

Price Outlook:

The food ministry is requesting extension of the buffer stock subsidy scheme for sugar by a year to 2020-21. The extension of buffer stock will reduce a substantial part of the burden of sugar mills. It give extra cash flow to sugar mills, but also improve the market sentiment. The average price in Vijayawada stood steady around Rs.3600/q and higher at Rs.3175/q in Kolhapur bench market whereas the prices in UP stood higher at Rs.3290/q against last week.

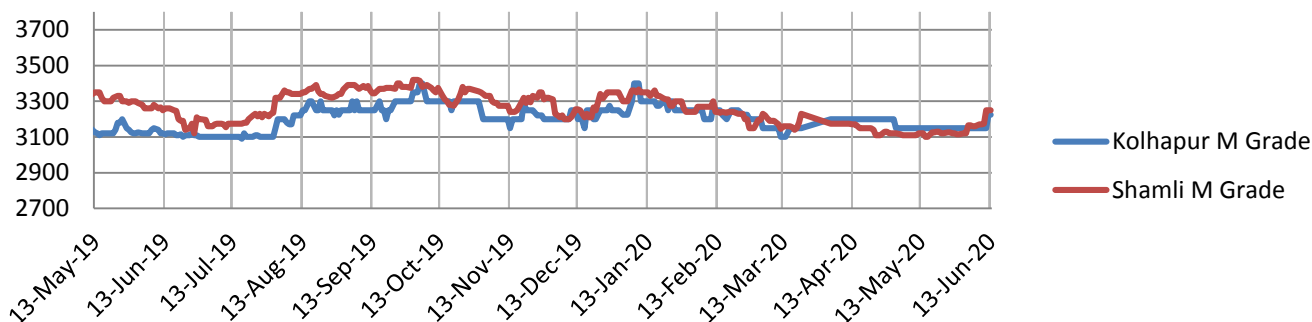
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range steady next week between Rs.3150 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood high at Rs. 3175 per quintal, while spot sugar prices for the same grade in Shamli district stood slight higher at Rs. 3210 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:

- **Kharif crop sowing has started from June 1st in Andhra Pradesh with the onset of monsoon.** Kharif season has been set at 39.59 lakh hectares as against the normal crop acreage of 37.54 lakh hectares. Pulses, oilseeds and sugarcane crops are at vegetative stage. The targeted area under sugarcane for 2020-21 season is 1.09 lakh ha against normal crop acreage is 1.02 lakh ha.
- **Fresh contracts of sugar and rice from Malaysia can be expected this year and for the coming sugar season as well.** As the relations between India and Malaysia got better after the formation of new cabinet. Malaysia's top buyer had bought around 88,000 metric tonnes of raw sugar from India last year, whereas it procured 130,000 metric tonnes of raw sugar worth \$50 million for the January-March quarter this year. As India being the world's largest buyer of edible oils, now Indian importers will also benefit from Malaysia's decision to fully exempt palm oil from export duty for the rest of this year.
- **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.

Previous Updates

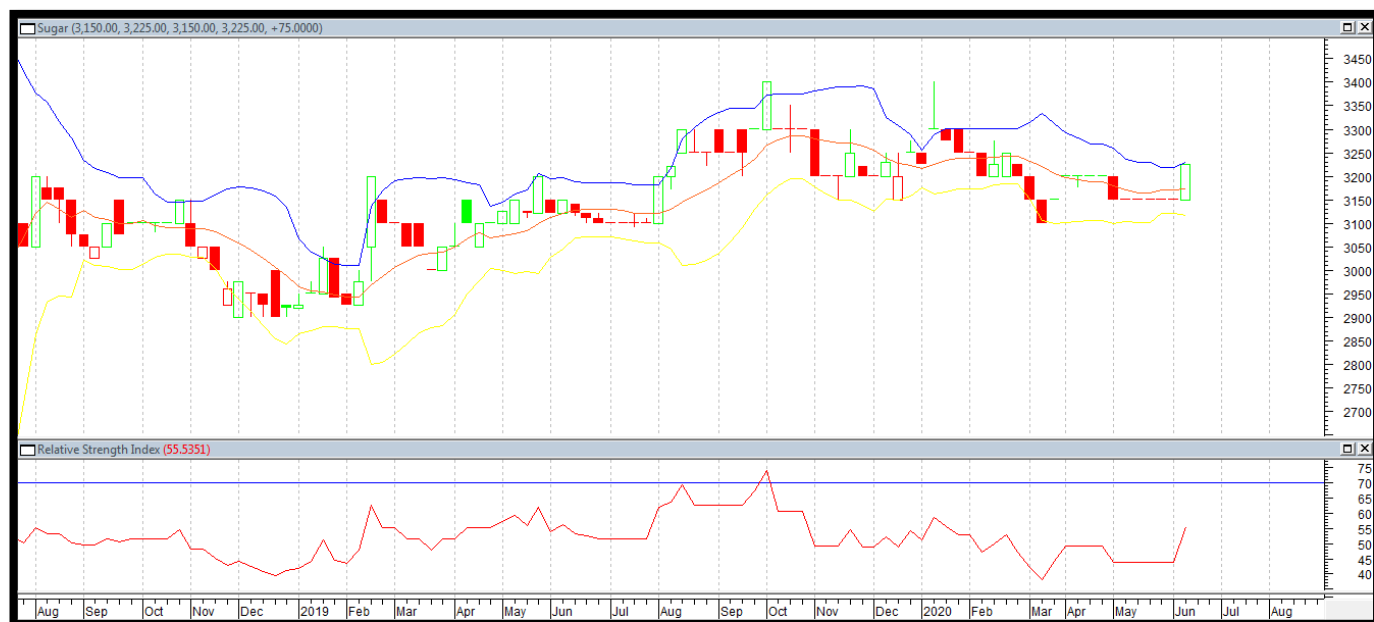
- **Sugarcane crushing in all the states have come to end except 14 mills in Uttar Pradesh and 4 mills in Tamil Nadu that are still in operation.** Around 2-3 LT of sugar expected to produce in the special season in Tamil Nadu and Karnataka that would commence in Jul'20. Maharashtra has concluded the 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/qtl 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.

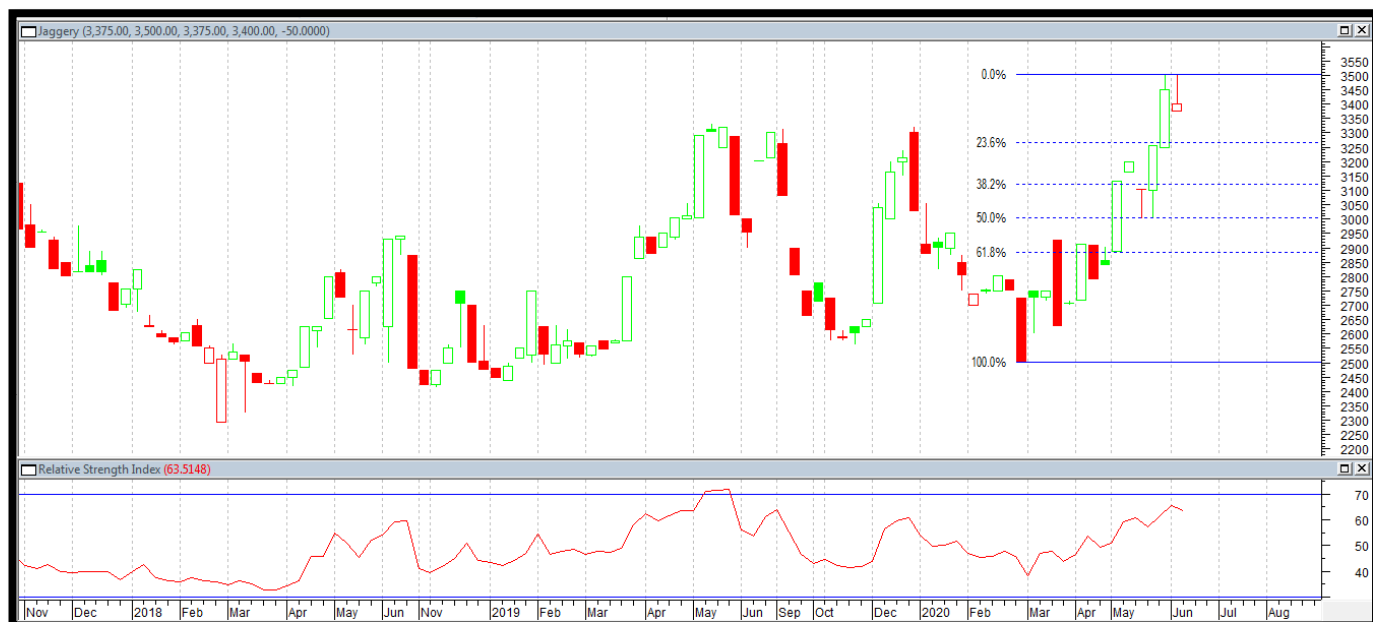
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Average sugar spot prices at benchmark Kolhapur market was closed firm at Rs.3175/q since last three weeks.
- Next resistance and support level for the next week is expected at Rs.3250 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.3437/q with lower arrivals of 17000 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:

- **China produced only 197,400 tonnes of sugar, white value, in May 2020**, down from 398,000 a month earlier but above 78,900 in the same month last year, according to China Sugar Association (CSA). As of May 31, Guangxi of China had a total of 45.79 million tons of sugarcane, a decrease of 8.92 million tons year-on-year and produced 6 million tons of mixed sugar, a year-on-year decrease of 340,000 tons. The sugar production rate was 13.11%, an increase of 1.52 percentage points year-on-year and cumulative sales 3.74 million tons of sugar, with a decrease of 4 million tons.
- **After some crew members tested positive for Covid-19 in Santos, Brazil, the port has suspended operations and faced for 14 days quarantine.** Around 70 cargo ships lined up at the port for loading sugar for export. There would be cancellations of orders if the vessels are unable to berth or load quickly. India, the second largest producer of sugar is the sole alternate at the time being as India has excess sugar stock and now the port operations are getting smoother making the way for sugar exports across the world. Brazil's top export destinations were Algeria, Bangladesh, Saudi Arabia, Nigeria and China in 2019-20 season.
- **According to the Platts Survey, a huge surge in the second two weeks of May'20 was by around 39.7% producing 26 LT of sugar.** The mills allocated 48.4% of the cane to produce sugar in 2nd half of May'20, compared to 35.07% at this time last year. Brazilian producers are expected to continue to maximize their sugar production, given the increased profitability of sugar production over ethanol production. The amount of sugarcane crushed in the 2nd half of May'20 was around 42 million tonnes up by around 4% compared to the same time previous year.

Previous 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.

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

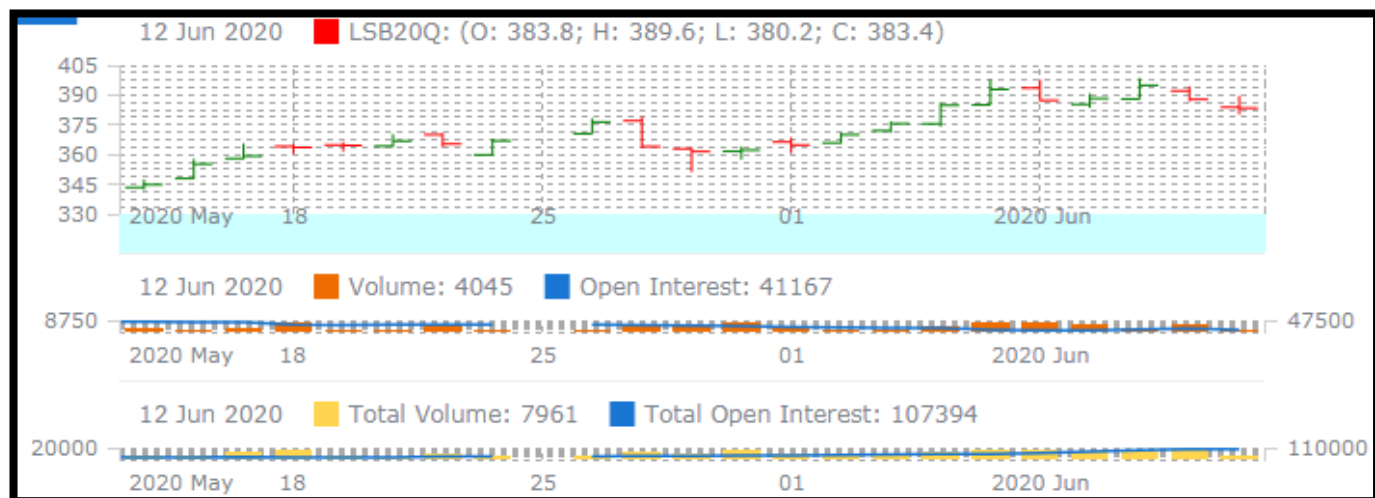
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was bearish for the week.
- Total volume decreased & open interest increased over a week.
- Strategy: Buy at level 383, T1 395

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	383.4	360-400

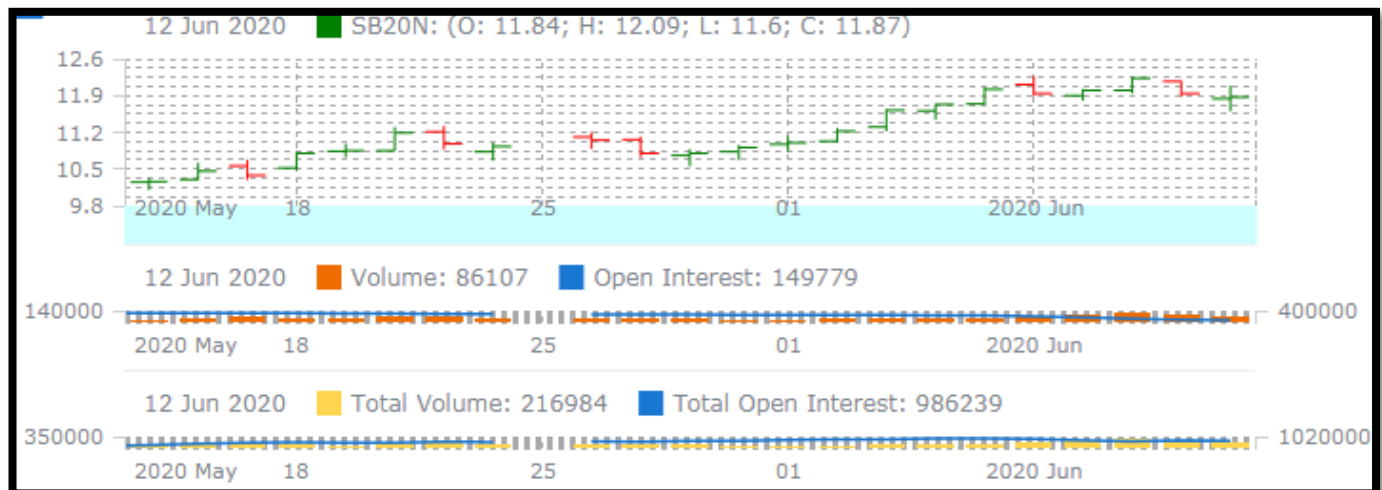


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract) Technical Commentary:

- ICE raw sugar futures were slightly weaker during the week.
- Both total volume increased while open interest decreased.
- Strategy: Buy at rate 11.5 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	11.87	10-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			5th Jun'20 to 11th Jun'20	29th May'20 to 4th Jun'20	
Delhi	Delhi	M-Grade	3193	3153	40
	Delhi	S-Grade	3173	3133	40
Uttar Pradesh	Khatauli	M-Grade	3262	3183	78
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3160	3120	40
	Dhampur	S-Grade Ex-Mill	3140	3100	40
	Dhampur	L-Grade Ex-Mill	3210	3170	40
Maharashtra	Mumbai	M-Grade	3440	3520	-80
	Mumbai	S-Grade	3297	3342	-45
	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	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3530	3530	Unch
Tamil Nadu	Chennai	S-Grade	3642	3650	-8
	Dindigul	M-Grade (DCA)	3640	3640	Unch
	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)			5th Jun'20 to 11th Jun'20	29th May'20 to 4th Jun'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3463	3278	184
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	20500	19500	1000
	Muzaffarnagar	Khurpa (Fresh)	3288	3046	242
	Muzaffarnagar	Laddoo (Fresh)	3406	3194	213
	Muzaffarnagar	Rascut (Fresh)	2796	2611	185
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4700	4860	250
		White	4300	4450	-

		Black	4100	4150	-50
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3320	3283	37
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3360	3353	7
	Mandya	Achhu (Medium)	3497	3478	19
	Mandya	Kurikatu (Medium)	3275	3238	38
	Mandya	Other (Medium)	3175	3093	83
	Mandya	Yellow (Medium)	3460	3445	15
	Shimoga	Achhu (Average)	3763	3750	13

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			13-Jun-20	6-Jun-20	14-May-20	15-Jun-19
Delhi	Delhi	M-Grade	3325	3170	3130	3260
	Delhi	S-Grade	3305	3150	3110	3240
Uttar Pradesh	Khatauli	M-Grade	3325	3240	3145	3390
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3200	3140	3120	3250
	Dhampur	S-Grade Ex-Mill	3180	3120	3100	3230
	Dhampur	L-Grade Ex-Mill	3250	3190	3170	3300
Maharashtra	Mumbai	M-Grade	3360	3490	Closed	3342
	Mumbai	S-Grade	3290	3290	Closed	3246
	Nagpur	M-Grade	3350	3275	3275	3245
	Nagpur	S-Grade	3250	3225	3225	3225
	Kolhapur	M-Grade	3225	3150	3150	3120
	Kolhapur	S-Grade	3125	3100	3100	3100
Assam	Guhawati	S-Grade	3436	3410	3410	3410
Meghalaya	Shillong	S-Grade	3445	3420	3420	3420
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	3600	3620
	Vijayawada	S-Grade	3540	3540	3540	3560
West Bengal	Kolkata	M-Grade	3580	3530	3670	3660
Tamil Nadu	Chennai	S-Grade	3650	3650	3650	3600
	Dindigul	M-Grade (DCA)	3600	3640	4250	3600
	Coimbatore	M-Grade (DCA)	3700	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)			13-Jun-20	6-Jun-20	14-May-20	15-Jun-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3400	3450	3195	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	4000	5000	0
	Muzaffarnagar	Khurpa	3275	3300	2950	0
	Muzaffarnagar	Laddoo	3450	3500	3125	0
	Muzaffarnagar	Rascut	2650	2763	2613	0
	Hapur	Chaurasa	NR	NR	2925	3000
	Hapur	Balti	NR	NR	0	0
Andhra Pradesh	Chittur	Gold	4800	4700	0	NR
		White	4500	4300	4500	NR
		Black	4300	4100	3900	NR
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4450	4500	4300
	Belgaum	Mudde (Average)	NA	NA	3150	3100
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	3300	3100	2900
	Gulbarga	Other (Average)	NA	NA	NA	3150
	Mahalingapura	Penti (Average)	NA	NA	3377	NA
	Mandya	Achhu (Medium)	3500	3500	3370	3100
	Mandya	Kurikatu (Medium)	3250	3300	3200	2800
	Mandya	Other (Medium)	3250	3150	3200	2800
	Mandya	Yellow (Medium)	3600	3480	3410	3150
	Shimoga	Achhu (Average)	NA	3750	3750	3650

International Sugar Prices (Weekly)				
	Contract Month	5th Jun'20 to 11th Jun'20	29th May'20 to 4th Jun'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	2102.00	1958.00	144.00
	20-Oct	2096.00	1956.00	140.00
	21-Mar	2078.00	1983.00	95.00
LIFFE Sugar (US \$/MT)	20-Aug	2795.00	2644.00	151.00
	20-Oct	2832.00	2732.00	100.00
	20-Dec	2763.00	2619.00	144.00

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