

**Price Outlook:**

Indian Sugar market was overall showed steady to weak trend this week due to weak demand in the domestic market. The impact of coronavirus has disrupted the sugar trade as ports across the globe has imposed restrictions. The shipment activity has slowed down due to the timely safety measures and preventive actions being adopted by various ports across India and due to the weakening sugar prices. 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 prices in Vijayawada stood steady at Rs.3650/q and Rs.3133/q in Kolhapur bench market whereas the prices in UP stood steady at Rs.3252/q against last week.

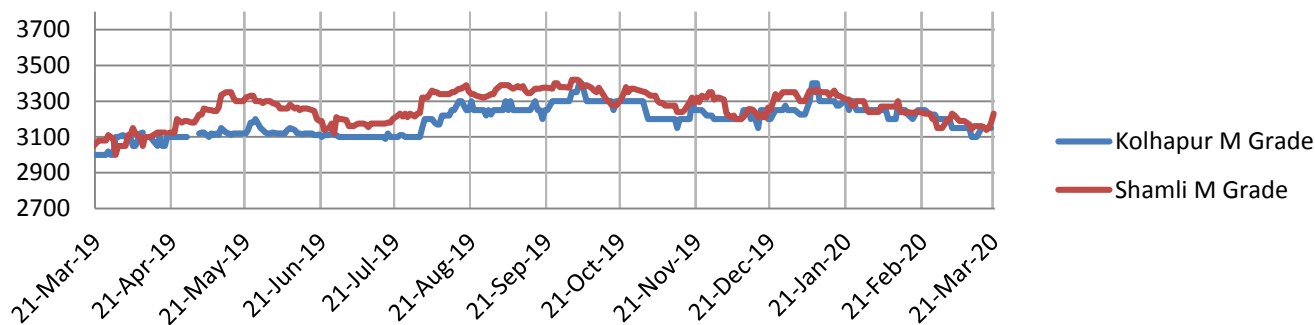
**Price Projection for the Next week**

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 settled at steady price at Rs. 3133per quintal, while spot sugar prices for the same grade in Shamli district stood low Rs. 3154 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:

- **As on 18th Mar'20, total 119 sugar mills are crushing sugarcane in Uttar Pradesh against 117 mills** during the correspond period previous year. So far, UP has crushed 5.29% more sugarcane around 798.88 LT against 758.76 LT in the previous year and produced 89.33 LT of sugar which is 4.05% higher due to the favorable conditions in the state this year as the area increased. Whereas, the average sugar recovery remained higher at 11.18% compared to the previous month and lower by 1.15% at 11.34% recovery rate in the same time previous year from the start of the season in Oct till 18th Mar'20.
- **The government has asked the sugar mills to sell their March sales quota till 15<sup>th</sup> April'20 due to the impact caused because of coronavirus.** There might be lower sugar quota for the next to prevent sharp fall in prices as mills would have unsold March quota that will be carried forward to April. From the past two weeks, the effect of COVID-19 can be witnessed in the sugar demand. A significant fall in sugar demand and consumption is likely to occur as social gatherings, weddings and celebrations have been postponed are avoided by the people in attending the functions due to spread of coronavirus. People are avoiding consuming cold drinks, ice creams and other products.
- **Indian sugar of around 1.5-2 LT was to be shipped to Iran but later are diverted to Malaysia and Bangladesh.** The diversion took place because the country failed to open Letters of Credit within the stipulated time period mentioned in the export contract. Letters of Credit provide exporters the confidence to allow them to ship their goods in advance of the receipt of payment. A major quantity of sugar being sold to Iran by India since the start of the season this sugar season because they cannot buy from any other country due to the US sanctions. So, Iran agreed to sell oil to India in rupee currency and it uses the Indian currency to buy sugar and other Indian goods. Therefore, it becomes necessary to open the letters of credit by credible or government buyers as soon as possible so that the trade continues.

#### Previous 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 10th 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.

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

- Sugar spot prices at benchmark Kolhapur market closed weaker at Rs.3150 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 at Rs.2750/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 +0.32 (+3.02%).** Sugar prices moved higher due to the increase in Brazilian real. The Brazilian real rose +2.07% against the dollar Friday. And the stronger real discourages export selling by Brazil's sugar producers.
- **The global raw sugar prices have fallen by around 18% since 1<sup>st</sup> of Mar'20 from 13.81 cents/lbs to 11.33 cents/lbs** and similarly the white sugar have plunged to \$326/tonne from \$391.9/tonne during the same period due to the pandemic effect globally. The downfall in crude oil prices is encouraging one of the largest sugar producing countries Brazil and a major competitor of India to divert the sugarcane crushing to sugar production instead of ethanol production.

Previous 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.

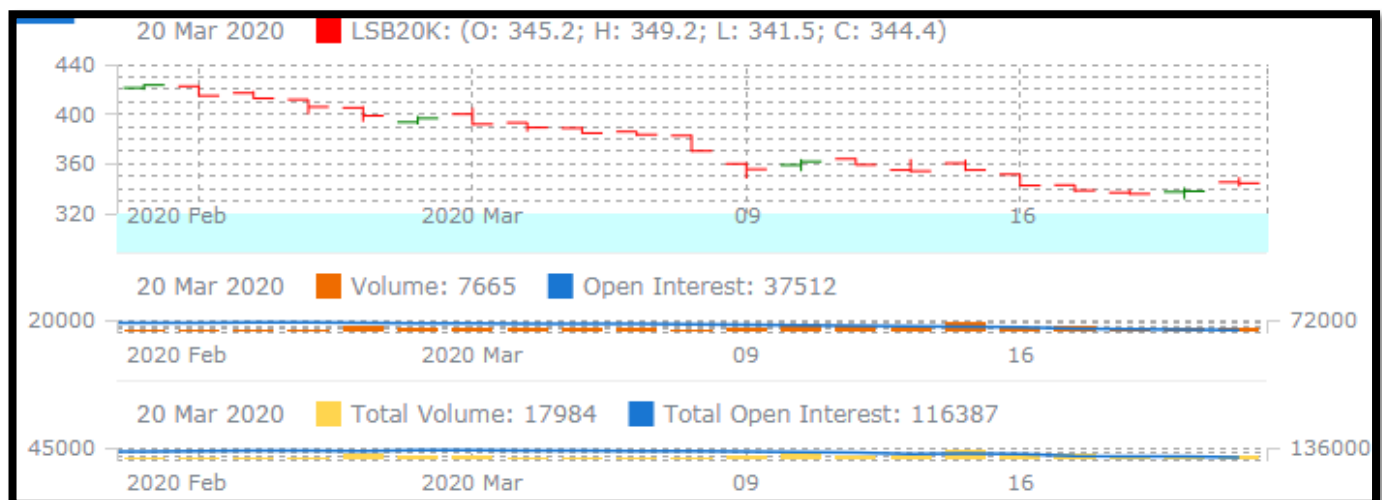
**International Sugar Market Summary:****Bullish and Bearish factors for International sugar**

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**

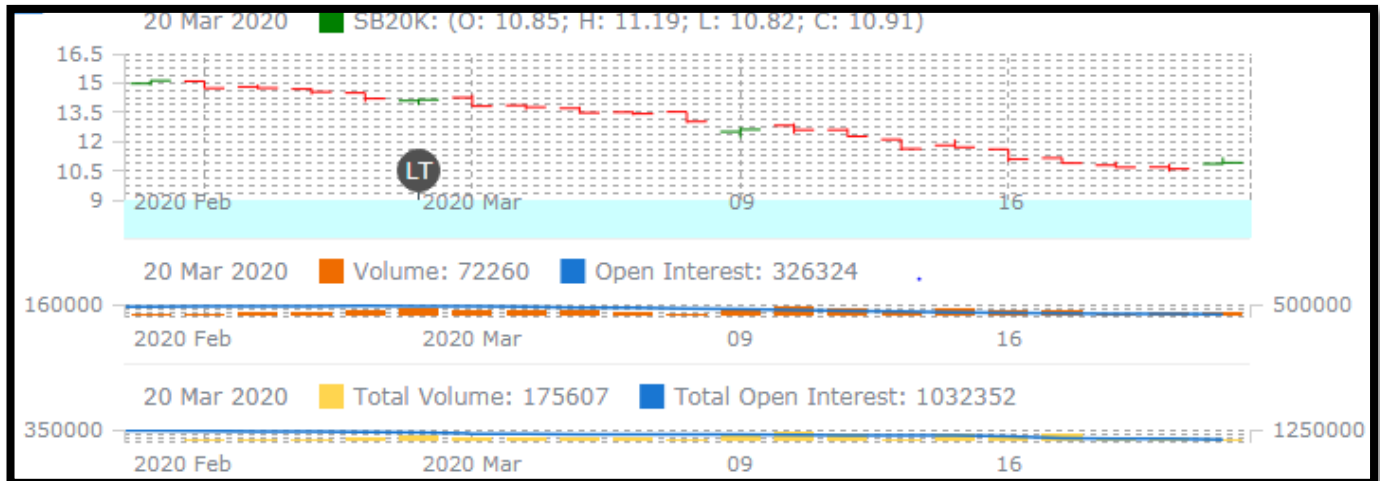
- LIFFE future market was weak for the week.
- Both total volume & open interest decreased over a week.
- Strategy: Buy at level 343, T1 355

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'20	344.4	330-370

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

- ICE raw sugar futures were bearish in the week.
- Both total volume & open interest decreased.
- Strategy: Buy at rate 10.5 Targeting 12.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'20	10.91	10-15



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

Commodity	Centre	Variety	Average Prices (Rs/QtI)		Change
			13th Mar'20 to 19th Mar'20	6th Mar'20 to 12th Mar'20	
Sugar					
Delhi	Delhi	M-Grade	3145	3180	-35
	Delhi	S-Grade	3125	3160	-35
Uttar Pradesh	Khatauli	M-Grade	3252	3261	-9
	Ramala	M-Grade	3134	3145	-11
	Dhampur	M-Grade Ex-Mill	3173	3174	0
	Dhampur	S-Grade Ex-Mill	3153	3154	0
	Dhampur	L-Grade Ex-Mill	3223	3224	0
Maharashtra	Mumbai	M-Grade	3527	3572	-45
	Mumbai	S-Grade	3279	3285	-6
	Nagpur	M-Grade	3258	3258	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3133	3133	Unch
	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	3650	3660	-10
	Vijayawada	S-Grade	3590	3600	-10
West Bengal	Kolkata	M-Grade	3567	3603	-37
Tamil Nadu	Chennai	S-Grade	3570	3560	10
	Dindigul	M-Grade	3567	3603	-37
	Coimbatore	M-Grade	3700	3700	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3833	3500	333

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)			13th Mar'20 to 19th Mar'20	6th Mar'20 to 12th Mar'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2724	2667	58
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	17500	12000	5500
	Muzaffarnagar	Khurpa (Fresh)	2459	2594	-134
	Muzaffarnagar	Laddoo (Fresh)	2598	2702	-104
	Muzaffarnagar	Rascut (Fresh)	2344	2359	-16
	Hapur	Chaurasa	2518	2503	14
	Hapur	Balti	2493	2423	70
Andhra Pradesh	Chittur	Gold	4533	4433	100
		White	4200	4100	100
		Black	3600	3550	50
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4350	4392	-42
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3200	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3264	3292	-28
	Mandya	Achhu (Medium)	3462	3318	143
	Mandya	Kurikatu (Medium)	3083	3050	33
	Mandya	Other (Medium)	2943	2965	-22
	Mandya	Yellow (Medium)	3243	3115	128
	Shimoga	Achhu (Average)	3688	3567	121

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			21-Mar-20	14-Mar-20	20-Feb-20	23-Mar-19
Delhi	Delhi	M-Grade	3100	3160	3230	3100
	Delhi	S-Grade	3080	3140	3210	3080
Uttar Pradesh	Khatauli	M-Grade	3340	3260	3305	3115
	Ramala	M-Grade	3160	3140	0	0
	Dhampur	M-Grade Ex-Mill	3220	3185	3200	3100
	Dhampur	S-Grade Ex-Mill	3200	3165	3180	3080
	Dhampur	L-Grade Ex-Mill	3270	3235	3250	3150
Maharashtra	Mumbai	M-Grade	3520	3560	3596	3280
	Mumbai	S-Grade	3300	3276	3300	3166

	Nagpur	M-Grade	Closed	3225	3375	3125
	Nagpur	S-Grade	Closed	3225	3250	3075
	Kolhapur	M-Grade	Closed	3100	3250	3000
	Kolhapur	S-Grade	Closed	3100	3125	2950
<b>Assam</b>	Guhawati	S-Grade	Closed	3410	3436	3258
<b>Meghalaya</b>	Shillong	S-Grade	Closed	3420	3445	3270
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3660	3660	3660	3420
	Vijayawada	S-Grade	3600	3600	3600	3360
<b>West Bengal</b>	Kolkata	M-Grade	3560	3580	3660	3470
<b>Tamil Nadu</b>	Chennai	S-Grade	3600	3560	3600	3420
	Dindigul	M-Grade	3560	3580	3660	3480
	Coimbatore	M-Grade	3700	3700	3640	3540
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	4000	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)			21-Mar-20	14-Mar-20	20-Feb-20	23-Mar-19
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha	2750	2725	2803	2575
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	1000	14000	4000
	Muzaffarnagar	Khurpa	2538	NA	2803	2375
	Muzaffarnagar	Laddoo	2528	2750	2778	2588
	Muzaffarnagar	Rascut	2338	NA	2375	2113
	Hapur	Chaurasa	2440	2545	2540	2405
	Hapur	Balti	2350	2450	2450	2325
<b>Andhra Pradesh</b>	Chittur	Gold	4800	4500	4300	4300
		White	4300	4200	3900	3400
		Black	3700	3500	3400	3100
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4900	NA	4400	4200
	Belgaum	Mudde (Average)	NA	0	0	2900
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	3000
	Gulbarga	Other (Average)	NA	0	0	2680
	Mahalingapura	Penti (Average)	NA	0	3344	3041
	Mandya	Achhu (Medium)	NA	3450	3200	NA
	Mandya	Kurikatu (Medium)	NA	3100	2950	NA
	Mandya	Other (Medium)	NA	2950	2900	3250
	Mandya	Yellow (Medium)	NA	3250	3100	3500
	Shimoga	Achhu (Average)	NA	NA	3450	3650

International Sugar Prices (Weekly)				
	Contract Month	13th Mar'20 to 19th Mar'20	6th Mar'20 to 12th Mar'20	Change
ICE Sugar #11 (US Cent/lb)	20-May	1913	2075	-162.00
	20-Jul	1827	2028	-201.00
	20-Oct	1827	2045	-218.00
LIFFE Sugar (US \$/MT)	20-May	2527	2630	-103.00
	20-Aug	2473	2645	-172.00
	20-Oct	2527	2630	-103.00

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