

Price Outlook:

Indian Sugar market was overall showed steady trend this week due to moderate demand in the local market. 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 11.01% while less compared to the last year whereas Maharashtra is producing sugar in sluggish mode and the sugar recovery has decreased from previous week to 10.9% so far till last week. The prices in Vijayawada stood steady at Rs.3660/q and Rs.3300/q in Kolhapur bench market whereas the prices in UP stood lower at Rs.3305/q against last week.

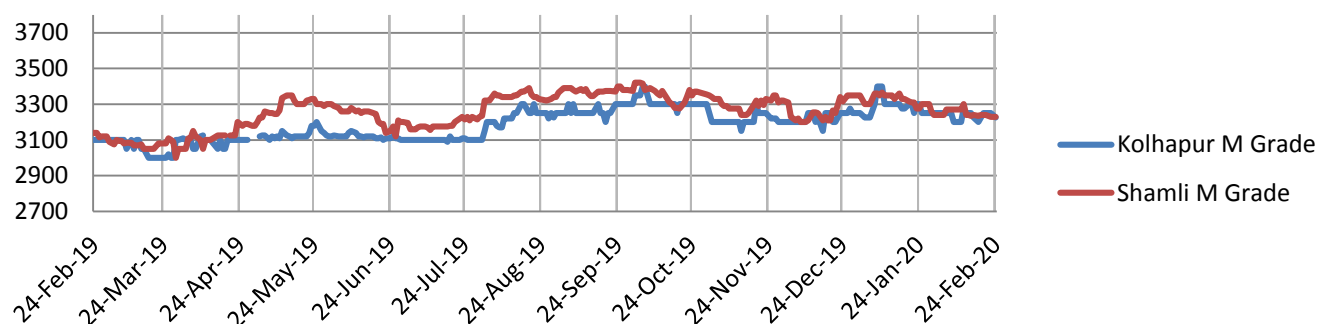
Price Projection for the Next week

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. 3233 per quintal, while spot sugar prices for the same grade in Shamli district stood slightly lower Rs. 3238 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:

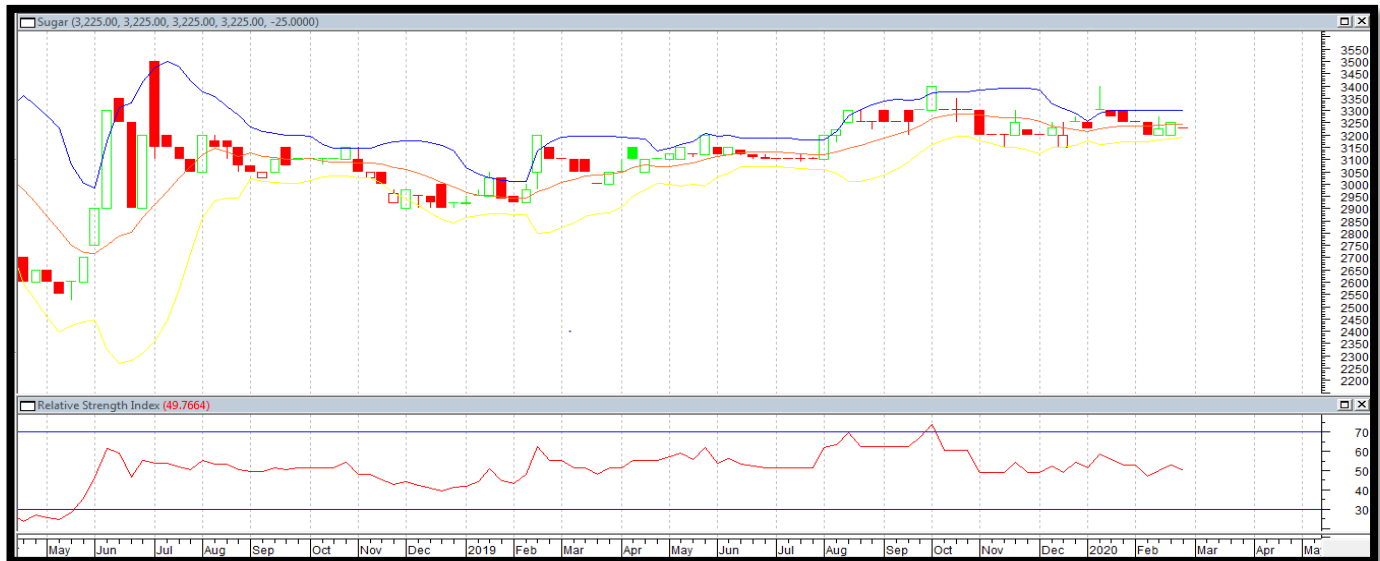
- According to the 2nd advance estimate released by the government recently, the total sugarcane production in India might reach upto 3528.45 lakh tonnes against the target of 3855 lakh tonnes. The 2nd advance estimate is lower by around 6% compared to the first advance estimate due to the lower production this year. Due to which the sugar production declined by around 22% at 169 lakh tonnes so far till 15th Feb'20.
- In Karnataka, 63 sugar mills are in operation on 15th Feb'20, who have produced 30.80 LT of sugar, as compared to 38.74 LT produced by 66 sugar mills during the same period last year. Out of 63 sugar mills which went for crushing this season, 13 sugar mills have stopped crushing as on 15th February'20. Tamil Nadu has produced only 2.6 lakh tonnes of sugar till 15th Feb'20 by 21 sugar mills compared to 32 sugar mills producing 3.85 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 5.95 LT of sugar till 15th Feb'20 lower compared to 7.78 LT in the same period last year. As per market reports released by ISMA, about 16 lac tons of sugar have been exported from India and about 32 lac tons of contracts have been signed for exports.
- According to ISMA, all sugar mills across India have produced around 169 lakh tonnes of sugar lower as compared to 219.66 lakh tonnes produced on the corresponding time last year lower by 22.6%. This year around 23 sugar mills have stopped crushing operation due to lack of availability of cane out of 449 sugar mills. While, out of 521 sugar mills, only 19 mills have stopped the operations during the same time last year. Maharashtra this year have produced sugar less by around 47% to 43.38 lakh tonnes with a closure of 8 sugar mills compared to 82.98 lakh tonnes last year till 15th Feb. In U.P. 119 sugar mills which are in operation have produced 66.34 lac tons of sugar till 15th February'20, compared with 63.93 lac tons produced by 117 mills on the corresponding date of last year.
- 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. Now, it has been 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, over and above the Maximum Admissible Export Quantity (MAEQ) allocated for 2019-20 sugar season.

Previous 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 lah 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 10th 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 1st 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.

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

- Sugar spot prices at benchmark Kolhapur market closed firm at Rs.3225 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 firm at Rs.2788/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 (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.

International Market Highlights

Recent Updates:

- **May NY world sugar #11 on Monday closed down -0.39 (-2.58%).** Sugar prices moved sharply lower Monday as a fall in crude oil prices undercut ethanol prices and was negative for sugar. Crude oil fell more than -4% Monday. Lower crude prices are negative for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies.
- **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.

Previous 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 1st Dec'19 to 8th 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.

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 |

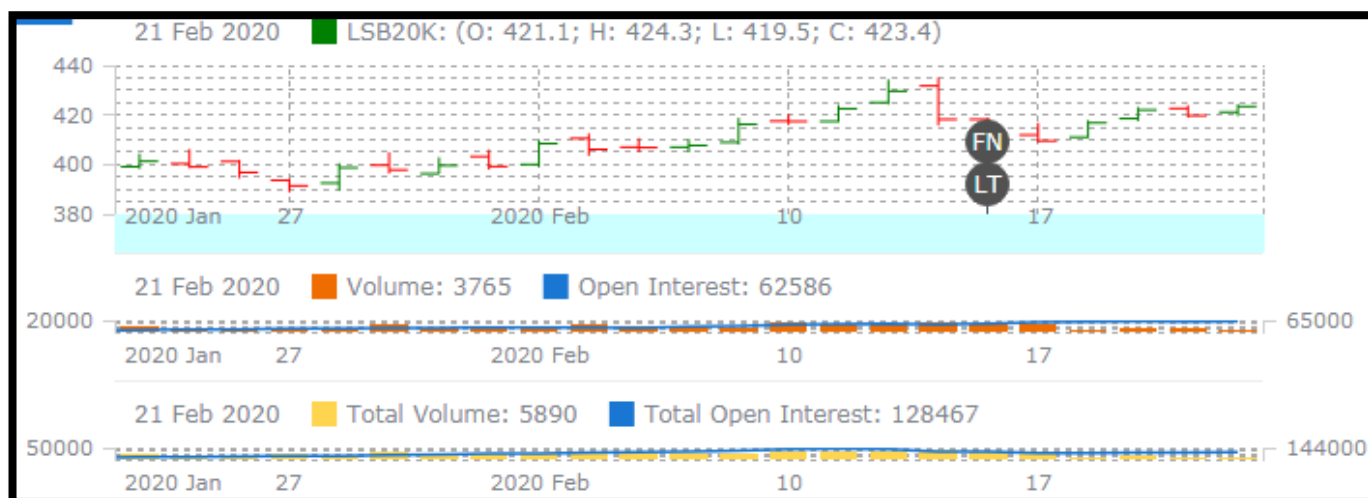
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was firm for the weak.
- Total volume & open interest decreased over a week.
- Strategy: Buy at level 416, T1 427

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Mar'20 | 423.4 | 400-435 |

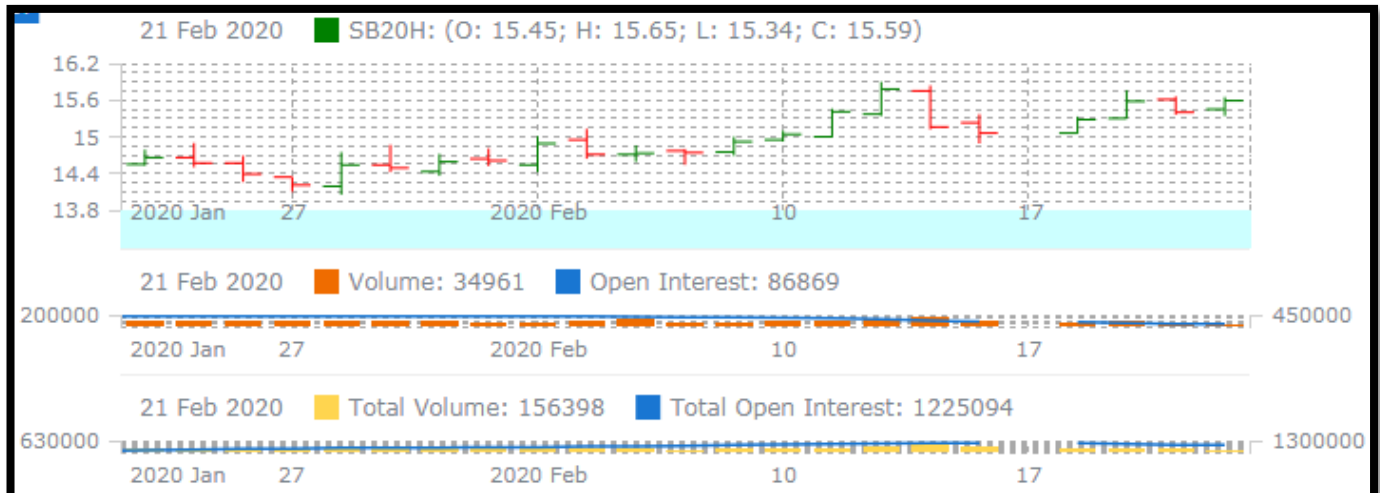


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Both total volume and open interest decreased.
- Strategy: Buy at rate 15 Targeting 16.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Mar'20 | 15.59 | 13-19 |



Spot Sugar Prices Scenario (Weekly) (Average)

| Commodity | Centre | Variety | Average Prices (Rs/Qtl) | | Change |
|----------------|------------|------------------------|----------------------------|---------------------------|--------|
| | | | 14th Feb'20 to 20th Feb'20 | 7th Feb'20 to 13th Feb'20 | |
| Delhi | Delhi | M-Grade | 3228 | 3247 | -19 |
| | Delhi | S-Grade | 3208 | 3227 | -19 |
| Uttar Pradesh | Khatauli | M-Grade | 3304 | 3306 | -2 |
| | Ramala | M-Grade | NA | 3210 | - |
| | Dhampur | M-Grade Ex-Mill | 3207 | 3198 | 9 |
| | Dhampur | S-Grade Ex-Mill | 3187 | 3178 | 9 |
| | Dhampur | L-Grade Ex-Mill | 3257 | 3248 | 9 |
| Maharashtra | Mumbai | M-Grade | 3596 | 3608 | -12 |
| | Mumbai | S-Grade | 3307 | 3318 | -10 |
| | Nagpur | M-Grade | 3358 | 3360 | -2 |
| | Nagpur | S-Grade | 3247 | 3230 | 17 |
| | Kolhapur | M-Grade | 3233 | 3235 | -2 |
| | Kolhapur | S-Grade | 3122 | 3105 | 17 |
| Assam | Guhawati | S-Grade | 3432 | 3415 | 17 |
| Meghalaya | Shillong | S-Grade | 3442 | 3425 | 17 |
| Andhra Pradesh | Vijayawada | M-Grade | 3660 | 3660 | Unch |
| | Vijayawada | S-Grade | 3600 | 3600 | Unch |
| West Bengal | Kolkata | M-Grade | 3660 | 3666 | -6 |
| Tamil Nadu | Chennai | S-Grade | 3593 | 3600 | -7 |
| | Dindigul | M-Grade | 3660 | 3640 | 20 |
| | Coimbatore | M-Grade | 3640 | 3640 | Unch |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 3500 | 3540 | -40 |

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) | | | 14th Feb'20 to 20th Feb'20 | 7th Feb'20 to 13th Feb'20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2770 | 2744 | 26 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 74000 | 52000 | 22000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2733 | 2537 | 196 |
| | Muzaffarnagar | Laddoo (Fresh) | 2733 | 2701 | 32 |
| | Muzaffarnagar | Rascut (Fresh) | 2363 | 2313 | 50 |
| | Hapur | Chaurasa | 2546 | 2522 | 24 |
| | Hapur | Balti | 2460 | 2469 | -9 |
| Andhra Pradesh | Chittur | Gold | 4400 | 4540 | -140 |
| | | White | 3900 | 4060 | -160 |
| | | Black | 3467 | 3680 | -213 |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 4400 | 4400 | Unch |
| | Belgaum | Mudde (Average) | 3100 | NA | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | 3365 | - |
| | Gulbarga | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3331 | 3337 | -7 |
| | Mandya | Achhu (Medium) | 3092 | 3030 | 62 |
| | Mandya | Kurikatu (Medium) | 2958 | 2964 | -6 |
| | Mandya | Other (Medium) | 2847 | 2836 | 11 |
| | Mandya | Yellow (Medium) | 3110 | 3060 | 50 |
| | Shimoga | Achhu (Average) | 3492 | 3560 | -68 |

| Spot Sugar Prices Scenario (Weekly) | | | | | | |
|-------------------------------------|----------|-----------------|-----------|-----------|-----------|-----------|
| Commodity | Centre | Variety | Today | Week Ago | Month Ago | Year Ago |
| Sugar | | | 24-Feb-20 | 17-Feb-20 | 25-Jan-20 | 25-Feb-19 |
| Delhi | Delhi | M-Grade | 3200 | 3200 | 3280 | 3115 |
| | Delhi | S-Grade | 3180 | 3180 | 3260 | 3095 |
| Uttar Pradesh | Khatauli | M-Grade | 3315 | 3300 | 3300 | 3220 |
| | Ramala | M-Grade | NA | NA | 0 | 0 |
| | Dhampur | M-Grade Ex-Mill | 3200 | 3210 | 3250 | 3140 |
| | Dhampur | S-Grade Ex-Mill | 3180 | 3190 | 3230 | 3120 |
| | Dhampur | L-Grade Ex-Mill | 3250 | 3260 | 3300 | 3190 |
| Maharashtra | Mumbai | M-Grade | 3600 | 3596 | 3572 | 3430 |
| | Mumbai | S-Grade | 3300 | 3312 | 3362 | 3206 |

| | | | | | | |
|-----------------------|------------|------------------------|------|------|------|------|
| | Nagpur | M-Grade | 3350 | 3325 | 3375 | 3225 |
| | Nagpur | S-Grade | 3250 | 3240 | 3225 | 3225 |
| | Kolhapur | M-Grade | 3225 | 3200 | 3250 | 3100 |
| | Kolhapur | S-Grade | 3125 | 3115 | 3100 | 3100 |
| Assam | Guhawati | S-Grade | 3436 | 3426 | 3410 | 3410 |
| Meghalaya | Shillong | S-Grade | 3445 | 3435 | 3420 | 3420 |
| Andhra Pradesh | Vijayawada | M-Grade | 3660 | 3660 | 3640 | 3540 |
| | Vijayawada | S-Grade | 3600 | 3600 | 3580 | 3500 |
| West Bengal | Kolkata | M-Grade | 3660 | 3660 | 3680 | 3550 |
| Tamil Nadu | Chennai | S-Grade | 3600 | 3580 | 3580 | 3200 |
| | Dindigul | M-Grade | 3620 | 3660 | 3680 | 3600 |
| | Coimbatore | M-Grade | 3640 | 3640 | 3640 | 3450 |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 3500 | 3500 | 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 | 24-Feb-20 | 17-Feb-20 | 25-Jan-20 | 25-Feb-19 |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha | 2788 | 2750 | 2950 | 2568 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 5000 | 13000 | 7000 | 6000 |
| | Muzaffarnagar | Khurpa | 2788 | 2758 | 2625 | 2405 |
| | Muzaffarnagar | Laddoo | 2750 | 2763 | 3050 | 2545 |
| | Muzaffarnagar | Rascut | 2413 | 2325 | 2388 | 2000 |
| | Hapur | Chaurasa | Closed | Closed | 2588 | Closed |
| | Hapur | Balti | Closed | Closed | 2525 | Closed |
| Andhra Pradesh | Chittur | Gold | 4300 | 4400 | 4900 | 3800 |
| | | White | 3900 | 3900 | 4700 | 3200 |
| | | Black | 3400 | 3400 | 4100 | 2900 |
| Maharashtra | Latur | Lal Variety | NR | 0 | 0 | 0 |
| Karnataka | Bangalore | Mudde (Average) | 4400 | 4400 | 0 | 4700 |
| | Belgaum | Mudde (Average) | NA | 3100 | 3100 | 2800 |
| | Belthangadi | Yellow (Average) | NA | 0 | 0 | 0 |
| | Bijapur | Achhu | 3200 | 0 | 0 | 2670 |
| | Gulbarga | Other (Average) | NA | 0 | 0 | 2680 |
| | Mahalingapura | Penti (Average) | NA | 3329 | 0 | 3138 |
| | Mandya | Achhu (Medium) | 3150 | 3000 | 3200 | 2850 |
| | Mandya | Kurikatu (Medium) | 2950 | 2950 | 3300 | 2650 |
| | Mandya | Other (Medium) | 2900 | 2850 | 3100 | 2700 |
| | Mandya | Yellow (Medium) | 3100 | 3100 | 3300 | 2850 |
| | Shimoga | Achhu (Average) | 3650 | 3500 | 0 | 3200 |

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|----------------------------|---------------------------|---------|
| | Contract Month | 14th Feb'20 to 20th Feb'20 | 7th Feb'20 to 13th Feb'20 | Change |
| ICE Sugar #11 (US Cent/lb) | 20-Mar | 2446 | 2440 | 6.00 |
| | 20-May | 2369 | 2376 | -7.00 |
| | 20-Jul | 2346 | 2356 | -10.00 |
| LIFFE Sugar (US \$/MT) | 20-Mar | 2884 | 3100 | -216.00 |
| | 20-May | 2884 | 3100 | -216.00 |
| | 20-Aug | 2974 | 3003 | -29.00 |

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