

Price Outlook:

In February, when the prices spiked, the industry was expecting to reach the target of exporting 5 million tonnes of sugar this year. Despite the downfall in the international sugar prices in the last one week, the Indian sugar industry hopes that the export demand might rise once the pandemic subsides due to the global sugar deficit. Although the sugar trade has been disrupted due to the spread of coronavirus and 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. While many mills have started their operations and are expected to continue till the cane harvesting completes.

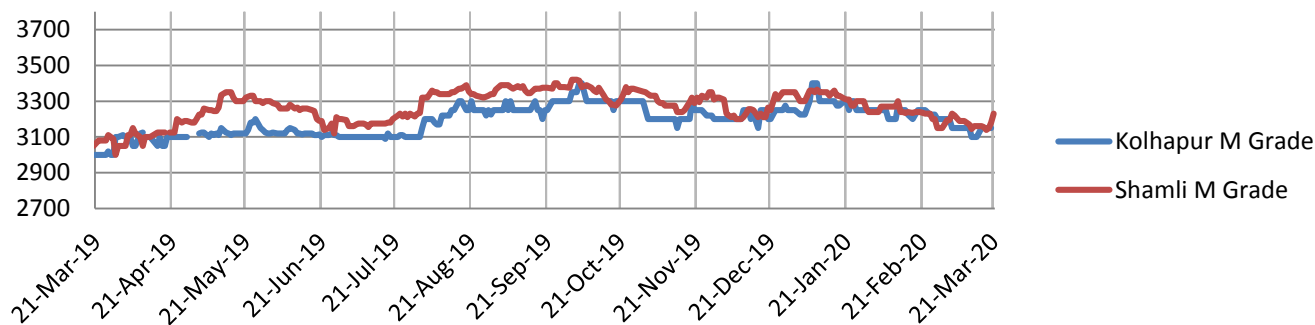
Price Projection for the Next week

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. 3133 per 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
The outbreak of coronavirus will affect the sales of sugar in domestic market as well as cause disruption in sugar exports.	Bullish

Domestic Market Highlights

Recent Updates:

- **According to ISMA, 232.74 lakh tonnes of sugar have been produced till 31st March 2020** across India as against 296.82 lakh tonnes produced in the same time last year. As on 31st Mar'20, 271 mills have stopped their operations and 186 mills have stopped crushing as compared to 240 mills were still operating in the same time last year.
- **In UP, 119 sugar mills have produced 97.20 LT of sugar compared to 95.67 LT** of sugar with only 114 mills operational mills till 31st Mar last year. In Maharashtra, 118 mills have closed their operations with only 28 mills operating at this time with producing 58.7 LT compared with 105.16 LT produced year on year. Similarly, this year Karnataka has also produced less sugar i.e., around 33.5 LT against 43.18 LT last year till 31st Mar. Only 3 mills are in operation so far out of the total 63 mills this year. According to Agriwatch, Maharashtra is likely to produce around 59-60 LT followed by UP estimated around 122 LT of sugar and around 34 LT of sugar in Karnataka.
- **The sugar trade has been disrupted due to the spread of coronavirus and 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 the ports. As per ISMA, sugar mills have dispatched almost 30 lakh tons of sugar for export till 15th Mar'20.
- **According to the trade sources, India exported 2.65 LT of total sugar in Februray month down by around 93,177 MT.** Out of the total sugar exports, largest quantity of raw sugar has been exported to Malaysia exporting 1,22,200 tonnes at an average FOB of \$318/MT followed by Saudi Arabia of 47,985 MT of sugar and at an average FOB \$332.01/MT and only 1300 tonnes of refined sugar (\$385.12/MT). In February, Yemen imported large quantity compared to January month of raw sugar around 45,500 tonnes (\$350.26/MT). India exported around 31,700 tonnes of raw sugar to Somalia and only 300 tonnes of refined sugar at an average FOB of \$311/MT and \$364/MT respectively. Many contracts were delayed and cancelled to China, Afghanistan and Iran due to the outbreak of Covid-19 that disrupted the trade in many countries.

Previous 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.

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	115.28	194.68	130.69
Estimated sugar production	202.85	321.96	331.61	262.76	77.95	154.05	26.66	4.10
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	269.33	221.34	134.79
Exports	4.6	16.24	38.00	53.46	7.80	21.77	14.13	9.76
Availability for domestic consumption (D - E)	279.71	342.67	376.28	329.08	189.93	247.56	207.21	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	115.28	194.68	130.69	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:

- The global raw sugar prices have fallen by around 20% since last month from 14.46 cents/lbs to 11.40 cents/lbs** by the end of March month and similarly the white sugar have plunged to \$327.5/tonne by the end of March from \$384/tonne during the same period due to the pandemic effect globally. The fall in prices due to weak crude oil prices, growing risk and on expectation of a decline in demand amid outbreak of coronavirus. 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 in the coming sugar year in Brazil.
- The world sugar exports has been hit after the outbreak of coronavirus in various countries since last two months.** The supply declined especially when India has decided to lockdown for 21 days as many countries were keeping an eye on Indian sugar and about 1 MMT of sugar has been sold but not shipped. The demand and supply have been disrupted as all the countries have lockdown the cities and ports to avoid the spread of the virus. Also the weakening of crude oil prices weighed on sugar prices and ethanol. Researcher Czarnikow cut its global sugar consumption estimate for this year by 2.0 MMT, due to the collapse in demand sugar consumption due to the closure of restaurants because of the coronavirus pandemic.

Previous 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.

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

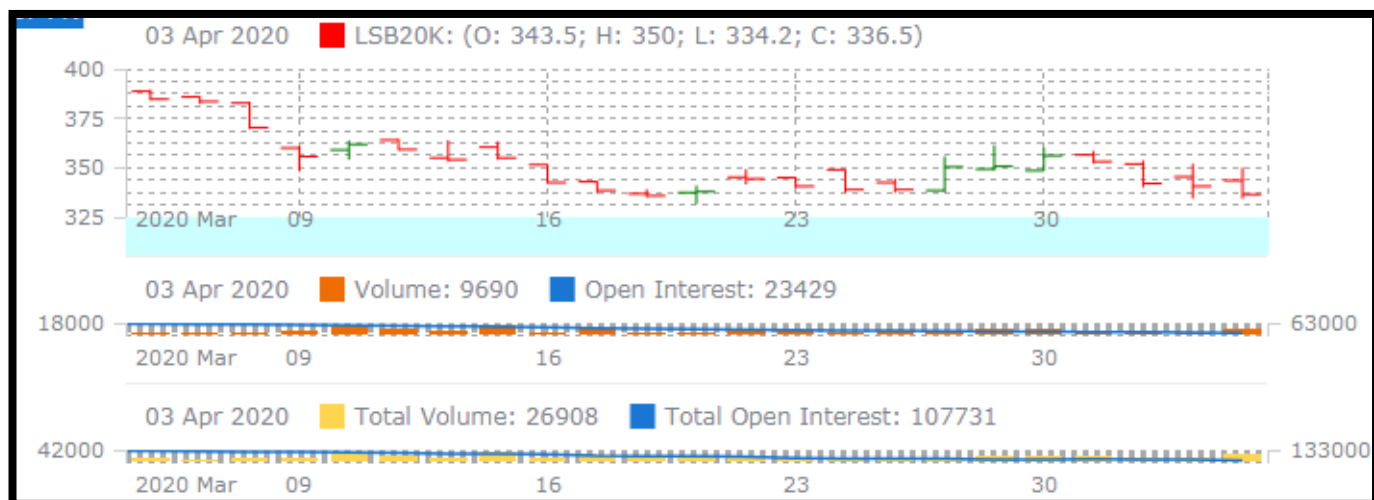
International Sugar Futures Price Projection

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 330, T1 365

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'20	336.5	330-360



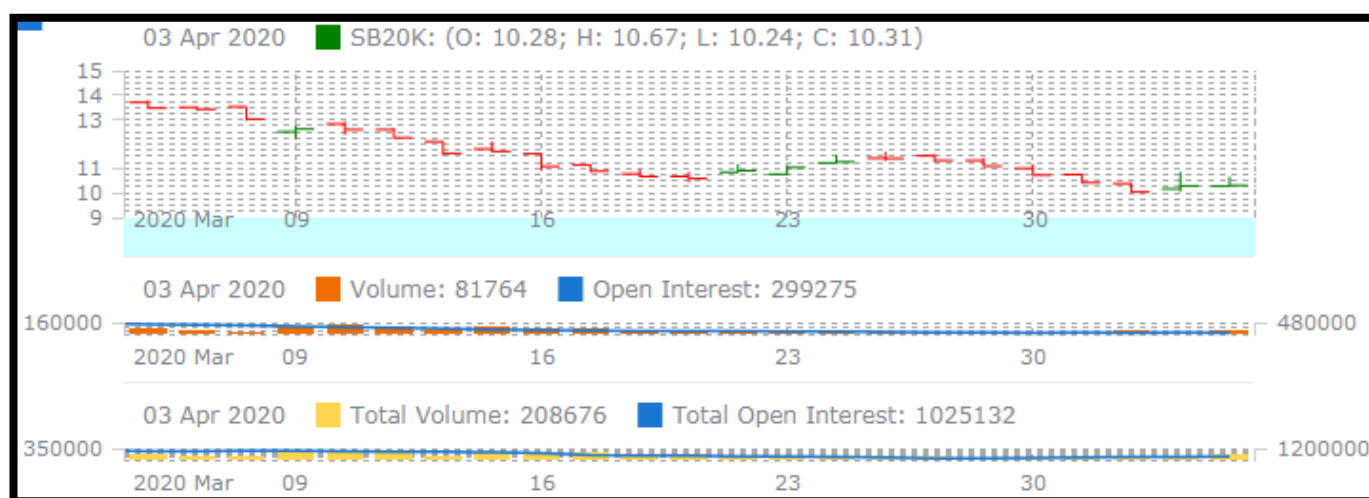
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

Technical Commentary:

- ICE raw sugar futures were bearish in the week.
- Both total volume & open interest increased.
- Strategy: Buy at rate 10 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	10.31	9-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			27th Mar'20 to 2nd Apr'20	20th Mar'20 to 26th Mar'20	
Delhi	Delhi	M-Grade	Closed	Closed	-
	Delhi	S-Grade	Closed	Closed	-
Uttar Pradesh	Khatauli	M-Grade	Closed	Closed	-
	Ramala	M-Grade	Closed	Closed	-
	Dhampur	M-Grade Ex-Mill	Closed	Closed	-
	Dhampur	S-Grade Ex-Mill	Closed	Closed	-
	Dhampur	L-Grade Ex-Mill	Closed	Closed	-
Maharashtra	Mumbai	M-Grade	Closed	Closed	-
	Mumbai	S-Grade	Closed	Closed	-
	Nagpur	M-Grade	Closed	Closed	-
	Nagpur	S-Grade	Closed	Closed	-
	Kolhapur	M-Grade	Closed	Closed	-

	Kolhapur	S-Grade	Closed	Closed	-
Assam	Guhawati	S-Grade	Closed	Closed	-
Meghalaya	Shillong	S-Grade	Closed	Closed	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	Closed	-
	Vijayawada	S-Grade	Closed	Closed	-
West Bengal	Kolkata	M-Grade	3620	3560	60
Tamil Nadu	Chennai	S-Grade	Closed	Closed	-
	Dindigul	M-Grade	3960	3560	400
	Coimbatore	M-Grade	3700	3700	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3800	4000	-200

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)			27th Mar'20 to 2nd Apr'20	20th Mar'20 to 26th Mar'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	2759	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	35000	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	2548	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	2582	-
	Muzaffarnagar	Rascut (Fresh)	Closed	2363	-
	Hapur	Chaurasa	Closed	Closed	-
	Hapur	Balti	Closed	Closed	-
Andhra Pradesh	Chittur	Gold	Closed	Closed	-
		White	Closed	Closed	-
		Black	Closed	Closed	-
Maharashtra	Latur	Lal Variety	NR	NA	-
Karnataka	Bangalore	Mudde (Average)	NA	Closed	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	Closed	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	Closed	-
	Mandya	Achhu (Medium)	NA	Closed	-
	Mandya	Kurikatu (Medium)	NA	Closed	-
	Mandya	Other (Medium)	NA	Closed	-
	Mandya	Yellow (Medium)	NA	Closed	-
	Shimoga	Achhu (Average)	NA	Closed	-

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			6-Apr-20	30-Mar-20	7-Mar-20	8-Apr-19
Delhi	Delhi	M-Grade	Closed	Closed	3200	3120
	Delhi	S-Grade	Closed	Closed	3180	3100
Uttar Pradesh	Khatauli	M-Grade	Closed	Closed	3290	3230
	Ramala	M-Grade	Closed	Closed	NA	0
	Dhampur	M-Grade Ex-Mill	Closed	Closed	3160	3050
	Dhampur	S-Grade Ex-Mill	Closed	Closed	3140	3030
	Dhampur	L-Grade Ex-Mill	Closed	Closed	3210	3100
Maharashtra	Mumbai	M-Grade	Closed	Closed	3580	3330
	Mumbai	S-Grade	Closed	Closed	3292	3210
	Nagpur	M-Grade	Closed	Closed	3275	3225
	Nagpur	S-Grade	Closed	Closed	3225	3175
	Kolhapur	M-Grade	Closed	Closed	3150	3100
	Kolhapur	S-Grade	Closed	Closed	3100	3050
Assam	Guhawati	S-Grade	Closed	Closed	3410	3360
Meghalaya	Shillong	S-Grade	Closed	Closed	3420	3370
Andhra Pradesh	Vijayawada	M-Grade	Closed	Closed	3660	3540
	Vijayawada	S-Grade	Closed	Closed	3600	3480
West Bengal	Kolkata	M-Grade	3640	NR	3580	3500
Tamil Nadu	Chennai	S-Grade	Closed	Closed	Closed	3500
	Dindigul	M-Grade	4020	NR	3640	3510
	Coimbatore	M-Grade	3850	NR	3700	3520
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	4000	3500	3400

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)			6-Apr-20	30-Mar-20	7-Mar-20	8-Apr-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	Closed	Closed	2500	2938
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	Closed	3000	12000
	Muzaffarnagar	Khurpa	Closed	Closed	2500	2600
	Muzaffarnagar	Laddoo	Closed	Closed	2705	2938
	Muzaffarnagar	Rascut	Closed	Closed	2375	2275
	Hapur	Chaurasa	Closed	Closed	2550	Closed
	Hapur	Balti	Closed	Closed	2425	Closed
Andhra Pradesh	Chittur	Gold	Closed	Closed	4400	4000
		White	Closed	Closed	4200	3600

		Black	Closed	Closed	3600	3100
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	4400	4200
	Belgaum	Mudde (Average)	NA	NA	3100	NA
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	3100
	Gulbarga	Other (Average)	NA	NA	0	3150
	Mahalingapura	Penti (Average)	NA	NA	0	2966
	Mandya	Achhu (Medium)	NA	NA	3250	3600
	Mandya	Kurikatu (Medium)	NA	NA	3000	3300
	Mandya	Other (Medium)	NA	NA	2950	3000
	Mandya	Yellow (Medium)	NA	NA	3100	3500
	Shimoga	Achhu (Average)	NA	NA	3550	NA

International Sugar Prices (Weekly)				
	Contract Month	27th Mar'20 to 2nd Apr'20	20th Mar'20 to 26th Mar'20	Change
ICE Sugar #11 (US Cent/lb)	20-May	1896	2012	-116.00
	20-Jul	1789	1899	-110.00
	20-Oct	1800	1878	-78.00
LIFFE Sugar (US \$/MT)	20-May	2597	2595	2.00
	20-Aug	2502	2534	-32.00
	20-Oct	2597	2595	2.00

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