

**Price Outlook:**

Indian Sugar market was overall showed steady trend this week due to moderate demand in the local market. Despite lower domestic demand, good export demand has been witnessed. 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 10.8% while less compared to the last year whereas Maharashtra is producing sugar in sluggish mode and the sugar recovery has increased from previous month to 11.77% so far till last week. The prices in Vijayawada stood firm at Rs.3660/q and Rs.3235/q in Kolhapur bench market whereas the prices in UP stood at Rs.3285/q.

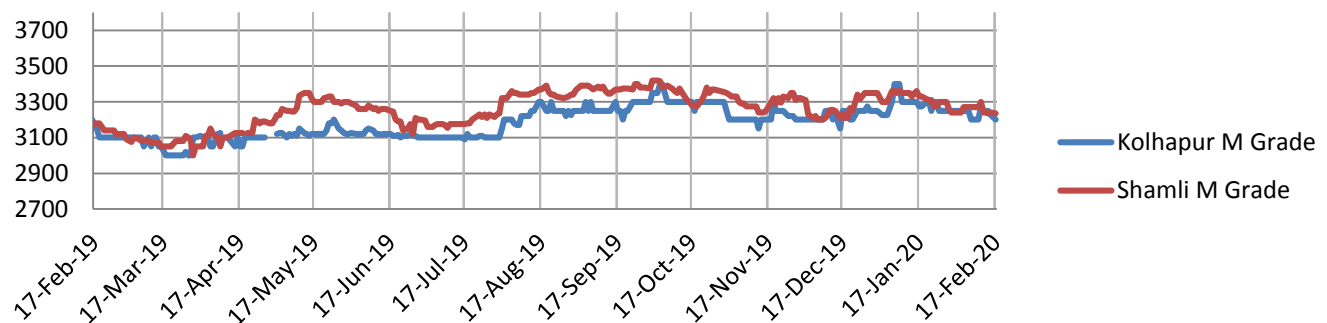
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3350 per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settle slightly weaker at Rs. 3235 per quintal, while spot sugar prices for the same grade in Shamli district stood slightly higher Rs. 3264 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:

- **The sugar prices remained steady to low this week so far because of poor demand in the local markets.** Despite the wedding season, demand is not picking up as most buyers stocked up sugar in January. Mills had released more stocks in the market due to higher monthly sales quota last month. Sugar prices may rise after Mar 25 when summer sets in and demand from ice-cream and soft-drink manufacturers rises. While the prices in Thailand has shoot upto \$410-416/ton in the previous week due to fall in sugar production to a nine-year low of 10.5 MMT, down 28% year on year. So far, mills in Thailand have crushed 59 MMT cane to produce nearly 7 MMT sugar. The current rate of crushing is very low at 1 mln tn per day.
- **The Uttar Pradesh expects a total sugar production in Up might reach upto 120 lakh tonnes this crushing season** with an average recovery rate of above 11% higher than what Maharashtra state government expects. As on 31st January 2020, 119 sugar mills were in operation and they have produced 54.96 lakh tonnes of sugar compared with 52.86 lakh tonnes produced by 117 mills on the corresponding date of last year. The harvesting of wonder variety 238 which has higher yield in terms of crop harvest as well as results in higher percentage of sugar content resulted in the better yield and thereby higher sugar production.
- **Uttar Pradesh has produced around 62.51 lakh tonnes so far till 10<sup>th</sup> Feb'20 this season higher by around 5.75% against last year's** production of 59.11 lakh tonnes of sugar in same period. The sugarcane supply has increased to the mills by around 7% this year as area increased in the state slightly. The sugar mills in UP are willing to maximize sugar exports and looking forward to increase the possibilities to get additional export quota as the present inventories are high and to liquidate the stocks as soon as possible. In the first quarter started from 1<sup>st</sup> Oct'19, UP has contracted 15-18 lakh tonnes i.e., 70-80% of the total quota of 22.4 lakh tonnes allotted to the state. While Maharashtra due to lower supply this year has just contracted about 5 lakh tonnes (25%) out of the total allocated quota of 18 lakh tonnes to the state.

#### Previous Updates

- **As on 3<sup>rd</sup> Feb'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 7.25% more sugarcane around 523.39 LT against 488.01 LT in the previous year and produced 57.07 LT of sugar which is 5.63% higher due to the favorable conditions in the state this year as the area increased. Whereas, the average sugar recovery remained steady compared to the previous month at 10.9% but around 1.5% lower at 11.07% in the same time previous year from the start of the season in Oct till 3<sup>rd</sup> Feb'20.

- Maharashtra has produced only 35.99 lakh tonnes of sugar with an average recovery of 10.68% till the end of January.** Kolhapur division where the recovery rate used to be around 12% at this period of time but this year the average sugar recovery slightly improved at 11.77%. Recoveries have slightly increased to 10.8% in Pune division, 9.49% in Solapur, 9.84% in Ahmednagar, and 9.44% in Aurangabad compared to the recovery rate in the first week of January. The impact can be seen on the sugar production but many sugar mills are likely to close in February in Maharashtra. While the average recovery in Nanded showed significantly higher sugar recovery rate at 10.33% compared to Solapur, Ahmednagar and Aurangabad. As estimated earlier, the sugar recovery slightly improved due to cold weather.
- According to ISMA as on 31<sup>st</sup> Jan'20, total sugar production across reached around 141.12 LT by 446 mills so far this season which is around 24% less** than the previous year. In 2018-19 during the same period, the country produced about 185.59 LT of sugar by around 520 mills. Uttar Pradesh, the largest sugar producing state in India have produced 54.96 LT of sugar with an average sugar recovery of 10.9% whereas the recovery was 11.05% and producing 52.86 LT of sugar lower compared to the same period in last year. In Maharashtra, 140 sugar mills were in operation producing 34.64 LT of sugar (with an average sugar recovery 10.6%) lower by 51% that produced 70.99 LT with an average sugar recovery 10.8% in the last year. In Karnataka, 62 sugar mills are in operation on 31<sup>st</sup> January'20, who have produced 27.94 LT of sugar, as compared to 33.76 LT produced by 117 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 4.87 LT of sugar till 31<sup>st</sup> January'20 lower compared to 6.66 LT in the same period last year.

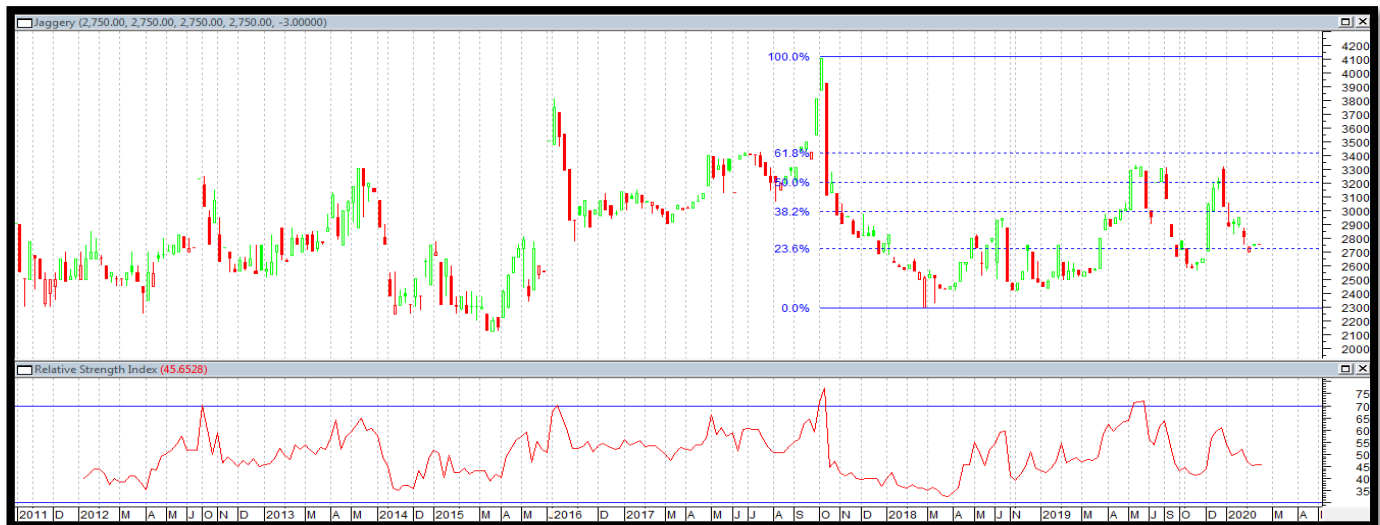
#### Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3200 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 lower arrivals compared to previous week and prices stood steady at Rs.2750/q against 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 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 (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:

- **May NY world sugar #11 (SBK20) on Friday closed down -0.23 (-1.56%).** Sugar prices fell back for a second day Friday on long liquidation pressure from commodity funds. Sugar futures have rallied sharply over the past month to a 2-3/4 year high on Wednesday as concern about future global supplies.
- **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 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.
- **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 1<sup>st</sup> Dec'19 to 8<sup>th</sup> Feb'20. Overall Thailand sugar exports also declined by around 6% compared to the previous year. Raw sugar as well as refined sugar exports declined by 9% and 5% respectively in 2019 till (Jan'19-Dec'19) whereas the white sugar exports rose significantly by 17% to 7.19 LT till Dec'19 from Jan'19.
- **Russia is likely to produce sugar in 2019-20 rose to 70 lakh tonnes setting a new high record this year.** This is 4<sup>th</sup> 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.

Previous Updates

- **Mar NY world sugar #11 (SBH20) on Monday closed up +0.12 (+0.80%).** Sugar prices posted moderate gains Monday with London sugar at a new 2-1/2 year high and NY sugar just below last Tuesday's 2-year high. Sugar prices rallied Monday after Green Pool Commodity Researchers raised their global 2020/21 sugar deficit estimate to -3.8 MMT from a previous forecast of -1.0 MMT.

- **South-Central region of Brazil has produced around 32,207 million liters of ethanol above 6.6% compared to the last year's production during the same time till 2<sup>nd</sup> week of January** while the overall ethanol production in the country produced 64,414 million liters of total ethanol. It is expected that the available stock ethanol would not be enough to fulfill the demands. The monthly ethanol sales in Center-South area crossed 2 billion liters in October for the first time. The average realization for ethanol is more compared to sugar exports, therefore, Brazil is focusing on converting more into ethanol instead of producing sugar.
- **In Australia, the sugar production stood around 42LT of sugar during 2019 sugar season that declined by around 9 per cent compared to the same time previous year.** The sugar production declined due to the drought situation hit the country severely that declined the area by about 5 per cent this year to 3.62 lakh ha from 3.82 lakh ha in 2018. The productivity also has been hit by 3 per cent and produced 82.44 tonnes of cane/ha whereas last year in 2018 produced 84.95 tonnes of cane per ha. The Australian exports have also reduced to 34 lakh tonnes from 37 lakh tonnes due to the lower production.

### 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

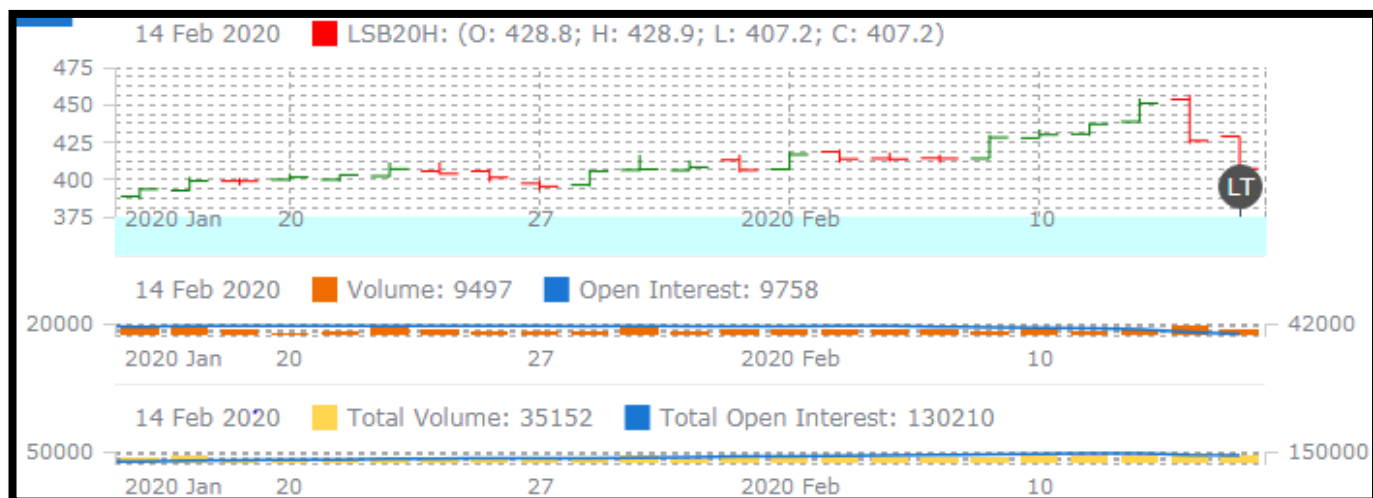
#### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar 20 Contract)

##### Technical Commentary

- LIFFE future market was weak for the week.
- Total volume increased & open interest decreased over a week.
- Strategy: Buy at level 407, T1 412

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	407.2	390-415



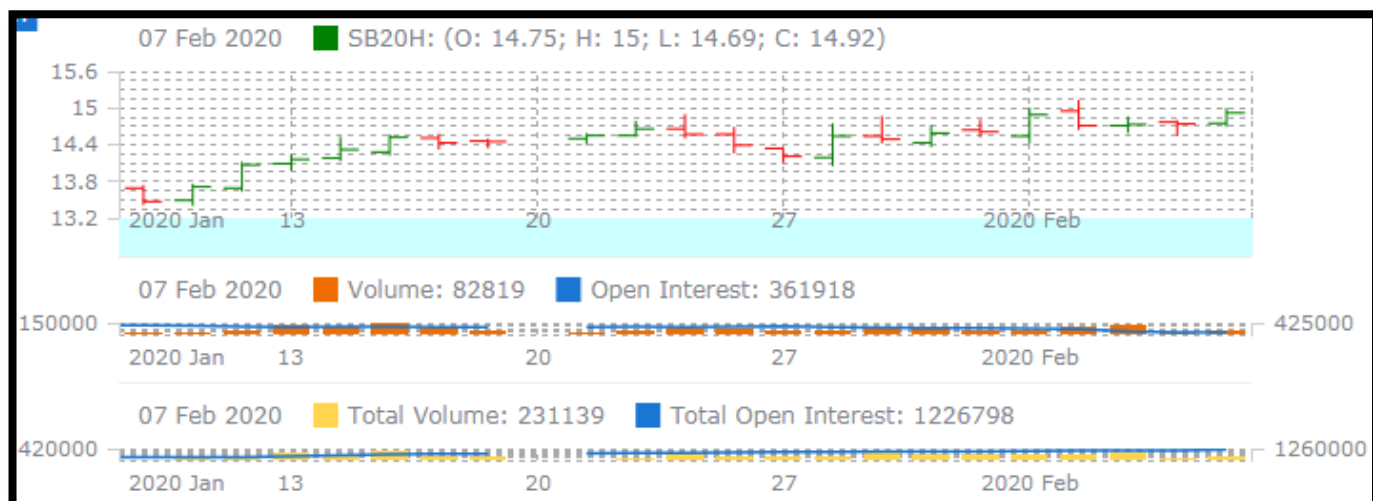


### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

#### Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Both total volume and open interest increased.
- Strategy: Buy at rate 14 Targeting 14.9.

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/Qtl)		Change
Sugar			7th Feb'20 to 13th Feb'20	31st Jan'20 to 6th Feb'20	
Delhi	Delhi	M-Grade	3247	3260	-13
	Delhi	S-Grade	3227	3240	-13
Uttar Pradesh	Khatauli	M-Grade	3306	3285	21
	Ramala	M-Grade	3210	NA	-
	Dhampur	M-Grade Ex-Mill	3198	3200	-2
	Dhampur	S-Grade Ex-Mill	3178	3180	-2
	Dhampur	L-Grade Ex-Mill	3248	3250	-2
Maharashtra	Mumbai	M-Grade	3608	3532	76
	Mumbai	S-Grade	3318	3321	-4
	Nagpur	M-Grade	3360	3375	-15
	Nagpur	S-Grade	3230	3267	-37
	Kolhapur	M-Grade	3235	3250	-15
	Kolhapur	S-Grade	3105	3142	-37
Assam	Guhawati	S-Grade	3415	3453	-37
Meghalaya	Shillong	S-Grade	3425	3462	-37
Andhra Pradesh	Vijayawada	M-Grade	3660	3650	10
	Vijayawada	S-Grade	3600	3590	10
West Bengal	Kolkata	M-Grade	3666	3667	-1
Tamil Nadu	Chennai	S-Grade	3600	3613	-13
	Dindigul	M-Grade	3640	3607	33
	Coimbatore	M-Grade	3640	3640	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3540	3600	-60

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)			7th Feb'20 to 13th Feb'20	31st Jan'20 to 6th Feb'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2744	2735	9
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	52000	54000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2537	2561	-24
	Muzaffarnagar	Laddoo (Fresh)	2701	2772	-71
	Muzaffarnagar	Rascut (Fresh)	2313	2257	56
	Hapur	Chaurasa	2522	2480	42
	Hapur	Balti	2469	2390	79
Andhra Pradesh	Chittur	Gold	4540	4833	-293
		White	4060	4250	-190
		Black	3680	3850	-170

<b>Maharashtra</b>	Latur	Lal Variety	NA	NA	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4400	4208	192
	Belgaum	Mudde (Average)	NA	3100	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3365	3273	93
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3337	3338	-1
	Mandya	Achhu (Medium)	3030	3122	-92
	Mandya	Kurikatu (Medium)	2964	3040	-76
	Mandya	Other (Medium)	2836	2998	-162
	Mandya	Yellow (Medium)	3060	3074	-14
	Shimoga	Achhu (Average)	3560	3533	27

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			17-Feb-20	10-Feb-20	18-Jan-20	18-Feb-19
<b>Delhi</b>	Delhi	M-Grade	3200	3250	3320	3150
	Delhi	S-Grade	3180	3230	3300	3130
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3300	3300	3350	3320
	Ramala	M-Grade	0	0	0	0
	Dhampur	M-Grade Ex-Mill	3210	3200	3280	3200
	Dhampur	S-Grade Ex-Mill	3210	3180	3260	3180
	Dhampur	L-Grade Ex-Mill	3260	3250	3330	3250
<b>Maharashtra</b>	Mumbai	M-Grade	3596	3620	3580	3446
	Mumbai	S-Grade	3312	3320	3380	3220
	Nagpur	M-Grade	3325	3325	3400	3275
	Nagpur	S-Grade	3240	3225	3250	3225
	Kolhapur	M-Grade	3200	3200	3275	3150
	Kolhapur	S-Grade	3115	3100	3125	3100
<b>Assam</b>	Guhawati	S-Grade	3426	3410	3436	3410
<b>Meghalaya</b>	Shillong	S-Grade	3435	3420	3445	3420
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3660	3660	3680	3540
	Vijayawada	S-Grade	3600	3600	3620	3500
<b>West Bengal</b>	Kolkata	M-Grade	3660	3680	3670	3520
<b>Tamil Nadu</b>	Chennai	S-Grade	3580	3600	3600	3280
	Dindigul	M-Grade	NA	3640	3680	3420
	Coimbatore	M-Grade	3640	3640	3640	3450
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3500	3600	3600	3500

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)			17-Feb-20	10-Feb-20	18-Jan-20	18-Feb-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2750	2750	2900	2560
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	13000	11000	4000	2500
	Muzaffarnagar	Khurpa	2758	2528	2900	2378
	Muzaffarnagar	Laddoo	2763	2725	3378	2588
	Muzaffarnagar	Rascut	2325	2325	2375	1963
	Hapur	Chaurasa	2550	Closed	2800	Closed
	Hapur	Balti	2475	Closed	2775	Closed
Andhra Pradesh	Chittur	Gold	4400	4700	NA	3700
		White	3900	4100	NA	3000
		Black	3400	3800	NA	2600
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4400	4650	4700
	Belgaum	Mudde (Average)	NA	0	2950	2850
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2800
	Gulbarga	Other (Average)	NA	0	0	NA
	Mahalingapura	Penti (Average)	NA	3352	NA	3094
	Mandya	Achhu (Medium)	3000	3000	NA	2650
	Mandya	Kurikatu (Medium)	2950	2950	NA	2550
	Mandya	Other (Medium)	2850	2800	NA	2600
	Mandya	Yellow (Medium)	3100	3050	NA	2650
	Shimoga	Achhu (Average)	NA	3500	3500	3200

International Sugar Prices (Weekly)				
	Contract Month	7th Feb'20 to 13th Feb'20	31st Jan'20 to 6th Feb'20	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2440	2354	86.00
	20-May	2376	2316	60.00
	20-Jul	2356	2296	60.00
LIFFE Sugar (US \$/MT)	20-Mar	3100	2943	157.00
	20-May	3100	2943	157.00
	20-Aug	3003	2892	111.00



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