Price Outlook:

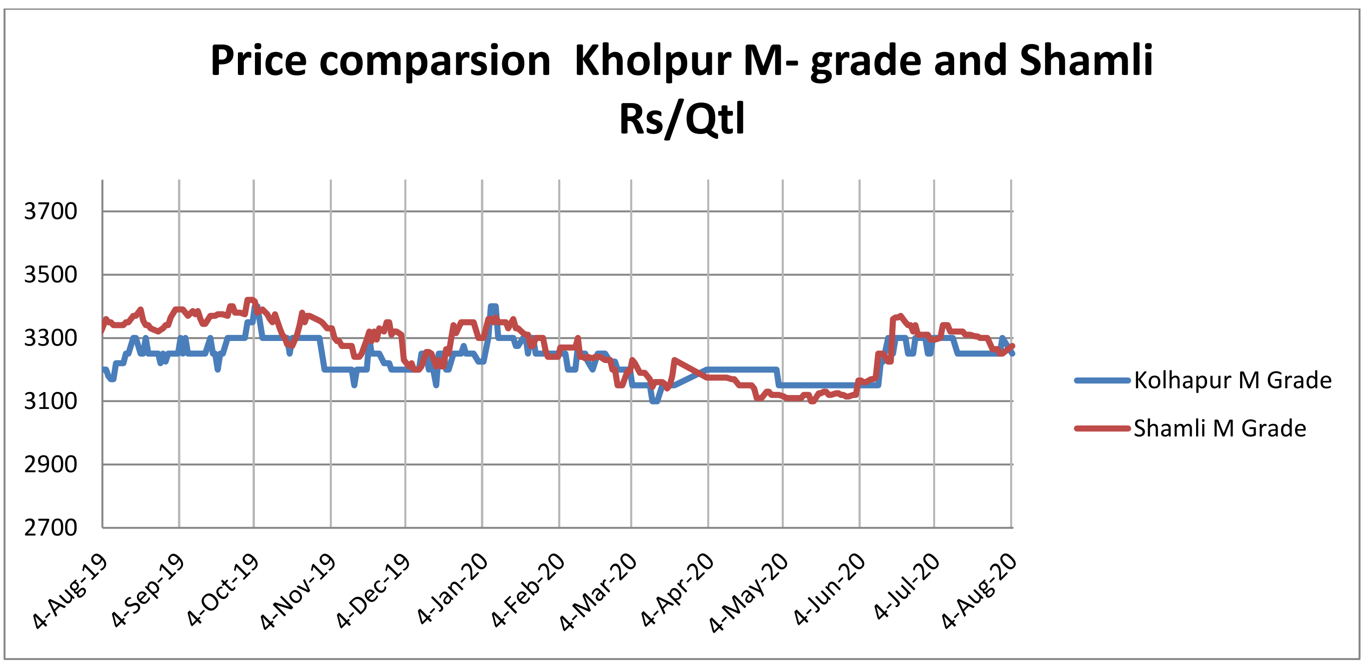
The sugar domestic prices were firm during July compared to the prices in June month, a rise between Rs.20 and 80/q has been witnessed during July. The sugar prices in August across India are expected to show mixed trend attributable to the usual festive season demand increase and price support but with the increasing number of Covid-19 cases across India which could drag down the demand and prices. Also, the government gave an assurance about the revision up in the Minimum Selling Price (MSP) of sugar in the coming season from Oct'20 by Rs.2/kg but no official statement have been released yet. The sowing under sugarcane is progressing, surpassing the normal area by 7% to 51.78 lakh ha as on 31st July'20. The sugar output in the coming season is expected to increase by around 15-17% in the coming season owing to the increase in area, aggravating the already surplus sugar supply situation in India.

Price Projection for the Next Month:

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

Domestic Sugar Market Summary:

HThe average price for sugar 'M' grade in key Kolhapur market settled firm at Rs.3267 per quintal in July month up by INR 39 from the previous month. Average Spot sugar prices for the same grade in Shamli district is 3302 per quintal in July that stood higher to the Kolhapur market prices, and significantly up by around 45 INR against previous month's average price Rs. 3257/q.



Bullish and Bearish factors for Domestic sugar:

Factors	Impact on prices
India's 2020/21 sugar production would climb +12% y/y to 30.5 MMT, according to ISMA	**Bearish**
Indian could achieve a target of 5.3 million 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 government is likely to surge minimum support price of sugar and FRP of sugarcane for 2020-21 sugar season	**Bullish**

Domestic Market Highlights

Recent Updates:

The monthly sales quota for Aug'20 was fixed at 20.5 LT among 547 mills. The July'20 sales quota was 1.5 MT higher compared to the previous year quota during the same time. Millers had witnessed fresh buying due to the rumours of hike in Minimum Selling Price (MSP) of sugar. Some demand had also been witnessed due to the easing nationwide lockdown due to the coronavirus pandemic.

The area under sugarcane increased to 51.78 lakh ha as on 31st July'20, exceeding the normal area expected. The top three sugarcane producing states; Uttar Pradesh, Maharashtra, and Karnataka are leading in area for 2020-21 sugar season by covering 23.87 lakh ha, 9.82 lakh ha and 5.51 lakh ha.

The government re-allocated 25000 tonnes of sugar out of the original quota that was allotted in the beginning of the season (Oct'19). The restored quantity has been allotted to the eligible sugar under Maximum Admissible Export Quota (MAEQ). India had allocated 60 lakh MAEQ quota for sugar marketing year 2019-20. As the reallocation of sugar export quota was delayed, some mills could not export sugar in July. Also, Industry has demanded release of the export incentives to enable payment of sugarcane to the farmers.

For sugar season 2020-21, UP has issued 131 new licenses to raw sugar producing units to increase their crushing capacities, 14 were issued on priority to women entrepreneurs with established crushing capacity of 4,100 tonnes of cane per day (TCD). The new sugar units would generate an additional crushing capacity of 34,550 TCD. The new raw sugar units would play a crucial role in prompt procurement of sugarcane, thus, generating work and employment in their respective areas.

In order to clear cane dues of farmers, the cane commissioner of Uttar Pradesh has announced that 85 percent amount of sale value of by-products of sugarcane (molasses, bagasse, press-mud and ethanol) derived by sugar mills will be tagged for cane price payment to farmers. Thus, 30% of the sale value of ethanol produced from C-grade molasses, 55% produced from B-heavy molasses and 80% produced directly from sugarcane juice will be used for repaying the dues.

In UP, so far 14.62 million litre of sanitizer has been produced till 3rd Aug'20, out of which 13.58 million litre of sanitizer has been supplied within the state and to other states of the country. At present the state is producing are 5.83 lakh litre sanitizers daily. Uttar Pradesh is leading in the production of hand sanitizer. While Maharashtra has produced around 11 million litre sanitizer as on 3rd Aug'20 and producing 1.36 million litre per day. As coronavirus has created panic among the people and Maharashtra is facing the highest number of Covid-19 cases, therefore, the demand will continue as it is now an essential item required on a daily basis.

The Indian government has approved a quantity of 10,000 tonnes of sugar exports (raw/white) to EU. The exports would be undertaken under CXL concessions to European Union for the period of Oct'20 to Sep'21 wherein, traders can export sugar at relatively low or zero customs duty. India exported around 25,000 tonnes in 2018-19 season and 18,465 tonnes during Oct'18-Apr'19 but it declined 28% to 13,343 tonnes during Oct'19 to Apr'20.

EXPORT: According to the trade sources, India exported around 3.4 LT of total sugar (including White refined and raw sugar) in June'20. Around 1.6 LT of refined sugar and 1.25 LT of white sugar has been exported out of the total sugar exports. Sudan, Somalia, Saudi Arabia, Libya, Kenya, Qatar, Tanzania were the major importers for refined sugar. While Sri Lanka, Afghanistan, China were the largest importer of white sugar and Iran was the largest importer for raw sugar in June month.

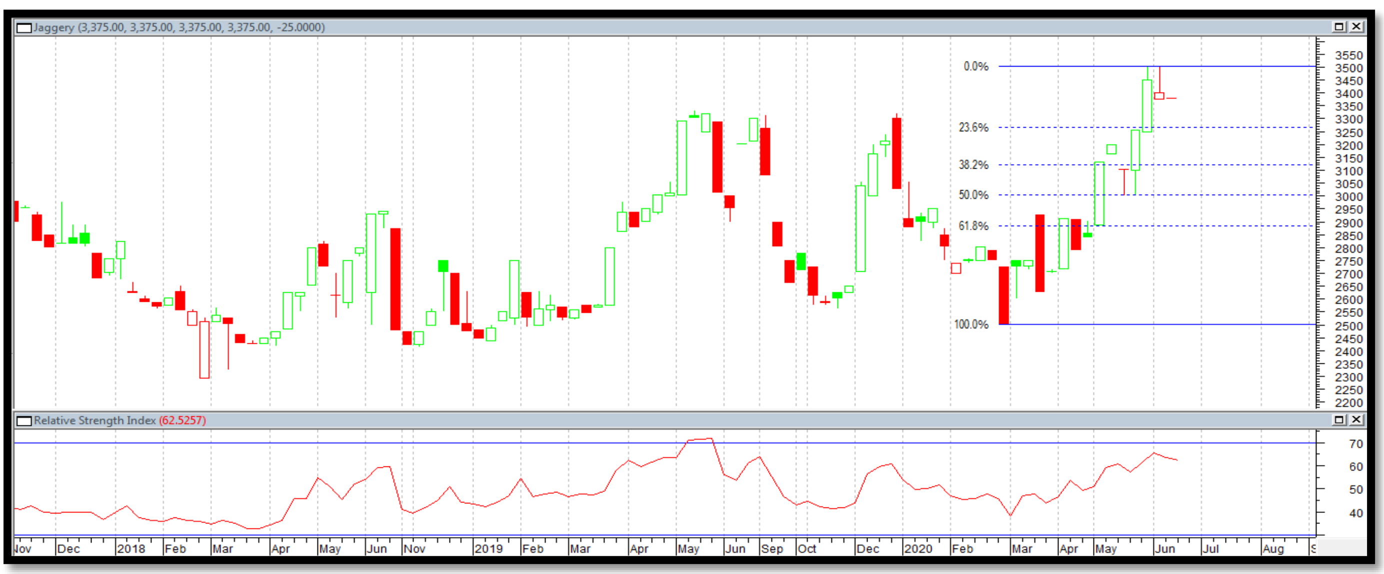
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3300 quintal by the end of July'20.
- Next resistance and support level for the next month is expected at Rs.3350 and Rs.3200 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 was closed as the arrivals stopped in second half of June. The arrivals are now likely to commence from October in the new season.
- The average prices stood higher at Rs. 3401 /q in the first of June compared to monthly average Rs. 3074/q in the previous month.
- 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.

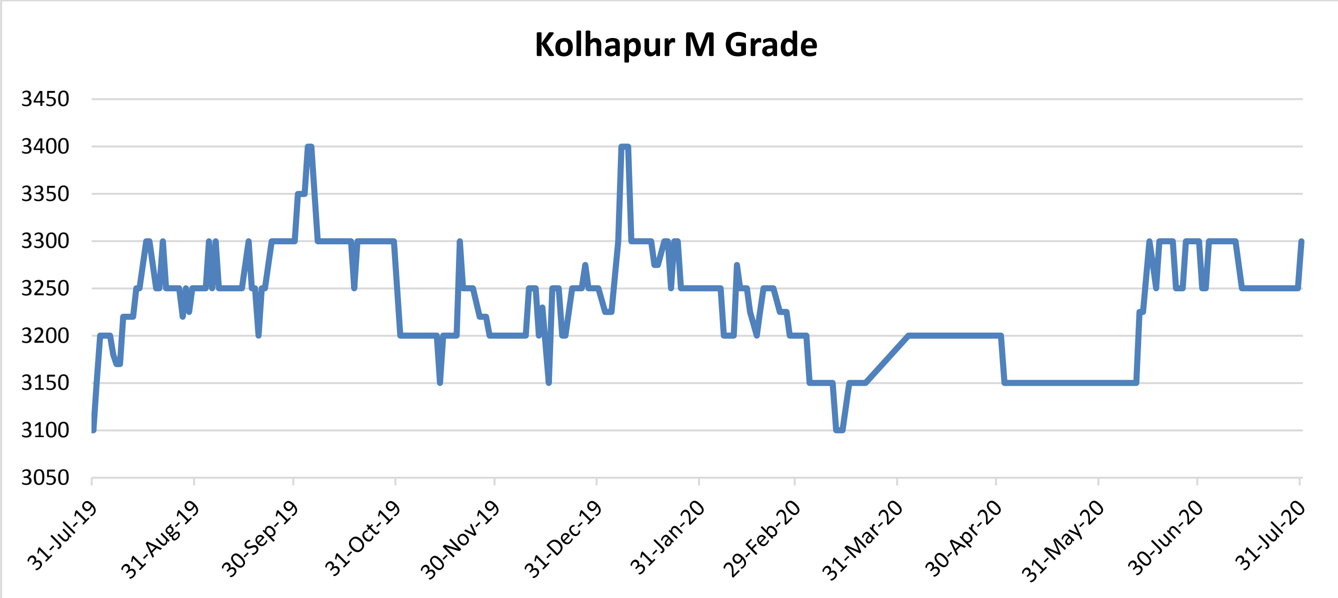
Sugar Domestic Balance Sheet

- As per the Agriwatch latest estimates, India's sugar production is expected to reach 272.5 LT by the end of Sep'20 for 2019-20 SS, adecline by around 18% from the 331.61 LT of sugar production in 2018-19.in.
- 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.
- with the production is expected to decline, the ending stock 101 LT in 2019-20 SS will also be lower than the previous year.
- India likely to export around 5.3 MMT despite the covid situation because of continued 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.

Domestic Sugar* (M- grade) Price Projection for next 3 months

Pariculars	Month	(Rs/Qtl)
Current month Average Price	**July'20**	**3267**
Previous month's Average Prices	Oct	3312
	Nov	3212
	Dec	3226
	Jan	3287
	Feb	3233
	Mar	3147
	Apr	3199
	May	3154
	Jun	3228
Projected Price Range	**Aug**	**3150-3350**
	Sep	**3150-3300**
	Oct	**3300-3500**

*** Kolhapur benchmarket**



International Sugar Market Summary:

The average global raw sugar prices have increased by around 1% since last month from 10.80 cents/lbs to 12.12 cents/lbs in June. The average refined sugar hiked significantly to $365.95/tonne in June from $352.12/tonne during the same period.

Bullish and Bearish factors for International sugar:

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 Market Highlights:

ICE sugar futures rallied by the month end, up by 54 points and settled at 12.27 cents/lbs and highest since 1st June'20. The spike in prices was attributed to an additional import quota to be released by the Chinese government for 2.1 million tonnes of sugar. Czarnikow projects that Thailand's 2020-21 sugar production could drop more than -10% year on year to an 11-year low of 7.4 MMT. Also, from expectations for Indonesia to boost imports.

According to UNICA, a total of 16.31 million tonnes of sugar has been produced till mid-July'20 since the beginning of the season in April in Brazil. A surge of 55% in the first two weeks of Jul'20 was reported producing 3.02 million tonnes of sugar. The mills allocated 47.94% of the cane to produce sugar in the fortnight of July'20, compared to 35.99% at this time last year. The amount of sugarcane crushed was around 275 million tonnes so far till mid-July'20, up by 6.5% compared to the same time previous year. Along with this, ethanol sale is also improving. The country witnessed a drop of only 10% in the ethanol sale this month compared with the ethanol sale during the same period last year.

The sugar retail prices in Nepal surged to around Rs.100/kg from earlier Rs. 85/kg. Sugar prices have surged due to sugar shortage. The annual demand of the sugar in the country is around 250,000 tonnes and the maximum sugar is consumed during three months of the year starting from July when the festival season starts. Nepal's one of the largest sugar importer is India. India exported around 35,126 tonnes in 2019-20 (Apr-Mar), up by 32% compared to the previous year during the same period. The sugar exports to Nepal declined in April'20 to 2,271 tonnes from 14,264 tonnes in Mar'20 due to pandemic. Although, the improvement in port operations has helped increase in exports by India and expected to reach around 4,157 tonnes in June'20 from 3,305 tonnes in May'20.

According to Thai Sugar Millers Corporation, Thailand exported 2.28 lakh tonnes of refined sugar and 3.05 lakh tonnes of raw sugar in June'20. Total of 13.33 lakh tonnes of refined sugar (6.92% y/y) has been exported at an average FOB $365.98/tonne and 25.37 lakh tonnes (-7.9% y/y) of raw sugar at an average FOB $297.33/tonne much lower sugar has been exported so far till June'20 from January'20. The exports were improved compared to the previous month as the demand was hit due to coronavirus in the past months.

Philippines sugar production likely to decline in 2020-21 to the lowest levels since 2017 amid erratic weather conditions. According to the Sugar Regulatory Administration (SRA), the country's total sugar supply, including the 2.14MMT (higher from earlier estimates of 2.025) output for the current sugar crop year 2019-20 (Sep-Aug), now stood at 2.39 MMT (+3.5% y-o-y). Philippines is seen to import 0.4 MMT of sugar as local production of the sweetener may fall to its lowest level in a decade.

The sugarcane farmers in Sri Lanka are demanding that the government to continue the import ban in the country to protect the local industry. Since the government banned the import of ethanol from January this year, the farmers have are getting good returns for their produce and the domestic industry has flourished. Every year, Sri Lanka imports around 4-5 LT of sugar from India.

Pakistan government allowed import of 3 lakh tonnes of white sugar to meet the consumption levels. The Ministry of Industries and Production for import of refined sugar asked Trading Corporation of Pakistan (TCP) to maintain buffer stock. The price has risen sharply by 22 per cent in the last few months, to 90 rupee a kg due to shortage of sugar in the country.

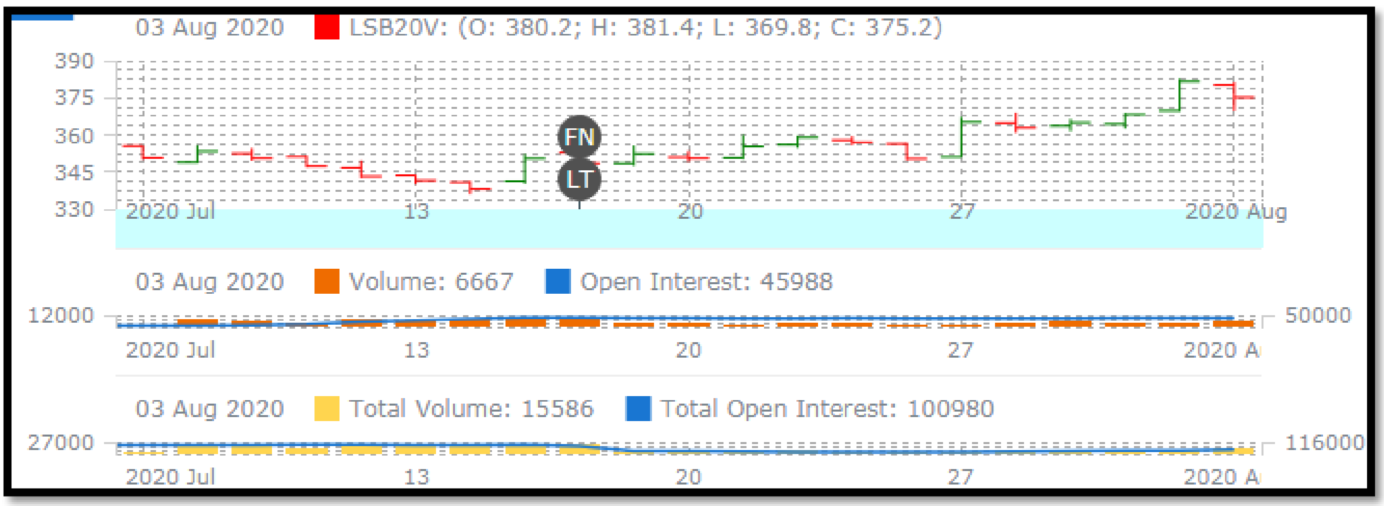
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market steady to firm in the month.
- Both volume & open interest decreased over a month significantly.
- Strategy: Buy at level 370, T1 385

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US $/MT)	**Oct'20**	375.2	355-395

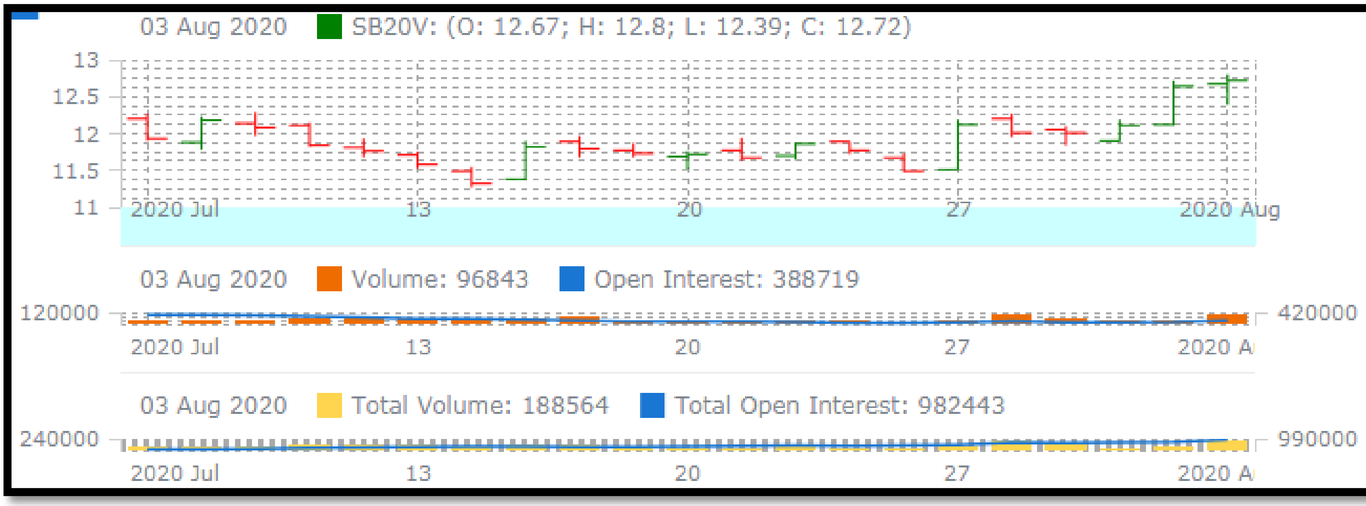


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'20 Contract)

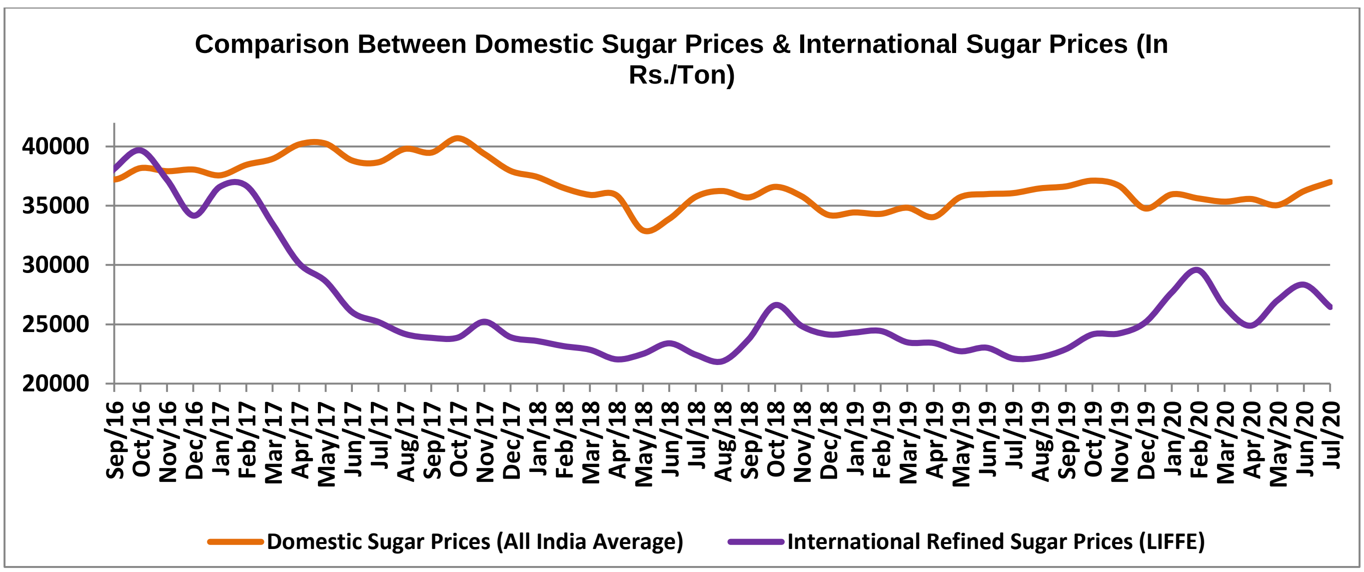
Technical Commentary:

- ICE raw sugar futures showed firm trend in the month.
- Both Volume and open interest increased over a month.
- Strategy: Buy at rate 12.2 Targeting 13.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	**Oct'2020**	12.72	10.5-13.5



Comparison of Indian Sugar Prices (All India Average) and International Refined Sugar Prices (LIFFE)



Source: USDA and Agmark.net

Domestic Sugar Spot Prices:

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			July'20	June'20	
Delhi	Delhi	M-Grade	3322	3273	49
	Delhi	S-Grade	3302	3253	49
Uttar Pradesh	Khatauli	M-Grade	3339	3312	27
	Ramala	M-Grade	3281	3321	-40
	Dhampur	M-Grade Ex-Mill	3303	3208	95
	Dhampur	S-Grade Ex-Mill	3283	3188	95
	Dhampur	L-Grade Ex-Mill	3353	3258	95
Maharashtra	Mumbai	M-Grade	3575	3488	87
	Mumbai	S-Grade	3361	3330	31
	Nagpur	M-Grade	3392	3353	39
	Nagpur	S-Grade	3292	3270	22
	Kolhapur	M-Grade	3267	3228	39
	Kolhapur	S-Grade	3167	3145	22
Assam	Guhawati	S-Grade	3478	3456	22
Meghalaya	Shillong	S-Grade	3487	3465	22
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3701	3661	40
	Vijayawada	S-Grade (With Duty)	3689	3601	88
West Bengal	Kolkata	M-Grade	3674	3581	93
Tamil Nadu	Chennai	S-Grade	3751	3662	89
	Dindigul	M-Grade (DCA)	3800	3632	168
	Coimbatore	M-Grade (DCA)	3636	3638	-2
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3468	3330	138

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			July'20	June'20	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	3188	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	2687	-
	Muzaffarnagar	Khurpa (Fresh)	NA	3239	-
	Muzaffarnagar	Laddoo (Fresh)	NA	3149	-
	Muzaffarnagar	Rascut (Fresh)	NA	2728	-
	Hapur	Chaursa	NA	NA	-

	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NA	4794	-
		White	NA	4439	-
		Black	NA	4217	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4339	4361	-22
	Belgaum	Mudde (Average)	3333	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3441	3367	74
	Gulbarga	Other (Average)	NA	2683	-
	Mahalingapura	Penti (Average)	3488	3385	103
	Mandya	Achhu (Medium)	3667	3518	149
	Mandya	Kurikatu (Medium)	3334	3258	76
	Mandya	Other (Medium)	3341	3238	103
	Mandya	Yellow (Medium)	3588	3515	73
	Shimoga	Achhu (Average)	3733	3747	-14

International Sugar Prices (Monthly- Average)

	Contract Month	July'20	June'20	Change
ICE Sugar #11 (US Cent/lb)	**20-Oct**	11.94	12.09	**-0.15**
	21-Mar	12.45	12.24	**0.21**
	21-May	12.41	12.12	**0.29**
LIFFE Sugar (US $/MT)	**20-Oct**	354.81	359.03	**-4.22**
	20-Dec	354.03	357.19	**-3.16**
	21-Mar	353.34	364.35	**-11.01**