	3470	3420	3445	3220
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3640	3640	3680	3440
	Vijayawada	S-Grade	3580	3580	3620	3400
<b>West Bengal</b>	Kolkata	M-Grade	3670	3680	3680	3450
<b>Tamil Nadu</b>	Chennai	S-Grade	3620	3580	3580	3080
	Dindigul	M-Grade	3600	3680	3580	3400
	Coimbatore	M-Grade	3640	3640	3590	3450
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3500

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

## Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity			Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)	Centre	Variety	3-Feb-20	27-Jan-20	4-Jan-20	4-Feb-19
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha	2700	2850	3025	2625
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	10000	18000	5000
	Muzaffarnagar	Khurpa	2500	2613	2875	2288
	Muzaffarnagar	Laddoo	2675	3013	3013	2538
	Muzaffarnagar	Rascut	2225	2250	2300	2008
	Hapur	Chaurasa	Closed	Closed	2450	Closed
	Hapur	Balti	Closed	Closed	2600	Closed
<b>Andhra Pradesh</b>	Chittur	Gold	4900	5200	5300	3600
		White	4400	4400	4600	3200
		Black	3900	4000	NA	2800
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4400	3250	4650	4250
	Belgaum	Mudde (Average)	NA	0	2900	2950
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	3250	0	0	NA
	Gulbarga	Other (Average)	NA	0	0	NA
	Mahalingapura	Penti (Average)	3352	3418	0	3002
	Mandya	Achhu (Medium)	3100	3050	3200	2550
	Mandya	Kurikatu (Medium)	3050	3100	2900	2450
	Mandya	Other (Medium)	2900	2950	3000	2450
	Mandya	Yellow (Medium)	3100	3150	3120	2650
	Shimoga	Achhu (Average)	3500	3500	3500	3000

International Sugar Prices (Weekly)				
	Contract Month	24th Jan'20 to 30th Jan'20	17th Jan'20 to 23rd Jan'20	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2308	2317	-9.00
	20-May	2285	2306	-21.00
	20-Jul	2275	2296	-21.00
LIFFE Sugar (US \$/MT)	20-Mar	2878	2867	11.00
	20-May	2878	2867	11.00
	20-Aug	2832	2838	-6.00

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