

Price Outlook:

Indian Sugar market was overall showed weak trend this week due to weak demand in the local market. The sales quota for the month has been announced at 21 LT for March month against 20 LT in Feb'20 and 3 sugar mills have faced action for selling excessive sugar quota in last month. 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 11.08% while less compared to the last year whereas Maharashtra is producing sugar in sluggish mode and the sugar recovery has increased from previous weak to 10.98% so far till last week. The prices in Vijayawada stood steady at Rs.3660/q and Rs.3221/q in Kolhapur bench market whereas the prices in UP stood lower at Rs.3273/q against last week.

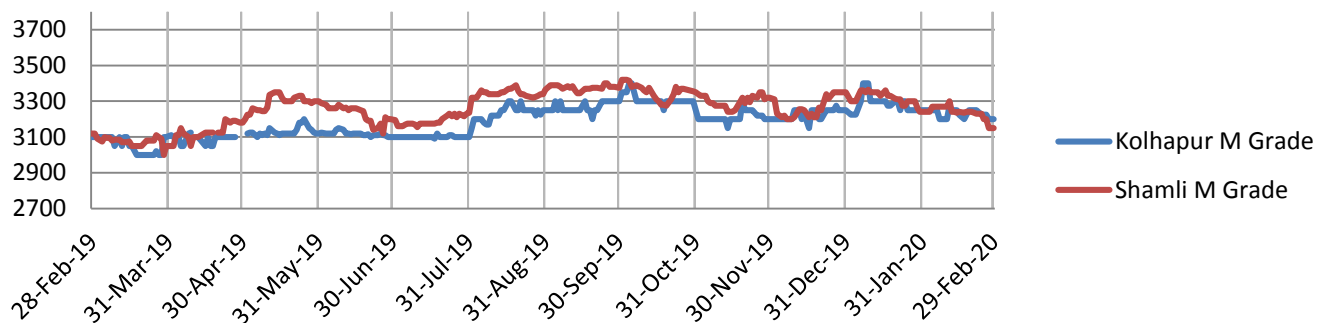
Price Projection for the Next week

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. 3221per quintal, while spot sugar prices for the same grade in Shamli district stood slightly lower Rs. 3193 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:

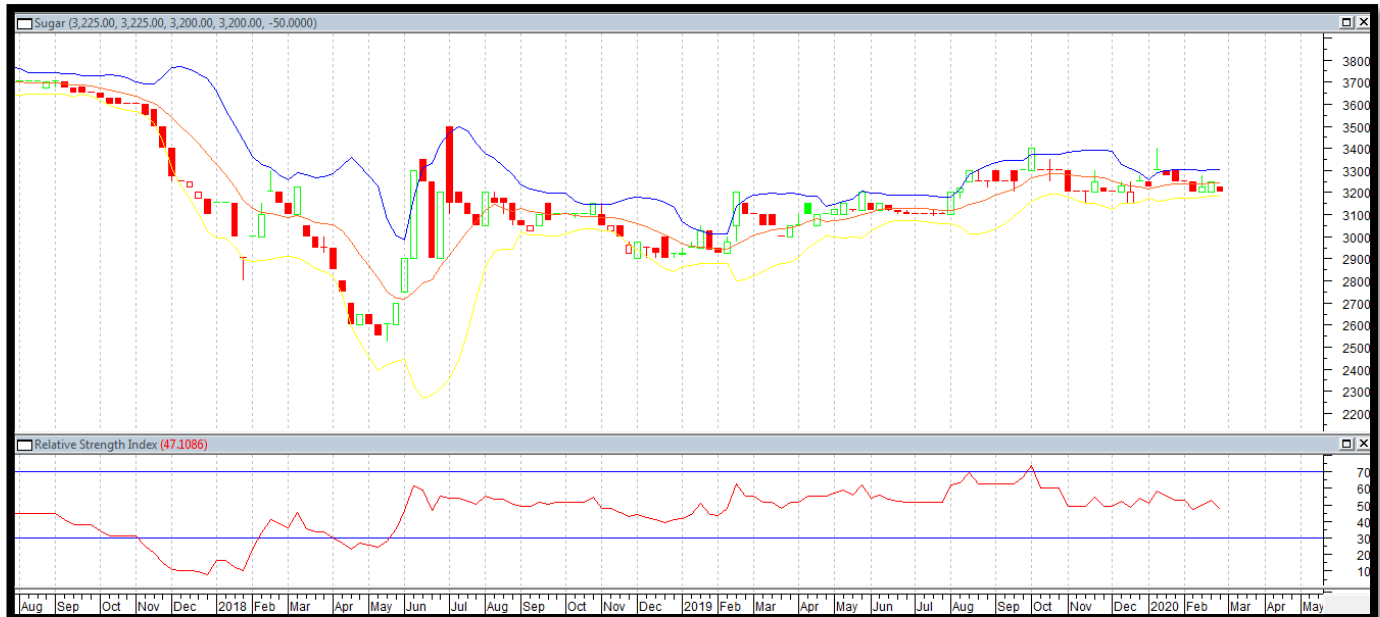
- **Government fixed the monthly sugar sales quota as 21 LT for March month to 545 mills higher by 1 LT compared to the previous month that stood at 20 LT.** Also, the allocated quota is 3.5 LT lower at 24.5LT in the same time previous year. In the previous month, the sugar millers have reported that 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.
- **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.
- **The Uttar Pradesh expects a total sugar production in up might reach upto 123 lakh tonnes** this crushing season with an average recovery rate of above 11.08% higher than what Maharashtra state government expects. As on 25th February 2020, 119 sugar mills were in operation and they have produced 73.75 lakh tonnes of sugar compared with 71.02 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.
- **Maharashtra has produced only 47.73 lakh tonnes of sugar with an average recovery of 10.98% till the 23rd February.** Total of 17 sugar mills were closed out of 144 mills, around 10 mills closed in Aurangabad district followed by 3 mills in Ahmednagar, 2 mills each in Pune and Solpur. In Kolhapur division the recovery rate improved to be around 12.02% at this period of time. Recoveries have slightly increased to 11.04% from 10.8% in Pune division, 9.98% from 9.49% in Solapur, 10.14% from 9.84% in Ahmednagar, and 9.77% from 9.44% in Aurangabad compared to the recovery rate compared to the last week of January.

Previous 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.

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

- Sugar spot prices at benchmark Kolhapur market closed weaker at Rs.3200 quintal this week.
- Next resistance and support level for the next week 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 lower arrivals compared to previous week and prices stood weaker at Rs.2750/q against last week Rs.2788.
- 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 (SBK20) on Friday closed down -0.06 (-0.42%).** Sugar prices on Friday extended their week-long slide as NY sugar fell to a 1-1/2 month low, and London sugar slid to a 1-month low. Weakness in crude prices and a slump in the Brazilian real to a new record low Friday weighed on sugar prices. . A weaker real encourages export selling by Brazil's sugar producers. Crude oil prices fell more than 4% Friday to a 14-month low. 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.
- **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 sugar exports since last year was suspended to Indonesia due to the quality standards.** A deal was signed between India and Indonesia to revise the quality standards as India does not produce ICUMSA 1,200 raw sugar. But now, the International Commission for Uniform Methods of Sugar Analysis—a standards body that publishes norms for analysis of the sweetener—modified the colour standard for raw sugar to 500-600 from 1,200. It also reduced import duties for Indian raw sugar to around 5 percent to further bolster the initiative. Indonesia annually imports 3.5-4.0 million tn of sugar. But the expected exports this year not more than 2.5 LT to Indonesia because raw sugar availability in India is not much as the refining has already been started by the mills in India. So far, Indonesia likely to import 1.3 LT sugar from India by May'20.

Previous 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.

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.	Bearish
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 -9.44 MMT from a November projection of -6.1 MMT	Bullish

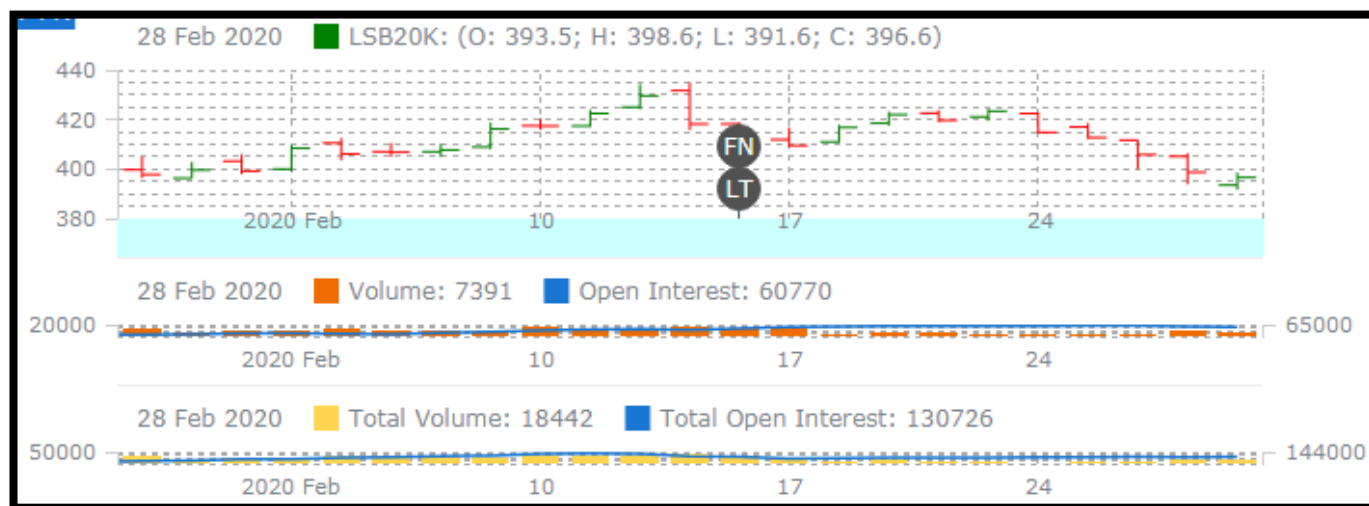
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was weak for the week.
- Total volume increased while open interest decreased over a week.
- Strategy: Buy at level 396, T1 405

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	396.6	385-410

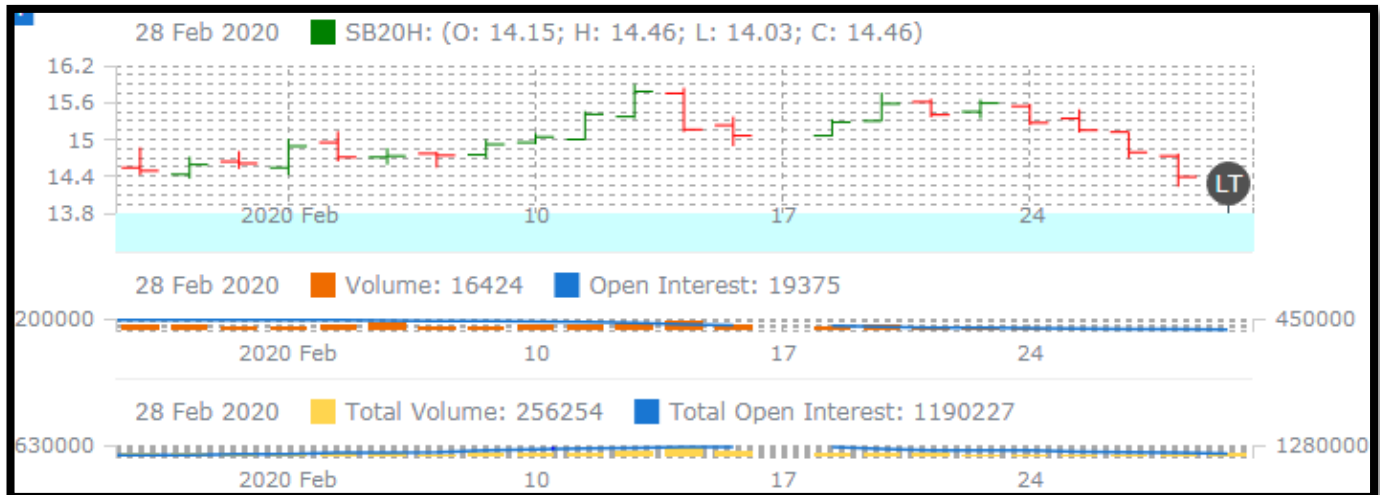


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

Technical Commentary:

- ICE raw sugar futures were bearish in the week.
- Both total volume increased and open interest decreased.
- Strategy: Buy at rate 14.4 Targeting 15.2.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'20	14.46	13-19



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			21st Feb'20 to 27th Feb'20	14th Feb'20 to 20th Feb'20	
Delhi	Delhi	M-Grade	3197	3228	-32
	Delhi	S-Grade	3177	3208	-32
Uttar Pradesh	Khatauli	M-Grade	3273	3304	-31
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3177	3207	-30
	Dhampur	S-Grade Ex-Mill	3157	3187	-30
	Dhampur	L-Grade Ex-Mill	3227	3257	-30
Maharashtra	Mumbai	M-Grade	3593	3596	-3
	Mumbai	S-Grade	3293	3307	-14
	Nagpur	M-Grade	3346	3358	-13
	Nagpur	S-Grade	3242	3247	-5
	Kolhapur	M-Grade	3221	3233	-13
	Kolhapur	S-Grade	3117	3122	-5
Assam	Guhawati	S-Grade	3427	3432	-5
Meghalaya	Shillong	S-Grade	3437	3442	-5
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3657	3660	-3
Tamil Nadu	Chennai	S-Grade	3573	3593	-20
	Dindigul	M-Grade	3627	3660	-33
	Coimbatore	M-Grade	3650	3640	10
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	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)			21st Feb'20 to 27th Feb'20	14th Feb'20 to 20th Feb'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2772	2770	2
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	51000	74000	-23000
	Muzaffarnagar	Khurpa (Fresh)	2765	2733	33
	Muzaffarnagar	Laddoo (Fresh)	2729	2733	-5
	Muzaffarnagar	Rascut (Fresh)	2392	2363	29
	Hapur	Chaurasa	2503	2546	-43
	Hapur	Balti	2455	2460	-5
Andhra Pradesh	Chittur	Gold	4367	4400	-33
		White	3900	3900	Unch
		Black	3467	3467	Unch
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	3100	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3200	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3314	3331	-16
	Mandya	Achhu (Medium)	3240	3092	148
	Mandya	Kurikatu (Medium)	3007	2958	48
	Mandya	Other (Medium)	2967	2847	120
	Mandya	Yellow (Medium)	3125	3110	15
	Shimoga	Achhu (Average)	3625	3492	133

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			29-Feb-20	22-Feb-20	30-Jan-20	2-Mar-19
Delhi	Delhi	M-Grade	3200	3240	3250	3090
	Delhi	S-Grade	3180	3220	3230	3070
Uttar Pradesh	Khatauli	M-Grade	3240	3315	3270	3180
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3150	3200	3200	3100
	Dhampur	S-Grade Ex-Mill	3130	3180	3180	3080
	Dhampur	L-Grade Ex-Mill	3200	3250	3250	3150
Maharashtra	Mumbai	M-Grade	3590	3596	3572	3380
	Mumbai	S-Grade	3280	3300	3350	3200
	Nagpur	M-Grade	3325	3375	3375	3225

	Nagpur	S-Grade	3225	3250	3225	3225
	Kolhapur	M-Grade	3200	3250	3250	3100
	Kolhapur	S-Grade	3100	3125	3100	3100
Assam	Guhawati	S-Grade	3410	3436	3410	3410
Meghalaya	Shillong	S-Grade	3420	3445	3420	3420
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	3640	3500
	Vijayawada	S-Grade	3600	3600	3580	3440
West Bengal	Kolkata	M-Grade	3650	3660	3660	3550
Tamil Nadu	Chennai	S-Grade	3560	3600	3600	3225
	Dindigul	M-Grade	3620	3660	3600	3620
	Coimbatore	M-Grade	3700	3640	3640	3450
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	3600	3600

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)			29-Feb-20	22-Feb-20	30-Jan-20	2-Mar-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2750	2803	2800	2528
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	12000	6000	4000
	Muzaffarnagar	Khurpa	2700	2790	2650	2338
	Muzaffarnagar	Laddoo	2675	2755	2950	2463
	Muzaffarnagar	Rascut	2338	2413	2250	2000
	Hapur	Chaurasa	2475	2540	2525	2300
	Hapur	Balti	2375	2450	2425	2250
Andhra Pradesh	Chittur	Gold	4400	4300	5100	3700
		White	3900	3900	4400	3300
		Black	3500	3400	3900	2900
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4400	NA	3250	4200
	Belgaum	Mudde (Average)	NA	0	0	NA
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2650
	Gulbarga	Other (Average)	NA	0	0	NA
	Mahalingapura	Penti (Average)	NA	NA	3412	NA
	Mandya	Achhu (Medium)	3100	3200	3160	NA
	Mandya	Kurikatu (Medium)	3100	2950	3050	NA
	Mandya	Other (Medium)	3000	2900	3020	NA
	Mandya	Yellow (Medium)	3150	3150	3100	NA
	Shimoga	Achhu (Average)	3650	NA	3500	NA

International Sugar Prices (Weekly)				
	Contract Month	21st Feb'20 to 27th Feb'20	14th Feb'20 to 20th Feb'20	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2417	2446	-29.00
	20-May	2357	2369	-12.00
	20-Jul	2339	2346	-7.00
LIFFE Sugar (US \$/MT)	20-Mar	2853	2884	-31.00
	20-May	2853	2884	-31.00
	20-Aug	2949	2974	-25.00

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