

Price Outlook:

As India has ease the lockdown in phased manner, therefore, on the opening of few public places, restaurants, and hotels, the demand may increase due to these bulk purchasers. Also, the demand in the past week stood moderate to slightly good demand. The average price in Vijayawada stood around Rs.3600/q and steady at Rs.3150/q in Kolhapur bench market whereas the prices in UP stood slightly lower at Rs.3183/q against last week.

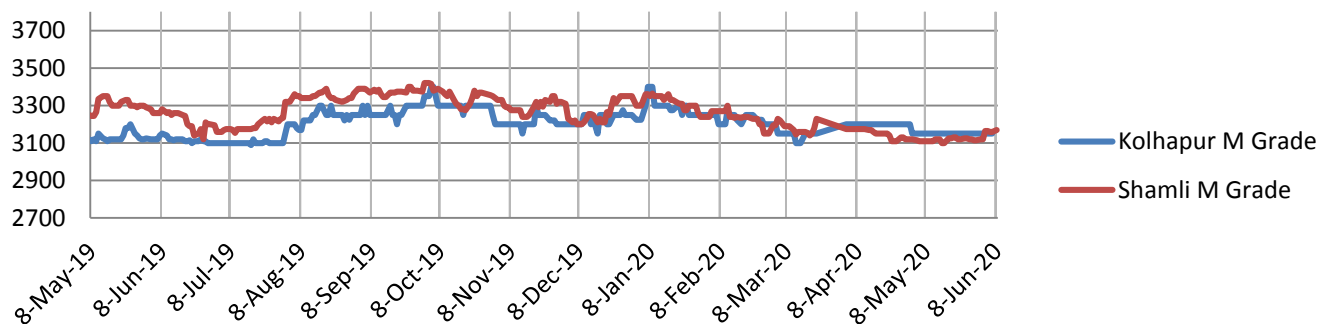
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range steady next week between Rs.3150 -3200 per quintal for next week.

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 slight higher at Rs. 3133 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 cross 27 million tonnes from the previous estimates of 26.5 million tonnes, according to ISMA.	Bearish
Indian could achieve a target of 5million tonnes in 2019/20 despite 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 affected the sales of sugar in domestic market and result in higher ending stock by the end of 2019/20 SS	Bearish

Domestic Market Highlights**Recent Updates:**

- **Sugarcane crushing in all the states have come to end except 14 mills in Uttar Pradesh and 4 mills in Tamil Nadu that are still in operation.** Around 2-3 LT of sugar expected to produce in the special season in Tamil Nadu and Karnataka that would commence in Jul'20. Maharashtra has concluded the crushing producing 60.98 LT sugar about 43% less sugar compared to the previous year's sugar production. Karnataka have produced 33.82 lakh tonnes of sugar and the crushing lasted till 30th April'20. Till 31st May'20, sugar production in Tamil Nadu was 5.78 lakh tonnes, compared with 7.22 lakh tonnes produced on the corresponding date last year. The other remaining states together produced 42.17 LT of sugar till 31st May'20.
- **CACP is likely to surge sugarcane FRP by Rs.10/q to Rs.285/q in 2020-21.** Sugar industry is also demanding a raise in minimum selling price of sugar between Rs.3 and Rs.5 /kg. But the government is may not increase more than Rs.2/kg. In the previous year, FRP was remained same at Rs. 275 per quintal linked to a basic recovery of 10% subject to a premium of Rs. 2.75/ql for each 0.1% increase of recovery over and above 10%. While minimum selling price was increased by Rs.2/kg from Rs.29/kg to Rs.31/kg for the year 2019-20.
- **India has permitted the additional exports of 3569 tonnes of raw and refined sugar up to 30th Sep'20 to USA** under TRQ (Tariff Rate Quota) i.e., exporting under relatively low tariff. India has permitted the exports of 12,738 tonnes of raw sugar for the export to the USA under TRQ up to Sep'20. Till 3rd Sep'19, India permitted 8,424 tonnes of sugar and the rest of the quantity was to be shipped up till 30th Sep this year. India enjoys the duty free sugar exports to US under TRQ annually.
- **Sugar mills can now liquidate the excess unsold sugar after a positive step taken by OMCs.** OMCs have released a tender announcing a requirement of 99 crore litres of ethanol for supplies from 1st Jul'20 to 30th Nov'20. Out of the total requirement, bids for around 190 crore litres have been finalized so far. Of this 76 crore litres have been supplied. The government has requested to divert sugar and sugarcane directly for ethanol production. The government is targeting to divert at least 7 million tonnes of surplus sugar in each of the next two years for ethanol production to maximize profitability of sugar companies and to reach a target of 10% ethanol blending with fuel.

Previous Updates

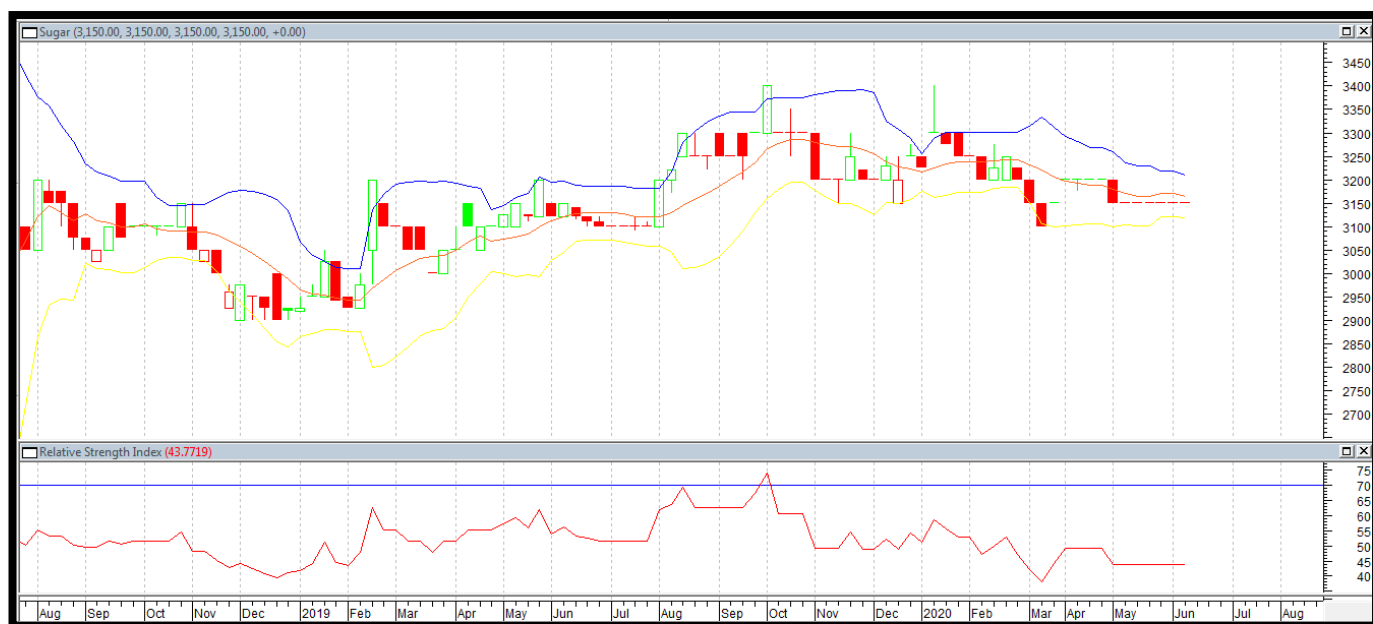
- **The monthly quota has been released for Jun'20 with 18.5 LT of sugar sales limit** to each 546 mills which is 3 LT lower compared to the previous year quota during the same time. The supply and demand chain has been disrupted in the wake of coronavirus in last 2 months due to which the domestic consumption 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).

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

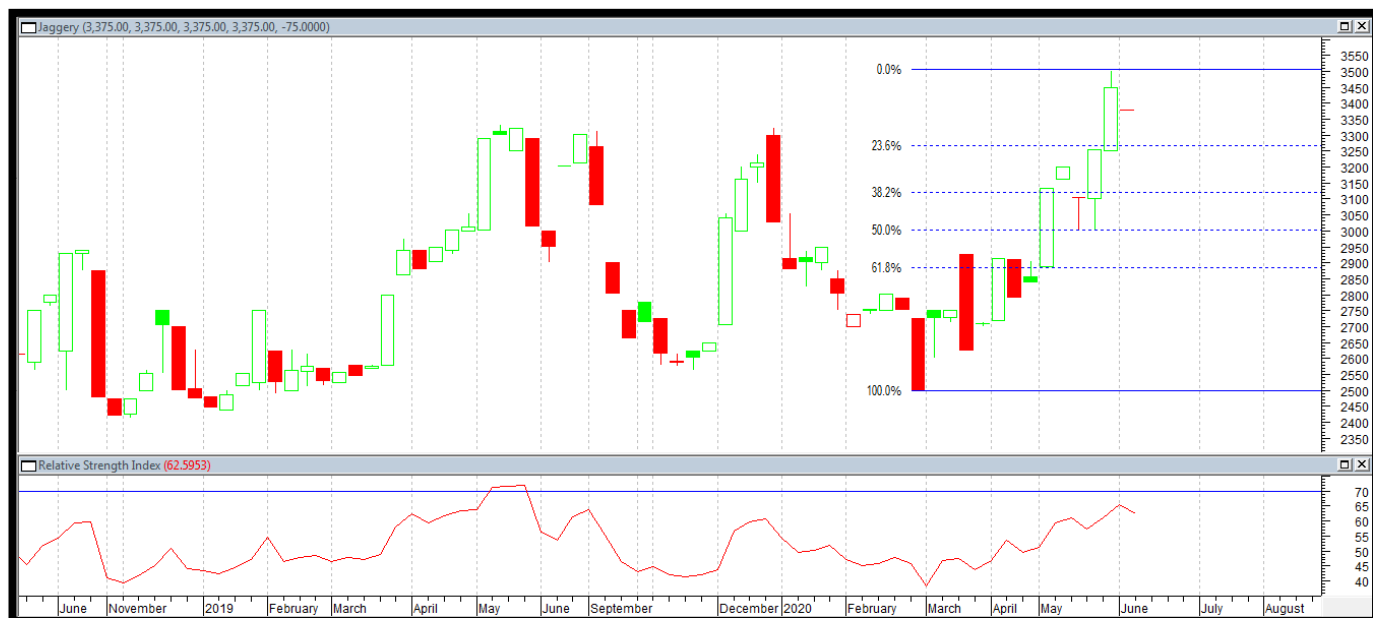
- Sugar spot prices at benchmark Kolhapur market was closed steady at Rs.3150/q since last three weeks.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3150 per quintal respectively.
- RSI is in the neutral region.



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.3278/q with lower arrivals of 19500 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)	2017-18	2018-19	2019-20*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	34.1	82.67	119.78	119.78	130.77	204.02	172.58
Estimated sugar production	321.96	331.61	272.53	77.95	154.05	37.23	3.30
Imports	2.85	0.00	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	358.91	414.28	392.31	197.73	284.82	241.25	175.88
Exports	16.24	38.00	53.46	7.80	21.77	14.13	9.76
Availability for domestic consumption (D - E)	342.67	376.28	338.85	189.93	263.05	227.12	166.12
Estimates sugar consumption	260	256.50	237.85	59.16	59.03	54.54	65.12
Carry out stock (F - G)	82.67	119.78	101.00	130.77	204.02	172.58	101.00

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 272.5 LT by the end of Sep'20 for 2019-20 SS decline by around 18% from the previous estimate 262.76 LT in 2019-20.
- Sugar domestic consumption is expected to decline to 237.85 lakh tonnes in 2019-20 due to the disruption caused in demand and supply in covid-19 lockdown (01st October, 2019 – 30th September, 2020) from the previous estimate of 259 LT in 2019-20.
- Although the production is estimated to decline, with an ending stock 101 LT in 2019-20 SS lower than the previous year.
- India likely to export around 5 MMT even in the covid situation because of expectation of good demand in the international market especially from Indonesia, Thailand, Iran, Malaysia and Afghanistan.
- 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 significant fall in sugar demand is likely to result in a seven year low sugar production in Myanmar in the coming year in 2020-21 marketing year.** The country is struggling to sell the stock piles of raw and refined sugar as China being the major importer China has increased the import duties on Myanmar to 85%. The sugar produced is now being used for only domestic consumption due to the decline in global demand for raw sugar for export purpose. Therefore, Myanmar as a result planning reduce sugarcane plantation, a decline of 20% compared to only 3,50,000 acres compared to the previous year. As the local food and beverage businesses imports around 10,000 tonnes of refined sugar from Thailand alone, but Thailand itself is facing the shortage. Here, India becomes viable exporter to Myanmar being a neighboring country.
- **Sugar production in the European Union is forecast 2.5 percent higher to 17.7 million tons despite a 2-percent decrease in area.** Consumption is unchanged at 18.6 million tons while exports are projected to be up from 1.2 million tons to 1.5 million tons with higher supplies and stocks falling to 1 million tons with lower beginning stocks. Imports are forecast lower at 2.1 million tons.
- **India has permitted the additional exports of 3569 tonnes of raw and refined sugar up to 30th Sep'20 to USA under TRQ (Tariff Rate Quota)** i.e., exporting under relatively low tariff. India has permitted the exports of 12,738 tonnes of raw sugar for the export to the USA under TRQ up to Sep'20. Till 3rd Sep'19, India permitted 8,424 tonnes of sugar and the rest of the quantity was to be shipped up till 30th Sep this year. India enjoys the duty free sugar exports to US under TRQ annually.

Previous 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.

Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production will climb +18% to 35 MMT from 26.4 MMT in the earlier season	Bearish
Global sugar production is expected to surge to 188 MMT (USDA) in 2020/21 MY	Bearish
The world sugar balance in 2020/21 will fall by -2.0% y/y to 43.55 MMT	Bullish
Researcher Czarnikow cut its global sugar consumption estimate for this year by -2.0 MMT in 2019/20	Bearish

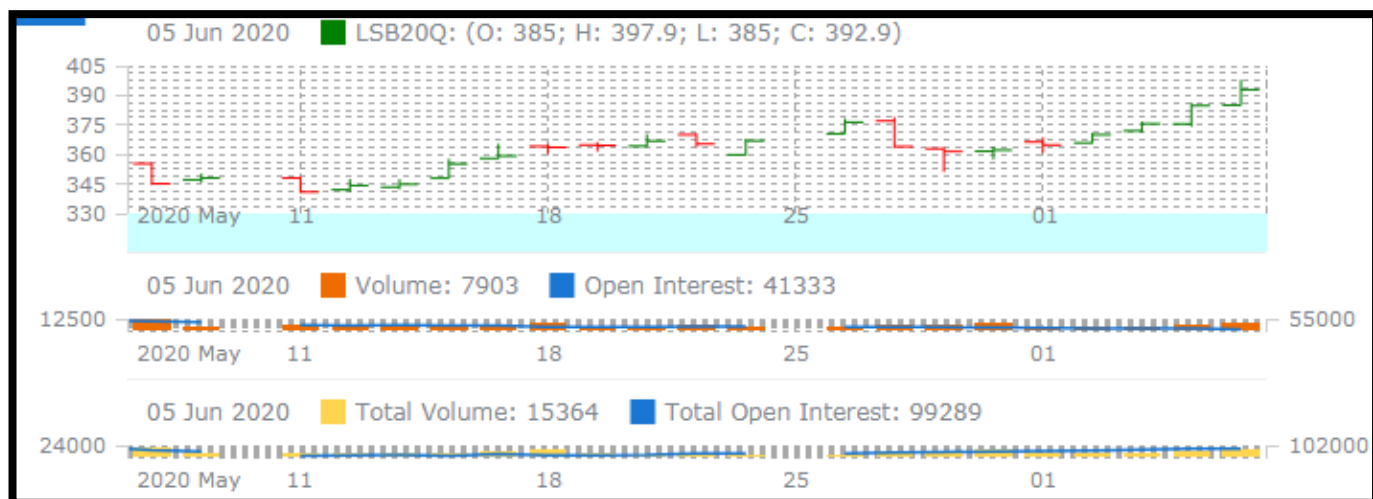
International Sugar Futures Price Projection

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 increased over a week.
- Strategy: Sell at level 397, T1 395

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	392.9	360-400



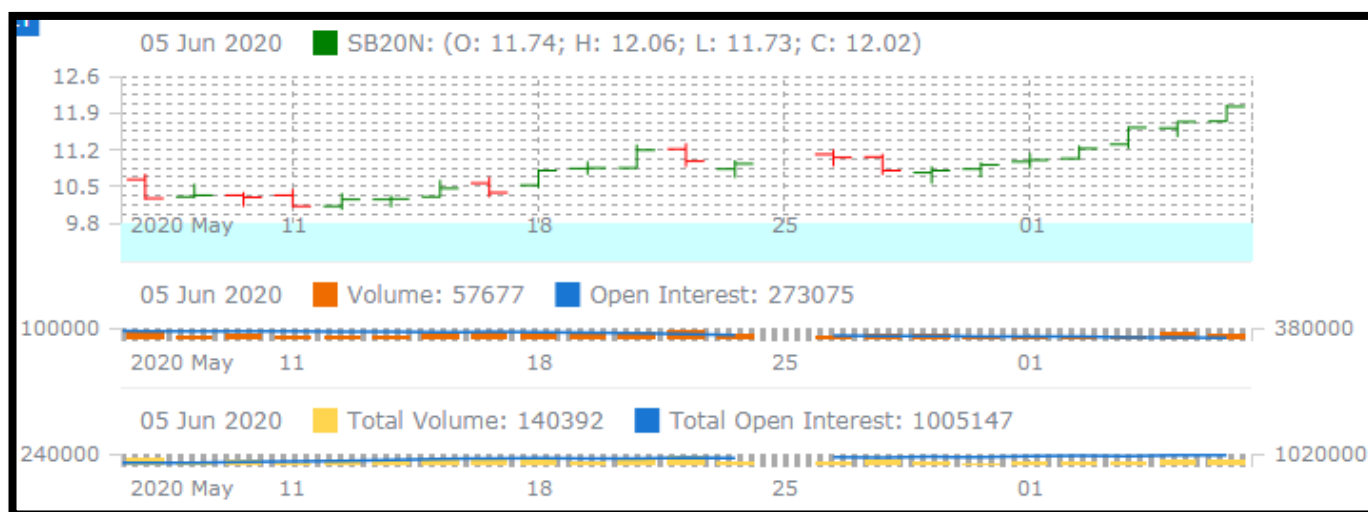
ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract)

Technical Commentary:

- ICE raw sugar futures were firm during the week.
- Both total volume and open interest increased.
- Strategy: Sell at rate 12.5 Targeting 12.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'20	12.02	10-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)	Chang
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Sugar			29th May'20 to 4th Jun'20	22nd May'20 to 28th May'20	e
Delhi	Delhi	M-Grade	3153	3135	18
	Delhi	S-Grade	3133	3115	18
Uttar Pradesh	Khatauli	M-Grade	3183	3157	26
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3120	3122	-2
	Dhampur	S-Grade Ex-Mill	3100	3102	-2
	Dhampur	L-Grade Ex-Mill	3170	3172	-2
Maharashtra	Mumbai	M-Grade	3520	3540	-20
	Mumbai	S-Grade	3342	3360	-18
	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	3600	3607	-7
	Vijayawada	S-Grade	3540	3547	-7
West Bengal	Kolkata	M-Grade	3530	3540	-10
Tamil Nadu	Chennai	S-Grade	3650	3650	Unch
	Dindigul	M-Grade (DCA)	3640	3845	-205
	Coimbatore	M-Grade (DCA)	3650	3650	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

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			29th May'20 to 4th Jun'20	22nd May'20 to 28th May'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3278	3080	198
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	19500	34000	-14500
	Muzaffarnagar	Khurpa (Fresh)	3046	2863	183
	Muzaffarnagar	Laddoo (Fresh)	3194	3098	96
	Muzaffarnagar	Rascut (Fresh)	2611	2570	41
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	4860	NA	477
		White	4450	4383	-
		Black	4150	4050	100

Maharashtra	Latur	Lal Variety	NA	Closed	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	NA	3150	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3283	3167	116
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3353	3332	21
	Mandya	Achhu (Medium)	3478	3330	148
	Mandya	Kurikatu (Medium)	3238	3186	52
	Mandya	Other (Medium)	3093	3200	-108
	Mandya	Yellow (Medium)	3445	3434	11
	Shimoga	Achhu (Average)	3750	3750	Unch

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			8-Jun-20	1-Jun-20	9-May-20	10-Jun-19
Delhi	Delhi	M-Grade	3200	3160	3100	3300
	Delhi	S-Grade	3180	3140	3080	3280
Uttar Pradesh	Khatauli	M-Grade	3250	3155	3140	3380
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3150	3110	3100	3270
	Dhampur	S-Grade Ex-Mill	3130	3090	3080	3250
	Dhampur	L-Grade Ex-Mill	3200	3160	3150	3320
Maharashtra	Mumbai	M-Grade	3470	3520	3600	3356
	Mumbai	S-Grade	3310	3350	3350	3236
	Nagpur	M-Grade	3275	3275	3275	3265
	Nagpur	S-Grade	3225	3225	3225	3225
	Kolhapur	M-Grade	3150	3150	3150	3140
	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	3660	3660
	Vijayawada	S-Grade	3540	3540	3600	3600
West Bengal	Kolkata	M-Grade	3530	3530	3750	3670
Tamil Nadu	Chennai	S-Grade	3650	3650	3650	3600
	Dindigul	M-Grade (DCA)	3640	3640	4250	3600
	Coimbatore	M-Grade (DCA)	3650	3650	3900	3650
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	3700	3700	3350
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						
*DCA: Department of consumer affairs						

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			8-Jun-20	1-Jun-20	9-May-20	10-Jun-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3375	3250	3133	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	4000	5000	0
	Muzaffarnagar	Khurpa	3225	2988	2913	2938
	Muzaffarnagar	Laddoo	3375	3113	3075	3200
	Muzaffarnagar	Rascut	2850	2613	2588	2813
	Hapur	Chaurasa	NR	NR	2850	Closed
	Hapur	Balti	NR	NR	2725	Closed
Andhra Pradesh	Chittur	Gold	4700	4900	0	4200
		White	4300	4500	4500	3900
		Black	4100	4200	4000	3600
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4450	4500	NA	4300
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	NA	NA	3200
	Mahalingapura	Penti (Average)	NA	3336	NA	3001
	Mandya	Achhu (Medium)	3500	3700	3300	3100
	Mandya	Kurikatu (Medium)	3300	3400	3150	2900
	Mandya	Other (Medium)	3150	3440	3250	3000
	Mandya	Yellow (Medium)	3500	3550	3450	3100
	Shimoga	Achhu (Average)	3750	3750	NA	3700

International Sugar Prices (Weekly)				
	Contract Month	29th May'20 to 4th Jun'20	22nd May'20 to 28th May'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	1958.00	1851	107.00
	20-Oct	1956.00	1861	95.00
	21-Mar	1983.00	1978	5.00
LIFFE Sugar (US \$/MT)	20-Aug	2644.00	2574	70.00
	20-Oct	2732.00	2783	-51.00
	20-Dec	2619.00	2558	61.00



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