

Price Outlook:

The sugar demand during the week, remained mixed due to the moderate demand. The acreage under sugarcane is likely to increase this year. Maharashtra is likely to revive as more than 50,000 ha was destroyed in the floods in the West of the state and droughts in other parts. 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 firm around Rs.3733/q and slightly higher at Rs.3283q in Kolhapur bench market whereas the prices in UP stood lower at Rs.3344/q against last week.

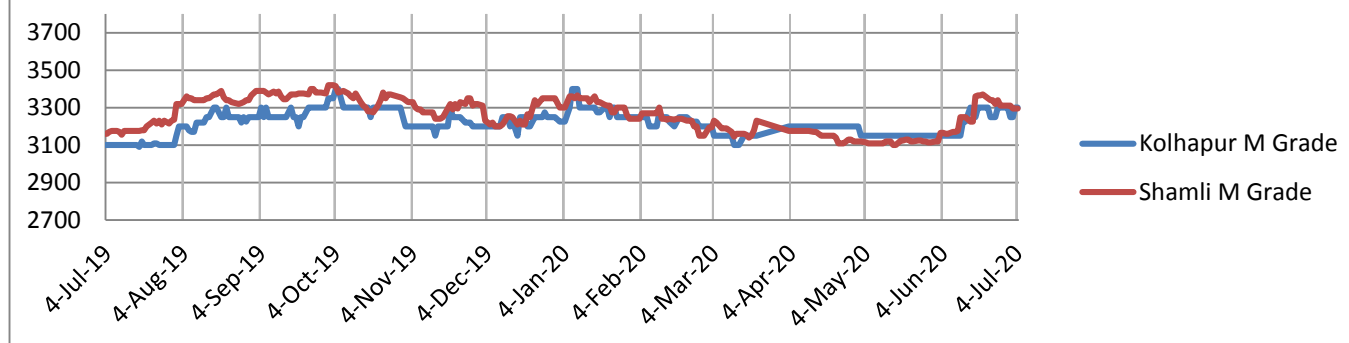
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3250 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood high at Rs. 3283 per quintal, while spot sugar prices for the same grade in Shamli district stood lower at Rs. 3312 per quintal during the week.

**Price comparsion Kholpur M- grade and Shamli
Rs/Qtl**

**Fundamental summary:**

Factors	Impact on prices
India's 2020/21 sugar production would climb +17.7% y/y to 32.01 MMT, according to ISMA	Bearish
Indian could achieve a target of 5million tonnes of sugar exports 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 government is likely to increase the minimum support price of sugar and FRP of sugarcane	Bullish

Domestic Market Highlights

Recent Updates:

- **Maharashtra government in its recent meeting, has decided to start cane crushing by 15th October'20.** Last year, due to the bad weather conditions the crushing was delayed and commenced on 22nd November'19. According to the government, a total of 9.21 lakh ha has been covered as on 26th June'20 under sugarcane, up by around 9.6% year on year basis. According to Agriwatch, Maharashtra may see a surge of around 22-26% rise in area under sugarcane against the previous year. And the state may see a surge of 65-70% in sugar production in 2020-21. Sugar production declined by about 40% in 2019-20 season due to the reduction in yield.
- **The Maharashtra government has lifted the ban imposed on the sale and transport of molasses within the state and export outside the state.** The ban was imposed last year after the floods in west Maharashtra and drought in other parts of the state. As on 9th June, the molasses stock in the state totalled to 13.9 LT including the mill's inventory of 8.47 LT while breweries have around 5.43 LT in 2019-20. The molasses recovery is expected to be 4.75 percent of cane crushed. Therefore, in the coming season Maharashtra is likely to crush 900-920 LT of cane producing around 40 to 42 LT of molasses.
- **OMC's have been supplied with 92.5 crore litres of ethanol till 22nd June since December'19 by Indian sugar mills.** A total contract of 170 crore litres was finalized between the sugar mills and OMCs for 2019-20 season. In the states like UP, Haryana, Punjab, Uttarakhand, Bihar and Karnataka ethanol blending is higher at 8.5% to 9.8% with petrol while, the average all India blending was 5.09% with petrol. India is expecting an increase in ethanol production capacity from the current 260-300 crore litres to 375-400 crore litres and aiming at 7.5-8 per cent ethanol blend levels with petrol in 2020-21 season.
- **UP sets a record in production of jaggery in 2019-20 at 50LT against 45 LT in the previous year, up by around 11%.** Western UP is the hub of jaggery production and around 30LT is expected to have been produced this year. Everyday around 400-500 bags (40kg/bag) are arriving. Although a few jaggery units were closed during lockdown leading to the diversion of cane to sugar producing units and increased sugar production by 3-4LT. As the state has produced a record production of sugarcane this year due to which there has been an increase by 7-8% in sugar production and jaggery production as well.

Previous Updates

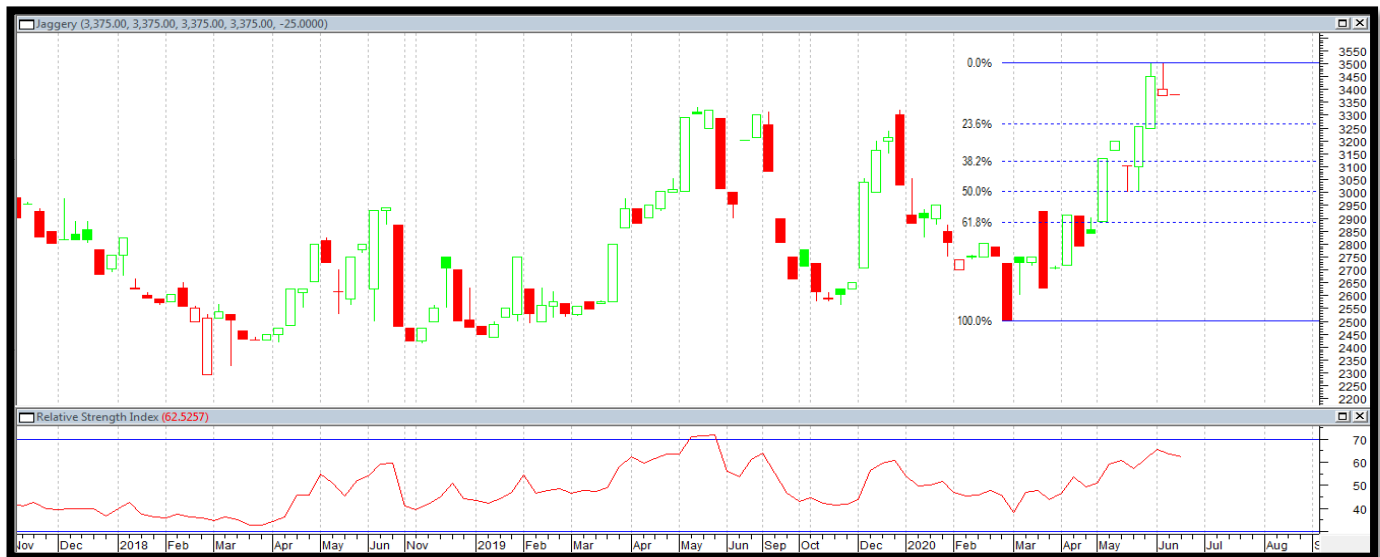
- **The sugar domestic prices increased in the last 15-20 days, up by around Rs.30 to 150/q across India.** The ministry is likely to announce a surge minimum support price sooner by Rs.2/kg to Rs.33/kg and a raise the fair and remunerative price (FRP) of sugarcane by Rs. 10/q to Rs. 285/q for 2020-21 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 approve a raise in FRP on sugarcane and minimum selling price on sugar, it would discourage farmers from planting more 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.

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

- Average sugar spot prices at benchmark Kolhapur market stood firm at Rs.3283/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 arrivals are now likely to commence from October in the new season.
- 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 272.5 LT by the end of Sep'20 for 2019-20 SS decline by around 18% from the 331.61 LT of sugar production 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 5.3 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:

- **Brazil sugar exports reached 3 million tonnes in June'20.** This is around 14% higher than May and 97% above the same month in 2019. Sugar production continued to increase, reaching a near-record 36% increase early in June. The Brazilian ethanol market remained weak, thus, the global sugar market could be flooded, which would surge the prices.

Previous 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.

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
World sugar production in 2019-20 (Apr-Mar) fell -4.8% y/y to 166.7 MMT	Bullish
The world sugar balance in 2019/20 will fall by -9.3MMT y/y	Bullish

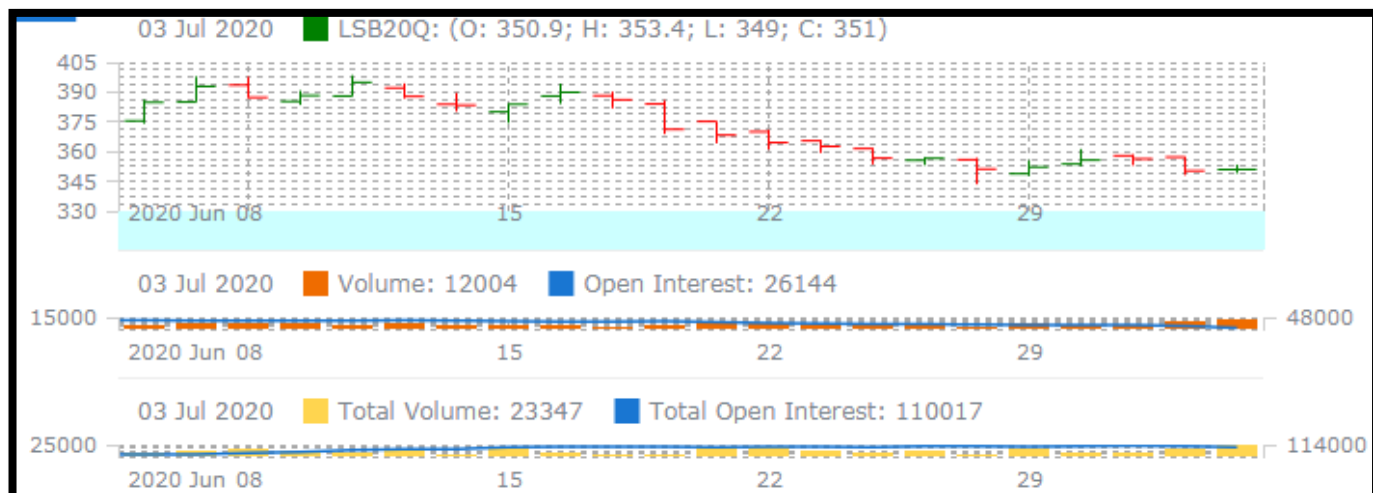
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was steady during the week.
- Total volume increased & open interest decreased 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	345-365

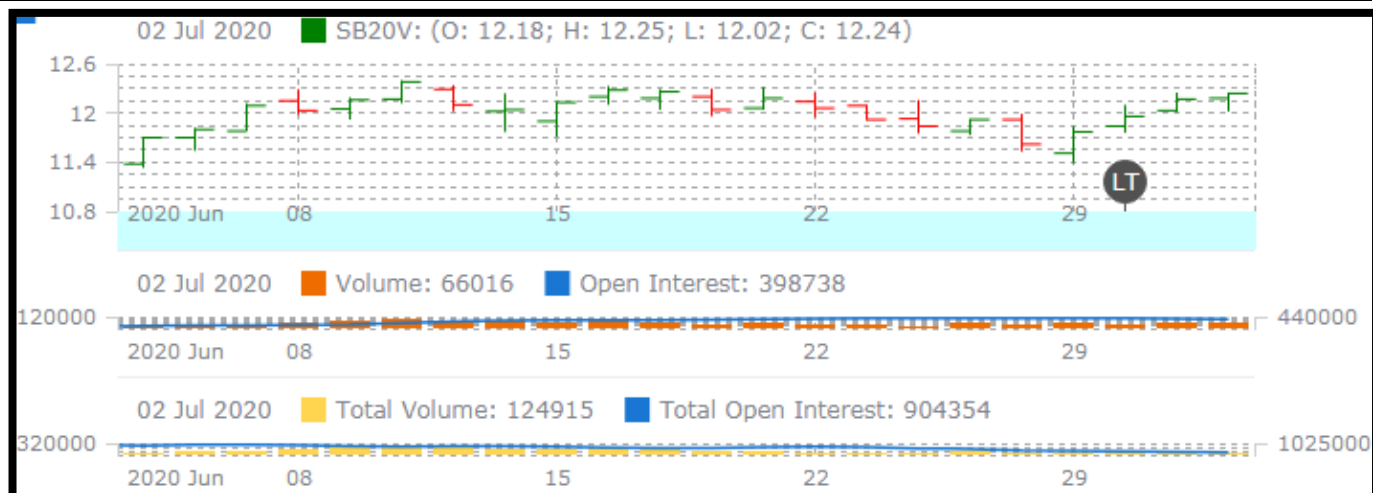


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract)

Technical Commentary:

- ICE raw sugar futures were firm during the week.
- Total volume increased & open interest decreased in a week.
- Strategy: Buy at rate 12 Targeting 12.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'20	12.24	10-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			26th Jun'20 to 2nd Jul'20	19th Jun'20 to 25th Jun'20	
Delhi	Delhi	M-Grade	3315	3358	-43
	Delhi	S-Grade	3295	3338	-43
Uttar Pradesh	Khatauli	M-Grade	3344	3385	-41
	Ramala	M-Grade	3290	3320	-30
	Dhampur	M-Grade Ex-Mill	3322	3240	82
	Dhampur	S-Grade Ex-Mill	3302	3220	82
	Dhampur	L-Grade Ex-Mill	3372	3290	82
Maharashtra	Mumbai	M-Grade	3547	3554	-7
	Mumbai	S-Grade	3355	3356	-2
	Nagpur	M-Grade	3408	3400	8
	Nagpur	S-Grade	3308	3300	8
	Kolhapur	M-Grade	3283	3275	8
	Kolhapur	S-Grade	3183	3175	8
Assam	Guhawati	S-Grade	3495	3487	8
Meghalaya	Shillong	S-Grade	3503	3495	8
Andhra Pradesh	Vijayawada	M-Grade	3733	3720	13
	Vijayawada	S-Grade	3673	3660	13
West Bengal	Kolkata	M-Grade	3710	3580	130
Tamil Nadu	Chennai	S-Grade	3750	NA	-
	Dindigul	M-Grade (DCA)	3640	3640	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
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)			26th Jun'20 to 2nd Jul'20	19th Jun'20 to 25th Jun'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	3289	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2725	2751	-26
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-

Andhra Pradesh	Chittur	Gold	NA	4800	-
		White	NA	4500	-
		Black	NA	4300	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4280	4300	-20
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3400	3410	-10
	Gulbarga	Other (Average)	NA	4025	-
	Mahalingapura	Penti (Average)	3422	3415	7
	Mandya	Achhu (Medium)	3487	3537	-50
	Mandya	Kurikatu (Medium)	3225	3275	-50
	Mandya	Other (Medium)	3292	3290	2
	Mandya	Yellow (Medium)	3453	3560	-107
	Shimoga	Achhu (Average)	3720	3750	-30

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			4-Jul-20	27-Jun-20	4-Jun-20	6-Jul-19
Delhi	Delhi	M-Grade	3370	3300	3160	3160
	Delhi	S-Grade	3350	3280	3140	3140
Uttar Pradesh	Khatauli	M-Grade	3380	3360	3245	3270
	Ramala	M-Grade	3260	NA	0	0
	Dhampur	M-Grade Ex-Mill	3330	3320	3150	3160
	Dhampur	S-Grade Ex-Mill	3310	3300	3130	3140
	Dhampur	L-Grade Ex-Mill	3380	3370	3200	3210
Maharashtra	Mumbai	M-Grade	3590	3540	3500	3312
	Mumbai	S-Grade	3340	3356	3300	3230
	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	3700	3740	3600	3580
	Vijayawada	S-Grade	3660	3680	3540	3520
West Bengal	Kolkata	M-Grade	3710	3710	3530	3650
Tamil Nadu	Chennai	S-Grade	3750	Closed	3650	3600
	Dindigul	M-Grade (DCA)	3640	3640	3640	3580
	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)			4-Jul-20	27-Jun-20	4-Jun-20	6-Jul-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NR	NA	3388	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	3000	0
	Muzaffarnagar	Khurpa	NA	NA	3175	0
	Muzaffarnagar	Laddoo	NA	NA	3313	0
	Muzaffarnagar	Rascut	NA	2725	2663	0
	Hapur	Chaurasa	NA	NA	0	3000
	Hapur	Balti	NA	NA	0	0
Andhra Pradesh	Chittur	Gold	NR	Closed	4800	3900
		White	NR	Closed	4400	3700
		Black	NR	Closed	4100	3400
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	4250	NA	4450	4350
	Belgaum	Mudde (Average)	NA	NA	0	3200
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	3300	3000
	Gulbarga	Other (Average)	NA	NA	0	3050
	Mahalingapura	Penti (Average)	NA	NA	3347	0
	Mandya	Achhu (Medium)	3600	3450	3550	2900
	Mandya	Kurikatu (Medium)	3250	3200	3300	2800
	Mandya	Other (Medium)	3400	3250	3150	2800
	Mandya	Yellow (Medium)	3450	3500	3470	2900
	Shimoga	Achhu (Average)	3750	NA	3750	3800

International Sugar Prices (Weekly)

	Contract Month	26th Jun'20 to 2nd Jul'20	19th Jun'20 to 25th Jun'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	2018.00	2070.00	-52.00
	20-Oct	2021.00	2056.00	-35.00
	21-Mar	2100.00	2112.00	-12.00
LIFFE Sugar (US \$/MT)	20-Aug	2696.00	2708.00	-12.00
	20-Oct	2669.00	2717.00	-48.00
	20-Dec	2675.00	2690.00	-15.00

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