

Price Outlook:

Indian Sugar markets were closed last week because of the lockdown across India to combat the spread of Covid-19. 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 cane crushing operations were also disrupted due to the lack of labour and transport facilities followed by lack of raw material. 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 in the last week.

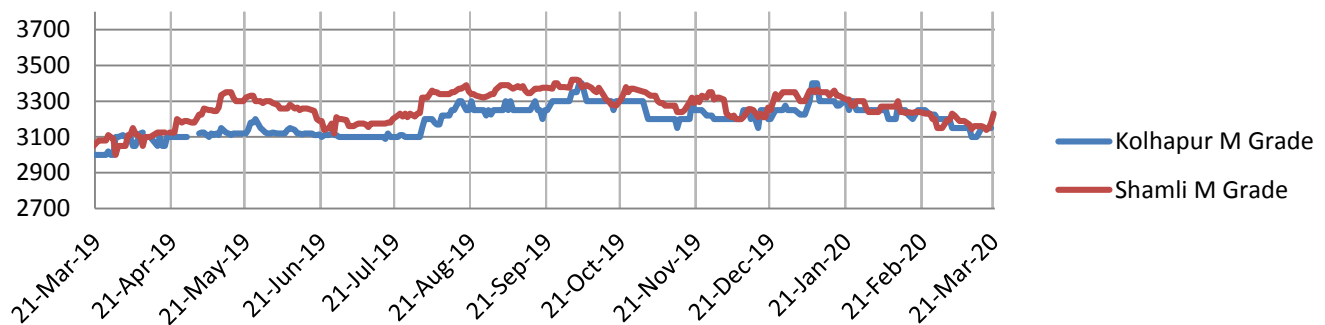
Price Projection for the Next week

As per the Agriwatch estimate, the sugar market in benchmark Kolhapur are also likely to remain close in the coming week also.

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 in the last 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:

- **Government fixed the monthly sugar sales quota as 18 LT for March month to 545 mills** lower by 3 LT compared to the previous month that stood at 21 LT. Also, the allocated quota is same as in the previous year during April. In March, the sugar millers have reported that there was weak demand due to the outbreak of coronavirus in India. The millers are not able to sell sugar, therefore, the government has extended the March sales quota till 15th April'20.
- **The global fall in sugar prices by around 15% in March'20 has made Indian sugar unviable for exports.** In February, when the prices spiked, the industry was expecting to reach the target of exporting 5 million tonnes of sugar this year. Over the last 10-15 days, no new sugar contracts have been signed so far as the contractors need to cut down the prices and due to the closure of Indian ports since 20th March. Also, the incoming ships are being kept in quarantine at ports as a measure to check the virus spread. Some ships are also stuck at Kandla port.
- **Around 26 factories in Maharashtra were operational till last week that were likely to finish crushing in March end or in 1st week of April.** While large number of mills in UP are still in the process of crushing that were likely to be operational till May end to complete the rest 20% of the cane crushing. Many mills have closed their operations due to the lack of raw materials. Many sugar mills are facing shortage of raw materials such as lime, sulphur, phosphoric acid, PP bags and other packing materials that usually supplied from Rajasthan. Some of the mills are still operational and on the verge of closure in 7-10 days if the raw material doesn't reach the mills on time. And would restart crushing after the middle of next week if raw materials become available. Since sugar is the essential commodity, the government has announced that the trucks carrying the essential raw material should not be stopped at the state borders in the lockdown situation.
- **The Indian government is taking all the possible preventive measures to control coronavirus.** Out of which Maharashtra is majorly hit state, therefore, the sugar mills in the state have adopted the measure to produce sanitizers from the ethanol produced. Sugar mills produce ethanol as by-product which is an active ingredient of hand sanitizers. Sanitizers contain 70% ethanol and water as a major ingredient. As there would be the maximum use of hand sanitizer.

Previous 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 15th 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.

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

- Sugar spot prices at benchmark Kolhapur market was closed and the prices were closed weaker at Rs.3150 quintal in last 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 in the 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 (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:

- Global prices of sugar have fallen due to weak crude oil prices**, growing risk and on expectation of a decline in demand amid outbreak of coronavirus. While the prices stood higher in the last days of the week after the lockdown announcement by the Indian government for 21 days so as to avoid the spread of coronavirus in the country that disrupted the Indian exports. However, the prices are unlikely to sustain at higher levels, as the sharp drop in global crude oil prices has made sugar more attractive for mills in Brazil compared to ethanol.
- The sugar mills in Brazil have already started cane crushing earlier this season (2020-21) as compared to the previous year where usually the season starts from 1st April.** Brazilian mills are always flexible in producing sugar and ethanol. But at the present time it seems that Brazil will focus on producing more sugar than ethanol production. In the last two seasons, Brazil has emphasized in producing more ethanol than in sugar production due to the fall in prices. Brazil is likely to increase sugar production to 34 MMT in 2020-21 (Apr-Mar), against 26.5 MMT this season. The country is likely to export 29 MMT sugar compared with 18 MMT this year.
- Thailand cane crush season has ended operations this week that usually ends in early May, with total cane crushed down 40% on the year at 74.9 MMT.** The downfall is due to the severe drought weather conditions faced by the country leading to slower cane development and a reduction in sugar yield. The total sugar production in the country is expected around 8.3 MMT for the 2019-20 season.

Previous 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 1st 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.

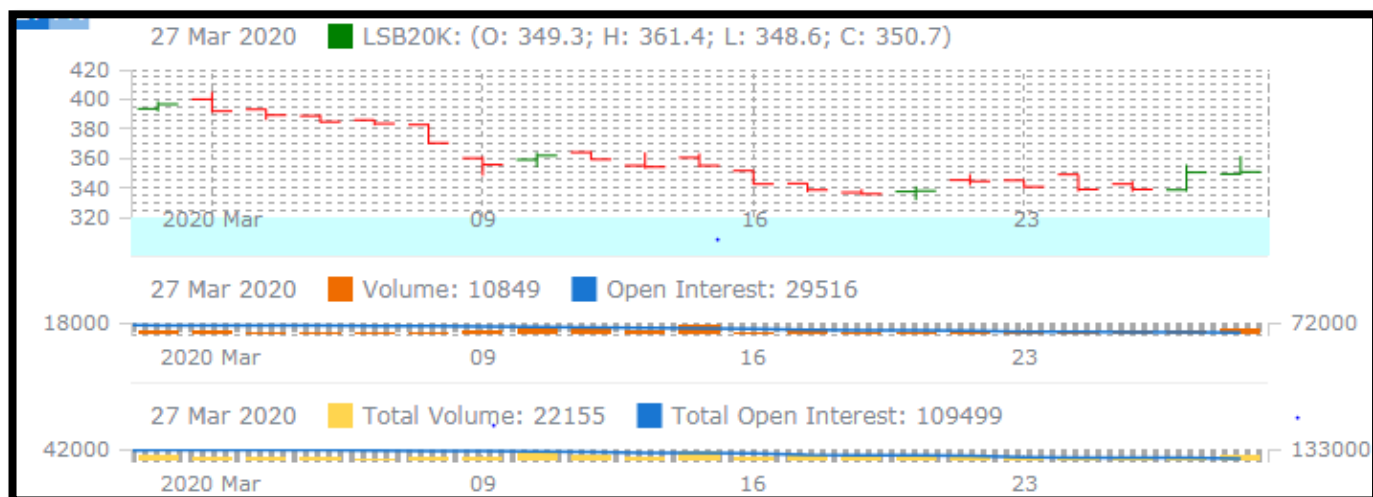
Bullish and Bearish factors for International sugar market:

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 338, T1 352

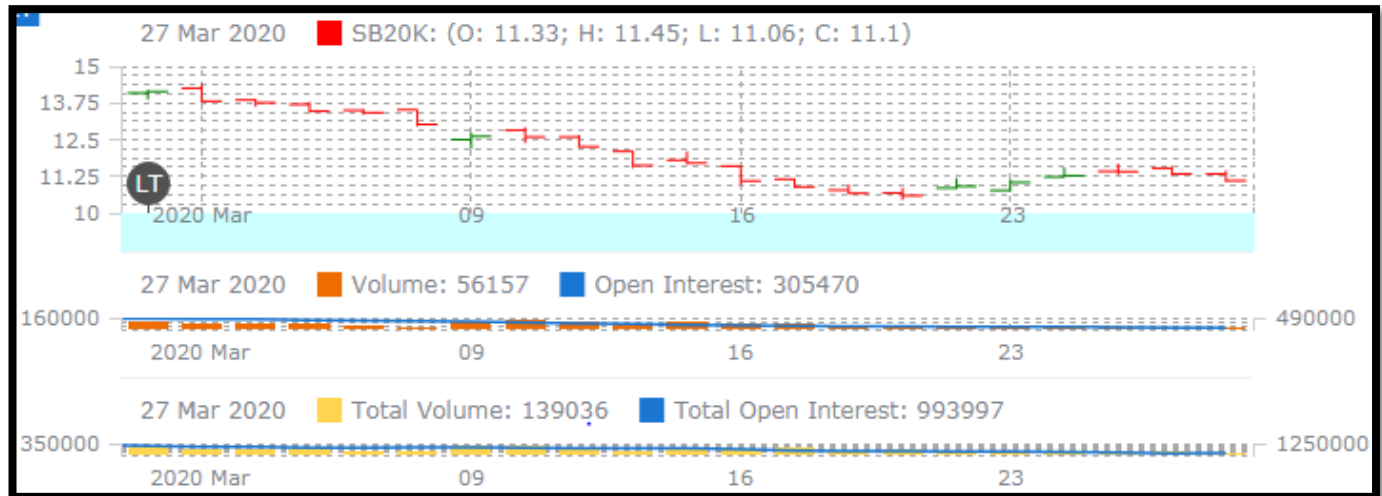
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'20	350.7	338-360

**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	11.1	10-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			20th Mar'20 to 26th Mar'20	13th Mar'20 to 19th Mar'20	
Delhi	Delhi	M-Grade	Closed	3145	-
	Delhi	S-Grade	Closed	3125	-
Uttar Pradesh	Khatauli	M-Grade	Closed	3252	-
	Ramala	M-Grade	Closed	3134	-
	Dhampur	M-Grade Ex-Mill	Closed	3173	-
	Dhampur	S-Grade Ex-Mill	Closed	3153	-
	Dhampur	L-Grade Ex-Mill	Closed	3223	-
Maharashtra	Mumbai	M-Grade	Closed	3527	-
	Mumbai	S-Grade	Closed	3279	-
	Nagpur	M-Grade	Closed	3258	-
	Nagpur	S-Grade	Closed	3225	-
	Kolhapur	M-Grade	Closed	3133	-
	Kolhapur	S-Grade	Closed	3100	-
Assam	Guhawati	S-Grade	Closed	3410	-
Meghalaya	Shillong	S-Grade	Closed	3420	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	3650	-

	Vijayawada	S-Grade	Closed	3590	-
West Bengal	Kolkata	M-Grade	3560	3567	-7
Tamil Nadu	Chennai	S-Grade	Closed	3570	-
	Dindigul	M-Grade	3560	3567	-7
	Coimbatore	M-Grade	3700	3700	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	4000	3833	167
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)			20th Mar'20 to 26th Mar'20	13th Mar'20 to 19th Mar'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2759	2724	35
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	35000	17500	17500
	Muzaffarnagar	Khurpa (Fresh)	2548	2459	88
	Muzaffarnagar	Laddoo (Fresh)	2582	2598	-16
	Muzaffarnagar	Rascut (Fresh)	2363	2344	19
	Hapur	Chaurasa	Closed	2518	-
	Hapur	Balti	Closed	2493	-
Andhra Pradesh	Chittur	Gold	Closed	4533	-
		White	Closed	4200	-
		Black	Closed	3600	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	Closed	4350	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	Closed	3200	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	Closed	3264	-
	Mandya	Achhu (Medium)	Closed	3462	-
	Mandya	Kurikatu (Medium)	Closed	3083	-
	Mandya	Other (Medium)	Closed	2943	-
	Mandya	Yellow (Medium)	Closed	3243	-
	Shimoga	Achhu (Average)	Closed	3688	-

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			28-Mar-20	21-Mar-20	27-Feb-20	30-Mar-19
Delhi	Delhi	M-Grade	Closed	3100	3170	3100
	Delhi	S-Grade	Closed	3080	3150	3080
Uttar Pradesh	Khatauli	M-Grade	Closed	3340	3240	3140
	Ramala	M-Grade	Closed	3160	0	0
	Dhampur	M-Grade Ex-Mill	Closed	3220	3150	3125
	Dhampur	S-Grade Ex-Mill	Closed	3200	3130	3105
	Dhampur	L-Grade Ex-Mill	Closed	3270	3200	3175
Maharashtra	Mumbai	M-Grade	Closed	3520	3590	3322
	Mumbai	S-Grade	Closed	3300	3280	3210
	Nagpur	M-Grade	Closed	Closed	3325	3175
	Nagpur	S-Grade	Closed	Closed	3225	3075
	Kolhapur	M-Grade	Closed	Closed	3200	3050
	Kolhapur	S-Grade	Closed	Closed	3100	2950
Assam	Guhawati	S-Grade	Closed	Closed	3410	3258
Meghalaya	Shillong	S-Grade	Closed	Closed	3420	3270
Andhra Pradesh	Vijayawada	M-Grade	Closed	3660	3660	3480
	Vijayawada	S-Grade	Closed	3600	3600	3420
West Bengal	Kolkata	M-Grade	NR	3560	3650	3430
Tamil Nadu	Chennai	S-Grade	Closed	3600	3560	3460
	Dindigul	M-Grade	NR	3560	3620	3480
	Coimbatore	M-Grade	NR	3700	3640	3520
Chattisgarh	Ambikapur	M-Grade (Without Duty)	4000	4000	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)			28-Mar-20	21-Mar-20	27-Feb-20	30-Mar-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	Closed	2750	2765	2800
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	12000	12000	6000
	Muzaffarnagar	Khurpa	Closed	2538	2750	2508
	Muzaffarnagar	Laddoo	Closed	2528	2705	2750
	Muzaffarnagar	Rascut	Closed	2338	2375	2250
	Hapur	Chaurasa	Closed	2440	2475	2450
	Hapur	Balti	Closed	2350	2425	2438

Andhra Pradesh	Chittur	Gold	Closed	4800	4400	4300
		White	Closed	4300	3900	3700
		Black	Closed	3700	3500	3300
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4900	4400	4200
	Belgaum	Mudde (Average)	NA	NA	0	NA
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	NA
	Gulbarga	Other (Average)	NA	NA	0	NA
	Mahalingapura	Penti (Average)	NA	NA	3310	NA
	Mandya	Achhu (Medium)	NA	NA	3370	3600
	Mandya	Kurikatu (Medium)	NA	NA	3100	3300
	Mandya	Other (Medium)	NA	NA	3000	3300
	Mandya	Yellow (Medium)	NA	NA	3100	3600
	Shimoga	Achhu (Average)	NA	3600	3700	3600

International Sugar Prices (Weekly)				
	Contract Month	20th Mar'20 to 26th Mar'20	13th Mar'20 to 19th Mar'20	Change
ICE Sugar #11 (US Cent/lb)	20-May	2012	1913	99.00
	20-Jul	1899	1827	72.00
	20-Oct	1878	1827	51.00
LIFFE Sugar (US \$/MT)	20-May	2595	2527	68.00
	20-Aug	2534	2473	61.00
	20-Oct	2595	2527	68.00

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