

Price Outlook:

The sugar market remained steady to low because of lower demand across the nation. The mills are facing disruption in trade due to lack of labour and the problems faced by the truck drivers in the interstate movement. Last week the market started with firmness in prices compared to the prices that were before the lockdown India. The demand in sugar has shown no improvement since the last week and an average of only 30% is being sold out the sales quota allotted in the April month in the domestic market. The prices in Vijayawada stood steady at Rs.3820/q and Rs.3200/q in Kolhapur bench market whereas the prices in UP stood lower at Rs.3233/q against last week.

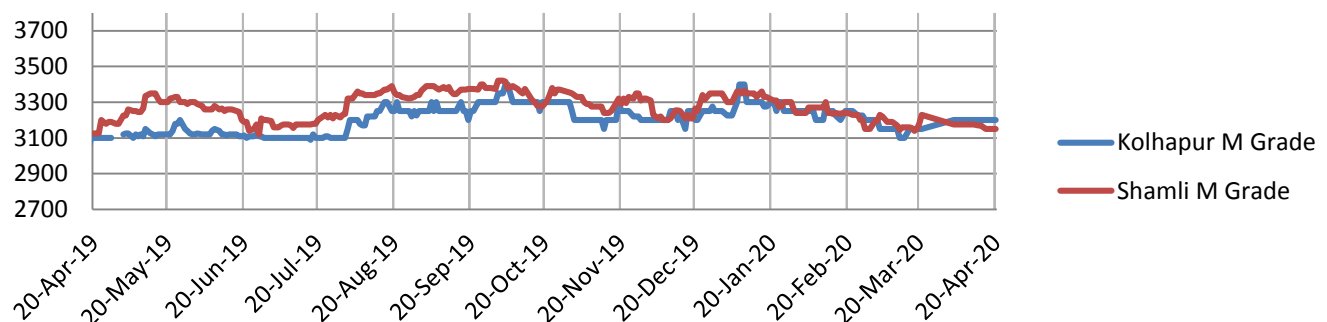
Price Projection for the Next week

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 stood unchanged at Rs. 3200 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3166 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:

- **According to ISMA, 247.8 lakh tonnes of sugar have been produced till 15th April'20 across** India down by 20% as against 311.75 lakh tonnes produced in the same time last year. As on 15th April'20, 139 mills were operational while 172 sugar mills that were still crushing sugarcane on 15th April 2019 last year. In UP, sugar mills have produced 108.25 LT of sugar compared to 105.55 LT of sugar with only 98 mills operational mills till 15th April'20 and 103 mills were operational last year. In Maharashtra, 136 mills have closed their operations with only 10 mills operating at this time with producing 60.12 LT compared with 106.71LT produced year on year. Similarly, this year Karnataka has also produced less sugar i.e., around 33.82 LT against 43.2 LT last year till 15th April. All mills are closed so far in the state while 1 mill was in operation during the same time last year. According to Agriwatch, Maharashtra is likely to produce around 60-61 LT followed by UP estimated around 122 LT of sugar and around 34 LT of sugar in Karnataka.
- **The sugar mills are facing the sharp decline in sugar demand after the lockdown started.** DFPD allocated the 18LT of sales quota for the month April'20 and extended the sales quota of sugar for March'20 by 15 days. And so far only 20% of the allocated sugar quota for the month of April'20 has been sold in UP because of poor demand. Similarly, in Maharashtra also the demand declined to an average of 30% and remained stagnant for a while. As the demand from the bulk consumers fall sharply across the country but few mills are expecting a slight surge in domestic demand in May due to the summers. It is expected that around 50-60% of the sales quota is going remain unsold in the April and could be carry forwarded to the next month in May.
- **DFPD has asked the sugar mills to submit the quarterly report of sugar export by April 20** extended by 17 days which was supposed to be submitted by April 3rd. The ministry also warned that if mills fail to export the quota by 31st Mar'20, they would not be entitled for their claim for their quota of fourth quarter under the MAEQ scheme and also for maintenance of buffer stock of 40 LT notified by DFPD earlier in the previous year.

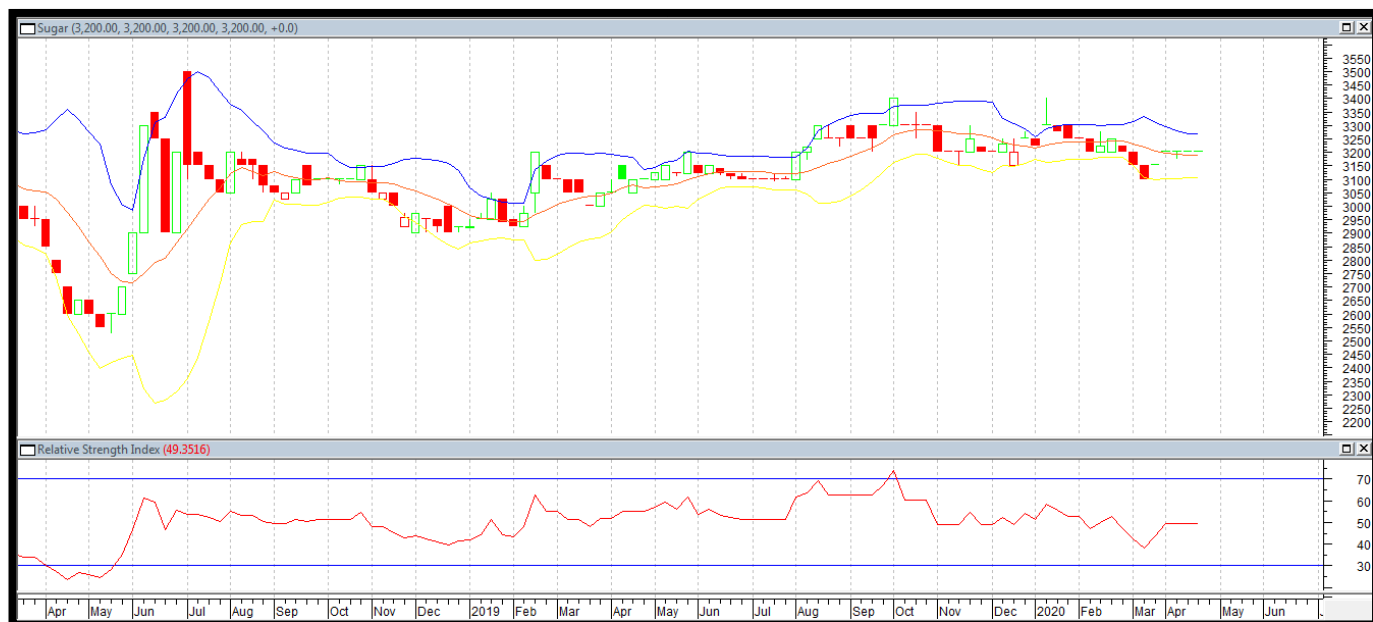
Previous Updates

- **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.

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

- Sugar spot prices at benchmark Kolhapur market was closed same 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 slightly firm at Rs.2910/q with arrivals of 39000 quintals in one week.
- 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:

- **Brazilian sugar mills produced around 2.27 LT of sugar in the South-Central region** in last two weeks of March that allocated 29.33% of the cane to produce sugar in the period, compared to 20.5% at this time last year. While the total sugar exports declined by 11% in Brazil year on year by producing 26.76 MMT of total sugar, up by only around 1% this season.
- **The South-Central region produced 456 million liters of ethanol and allocated 70.67%** of the cane for ethanol during the same period. Exports of ethanol in March fell by 60% compared to the previous month due to the lockdown in various countries amid covid-19 spread. The consumption and demand declined from the exporting countries. Also, the Average ethanol prices at mills fell to 1.38 Brazilian real per liter from 2.16 real per liter in February, when the COVID-19 epidemic had not yet affected the market. While, the total ethanol exports increased by 5% year on year with the increase in total ethanol production of 33 billion liters in 2019-20 season up by 7.45% year on year.
- **The two major sugar producing mills in Philippines are shut down due to the increasing effects of coronavirus in the country.** The government announced a lockdown from 13th April to 26th April'20 to minimize the spread of coronavirus. Both the mills together contribute around 16% of the country's total production and produce around 82% of sugar of Southern island region. After the closure of the mills, it could lead to the shortage of sugar due to which the sugar prices might hike. The country is not a large importer but when it does, it usually buys from Thailand.

Previous 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.

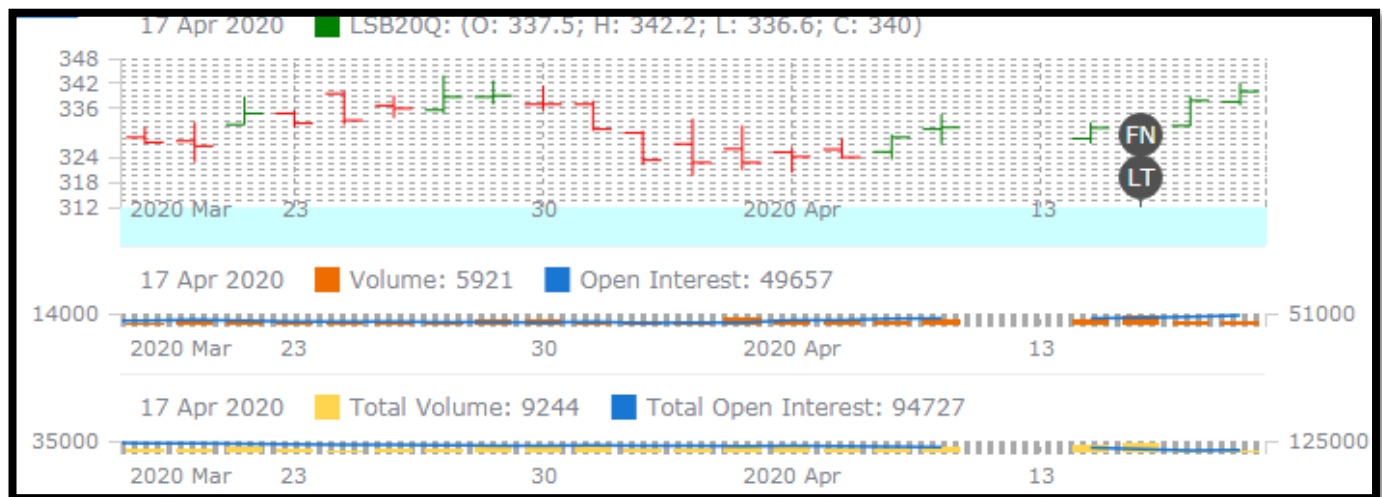
Bullish and Bearish factors for International sugar market:

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 (May 20 Contract)****Technical Commentary**

- LIFFE future market was weak for the week.
- Total volume & open interest decreased over a week.
- Strategy: Buy at level 338, T1 350

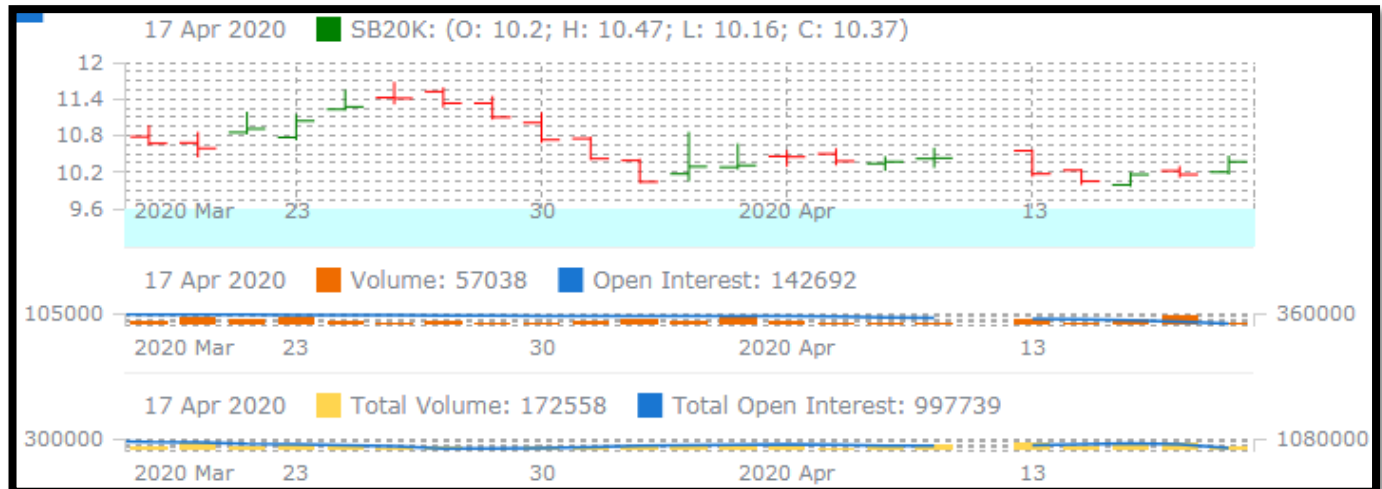
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	May'20	340	330-360

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

- ICE raw sugar futures were bearish in the week.
- Both total volume & open interest decreased.
- Strategy: Buy at rate 9.8 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	10.37	8-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			10th Apr'20 to 16th Apr'20	3rd Apr'20 to 9th Apr'20	
Sugar	Delhi	M-Grade	3147	3185	-38
		S-Grade	3127	3165	-38
Uttar Pradesh	Khatauli	M-Grade	3233	3242	-8
	Ramala	M-Grade	3127	3153	-27
	Dhampur	M-Grade Ex-Mill	3164	3190	-26
	Dhampur	S-Grade Ex-Mill	3144	3170	-26
	Dhampur	L-Grade Ex-Mill	3214	3240	-26
Maharashtra	Mumbai	M-Grade	3600	3600	Unch
	Mumbai	S-Grade	3460	3400	60
	Nagpur	M-Grade	3325	3321	4
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3200	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	3820	3820	Unch
	Vijayawada	S-Grade	3760	3760	Unch

West Bengal	Kolkata	M-Grade	3750	3655	95
Tamil Nadu	Chennai	S-Grade	3783	3900	-117
	Dindigul	M-Grade	4127	4030	97
	Coimbatore	M-Grade	4020	3910	110
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			10th Apr'20 to 16th Apr'20	3rd Apr'20 to 9th Apr'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2742	2709	33
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	59000	20000	39000
	Muzaffarnagar	Khurpa (Fresh)	2660	2494	166
	Muzaffarnagar	Laddoo (Fresh)	2916	2713	204
	Muzaffarnagar	Rascut (Fresh)	2454	2425	29
	Hapur	Chaurasa	2558	2550	8
	Hapur	Balti	2490	NA	-
Andhra Pradesh	Chittur	Gold	5500	NA	-
		White	5200	NA	-
		Black	Closed	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
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			20-Apr-20	13-Apr-20	21-Mar-20	22-Apr-19
Delhi	Delhi	M-Grade	3110	3150	3100	3250
	Delhi	S-Grade	3090	3130	3080	3230
Uttar Pradesh	Khatauli	M-Grade	3215	3245	3340	3330
	Ramala	M-Grade	3120	3120	3160	0
	Dhampur	M-Grade Ex-Mill	3140	3160	3220	3150
	Dhampur	S-Grade Ex-Mill	3120	3140	3200	3130
	Dhampur	L-Grade Ex-Mill	3190	3210	3270	3200
Maharashtra	Mumbai	M-Grade	3450	Closed	3520	3346
	Mumbai	S-Grade	3380	Closed	3300	3216
	Nagpur	M-Grade	3325	3325	Closed	3225
	Nagpur	S-Grade	3225	3225	Closed	3175
	Kolhapur	M-Grade	3200	3200	Closed	3100
	Kolhapur	S-Grade	3100	3100	Closed	3050
Assam	Guhawati	S-Grade	3410	3410	Closed	3360
Meghalaya	Shillong	S-Grade	3420	3420	Closed	3370
Andhra Pradesh	Vijayawada	M-Grade	3820	3820	3660	3580
	Vijayawada	S-Grade	3760	3760	3600	3520
West Bengal	Kolkata	M-Grade	3750	3750	3560	3500
Tamil Nadu	Chennai	S-Grade	3800	3750	3600	3560
	Dindigul	M-Grade	4160	4160	3560	3580
	Coimbatore	M-Grade	4020	4020	3700	3520
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	4000	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)			20-Apr-20	13-Apr-20	21-Mar-20	22-Apr-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2910	2718	2750	2938
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	16000	12000	8000
	Muzaffarnagar	Khurpa	2563	2638	2538	2435
	Muzaffarnagar	Laddoo	2878	2963	2528	2803
	Muzaffarnagar	Rascut	2413	2450	2338	2300
	Hapur	Chaurasa	Closed	Closed	2440	Closed
	Hapur	Balti	Closed	Closed	2350	Closed
Andhra Pradesh	Chittur	Gold	4900	Closed	4800	4300

		White	NA	Closed	4300	3800
		Black	4000	Closed	3700	3300
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	4900	4200
	Belgaum	Mudde (Average)	NA	NA	NA	2800
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	NA	NA	3100
	Gulbarga	Other (Average)	NA	NA	NA	NA
	Mahalingapura	Penti (Average)	NA	NA	NA	3094
	Mandya	Achhu (Medium)	NA	NA	NA	3750
	Mandya	Kurikatu (Medium)	NA	NA	NA	3450
	Mandya	Other (Medium)	NA	NA	NA	3500
	Mandya	Yellow (Medium)	NA	NA	NA	3750
	Shimoga	Achhu (Average)	NA	NA	3600	3850

International Sugar Prices (Weekly)

	Contract Month	10th Apr'20 to 16th Apr'20	3rd Apr'20 to 9th Apr'20	Change
ICE Sugar #11 (US Cent/lb)	20-May	1743	1770	-27.00
	20-Jul	1766	1773	-7.00
	20-Oct	1809	1809	Unch
LIFFE Sugar (US \$/MT)	20-May	2488	2458	30.00
	20-Aug	2621	2561	60.00
	20-Oct	2540	2482	58.00

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