

Price Outlook:

The sugar industry is struggling with lack of demand from the industrial consumption during the lockdown. And soon there is a possibility if the government eases the lockdown, there might be chances for opening of few industries. The domestic consumption declined by around 40-50% due to the unavailability of demand from the bulk buyers. Also, the government revised the guidelines for export of sugar for those mills that were unable to export at least 25% of the original MAEQ till 31st Mar'20 are now allowed to fulfill their quarterly target by 30th June'20. The prices in Vijayawada stood low at Rs.3713/q and steady at Rs.3170/q in Kolhapur bench market whereas the prices in UP stood lower at Rs.3152/q against last week.

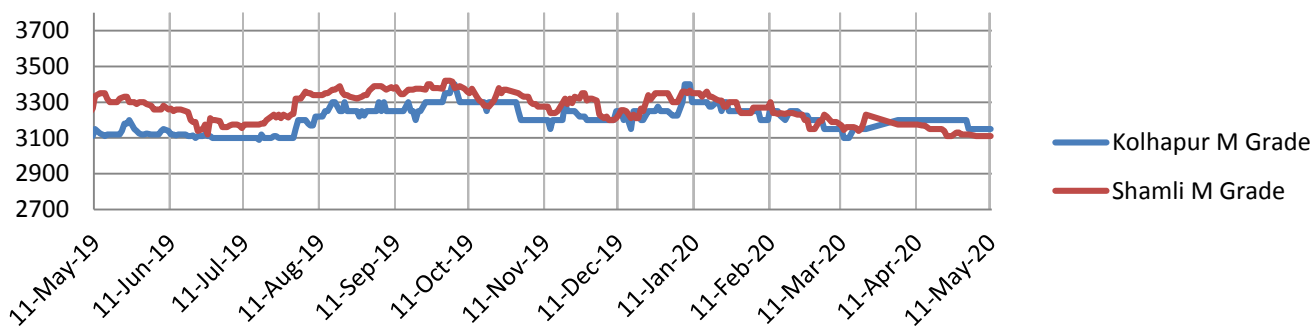
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3050 -3250 per quintal for next week due to expectation of higher demand amid summer season.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood at Rs. 3150 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3114 per quintal during the week.

Price comparsion Kholpur M- grade and Shamli Rs/Qtl

**Fundamental summary:**

Factors	Impact on prices
2019-20 SS Production is estimated to be higher from the earlier estimates and projected more than 26 million tonnes.	Bearish
The export demand might increase from few countries and could reach a target of 5.5 million tonnes in 2019/20 despite the lockdown.	Bullish
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 especially the closure of industries.	Bearish

Domestic Market Highlights

Recent Updates:

- **The mills in Uttar Pradesh are receiving record high cane in the Muzzafarnagar district.** The areas which made the purchases include those located in Khatauli, Mansurpur, Tikola, Morna, Khaikhedi, Titawi, Rohana and Budhana areas. The eight sugar mills in the district bought a total of 932.11 lakh quintals of cane till May 5th this year from farmers. The cane that used to be used for jaggery production is now diverted to the sugar mills due to lack of availability of labour in jaggery production units. Therefore, it is expected that the sugar production might increase significantly in the state due higher diversion of cane towards sugar production.
- **UP is making sanitizers in full speed by producing around 7,000-8,000 liters per day.** In UP, total production of 48,67,064 litres sanitizer has been done till 10th of May in the state and 40,40,311 litres of sanitizer have been supplied in the market so far. UP has 86 units engaged in commercial production of hand sanitizer out of which 46 of these are dedicated sanitizer plants, 27 sugar mills, 12 distilleries and eight independent entities.
- **According to the sugar millers, exporting the sugar is the better option as they are getting better returns than selling in the domestic market.** As the sugar is trading around Rs.3100/q across the country while the trade is taking place around Rs.3400-3500/q by exporting sugar. Most of the contracts are being received from Iran, Indonesia, & Malaysia. In the last few days, Iran and Indonesia were buying for May and June shipments. Indian sugar mills have already dispatched 35-37 LT out of around 41 LT of contracts signed for exports in the 2019-20 marketing year ending on September 30.

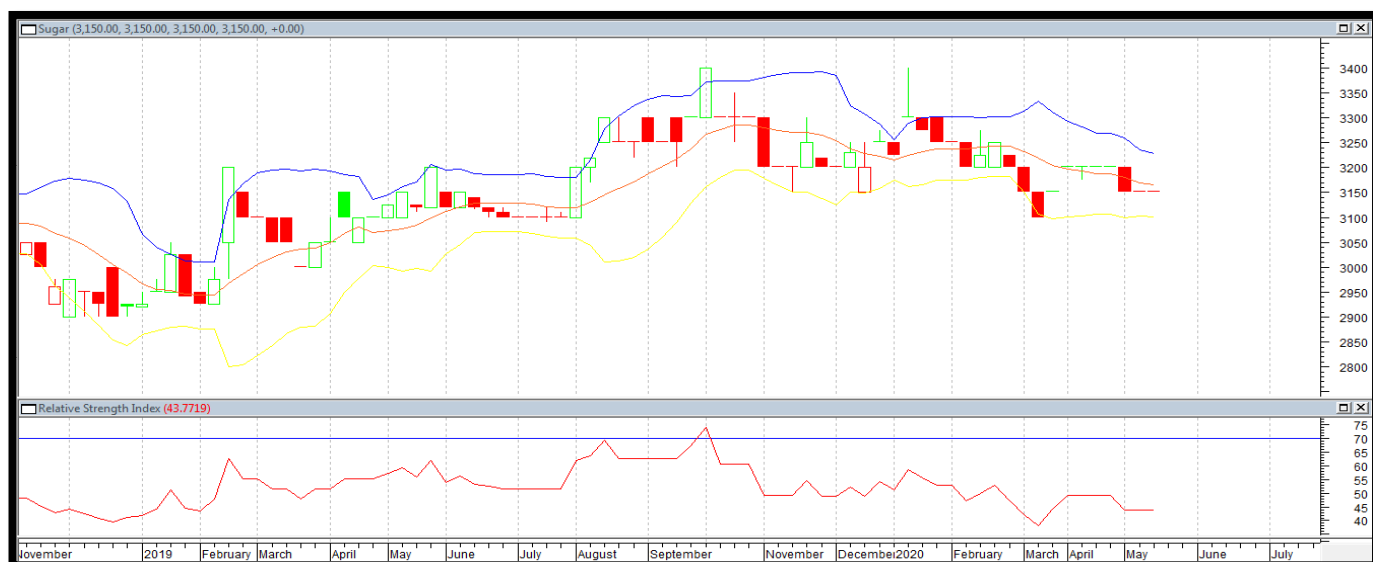
Previous Updates

- **India has produced around 258 LT of sugar till 30th Apr'20**, down by 20% from last year and reached near the target of 2019-20 which is around 262 LT. In all the states, the crushing operations are completed so far except in UP. The mills in UP would continue crushing till the last week of May this year. According to Agriwatch estimates, as the disruption caused amid lockdown in the last few days due to which the cane that used to be delivered to the jaggery units are now moved to the sugar mills in UP. Also, some cane is crushed in special season later in the year in Karnataka and Tamil Nadu. Considering all, the sugar production might increase by around 2-3 LT to reach around 265 LT this year from the previous estimate of 262.
- **As on 30th April'20, 112 mills were operational in UP while only 90 sugar mills that were still crushing sugarcane last year.** In UP, sugar mills have produced 116.52 LT of sugar at 11.36% sugar recovery compared to 112.9 LT of sugar production at 11.46% sugar recovery with 75 mills operational mills till 30th April'20 and 68 mills were operational last year. In Maharashtra, 143 mills have closed their operations with only 3 mills operating at this time with producing 60.67 LT compared with 107.15 LT produced year on year.

- **Many sugar mills across India were not able to export the allocated quota given by the government amid lockdown.** The quantity of around 3.53 LT was reallocated amongst the mills those were willing to export. Also, the Government has allowed extension of time to sign contracts for exports and dispatches upto 30th June 2020. Another revision of reallocations is expected in two months, which will further boost exports from India. The exports of 3.53 LT is expected to be compensated by the demand India getting from Indonesia.
- **According to the trade sources, India exported 4.98 LT of total sugar (including white refined and raw sugar) in March month.** Out of the total sugar exports, largest quantity of raw sugar has been exported to Yemen exporting 1,04,900 tonnes at an average FOB of \$296/MT followed by Malaysia of 77,624 MT of sugar and at an average FOB \$335.64/MT and only 756 tonnes of refined sugar (\$374.76/MT). In March, Iran imported large quantity of raw around 40,720 tonnes (\$350.89/MT) and 1728 tonnes of white sugar at an average FOB of \$353/MT.
- **India exported around 43,590 tonnes of white sugar to Somalia and only 7,000 tonnes of white refined sugar at an average FOB of \$364/MT and \$366/MT respectively.** India also exported to Sudan and Sri Lanka around 37,000 tonnes each at \$353.9/MT and \$356.39/MT to the respective country. Thailand preferred importing white sugar in March month 9,180 tonnes at an average FOB of \$385/MT. According to the contract signed with Indonesia, the raw sugar exports to Indonesia also resumed and India shipped around 6000 tonnes in March at an average FOB of \$309/MT.

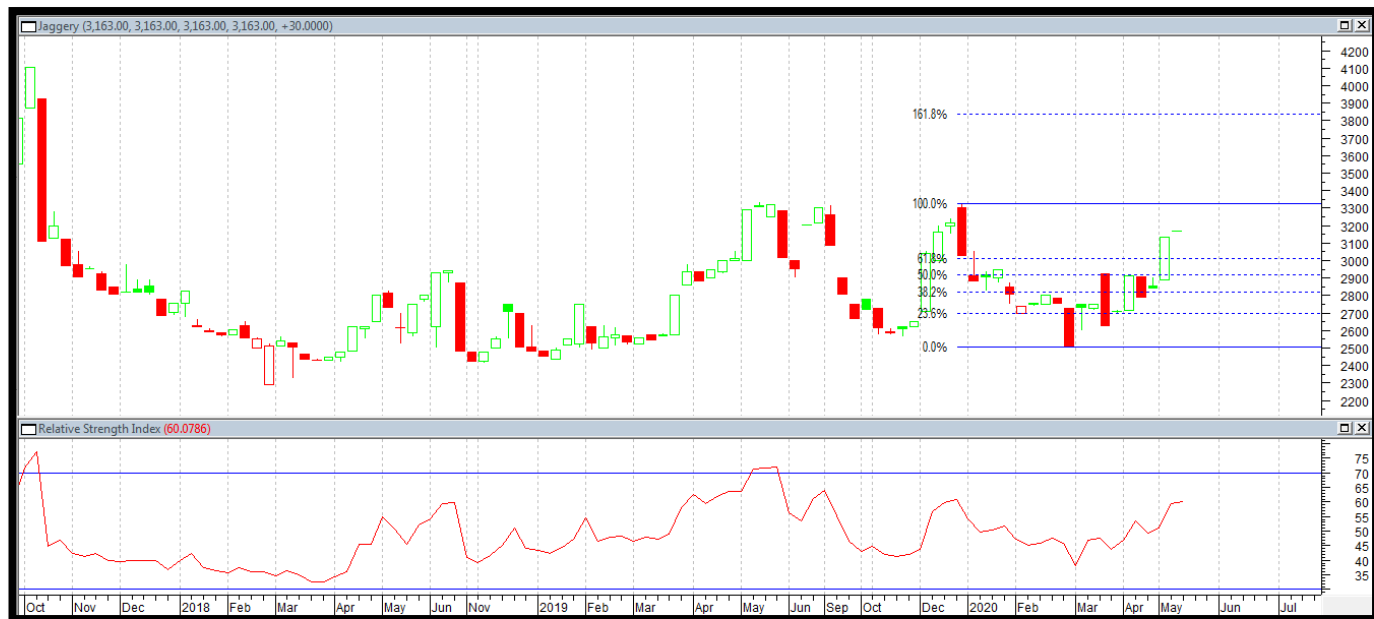
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market was closed steady at Rs.3150/q.
- Next resistance and support level for the next week is expected at Rs.3250 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 average prices stood firm at Rs.2930/q with lower arrivals of 40500 quintals in last 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	130.77	204.02	162.01
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	284.82	230.68	166.11
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	263.05	216.55	156.35
Estimates sugar consumption	245.61	260	256.50	237.85	59.16	59.03	54.54	65.12
Carry out stock (F - G)	34.10	82.67	119.78	91.23	130.77	204.02	162.01	91.23

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 237.85 lakh tonnes in 2019-20 (01st October, 2018 – 30th September, 2019) from the previous estimate of 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 likely to export around 53 LT against the target of 60 LT in 2019-20. Government has released the sugar export incentives for 60LT target which could help clear the stock as well as the arrears of cane farmers. It is expected that the sugar exports are disrupted amid coronavirus.

International Market Highlights

Recent Updates:

- Brazilian sugar mills produced around 9.48 LT of sugar in the South-Central region up by 178%, a huge surge in first week of April'20 that allocated 39.69% of the cane to produce sugar in the period, compared to 23.49% at this time last year. Weak ethanol demand is negative for sugar prices after Unica reported that Brazil sugarcane-based ethanol sales the first half of April plunged down by 32% to 800 mln liters compared to the same period last year. While the total sugar exports declined by 11% in Brazil year on year by producing 26.76 MMT of total sugar in 2019-20, up by only around 1% this season. Brazilian sugar consumption for 2020-21 MY likely to remain unchanged from the MY 2019-20 estimate at 10.65 MMT, according to the Brazilian Government.
- The average global raw sugar prices have fallen by around 2% since last month from 11.76 cents/lbs to 10.07 cents/lbs by the end of April month and similarly the average white sugar have plunged to \$331.81/tonne by the end of April from \$355/tonne during the same period due to the pandemic effect globally. The weakness in Brazilian real is negative for sugar prices. 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.

Previous Updates

- **The reduction in sugarcane production in Kenya resulted in increase in sugar import quantity.** The country witnessed 88 % hike in the sugar import in the month of February this year to furnish the domestic demand. The country imported 51,423 tonnes compared with 27,375 tonnes in the last year during the same period.
- **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. Brazilian sugar consumption for 2020-21 MY likely to remain unchanged from the MY 2019-20 estimate at 10.65 MMT, according to the Brazilian Government.

Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production will increase to 35.3 MMT from 26.4 MMT in the earlier season	Bearish
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

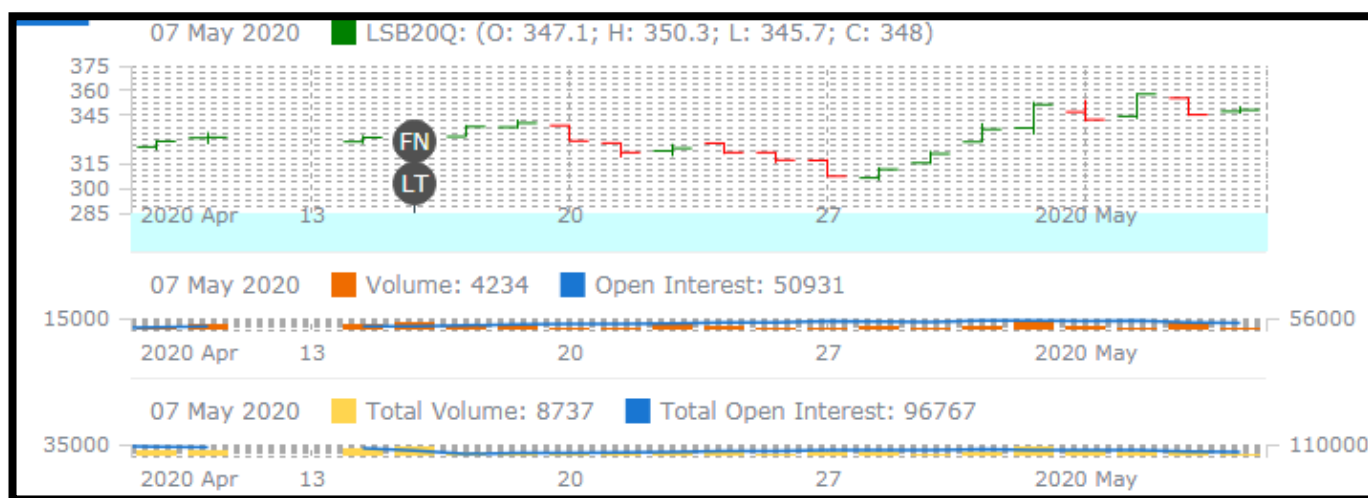
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Aug'20 Contract)

Technical Commentary

- LIFFE future market was firm for the week.
- Both Total volume & open interest decreased over a week.
- Strategy: Buy at level 340, T1 348

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	348	340-360

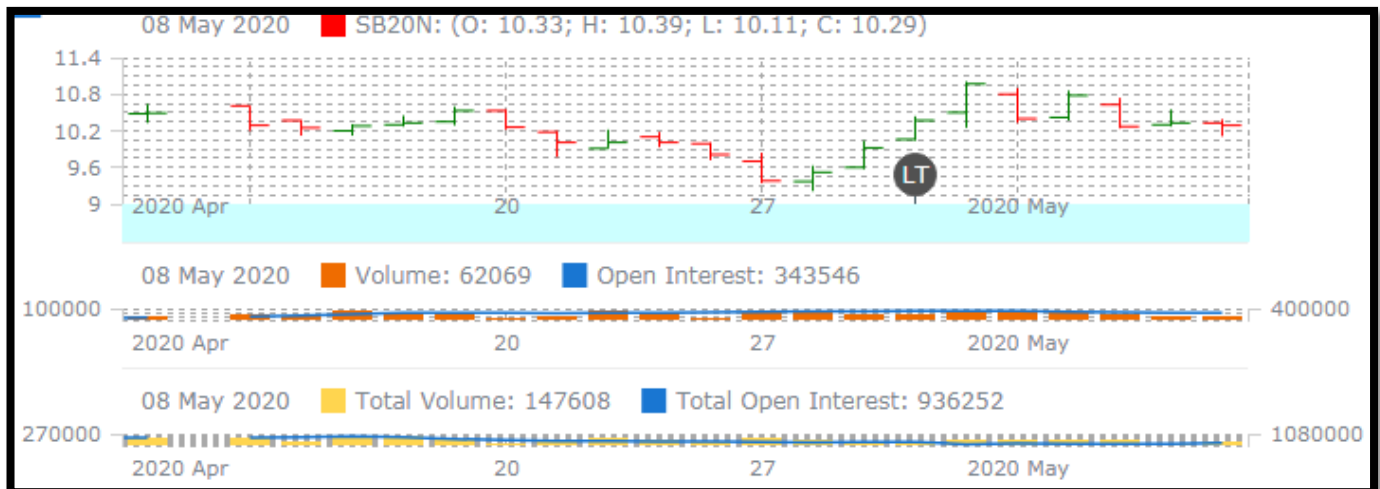


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract)

Technical Commentary:

- ICE raw sugar futures were bullish in the week.
- Total volume increased & open interest decreased.
- Strategy: Buy at rate 10.1 Targeting 10.39.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'20	10.29	8.5-14



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/QtI)		Change
			1st May'20 to 7th May'20	24th Apr'20 to 30th Apr'20	
Sugar	Delhi	M-Grade	3103	3118	-14
		S-Grade	3083	3098	-14
Uttar Pradesh	Khatauli	M-Grade	3152	3164	-13
	Ramala	M-Grade	3110	3104	6
	Dhampur	M-Grade Ex-Mill	3123	3118	5
	Dhampur	S-Grade Ex-Mill	3103	3098	5
	Dhampur	L-Grade Ex-Mill	3173	3168	5
Maharashtra	Mumbai	M-Grade	3550	3510	40
	Mumbai	S-Grade	3362	3370	-8
	Nagpur	M-Grade	3295	3325	-30
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3170	3200	-30
	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	3713	3740	-27
	Vijayawada	S-Grade	3653	3680	-27
West Bengal	Kolkata	M-Grade	3750	3750	Unch
Tamil Nadu	Chennai	S-Grade	3725	3800	-75
	Dindigul*	M-Grade (DCA)	4250	4273	-23
	Coimbatore*	M-Grade (DCA)	4150	4150	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3700	3700	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of Consumer Affairs

International Sugar Prices (Weekly)				
	Contract Month	1st May'20 to 7th May'20	24th Apr'20 to 30th Apr'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	1789	1665	124.00
	20-Oct	1830	1742	88.00
	21-Mar	1965	1857	108.00
LIFFE Sugar (US \$/MT)	20-Aug	2539	2439	100.00
	20-Oct	2640	2418	222.00
	20-Dec	2507	2372	135.00

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