

Price Outlook:

The sugar demand stood steady in the week ending on 30th May'20 with steady prices during the week. The export demand has picked up the pace with new contracts being booked. Only few sugar mills in UP are still operating while majority of the mills have closed their operations. The average price in Vijayawada stood around Rs.3610/q and steady at Rs.3150/q in Kolhapur bench market whereas the prices in UP stood slightly lower at Rs.3156/q against last week.

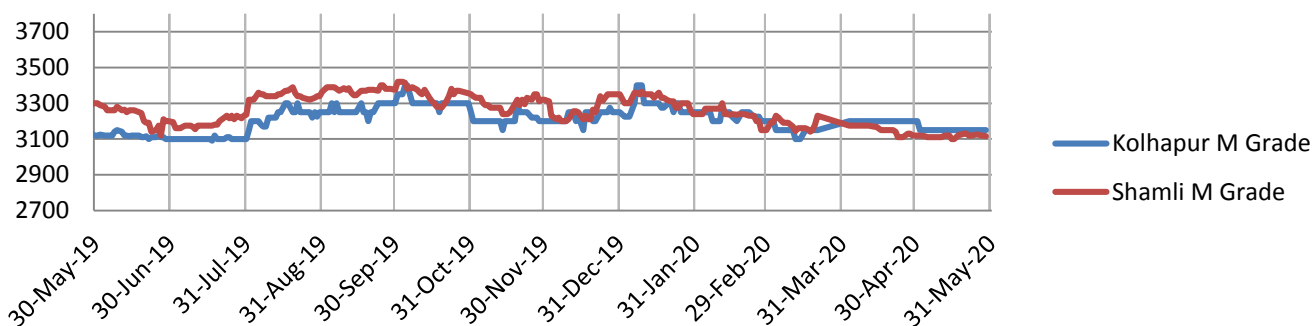
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range steady next week between Rs.3100 -3200 per quintal for next week due to the steady domestic demand.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood same at Rs. 3150 per quintal, while spot sugar prices for the same grade in Shamli district stood steady at Rs. 3121per 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 monthly quota has been released for Jun'20 with 18.5 LT of sugar sales limit** to each 546 mills which is 3 LT lower compared to the previous year quota during the same time. The supply and demand chain has been disrupted in the wake of coronavirus in last 2 months due to which the domestic consumption declined. It was 17 LT sugar sales quota for the last month.
- **The crushing season is almost completed in Uttar Pradesh but few mills are still crushing this year.** This year UP is going to produce record sugar production to around 125 LT of sugar due to the diversion of cane from jaggery units to sugar mills. The sugar mills from Muzaffarnagar district have set a record by purchasing 10 crore quintal sugarcane this season. This year western UP has witnessed bumper production including Muzaffarnagar where sugar recovery stood around 11.73%.
- **Telangana produced around 75 million litres of hand sanitizer till 20th May'20 followed by UP** which is making sanitizers in full speed by producing around 5,000-7,000 litres per day. In UP, total production of 6,509,030 litres sanitizer has been done till 20th of May in the state and 56,24,313 litres of sanitizer have been supplied in the market so far.
- **According to the trade sources, India exported around 4 LT of total sugar** (including white refined and raw sugar) in April month only a slight decline compared to the exports in March. Out of the total sugar exports, largest quantity of raw sugar has been exported to China 87,935 tonnes at an average FOB of \$306/MT followed by Indonesia 83,680 MT of raw sugar and at an average FOB \$320.49/MT and imported few quantity of white sugar of around 25,000 tonnes from India. Iran imported 26,420 tonnes of raw sugar (\$316.72/MT) and 1080 tonnes of white sugar at \$349/MT. India exported large amount raw sugar in April'20 of around 2LT followed by refined sugar (1.68 LT) and white sugar (69,000 tonnes).

Previous Updates

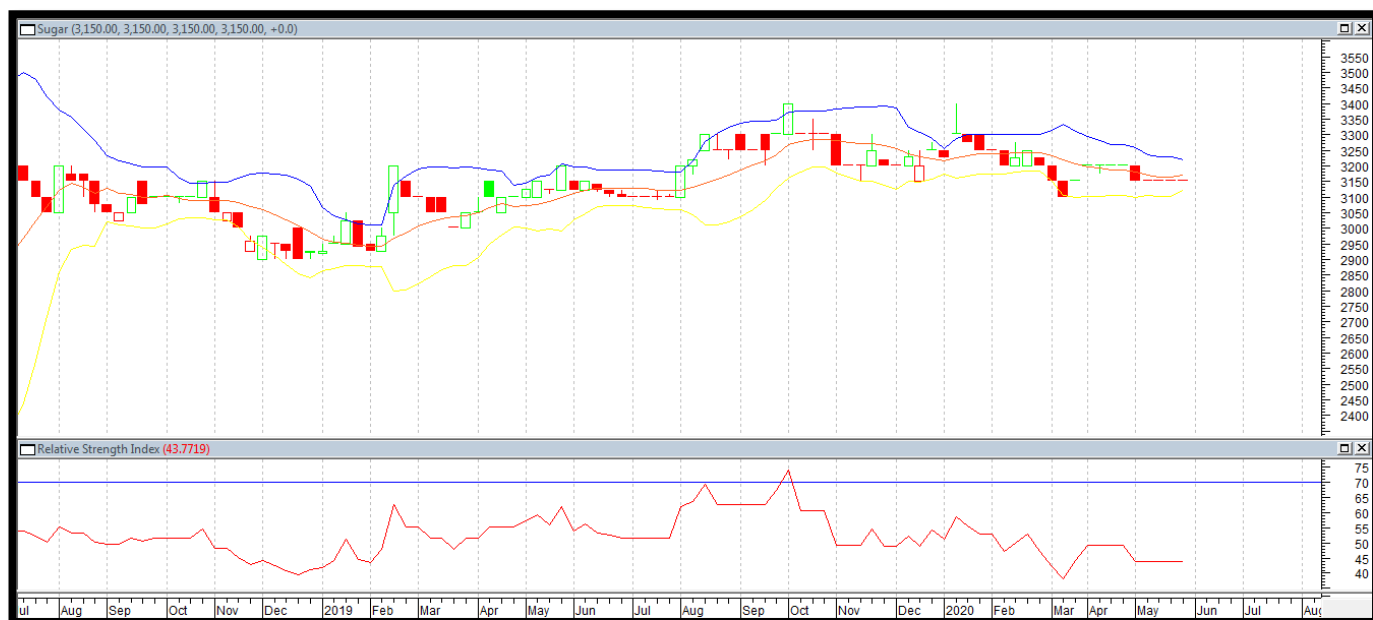
- **Sugar mills have contracted around 42 LT of sugar so far this season till 15th May'20.** Out of which, 36-37 LT of sugar have been shipped out of the country. The major destinations were Indonesia and Iran in recent past days. Also new export contracts are being signed by these two countries from India. And it is expected that export operation would be smoother in coming days.
- **In UP, usually out of the total cane production around 60% of cane is crushed to produce sugar and 30% cane is diverted to produce jaggery.** During lockdown, the major jaggery units that are located in the western UP have been closed earlier than expected due to which the farmers are bringing cane to the sugar mills. Around 4-5% of the cane is expected to be diverted to sugar mills in western UP. Around 46 sugar mills are still functioning in the state producing around 122LT of sugar till 15th May'20, up by 5% compared to the

previous year during the same time. While, the sanitizer production is in full swing producing around 57 lakh litres till mid-May and 47.85 lakh litres of sanitizer has been sold within and outside the state.

- **Maharashtra sugar mills are paying off the arrears despite the sugar sales pressure.** Mills have managed to clear 95 per cent dues of sugarcane farmers. Sugar mills have paid Rs 12548.30 crore out of Rs 13232.69 crore to the cane farmers till May 15. In Maharashtra, sugar production till 15th May'20 was 60.87 lakh tonnes, compared with 107.15 lakh tonnes produced in 2018-19 Sugarcane Season, almost 46.3 lakh tons less than last year. According to Agriwatch, Maharashtra is likely to produce around 61.5LT of sugar in 2019-20 season.

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

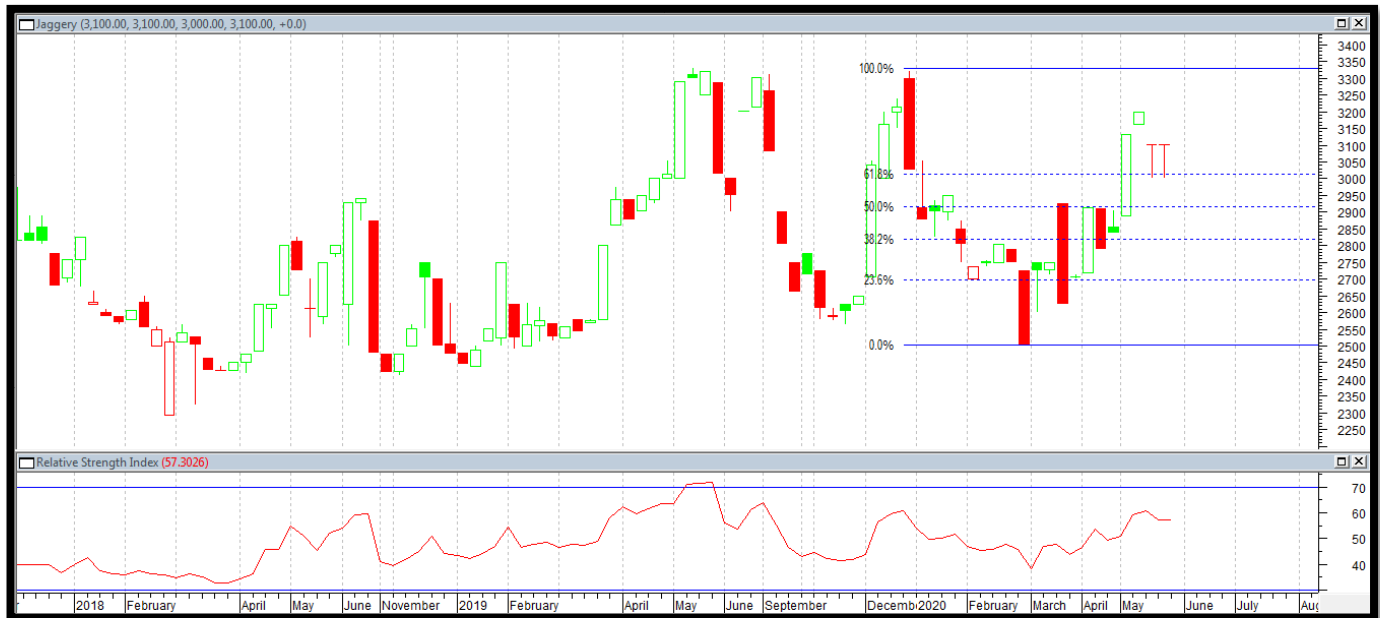
- Sugar spot prices at benchmark Kolhapur market was closed steady at Rs.3150/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



Technical Analysis - ChakuSukha-gur (fresh) at Spot (Muzaffarnagar) market.

Gur Market Scenario

- Chaku variety of gur in key Muzaffarnagar market the average prices stood steady at Rs.3100/q with lower arrivals of 34000 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 54.92 LT of sugar in the South-Central region up by 83.8% y-o-y.** A huge surge in the first two weeks of May'20 was by around 56% producing 25 LT. The mills allocated 47.23% of the cane to produce sugar in 1st half of May'20, compared to 36.02% at this time last year. While during the same time, Brazil reduced the percentage of cane diversion to ethanol production to 52.7% compared to 63.9% last year. The amount of sugarcane crushed from the beginning of the current season (2020-21) till 1st half of May'20 103 million tonnes up by 21.67% compared to the same time previous year.
- **Mexico is likely to increase sugar production by 19 percent to 6.5 million tons on a return to normal weather and growing conditions.** Consumption is also projected higher only slightly as it faces many challenges due to fall in economy that would affect consumer purchasing power. Exports are also forecasted 717,000 tons higher, are projected at the expected level of U.S. needs, as defined in the amended Suspension Agreements and exports to other markets.

Previous Updates

- **Brazilian sugar mills produced around 29.83 LT of sugar in the South-Central region up by 115% y-o-y,** and a huge surge in the last two weeks of April'20 by around 93%. The mills allocated 43.78% of the cane to produce sugar in the period, compared to 28.66% at this time last year. And the amount of sugarcane crushed in the last half of April'20 is expected to total 41.5 MMT, up 6.35% year on year. Still the demand for ethanol is weaker due to which Brazil will produce more sugar than ethanol. In the last half of April'20, 1575 million litres of ethanol is produced which is still higher than the previous year but the production of hydrous ethanol declined by 3% in the last 15 days of April month. The total ethanol production of 2,556 million litres that rose by only 14% compared to the percentage increase in sugar production y-o-y.
- **A shortage in Indonesia has prompted mills in the Southeast Asian country to ask consumers to reduce sugar usage as the retail prices rallied to the highest in almost four years.** Indonesia is likely to continue to buy sugar from India due to shortage in the country as lockdown has delayed the supply. During lockdown period, the country will have 75,000 tons of sugar stock including 50,000 tons of sugar imported from India and 25,000 tons from local suppliers in June. Out of which India supplied around 21,000 tonnes to Indonesia and remaining would be shipped during June. Indonesia's sugar imports may rise to 4.65 million tons in the year that starts in May, from 4.03 million tons a year earlier.

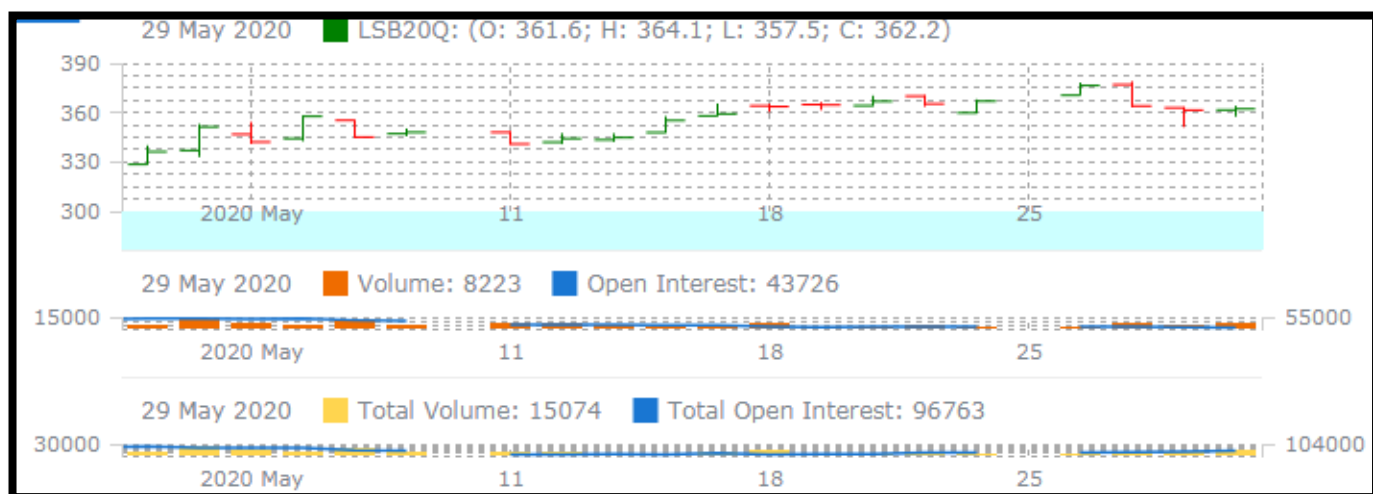
Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production will increase by 18.5% 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 steady for the week.
- Both Total volume & open interest increased over a week.
- Strategy: Buy at level 362, T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	362.2	350-366

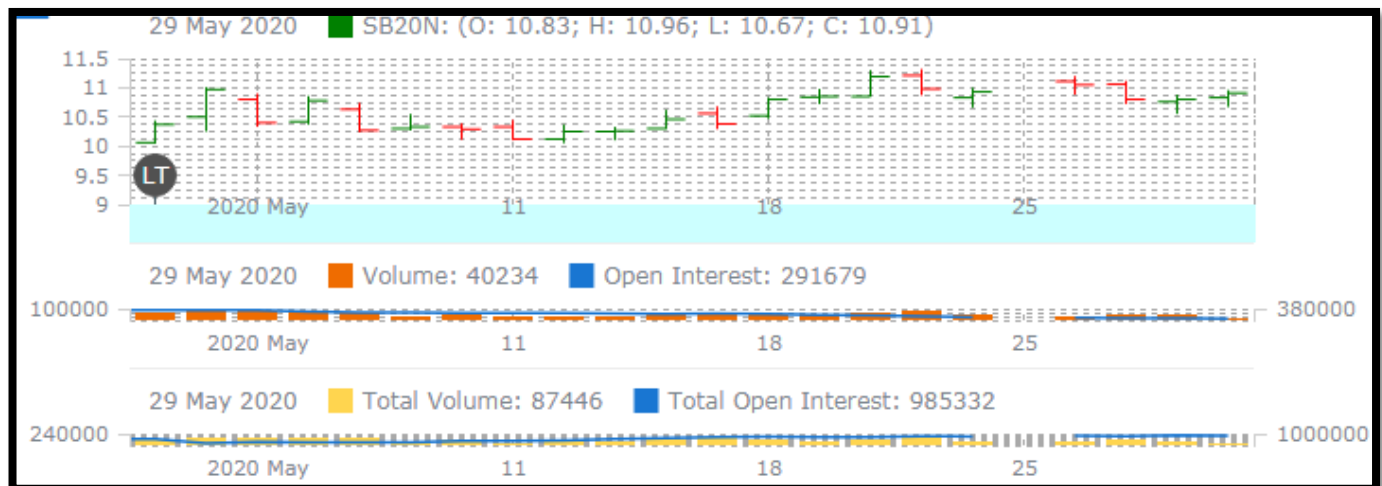


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract)

Technical Commentary:

- ICE raw sugar futures were steady during the week.
- Total volume decreased while open interest increased.
- Strategy: Buy at rate 10.5 Targeting 11.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'20	10.91	9.8-14



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			22nd May'20 to 28th May'20	15th May'20 to 21st May'20	
Delhi	Delhi	M-Grade	3135	3090	45
	Delhi	S-Grade	3115	3070	45
Uttar Pradesh	Khatauli	M-Grade	3157	3161	-4
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3122	3120	2
	Dhampur	S-Grade Ex-Mill	3102	3100	2
	Dhampur	L-Grade Ex-Mill	3172	3170	2
Maharashtra	Mumbai	M-Grade	3540	3540	Unch
	Mumbai	S-Grade	3360	3358	2
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3150	Unch

	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	0
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3607	3600	7
	Vijayawada	S-Grade	3547	3540	7
West Bengal	Kolkata	M-Grade	3540	3610	-70
Tamil Nadu	Chennai	S-Grade	3650	3650	Unch
	Dindigul	M-Grade (DCA)	3845	4150	-305
	Coimbatore	M-Grade (DCA)	3650	3775	-125
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3700	3700	Unch

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

*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			22nd May'20 to 28th May'20	15th May'20 to 21st May'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3080	3092	-12
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	34000	48000	-14000
	Muzaffarnagar	Khurpa (Fresh)	2863	2796	67
	Muzaffarnagar	Laddoo (Fresh)	3098	3062	36
	Muzaffarnagar	Rascut (Fresh)	2570	2588	-18
	Hapur	Chaurasa	NA	2854	-
	Hapur	Balti	Closed	Closed	-
Andhra Pradesh	Chittur	Gold	NA	4800	-
		White	4383	4400	-
		Black	4050	4000	50
Maharashtra	Latur	Lal Variety	Closed	Closed	-
Karnataka	Bangalore	Mudde (Average)	4450	4517	-67
	Belgaum	Mudde (Average)	3150	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3167	3210	-43
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3332	3341	-9
	Mandya	Achhu (Medium)	3330	3355	-25
	Mandya	Kurikatu (Medium)	3186	3190	-4
	Mandya	Other (Medium)	3200	3183	17
	Mandya	Yellow (Medium)	3434	3487	-53
	Shimoga	Achhu (Average)	3750	3788	-38

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			29-May-20	22-May-20	29-Apr-20	30-May-19
Delhi	Delhi	M-Grade	3145	3150	3120	3300
	Delhi	S-Grade	3125	3130	3100	3280
Uttar Pradesh	Khatauli	M-Grade	3150	3155	3160	3440
	Ramala	M-Grade	NA	NA	3100	NA
	Dhampur	M-Grade Ex-Mill	3100	3120	3125	3300
	Dhampur	S-Grade Ex-Mill	3080	3100	3105	3280
	Dhampur	L-Grade Ex-Mill	3150	3170	3175	3350
Maharashtra	Mumbai	M-Grade	3540	3540	3510	3370
	Mumbai	S-Grade	3360	3360	3370	3240
	Nagpur	M-Grade	3275	3275	3325	3245
	Nagpur	S-Grade	3225	3225	3225	3225
	Kolhapur	M-Grade	3150	3150	3200	3120
	Kolhapur	S-Grade	3100	3100	3100	3100
Assam	Guhawati	S-Grade	3410	3410	3410	3410
Meghalaya	Shillong	S-Grade	3420	3420	3420	3420
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	3740	3720
	Vijayawada	S-Grade	3540	3540	3680	3660
West Bengal	Kolkata	M-Grade	3530	3550	3750	3600
Tamil Nadu	Chennai	S-Grade	3650	3650	3800	3580
	Dindigul	M-Grade	3640	4050	4250	3560
	Coimbatore	M-Grade	3650	3650	4150	3650
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3700	3700	3700	3350
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)			29-May-20	22-May-20	29-Apr-20	30-May-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3100	3100	2903	3250
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	6000	8000	1200
	Muzaffarnagar	Khurpa	2925	2813	2878	2955

	Muzaffarnagar	Laddoo	3150	3153	2975	3238
	Muzaffarnagar	Rascut	2600	2563	2475	2813
	Hapur	Chaurasa	NR	NR	2863	2925
	Hapur	Balti	NR	NR	2750	2813
Andhra Pradesh	Chittur	Gold	NA	NR	4600	4000
		White	4400	4300	NA	3900
		Black	4100	4000	4000	3400
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	NA	4300
	Belgaum	Mudde (Average)	NA	3150	NA	2800
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	3200	3100	NA	3000
	Gulbarga	Other (Average)	NA	NA	NA	NA
	Mahalingapura	Penti (Average)	NA	NA	NA	3020
	Mandya	Achhu (Medium)	3400	3350	NA	3250
	Mandya	Kurikatu (Medium)	3200	3190	NA	3100
	Mandya	Other (Medium)	3100	3300	NA	3100
	Mandya	Yellow (Medium)	3360	3480	NA	3200
	Shimoga	Achhu (Average)	3750	3750	NA	3650

International Sugar Prices (Weekly)

	Contract Month	22nd May'20 to 28th May'20	15th May'20 to 21st May'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	1851.00	1889	-38.00
	20-Oct	1861.00	1892	-31.00
	21-Mar	1978.00	1915	63.00
LIFFE Sugar (US \$/MT)	20-Aug	2574.00	2561	13.00
	20-Oct	2783.00	2669	114.00
	20-Dec	2558.00	2537	21.00

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