

Price Outlook:

The sugar market resumed after the announcement made by the government that the trucks containing the essential commodities are free to move from state to state. Last week the market started with firmness in prices compared to the prices that were before the lockdown India. The prices surged due to the increase in freight charges because of disruption caused in the transportation and lack of labour. Soon after the announcement of the lockdown, the demand increases and people are buying in panic. But sooner, the demand declines as people are storing the required amount of for certain number of days in lockdown. The prices in Vijayawada stood steady at Rs.3820/q and Rs.3196/q in Kolhapur bench market whereas the prices in UP stood steady at Rs.3242/q against last week.

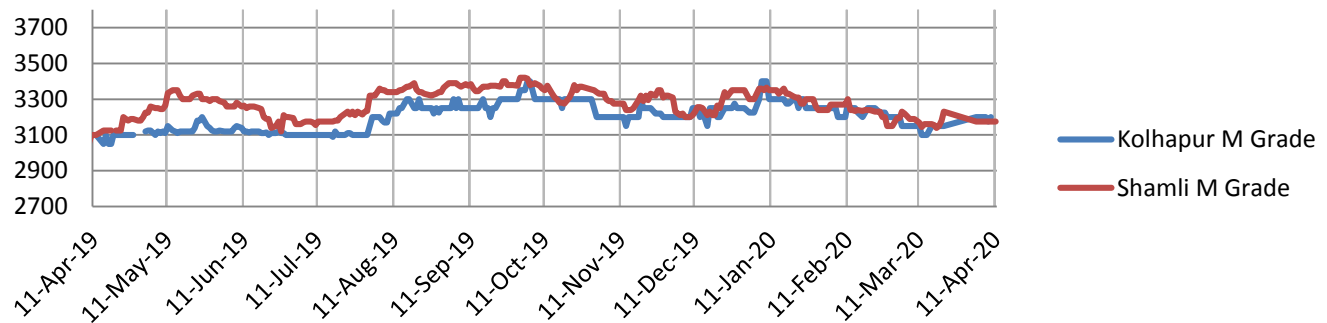
Price Projection for the Next week

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 Rs. 3196 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs. 3175 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
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:

- **Government fixed the monthly sugar sales quota as 18 LT for April month to 545 mills lower by 3 LT compared to the previous month that stood at 21 LT.** 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 because of lack of availability of labour and transport, therefore, the government has extended the March sales quota till 15th April'20. Although the sugar demand has declined due to the closure of all hotels, restaurants, and cafeterias, therefore, bulk buying has decreased. But the demand from the retail buyer has increased in the last week because of panic buying by the consumers on the announcement of lockdown.
- **As sugar is the essential commodity, the government has announced that the trucks carrying the essential raw material** that come under Essential Commodities Act 1955 should not be stopped at the state borders in the lockdown situation. Therefore, those mills across India which have not yet completed their sugarcane crushing operations will continue to operate.
- **Across India, the mills are facing from the sharp drop in demand for ethanol from the OMCs** due to the significant decline in usage of petrol and diesel in the country because of lockdown in the country. Now, the mills are having difficulties in storing the large amount of ethanol. The mills have requested the OMCs to reallocate the ethanol in different depots so that all the ethanol contracted for in the year is supplied on time without facing in storing the ethanol in the mills for which the OMCs have agreed upon.

Previous Updates

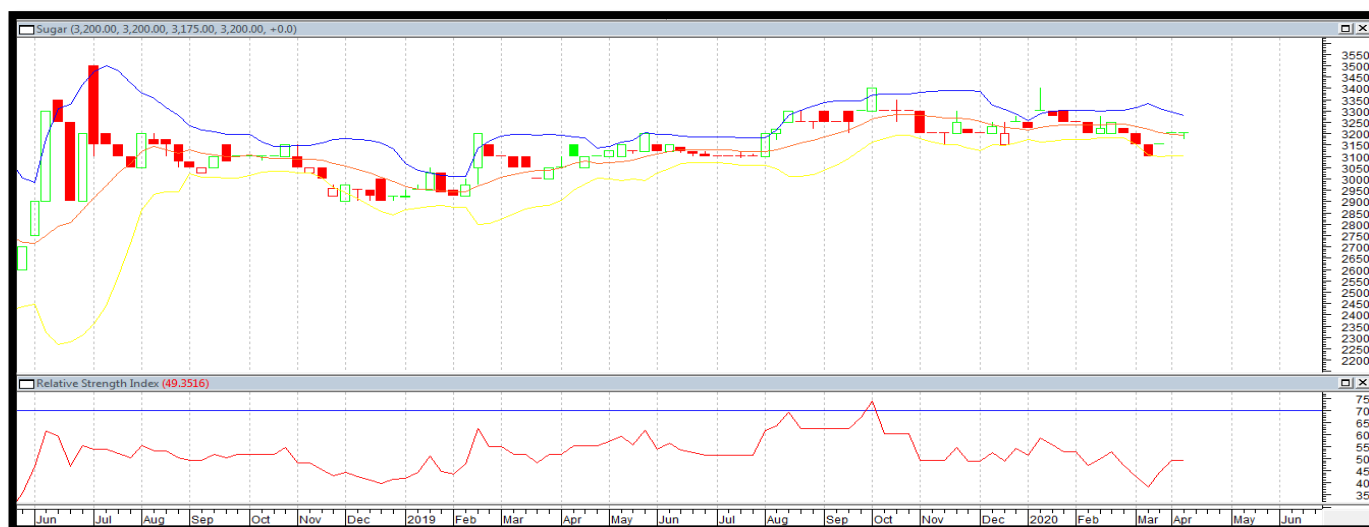
- **According to ISMA, 232.74 lakh tonnes of sugar have been produced till 31st March 2020** across India as against 296.82 lakh tonnes produced in the same time last year. As on 31st Mar'20, 271 mills have stopped their operations and 186 mills have stopped crushing as compared to 240 mills were still 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 February 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.

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

- Sugar spot prices at benchmark Kolhapur market was closed at Rs.3200/q.
- Next resistance and support level for the next week is expected at Rs.3300 and Rs.3050 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 the prices stood at Rs.2706/q with lower arrivals.
- 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 world sugar exports has been hit after the outbreak of coronavirus in various countries since the 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.
- **Thailand cane crush season has ended operations in March that usually ends in early May**, with total cane crushed down 43% on the year at 74.9 MMT by producing only 8.27 million tonnes of sugar this year down by 43% against 14.58 MMT sugar produced during last year. 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. Still the weather is not suitable for the sugarcane cultivation for the coming season 2020-21 as the drought is still under pressure. The total sugar production in the country is estimated around 8.9 MMT for the 2020-21 season with slightly higher sugarcane crop of around 82.3 MMT.

Previous 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.

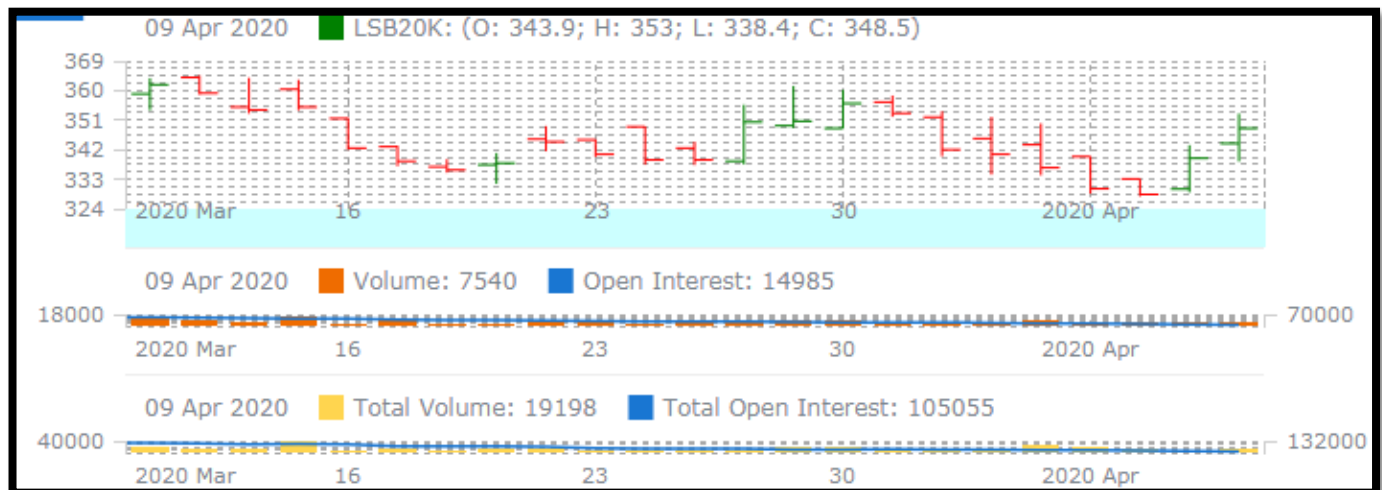
Bullish and Bearish factors for International sugar market:

Factors	Impact
Brazil 2020/21 sugar production will increase to 34 MMT from 26.4 MMT in the earlier season	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 & open interest decreased over a week.
- Strategy: Buy at level 340, T1 365

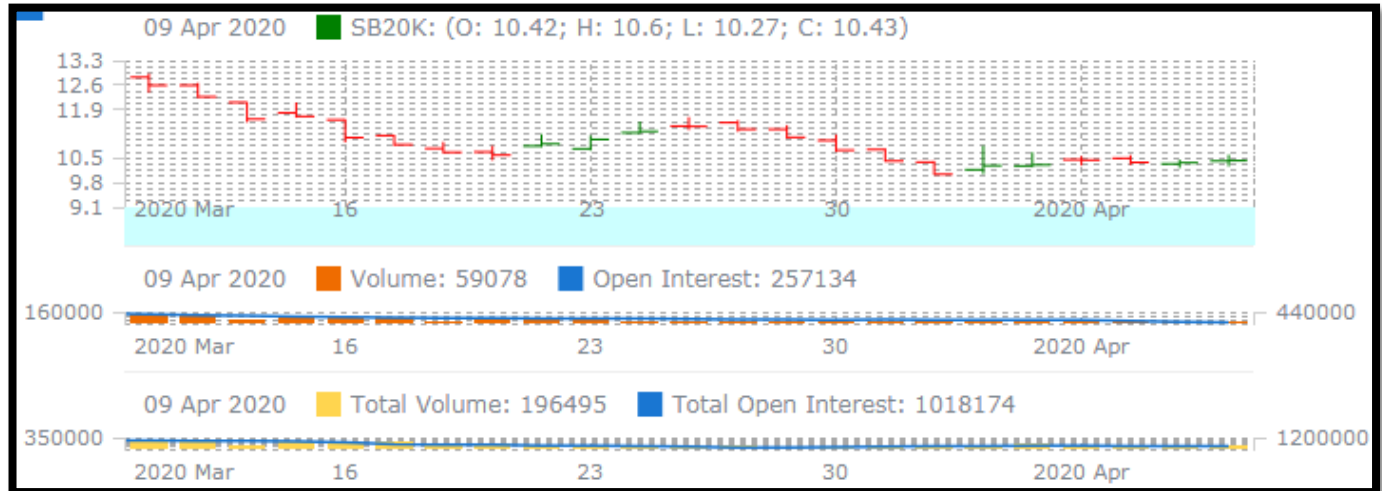
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'20	348.5	330-360

**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 decreased.
- Strategy: Buy at rate 10.2 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	10.43	9-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			3rd Apr'20 to 9th Apr'20	27th Mar'20 to 2nd Apr'20	
Sugar	Delhi	M-Grade	3185	Closed	-
	Delhi	S-Grade	3165	Closed	-
Uttar Pradesh	Khatauli	M-Grade	3242	Closed	-
	Ramala	M-Grade	3153	Closed	-
	Dhampur	M-Grade Ex-Mill	3190	Closed	-
	Dhampur	S-Grade Ex-Mill	3170	Closed	-
	Dhampur	L-Grade Ex-Mill	3240	Closed	-
Maharashtra	Mumbai	M-Grade	3600	Closed	-
	Mumbai	S-Grade	3400	Closed	-
	Nagpur	M-Grade	3321	Closed	-
	Nagpur	S-Grade	3225	Closed	-
	Kolhapur	M-Grade	3196	Closed	-
	Kolhapur	S-Grade	3100	Closed	-
Assam	Guhawati	S-Grade	3410	Closed	-
Meghalaya	Shillong	S-Grade	3420	Closed	-
Andhra Pradesh	Vijayawada	M-Grade	3820	Closed	-
	Vijayawada	S-Grade	3760	Closed	-
West Bengal	Kolkata	M-Grade	3655	3620	35
Tamil Nadu	Chennai	S-Grade	3900	Closed	-

	Dindigul	M-Grade	4030	3960	70
	Coimbatore	M-Grade	3910	3700	210
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3800	-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)			3rd Apr'20 to 9th Apr'20	27th Mar'20 to 2nd Apr'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2709	Closed	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	20000	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	2494	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	2713	Closed	-
	Muzaffarnagar	Rascut (Fresh)	2425	Closed	-
	Hapur	Chaurasa	2550	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	NA	Closed	-
		White	NA	Closed	-
		Black	NA	Closed	-
Maharashtra	Latur	Lal Variety	NA	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga	Achhu (Average)	NA	NA	-

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			11-Apr-20	4-Apr-20	12-Mar-20	12-Apr-19
Delhi	Delhi	M-Grade	3150	3200	3140	3110
	Delhi	S-Grade	3130	3180	3120	3090
Uttar Pradesh	Khatauli	M-Grade	3235	3245	3260	3230
	Ramala	M-Grade	3140	3160	NA	0

	Dhampur	M-Grade Ex-Mill	3190	3190	3170	3000
	Dhampur	S-Grade Ex-Mill	3170	3170	3150	2980
	Dhampur	L-Grade Ex-Mill	3240	3240	3220	3050
Maharashtra	Mumbai	M-Grade	3600	3600	3570	3320
	Mumbai	S-Grade	3460	3400	3270	3212
	Nagpur	M-Grade	Closed	3325	3225	3225
	Nagpur	S-Grade	Closed	3225	3225	3125
	Kolhapur	M-Grade	Closed	3200	3100	3100
	Kolhapur	S-Grade	Closed	3100	3100	3000
Assam	Guhawati	S-Grade	Closed	3410	3410	3309
Meghalaya	Shillong	S-Grade	Closed	3420	3420	3320
Andhra Pradesh	Vijayawada	M-Grade	3820	Closed	3660	3540
	Vijayawada	S-Grade	3760	Closed	3600	3480
West Bengal	Kolkata	M-Grade	3750	3640	3580	3520
Tamil Nadu	Chennai	S-Grade	Closed	Closed	3560	3510
	Dindigul	M-Grade	4060	4020	3580	3600
	Coimbatore	M-Grade	4020	3850	3700	3520
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			11-Apr-20	4-Apr-20	12-Mar-20	12-Apr-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2705	Closed	2700	2878
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	Closed	NA	12000
	Muzaffarnagar	Khurpa	2578	Closed	NA	2475
	Muzaffarnagar	Laddoo	2828	Closed	NA	2855
	Muzaffarnagar	Rascut	2463	Closed	NA	2263
	Hapur	Chaurasa	2500	Closed	2475	2400
	Hapur	Balti	2400	Closed	2425	2400
Andhra Pradesh	Chittur	Gold	Closed	Closed	4400	4300
		White	Closed	Closed	4100	3700
		Black	Closed	Closed	3600	3300
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	4400	4200
	Belgaum	Mudde (Average)	NA	NA	3100	2850
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	3000
	Gulbarga	Other (Average)	NA	NA	0	3070
	Mahalingapura	Penti (Average)	NA	NA	3299	3166
	Mandya	Achhu (Medium)	NA	NA	3400	3800

	Mandya	Kurikatu (Medium)	NA	NA	3100	3400
	Mandya	Other (Medium)	NA	NA	2990	3500
	Mandya	Yellow (Medium)	NA	NA	3050	3700
	Shimoga	Achhu (Average)	NA	NA	3600	3950

International Sugar Prices (Weekly)				
	Contract Month	3rd Apr'20 to 9th Apr'20	27th Mar'20 to 2nd Apr'20	Change
ICE Sugar #11 (US Cent/lb)	20-May	1770	1896	-126.00
	20-Jul	1773	1789	-16.00
	20-Oct	1809	1800	9.00
LIFFE Sugar (US \$/MT)	20-May	2458	2597	-139.00
	20-Aug	2561	2502	59.00
	20-Oct	2482	2597	-115.00

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