

Price Outlook:

The market was firm during the last week compared to the prior week. The price rose due to the rumor that spread in the sugar market amid an increase in minimum selling price of sugar. While the prices fallen in the last 2 days during the week after the rumor remained unclear that pressurized the prices. Around 53 LT exports contracts were booked out of which over 45 LT have been shipped. The major importing countries were Indonesia, Iran, Somalia and Sri Lanka. The average price in Vijayawada stood steady around Rs.3700/q and slightly higher at Rs.3300q in Kolhapur bench market whereas the prices in UP stood higher at Rs.3379/q against last week.

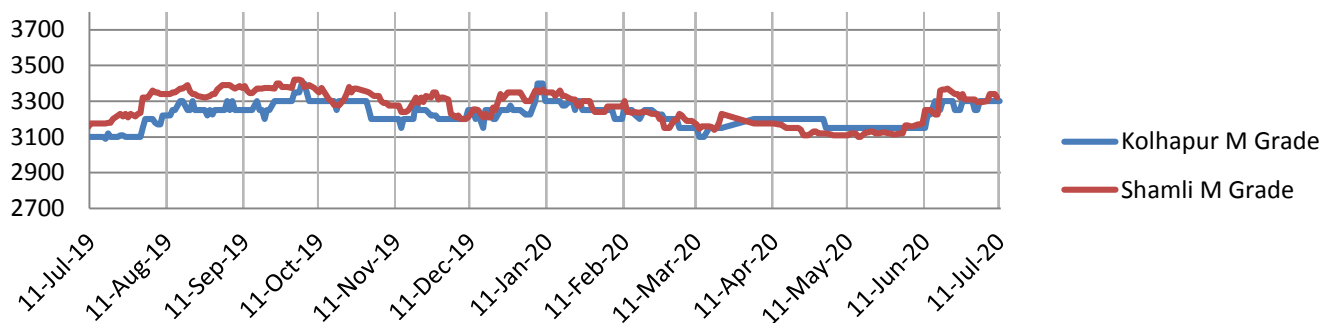
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3200 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood high at Rs. 3300 per quintal, while spot sugar prices for the same grade in Shamli district stood higher at Rs. 3318 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:

- **According to sources, the official announcement regarding hike in minimum selling price for sugar and sugarcane FRP should come in the coming week** to which led markets to be firm during the week. There is possibility of an increase of Rs.200/q in minimum selling price of sugar to Rs.3300/q and a rise of Rs.100/q in sugarcane FRP to Rs.285/q of cane.
- **India has been waiting for the export deals with China but are no longer confident of getting them due to the border tensions between China and India.** According to All India Sugar Trade Association, India can export 3 lakh tonnes of sugar to China in the next two to three months. So far, India has exported 1 LT of sugar to China. Now, the Indian sugar exporters are afraid to make deals and will wait for the situation to improve. As of June end, India shipped out around 45 LT of sugar out of 50 LT contracts booked including 24 lakh tonnes raw sugar and around 20 lakh tonnes of refined or white sugar. The top 5 buyers were Iran, Somalia, Indonesia, Sri Lanka and Afghanistan.
- **In UP, so far 13.39 million litre of sanitizer has been produced till 8th July'20**, out of which 67.42 lakh litre of sanitizer has been supplied within the state and 47.15 lakh litre has been supplied to other states of the country. Quantity supplied within the state; 67.42 lakh litre includes the quantity of 2.47 lakh litre supplied to various government organizations and government hospitals through the District Magistrates.

Previous Updates

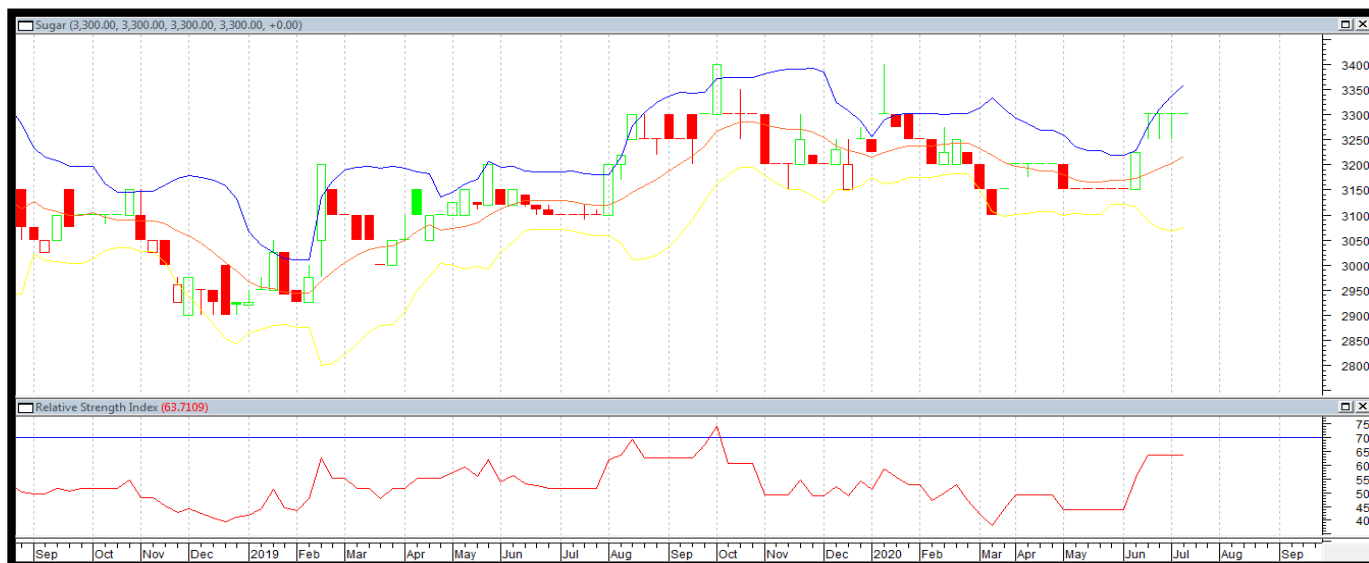
- **Maharashtra government in its recent meeting, has decided to start cane crushing by 15th October'20.** Last year, due to the bad weather conditions the crushing was delayed and commenced on 22nd November'19. According to the government, a total of 9.21 lakh ha has been covered as on 26th June'20 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.

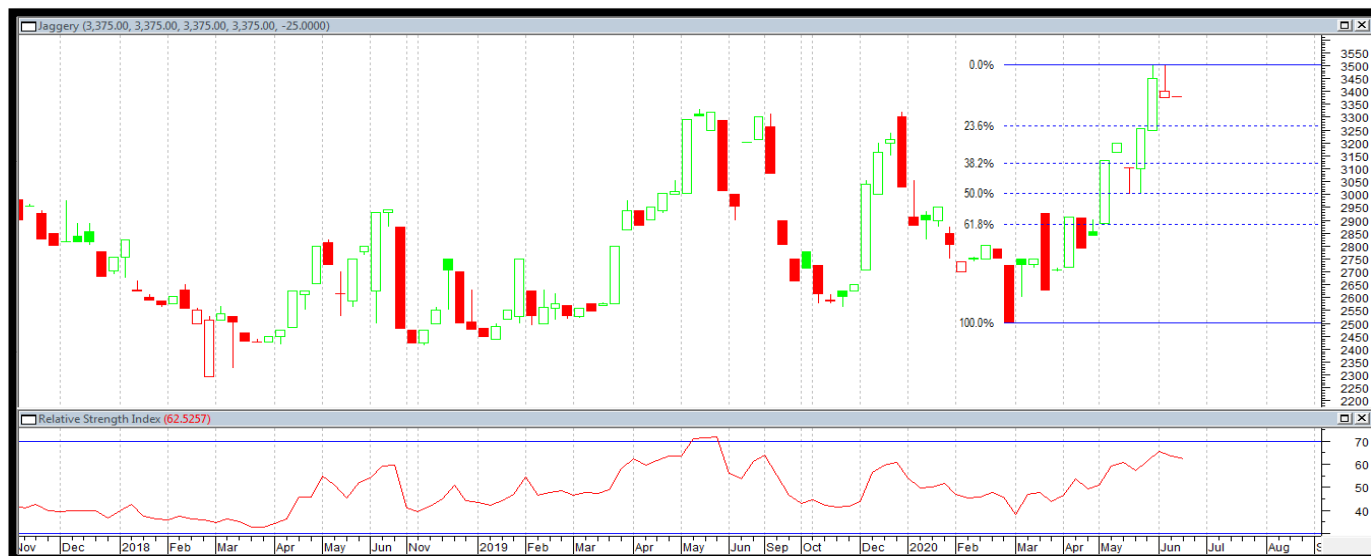
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Average sugar spot prices at benchmark Kolhapur market stood firm at Rs.3300/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:

- **According to UNICA, a huge surge in the second two weeks of Jun'20 was by around 23% producing 27.28 LT of sugar** and a total of 13.29 million tonnes since the beginning of the season in April in Brazil. The mills allocated 47.42% of the cane to produce sugar in 2nd half of Jun'20, compared to 37.06% at this time last year and 47.11% in the first half of June this 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 229 million tonnes so far till June'20, up by 5.2% compared to the same time previous year.
- **According to Thai Sugar Millers Corporation, Thailand exported 2.36 lakh tonnes of refined sugar and 3.21 lakh tonnes of raw sugar in May'20.** Total of 11.05 lakh tonnes of refined sugar (13.34% y/y) has been exported at an average FOB \$366.38/tonne and 22.32 lakh tonnes (2.5% y/y) of raw sugar at an average FOB \$300.57/tonne much lower sugar has been exported so far till May'20 from January'20. The exports were improved compared to the previous month as the demand was hit due to coronavirus.

Previous 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.
- **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.

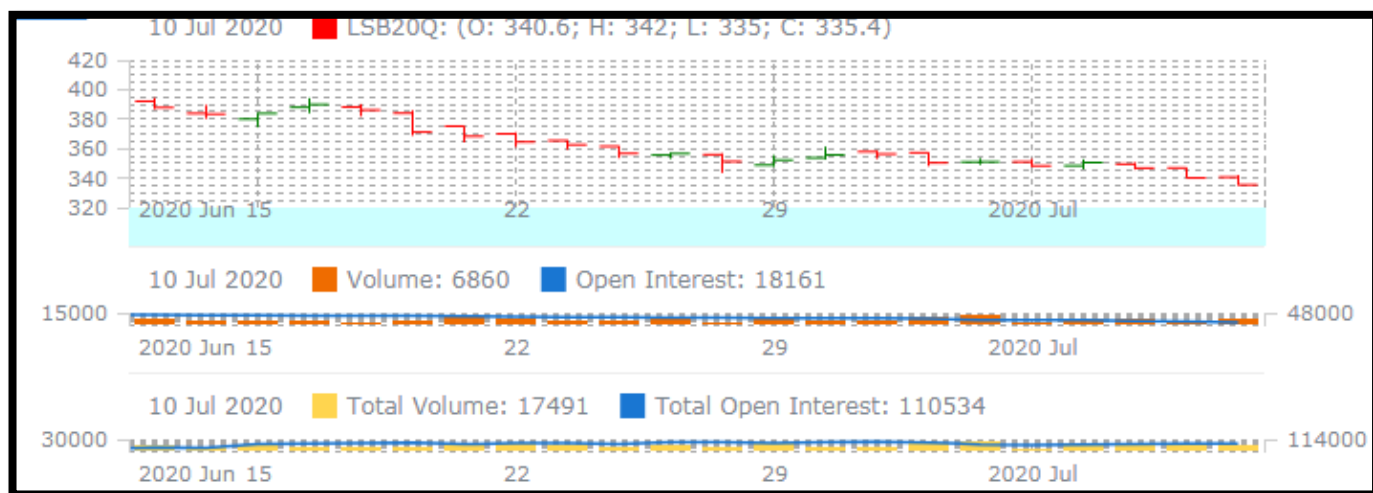
Bullish and Bearish factors for International sugar market:

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 bullish during the week.
- Total volume decreased & open interest increased over a week.
- Strategy: Buy at level 334, T1 350

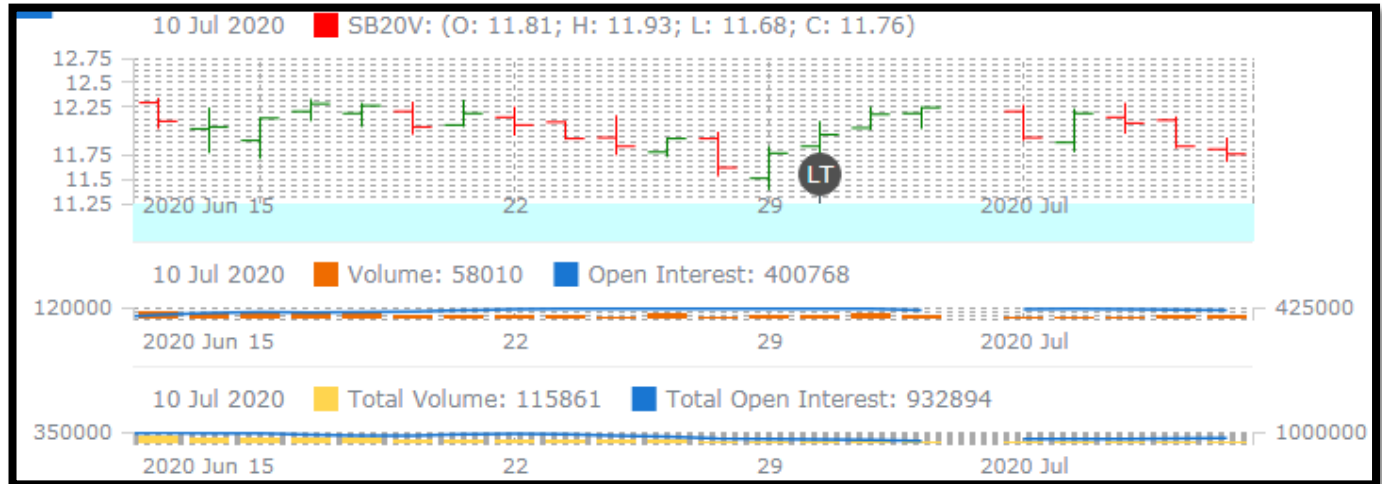
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	335.4	320-350

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

- ICE raw sugar futures were bearish during the week.
- Total volume decreased & open interest increased 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	11.76	10-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			3rd Jul'20 to 9th Jul'20	26th Jun'20 to 2nd Jul'20	
Delhi	Delhi	M-Grade	3385	3315	70
	Delhi	S-Grade	3365	3295	70
Uttar Pradesh	Khatauli	M-Grade	3379	3344	35
	Ramala	M-Grade	3279	3290	-11
	Dhampur	M-Grade Ex-Mill	3345	3322	23
	Dhampur	S-Grade Ex-Mill	3325	3302	23
	Dhampur	L-Grade Ex-Mill	3395	3372	23
Maharashtra	Mumbai	M-Grade	3583	3547	37
	Mumbai	S-Grade	3363	3355	9
	Nagpur	M-Grade	3425	3408	17
	Nagpur	S-Grade	3325	3308	17
	Kolhapur	M-Grade	3300	3283	17
	Kolhapur	S-Grade	3200	3183	17
Assam	Guhawati	S-Grade	3512	3495	17
Meghalaya	Shillong	S-Grade	3520	3503	17
Andhra Pradesh	Vijayawada	M-Grade	3700	3733	-33
	Vijayawada	S-Grade	3673	3673	Unch
West Bengal	Kolkata	M-Grade	3637	3710	-73
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch

	Dindigul	M-Grade (DCA)	3747	3640	107
	Coimbatore	M-Grade (DCA)	3693	3620	73
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3300	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)			3rd Jul'20 to 9th Jul'20	26th Jun'20 to 2nd Jul'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NR	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	2725	-
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NR	NA	-
		White	NR	NA	-
		Black	NR	NA	-
Maharashtra	Latur	Lal Variety	NR	NA	-
Karnataka	Bangalore	Mudde (Average)	NA	4280	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3445	3400	45
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3464	3422	42
	Mandya	Achhu (Medium)	3602	3487	115
	Mandya	Kurikatu (Medium)	3250	3225	25
	Mandya	Other (Medium)	3350	3292	58
	Mandya	Yellow (Medium)	3558	3453	105
	Shimoga	Achhu (Average)	3750	3720	30

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			11-Jul-20	4-Jul-20	11-Jun-20	13-Jul-19
Delhi	Delhi	M-Grade	3365	3370	3250	3150
	Delhi	S-Grade	3345	3350	3230	3130
Uttar Pradesh	Khatauli	M-Grade	Closed	3380	3325	3245
	Ramala	M-Grade	Closed	3260	0	0
	Dhampur	M-Grade Ex-Mill	Closed	3330	3200	3170

	Dhampur	S-Grade Ex-Mill	Closed	3310	3180	3150
	Dhampur	L-Grade Ex-Mill	Closed	3380	3250	3220
Maharashtra	Mumbai	M-Grade	3580	3590	3360	3312
	Mumbai	S-Grade	3360	3340	3290	3230
	Nagpur	M-Grade	3425	3425	3275	3225
	Nagpur	S-Grade	3325	3325	3225	3175
	Kolhapur	M-Grade	3300	3300	3150	3100
	Kolhapur	S-Grade	3200	3200	3100	3050
Assam	Guhawati	S-Grade	3512	3512	3410	3360
Meghalaya	Shillong	S-Grade	3520	3520	3420	3370
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	3600	3560
	Vijayawada	S-Grade	3680	3660	3540	3500
West Bengal	Kolkata	M-Grade	3600	3710	3530	3620
Tamil Nadu	Chennai	S-Grade	3750	3750	3600	3600
	Dindigul	M-Grade (DCA)	3800	3640	3640	3560
	Coimbatore	M-Grade (DCA)	3620	3620	3650	3650
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3300	3300	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)			11-Jul-20	4-Jul-20	11-Jun-20	13-Jul-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NR	0	3450	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	3000	0
	Muzaffarnagar	Khurpa	NA	0	3275	0
	Muzaffarnagar	Laddoo	NA	0	3413	0
	Muzaffarnagar	Rascut	NA	0	2813	0
	Hapur	Chaurasa	NA	0	0	0
	Hapur	Balti	NA	0	0	0
Andhra Pradesh	Chittur	Gold	NR	0	4700	0
		White	NR	0	4300	0
		Black	NR	0	4100	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4250	4450	0
	Belgaum	Mudde (Average)	NA	NA	0	0
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	3450	3400	0
	Gulbarga	Other (Average)	NA	NA	0	0
	Mahalingapura	Penti (Average)	NA	NA	3368	0
	Mandya	Achhu (Medium)	3650	3600	3480	3200

	Mandya	Kurikatu (Medium)	3300	3250	3200	3100
	Mandya	Other (Medium)	3250	3400	3250	3000
	Mandya	Yellow (Medium)	3600	3450	3400	3150
	Shimoga	Achhu (Average)	NA	3750	3750	0

International Sugar Prices (Weekly)				
	Contract Month	3rd Jul'20 to 9th Jul'20	26th Jun'20 to 2nd Jul'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	2054.00	2018.00	36.00
	20-Oct	2024.00	2021.00	3.00
	21-Mar	2091.00	2112.00	-21.00
LIFFE Sugar (US \$/MT)	20-Aug	2664.00	2696.00	-32.00
	20-Oct	2610.00	2669.00	-59.00
	20-Dec	2656.00	2675.00	-19.00

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