

Price Outlook:

The sugar demand during the week, remained mixed. Although, the prices remained higher in the last 15 days after a long period during lockdown. Crushing has been completed in all the states and only some sugar is expected to produce in special season in Karnataka and Tamil Nadu which will commence from July. The average price in Vijayawada stood steady around Rs.3720/q and slightly higher at Rs.3275q in Kolhapur bench market whereas the prices in UP stood higher at Rs.3385/q against last week.

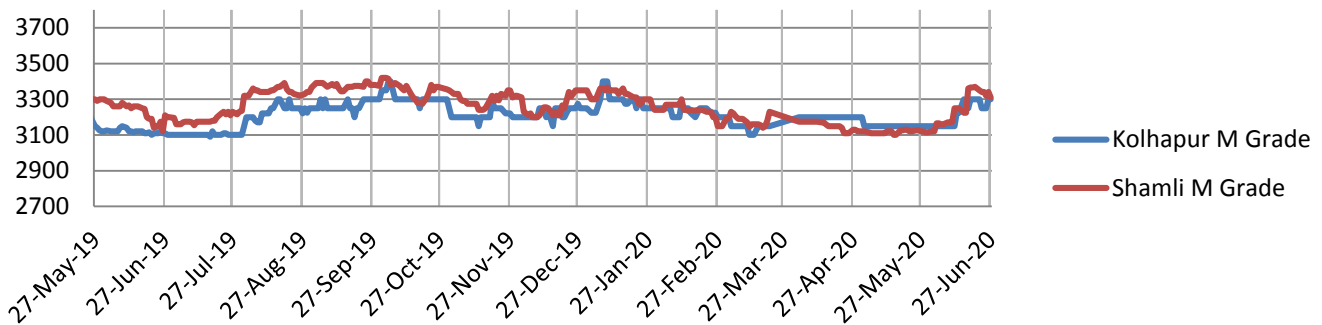
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range steady next week between Rs.3220 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood high at Rs. 3275 per quintal, while spot sugar prices for the same grade in Shamli district stood higher at Rs. 3347.5 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:

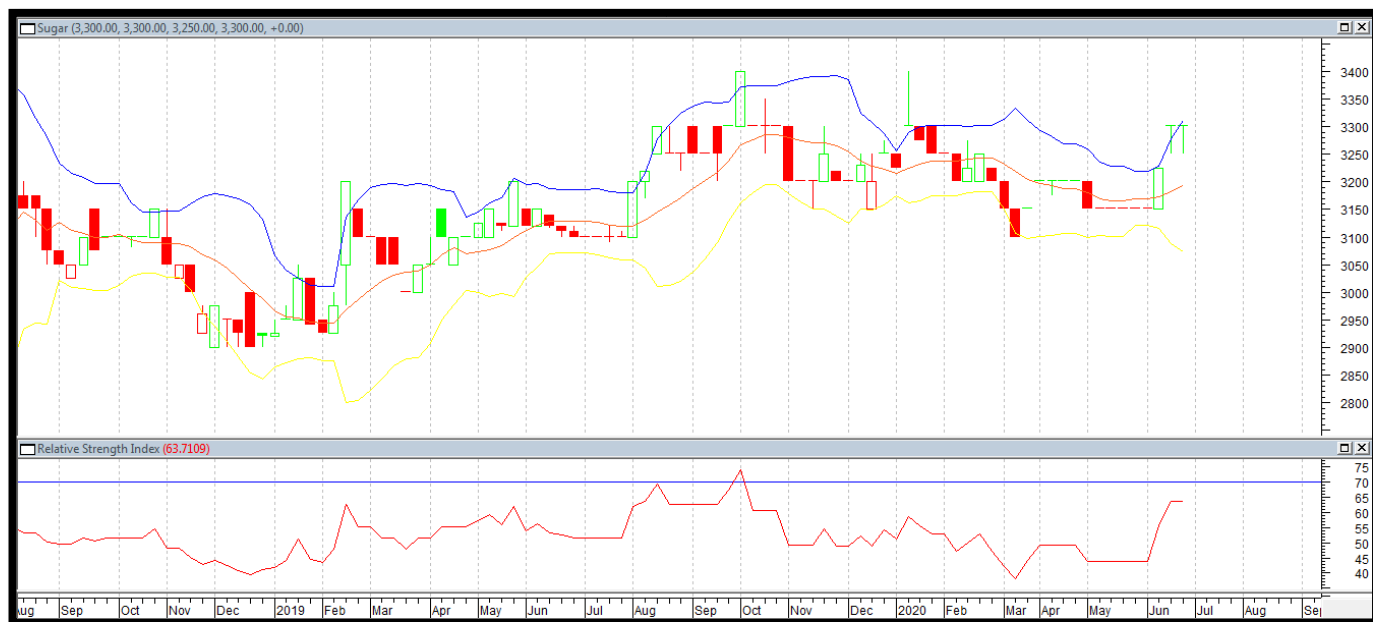
- **The sugar domestic prices increased in the last 15-20 days, up by around Rs.30 to 150/q across India.** The ministry is likely to announce a surge minimum support price sooner by Rs.2/kg to Rs.33/kg and a raise the fair and remunerative price (FRP) of sugarcane by Rs. 10/q to Rs. 285/q for 2020-21 in the next coming days. This has made a positive impact on the sugar market. The demand has increased after the unlocking of lockdown in phased manner and the bulk purchases has been increased slightly.
- **Maharashtra got an extension in producing sanitizer till December end this year.** As there is a huge demand of sanitizers to stop the spread of Covid-19. So far till 21st June'20, UP produced around 11.84 million litres of sanitizer followed by Maharashtra producing around 11 million litres during the same period.
- **ISMA estimates an increase of 17% in sugar production from 2019-20 year to around 320 LT on cane crushing basis in 2020-21** in the view of normal to good rainfall this year. Sugar production around 305 LT (increase by 8-10%) is expected after assumptions being made on the account of reduction in sugar production due to the diversion to ethanol. According to Agriwatch estimate, around 15-18% increase in the sugar production is expected (after ethanol diversion) in 2020-21 season from the current season's estimate of around 272 LT. There is some difference from ISMA estimates due to the uncertainty in the increase in diversion in ethanol production because many sugar distilleries have applied for the soft loans for expanding the capacity of distillery units but only a few got approval from the banks. So, the immediate expansion and increase in ethanol production cannot be expected.
- **According to ISMA, the area under sugarcane is likely to increase by around 8%.** Whereas, according to Agriwatch, the area under sugarcane is likely to increase by only 2-4% in India. Already around 48 lakh ha area has been sown so far till 11th June. If the government does not approves a raise in FRP on sugarcane and minimum selling price on sugar, would discourage farmers to plant the area under sugarcane. Also, there is around Rs.17,000 crore cane price dues that are still pending to be given to the farmers.
- **According to the trade sources, India exported around 4 LT of total sugar (including White refined and raw sugar) in May month** almost same quantity was shipped during April this year. As most of the mills has started refining sugar, therefore, more than 1.5 LT of refined sugar has been exported out of the total sugar exports. Sudan, Syria, Jordan, China, Tanzania, Afghanistan, Yemen, UAE, Qatar, Somalia were the major importers for refined sugar. Whereas Indonesia and Bangladesh were the largest importer of raw sugar purchasing around 77,000 tonnes and 27,000 tonnes respectively in May month.

Previous Updates

- **In order to help sugar mills improve their cash flow, the Food ministry has planned to liquidate stocks worth Rs 30,000 crore in 4 months.** It will help sugar mills to improve cash flow and pay cane arrears to farmers. The sugar sales in March and April'20, was lower by about 10 lakh tonnes. Due to low sales, mills are under deep financial crisis and are unable to pay cane dues. Apart from that, the ministry is releasing assistance of Rs. 1,100 crore on account of export and buffer subsidy to sugar mills this month itself. This would facilitate sugar mills in clearance of their balance arrears, which have crossed Rs. 22,000 crore.
- **Uttar Pradesh alone has put a record of producing 126.5 LT of sugar this year in the current season** that crushed 1,116 lakh tons of sugarcane. And a record cane price payment of more than Rs. 1,00,000 crores has been paid between 2017 and 2020 to the 47.20 lakh sugarcane farmers in the state. The demand across UP has seen a significant rise in prices in the last 10 days. The lifting up of restriction on lockdown picked up the demand supported the sugar prices. The prices stood between Rs.3255/q and Rs.3400/q in last 10 days.
- **Maharashtra cotton marketing federation claims that only 10 lakh quintals of FAQ kapas** is left with the farmers in Maharashtra. And the procurement by the federation is likely to finish by the end of June month. The federation has purchased around 76 lakh quintal of cotton while CCI has procured around 110 lakh quintal till date. As the monsoon has arrived in Maharashtra, the cotton quality has is prone to deterioration due to moisture which causes discoloration of the threads and makes ginning difficult. Therefore, the federation has decided to purchase cotton only in centers where ginning units are operational and have proper storage capacity.
- **Texprocil urged the government to include cotton yarn under the 3 per cent Interest Equalization Scheme** as exporters are passing through difficult times. Also, to cover cotton yarn and cotton fabrics under the present RoSCTL (Rebate of State and Central Taxes and Levies) Scheme and the much-awaited Refund of Duties and Taxes on Export Products (RoDTEP) Scheme. As these schemes reimburse all the duties and taxes incurred during the production process and support the export of goods and not taxes.

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

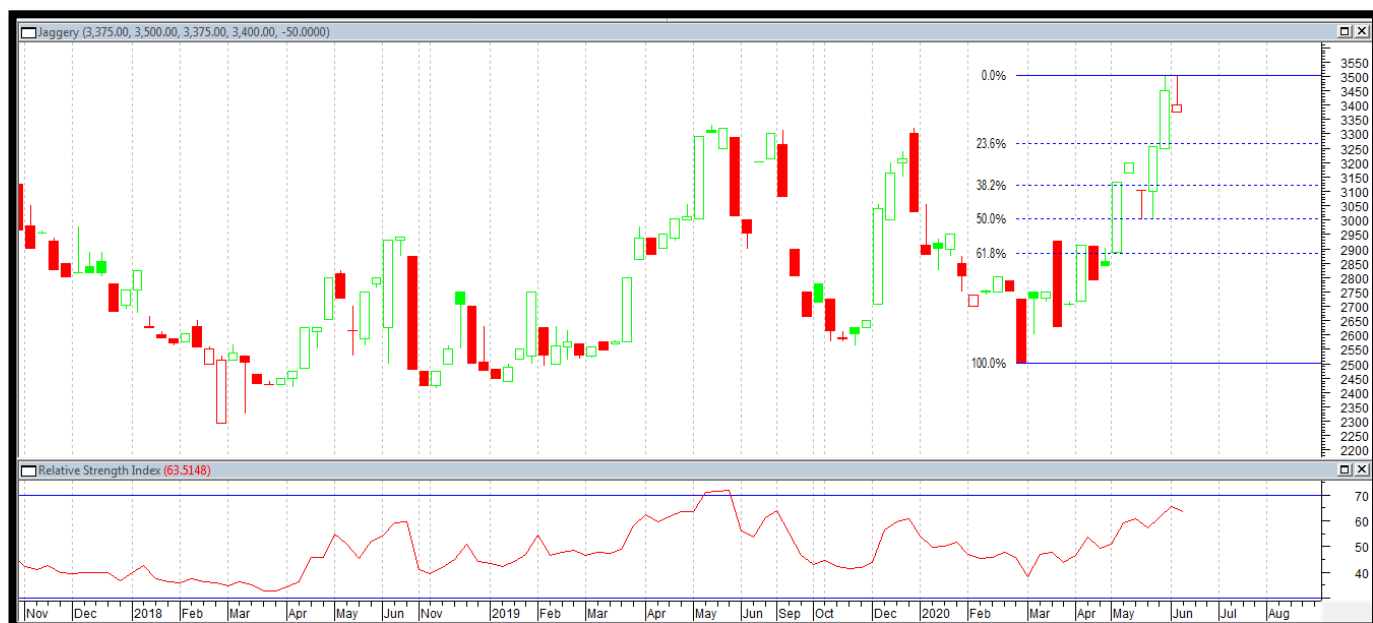
- Average sugar spot prices at benchmark Kolhapur market was closed firm at Rs.3275/q in last week.
- Next resistance and support level for the next week is expected at Rs.3350 and Rs.3150 per quintal respectively.
- RSI is in the neutral region.



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

Gur Market Scenario

- There were no arrivals during the last week for Chaku variety of gur in key Muzaffarnagar market. The average prices stood firm at Rs.3437/q with lower arrivals of 17000 quintals during the prior 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-19 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:

- According to ISO, the global sugar demand-supply scenario indicating a sugar deficit of 6.9 million tonnes globally, although India again being surplus. Due to Covid-19, the prices of sugar have gone down in the global markets and during the sugar year 2019-20 (October 2019-September 2020), more than 2.3 million tonnes of sugar consumption has been lost till now and the future is uncertain. Due to the fall in crude oil prices, Brazil may prefer for production of sugar from sugarcane rather than ethanol. The main buyers of sugar shall be Egypt, Saudi Arabia and Indonesia and looking to the fact Thailand, the main exporting country from Asia, expected to be down by 40% in sugar production. India may take advantage of the same by exporting sugar to these countries.

- According to UNICA, a huge surge in the first two weeks of Jun'20 was by around 36.3% producing 25.49 LT of sugar and a total of 10.56 million tonnes since the beginning of the season in April. The mills allocated 47.11% of the cane to produce sugar in 1st half of Jun'20, compared to 35.69% 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 was around 186 million tonnes so far till first fortnight of June'20, up by 8.77% compared to the same time previous year.

Previous Updates

- **Thailand sugar exports declined significantly year on year till April this year.** The imports of Thai sugar by other countries experienced a decline due to the fall in sugar demand during January and April. While Vietnam was the top importer of Thai refined sugar from January to April this year, as the country had abolished sugar import quota for ASEAN-origin sugar in January. For January-April, Vietnam imported 157,925 MT of white and refined sugar (10 times more y-o-y). Despite the strong off-take from Vietnam, Thai premiums are weakening as purchases were reported to have slowed in 2nd quarter 2020. The prices of Thai sugar is higher in the international market and the buyers would seek for cheaper alternative including Indian sugar.
- **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.

Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production will climb +18.5% to 35.3 MMT from 26.4 MMT in the earlier season	Bearish
Global sugar production is expected to surge to 188.1 up by 13.2% MMT (USDA) in 2020/21 MY	Bearish
Thailand's 2020/21 sugar production will climb by +2.4% y/y to 8.5 MMT	Bearish

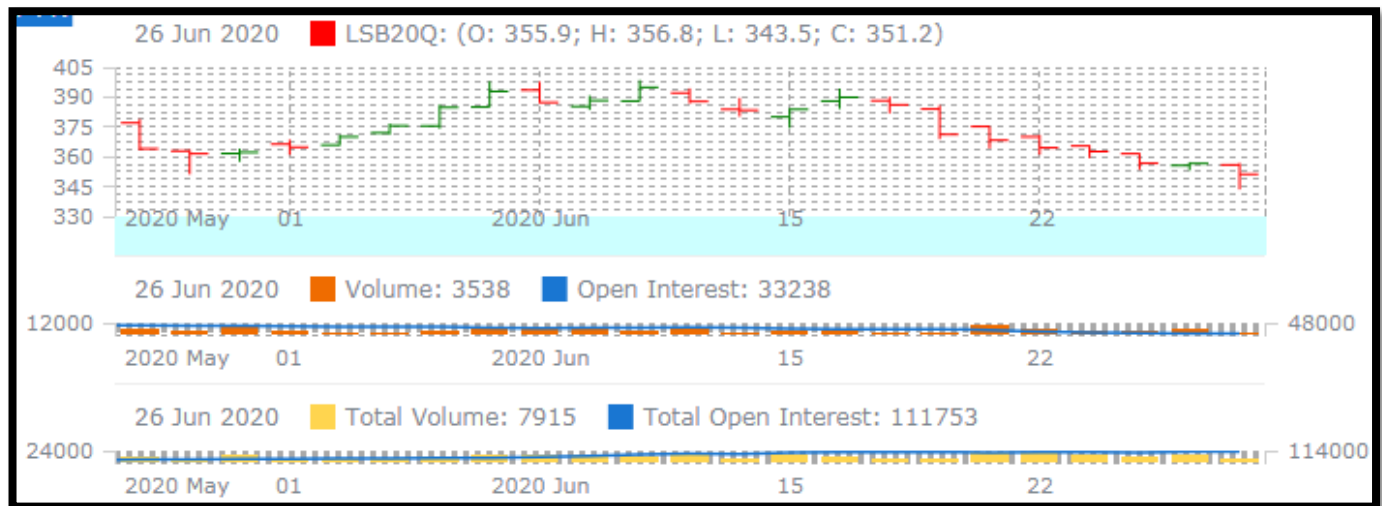
International Sugar Futures Price Projection

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 350, T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	351.2	3450-365

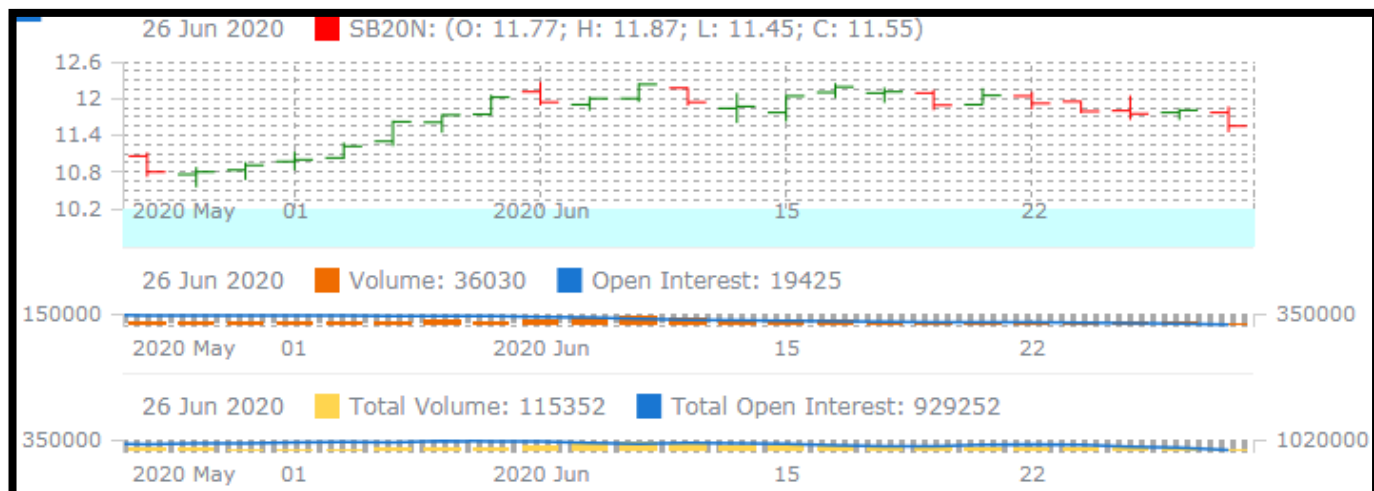


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract)

Technical Commentary:

- ICE raw sugar futures were bearish during the week.
- Both total volume & open interest decreased in a week.
- Strategy: Buy at rate 11.2 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	11.55	10-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			19th Jun'20 to 25th Jun'20	12th Jun'20 to 18th Jun'20	
Delhi	Delhi	M-Grade	3358	3337	21
	Delhi	S-Grade	3338	3317	21
Uttar Pradesh	Khatauli	M-Grade	3385	3340	45
	Ramala	M-Grade	3320	3335	-15
	Dhampur	M-Grade Ex-Mill	3240	3196	44
	Dhampur	S-Grade Ex-Mill	3220	3176	44
	Dhampur	L-Grade Ex-Mill	3290	3246	44
Maharashtra	Mumbai	M-Grade	3554	3420	134
	Mumbai	S-Grade	3356	3320	36
	Nagpur	M-Grade	3400	3388	13
	Nagpur	S-Grade	3300	3279	21
	Kolhapur	M-Grade	3275	3263	13
	Kolhapur	S-Grade	3175	3154	21
Assam	Guhawati	S-Grade	3487	3465	21
Meghalaya	Shillong	S-Grade	3495	3474	21
Andhra Pradesh	Vijayawada	M-Grade	3720	3650	70
	Vijayawada	S-Grade	3660	3590	70
West Bengal	Kolkata	M-Grade	3580	3580	Unch
Tamil Nadu	Chennai	S-Grade	NA	3660	-
	Dindigul	M-Grade (DCA)	3640	3607	33
	Coimbatore	M-Grade (DCA)	3620	3647	-27
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

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)			19th Jun'20 to 25th Jun'20	12th Jun'20 to 18th Jun'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	3385	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	6300	-
	Muzaffarnagar	Khurpa (Fresh)	3289	3263	26
	Muzaffarnagar	Laddoo (Fresh)	NA	3365	-
	Muzaffarnagar	Rascut (Fresh)	2751	2715	36
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4800	4850	250
		White	4500	4550	-
		Black	4300	4350	-50
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4300	4330	-30
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3410	3375	35
	Gulbarga	Other (Average)	4025	NA	-
	Mahalingapura	Penti (Average)	3415	3370	45
	Mandya	Achhu (Medium)	3537	3553	-17
	Mandya	Kurikatu (Medium)	3275	3258	17
	Mandya	Other (Medium)	3290	3277	13
	Mandya	Yellow (Medium)	3560	3553	7
	Shimoga	Achhu (Average)	3750	3750	Unch

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			27-Jun-20	20-Jun-20	28-May-20	29-Jun-19
Delhi	Delhi	M-Grade	3300	3370	3150	3160
	Delhi	S-Grade	3280	3350	3130	3140
Uttar Pradesh	Khatauli	M-Grade	3360	3400	3155	3400
	Ramala	M-Grade	NA	3330	0	0
	Dhampur	M-Grade Ex-Mill	3320	3210	3120	3300
	Dhampur	S-Grade Ex-Mill	3300	3190	3100	3280
	Dhampur	L-Grade Ex-Mill	3370	3260	3170	3350
Maharashtra	Mumbai	M-Grade	3540	3550	3540	3312
	Mumbai	S-Grade	3356	3350	3360	3216

	Nagpur	M-Grade	3425	3425	3275	3225
	Nagpur	S-Grade	3325	3325	3225	3225
	Kolhapur	M-Grade	3300	3300	3150	3100
	Kolhapur	S-Grade	3200	3200	3100	3100
Assam	Guhawati	S-Grade	3512	3512	3410	3410
Meghalaya	Shillong	S-Grade	3520	3520	3420	3420
Andhra Pradesh	Vijayawada	M-Grade	3740	3700	3600	3620
	Vijayawada	S-Grade	3680	3640	3540	3560
West Bengal	Kolkata	M-Grade	3710	3580	3530	3630
Tamil Nadu	Chennai	S-Grade	Closed	Closed	3650	3600
	Dindigul	M-Grade (DCA)	3640	3640	3640	3560
	Coimbatore	M-Grade (DCA)	3620	3620	3650	3650
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	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)			27-Jun-20	20-Jun-20	28-May-20	29-Jun-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	3100	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	4000	0
	Muzaffarnagar	Khurpa	NA	NA	2900	0
	Muzaffarnagar	Laddoo	NA	NA	3138	0
	Muzaffarnagar	Rascut	2725	2700	2563	0
	Hapur	Chaurasa	NR	NR	0	3000
	Hapur	Balti	NR	NR	0	0
Andhra Pradesh	Chittur	Gold	Closed	4800	NA	4100
		White	Closed	4500	4400	3700
		Black	Closed	4300	4100	NA
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4300	4450	4350
	Belgaum	Mudde (Average)	NA	NA	NA	0
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	NA	3200	3000
	Gulbarga	Other (Average)	NA	NA	NA	NA
	Mahalingapura	Penti (Average)	NA	NA	3321	NA
	Mandya	Achhu (Medium)	NA	3600	3400	2950
	Mandya	Kurikatu (Medium)	NA	3300	3200	2800
	Mandya	Other (Medium)	NA	3250	3100	2800
	Mandya	Yellow (Medium)	NA	3570	3380	3000
	Shimoga	Achhu (Average)	NA	3750	3750	NA

International Sugar Prices (Weekly)				
	Contract Month	19th Jun'20 to 25th Jun'20	12th Jun'20 to 18th Jun'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	2070.00	2094.00	-24.00
	20-Oct	2056.00	2083.00	-27.00
	21-Mar	2112.00	2116.00	-4.00
LIFFE Sugar (US \$/MT)	20-Aug	2708.00	2769.00	-61.00
	20-Oct	2717.00	2850.00	-133.00
	20-Dec	2690.00	2738.00	-48.00

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Agribusiness Systems Ltd.