

**Price Outlook:**

Indian Sugar market was overall showed mixed trend this week due to moderate demand in the domestic market. The sugar trade is also likely to be affected due to the outbreak of coronavirus in China and now in India. The activity in trade may get slow and the export contracts might be halted. The sugarcane crushing in Maharashtra is likely to end earlier in March end this year due to less availability of cane in the state while the crushing operations in UP is likely to finish till May end. The sugar production in UP is likely to surge and likely to cross the previous year's production this year. The prices in Vijayawada stood steady at Rs.3660/q and Rs.3133/q in Kolhapur bench market whereas the prices in UP stood steady at Rs.3260/q against last week.

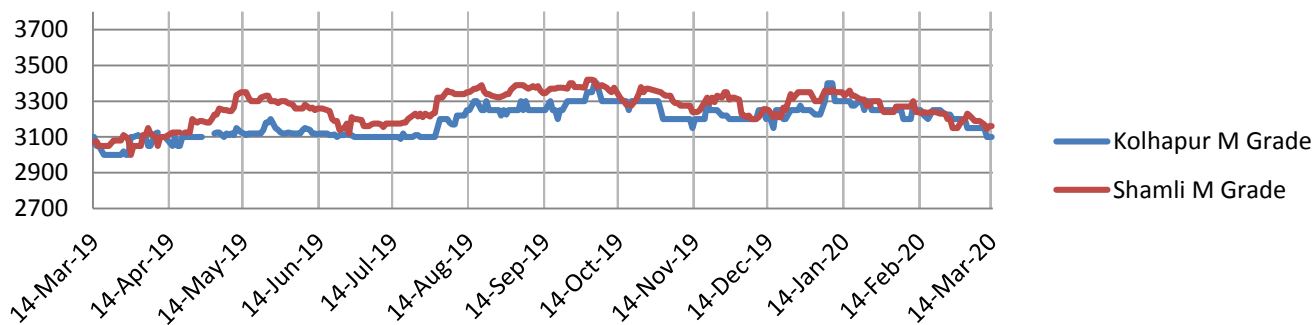
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3100 -3300 per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settle weaker at Rs. 3133per quintal, while spot sugar prices for the same grade in Shamli district stood steady Rs. 3174 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 and estimated not more than 26.5 million tonnes, according to ISMA	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	Bearish
The reallocation of sugar export sales would help sugar mill to clear sugar stock piles in 2019-20 season	Bullish
Tightening of restriction on monthly sales	Bearish

### Domestic Market Highlights

#### Recent Updates:

- **The coronavirus became pandemic and the sugar industry is also likely to be affected like all the other commodities.** The necessary precautions that are being taken by the government to avoid spreading is going to affect the sugar consumption. Because people are avoiding consuming cold drinks, ice creams and other products. Thus, everyone is waiting for the change in climate and temperature to rise so that the situation to be under controlled.
- **Maharashtra has produced around 54.73 lakh tonnes of sugar this year so far till 10<sup>th</sup> of Mar'20** by crushing around 492.01 lakh tonnes of cane with a recovery rate of 11.12%. Overall 41 mills have closed their crushing operations including 12 mills in Aurangabad, 8 mills in Ahmednagar, followed by 5 mills each in Kolhapur, Pune and Solapur and 4 mills are closed in Nanded. Kolhapur has produced around 20.73 lakh tonnes of sugar with the highest recovery of 12.15% in Maharashtra so far. After Kolhapur, Pune has produced 14.42 lakh tonnes of sugar with a recovery of 11.16% followed by Solapur producing 6.76 lakh tonnes of sugar (recovery rate of 10.07%).
- **As on 12<sup>th</sup> Mar'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 5.12% more sugarcane around 762.49 LT against 725.35 LT in the previous year and produced 85.02 LT of sugar which is 3.97% higher due to the favorable conditions in the state this year as the area increased. Whereas, the average sugar recovery remained higher at 11.15% compared to the previous month and lower by 1.06% at 11.24% recovery rate in the same time previous year from the start of the season in Oct till 12<sup>th</sup> Mar'20.

#### Previous Updates

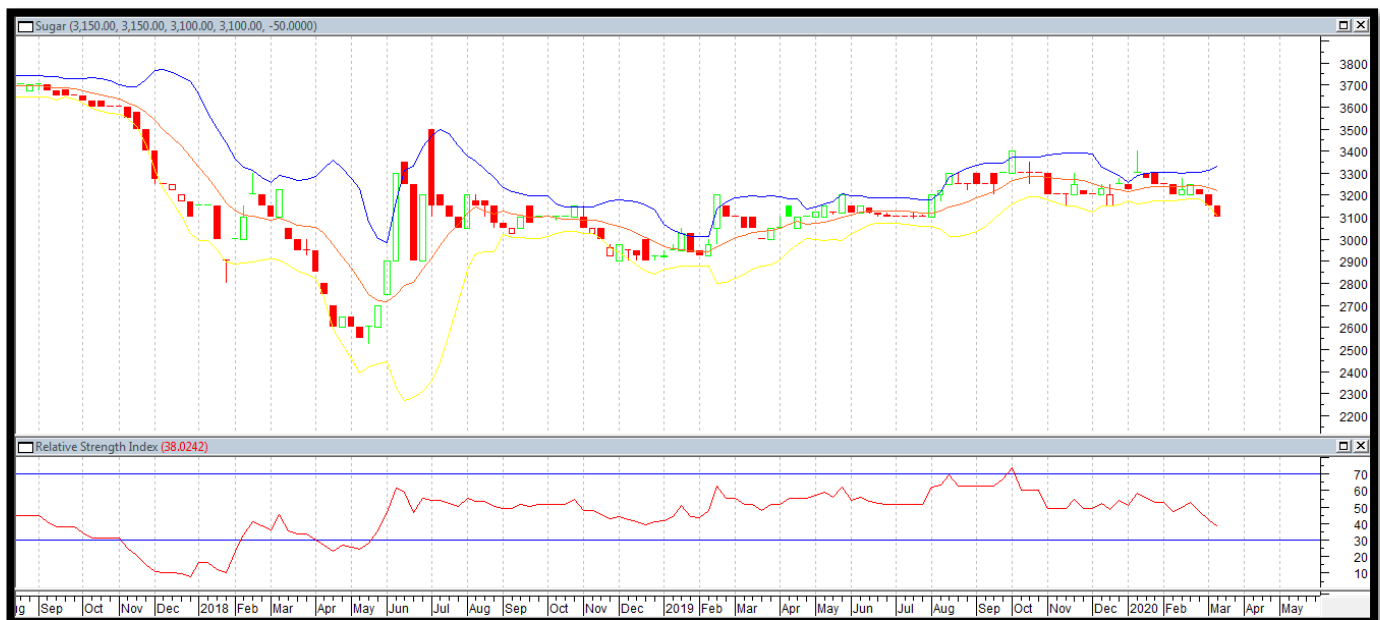
- **According to ISMA, all sugar mills across India have produced around 194.84 lakh tonnes of sugar lower as compared to 249.3 lakh tonnes** produced on the corresponding time last year lower by 22%. This year around 68 sugar mills across India have stopped crushing operation due to lack of availability of cane out of 453 sugar mills. Maharashtra this year have produced sugar less by around 45% to 50.7 lakh tonnes with a closure of around 22 sugar mills compared to 92.88 lakh tonnes last year till 29<sup>th</sup> Feb. In U.P. 119 sugar mills which are in operation have produced 76.86 lac tons of sugar till 29<sup>th</sup> February'20, compared with 73.87 lakh tons up by 4% year on year produced by 117 mills on the corresponding date of last year.
- **In Karnataka, 63 sugar mills are in operation on 29<sup>th</sup> Feb'20, who have produced 32.6 LT of sugar, as compared to 41.73 LT** produced by 66 sugar mills during the same period last year. Out of 63 sugar mills which went for crushing this season, 32 sugar mills have stopped crushing as on 29<sup>th</sup> February'20. Tamil Nadu has produced only 3.2 lakh tonnes of sugar till 29<sup>th</sup> Feb'20 by 21 sugar mills compared to 32 sugar mills producing 4.63 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 6.83LT of sugar till 29th Feb'20 lower compared to 8.79 LT in the same period last year. As per market reports released by ISMA, about 22-23 lakh tons of sugar have been exported from India and about 35 lakh tons of contracts have been signed for exports.

- **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. Then, it was 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; but now again the date has been revised to 14th Mar'20, over and above the Maximum Admissible Export Quantity (MAEQ) allocated for 2019-20 sugar season. This move is being adopted by the government and keep on revising the dates so as to help the sugar mills to clear off the older stock piles and to reduce down the carry out stock compared to the previous season's stock.**

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

- Sugar spot prices at benchmark Kolhapur market closed weaker at Rs.3100 quintal this week.
- Next resistance and support level for the next week is expected at Rs.3300 and Rs.3100 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 same at Rs.2725/q.
- 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 on Friday closed up +0.08 (+0.69%).** Sugar prices this morning are moving higher as strength in crude oil has sparked short covering in sugar futures. Crude oil prices on Friday rose nearly +2% and consolidated modestly above Monday's 4-year low. The recent plunge in crude oil prices has been 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 surge in international sugar prices is encouraging Brazil to divert sugarcane to sugar production in the month of Feb'20.** Unica earlier in the month reported that Brazil's 2019/20 Center-South sugar production Oct-through mid-Feb is up +0.48% y/y to 26.488 MMT with the percentage of sugar cane crushed for sugar falling to 34.47% from 35.42% last year and the percentage of cane crushed for ethanol production rising to 65.53% from 64.58% last year. Conab on Dec 19 cut its Brazil 2019/20 sugar production estimate by -5.3% to 30.1 MMT from an Aug estimate of 31.8 MMT. Platts estimates that Center-South sugar mix in the crop for 2020-21 which will end in March 2021 will reach 37.5%, up from 34.41% recorded in the current crop of 2019-20.

Previous Updates

- **The total 2019-20 EU sugar production likely to decline by 428,000 MT in 2019-20 sugar season (October-September) at 17.502 MMT** according to the S&P Global Platts Analytics forecasts due to the dry conditions early in the season and heavy rainfall late in the season. The sugar production has fallen since previous two seasons and is likely to see further drop in production. Prices slumped because of the initial rise in production that forced the EU to try to compete in a depressed global market. Prices have now rebounded as production has fallen in the EU.
- **Thailand Raw sugar as well as refined sugar exports declined by 6% and 2% respectively in 2019 (Jan'19-Jan'20)** whereas the white sugar exports rose significantly by 16% to 7.19 LT till Jan'20 from Jan'19. Overall Thailand sugar exports also declined by around 3.5% to 107.92 LT compared to the previous year. In January, around 462,098 tonnes of raw sugar was exported at an average FOB of \$292.29/ton higher price compared to the previous months' exports. Similarly, White and refined sugar were exported around 44,283 tonnes and 2,49,084 tonnes at an average FOB of \$338.6/ton and \$347.73/ton respectively reported to be the highest price of the season. The Thailand exports in January'20 increased due to the higher imports in Indonesia, Vietnam, Sudan, Singapore, China followed by Philippines.
- **International sugar prices have support from reduced sugar output from Thailand, the world's fourth-biggest sugar producer.** Thailand's Office of the Cane and Sugar Board on Tuesday reported that Thailand's sugar production from 1<sup>st</sup> Dec'19 till 23<sup>rd</sup> Feb'20 was down by -8.1% year on year at 7.9 MMT. According to the

Thailand Meteorological Department this year's drought in Thailand is the worst in 40 years, which is slashing the country's sugar output. The Thai Sugar Millers Corp forecasted that Thailand's 2019-20 sugar production would drop -35% year on year to 9 MMT from 14 MMT in 2018-19 as dry conditions reduce sugarcane yields.

### International Sugar Market Summary:

#### Bullish and Bearish factors for International sugar

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will cut by -5.3% to 30.1 MMT from 31.8 MMT in the earlier estimate	Bullish
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

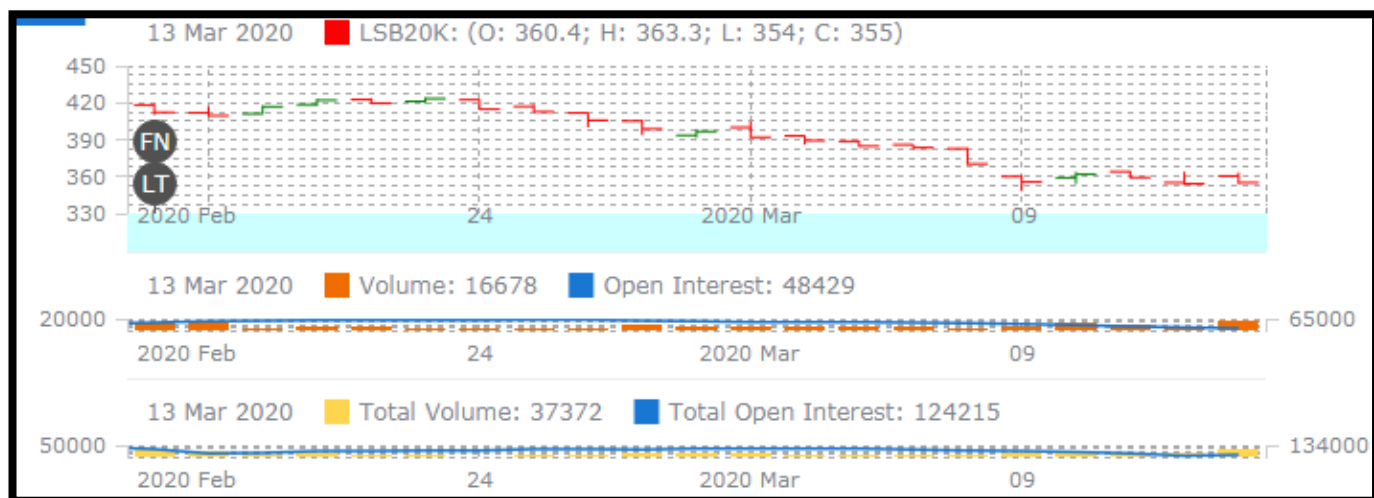
#### International Sugar Futures Price Projection

##### 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 350, T1 362

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'20	355	355-380

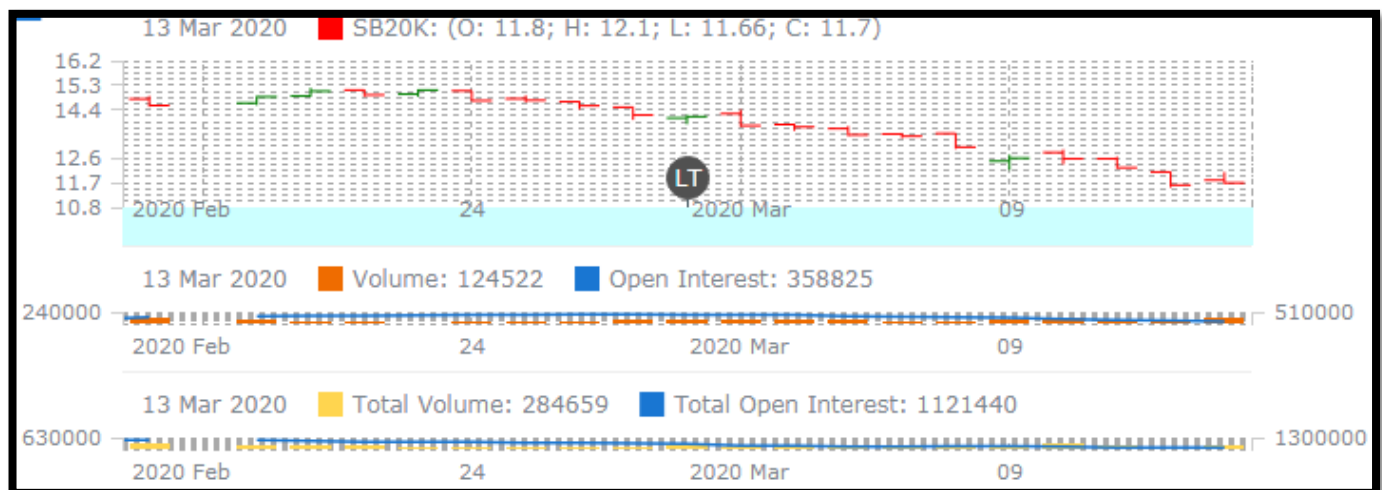




### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract) Technical Commentary:

- ICE raw sugar futures were bearish in the week.
- Total volume increased while open interest decreased.
- Strategy: Buy at rate 11 Targeting 13.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'20	11.7	10-15



### Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			6th Mar'20 to 12th Mar'20	28th Feb'20 to 05th Mar'20	
Sugar	Delhi	M-Grade	3180	3192	-12
	Delhi	S-Grade	3160	3172	-12
Uttar Pradesh	Khatauli	M-Grade	3261	3260	1
	Ramala	M-Grade	3145	NA	-
	Dhampur	M-Grade Ex-Mill	3174	3155	19
	Dhampur	S-Grade Ex-Mill	3154	3135	19
	Dhampur	L-Grade Ex-Mill	3224	3205	19
Maharashtra	Mumbai	M-Grade	3572	3585	-13
	Mumbai	S-Grade	3285	3297	-12
	Nagpur	M-Grade	3258	3308	-50
	Nagpur	S-Grade	3225	3225	Unch



	Kolhapur	M-Grade	3133	3183	-50
	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	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3603	3650	-47
Tamil Nadu	Chennai	S-Grade	3560	3560	Unch
	Dindigul	M-Grade	3603	3620	-17
	Coimbatore	M-Grade	3700	3700	Unch
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)			6th Mar'20 to 12th Mar'20	28th Feb'20 to 05th Mar'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2667	2725	-58
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	37000	-25000
	Muzaffarnagar	Khurpa (Fresh)	2594	2712	-118
	Muzaffarnagar	Laddoo (Fresh)	2702	2658	44
	Muzaffarnagar	Rascut (Fresh)	2359	2342	18
	Hapur	Chaurasa	2503	2471	33
	Hapur	Balti	2423	2390	33
Andhra Pradesh	Chittur	Gold	4433	4367	67
		White	4100	3850	250
		Black	3550	3500	50
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4392	4400	-8
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3292	3298	-6
	Mandya	Achhu (Medium)	3318	3277	42
	Mandya	Kurikatu (Medium)	3050	3025	25
	Mandya	Other (Medium)	2965	2980	-15
	Mandya	Yellow (Medium)	3115	3143	-28
	Shimoga	Achhu (Average)	3567	3583	-17

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			14-Mar-20	7-Mar-20	13-Feb-20	16-Mar-19
Delhi	Delhi	M-Grade	3160	3200	3235	3100
	Delhi	S-Grade	3140	3180	3215	3080
Uttar Pradesh	Khatauli	M-Grade	3260	3290	3290	3125
	Ramala	M-Grade	3140	NA	3210	0
	Dhampur	M-Grade Ex-Mill	3185	3160	3185	3050
	Dhampur	S-Grade Ex-Mill	3165	3140	3165	3030
	Dhampur	L-Grade Ex-Mill	3235	3210	3235	3100
Maharashtra	Mumbai	M-Grade	3560	3580	3596	3302
	Mumbai	S-Grade	3276	3292	3316	3182
	Nagpur	M-Grade	3225	3275	3375	3175
	Nagpur	S-Grade	3225	3225	3225	3075
	Kolhapur	M-Grade	3100	3150	3250	3050
	Kolhapur	S-Grade	3100	3100	3100	2950
Assam	Guhawati	S-Grade	3410	3410	3410	3258
Meghalaya	Shillong	S-Grade	3420	3420	3420	3270
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	3660	3460
	Vijayawada	S-Grade	3600	3600	3600	3400
West Bengal	Kolkata	M-Grade	3580	3580	3660	3450
Tamil Nadu	Chennai	S-Grade	3560	Closed	3600	3420
	Dindigul	M-Grade	3580	3640	3640	3540
	Coimbatore	M-Grade	3700	3700	3640	3540
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	3500	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)			14-Mar-20	7-Mar-20	13-Feb-20	16-Mar-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2725	2500	2738	2543
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	3000	10000	8000
	Muzaffarnagar	Khurpa	NA	2500	2520	2303
	Muzaffarnagar	Laddoo	2750	2705	2675	2553
	Muzaffarnagar	Rascut	NA	2375	2313	2053
	Hapur	Chaurasa	2545	2550	2550	2375
	Hapur	Balti	2450	2425	2475	2325
Andhra Pradesh	Chittur	Gold	4500	4400	4400	4200
		White	4200	4200	4000	3700
		Black	3500	3600	3600	2900

<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	NA	4400	4400	4200
	Belgaum	Mudde (Average)	NA	NA	3100	2850
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	NA
	Gulbarga	Other (Average)	NA	NA	0	2680
	Mahalingapura	Penti (Average)	NA	NA	3342	NA
	Mandya	Achhu (Medium)	NA	3250	3000	3650
	Mandya	Kurikatu (Medium)	NA	3000	2950	3450
	Mandya	Other (Medium)	NA	2950	2800	3450
	Mandya	Yellow (Medium)	NA	3100	3090	3600
	Shimoga	Achhu (Average)	NA	3550	3500	NA

International Sugar Prices (Weekly)				
	Contract Month	6th Mar'20 to 12th Mar'20	28th Feb'20 to 05th Mar'20	Change
<b>ICE Sugar #11 (US Cent/lb)</b>	<b>20-Mar</b>	2075	2257	<b>-182.00</b>
	<b>20-May</b>	2028	2235	<b>-207.00</b>
	<b>20-Jul</b>	2045	2235	<b>-190.00</b>
<b>LIFFE Sugar (US \$/MT)</b>	<b>20-Mar</b>	2630	2813	<b>-183.00</b>
	<b>20-May</b>	2645	2776	<b>-131.00</b>
	<b>20-Aug</b>	2630	2830	<b>-200.00</b>

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