

Price Outlook:

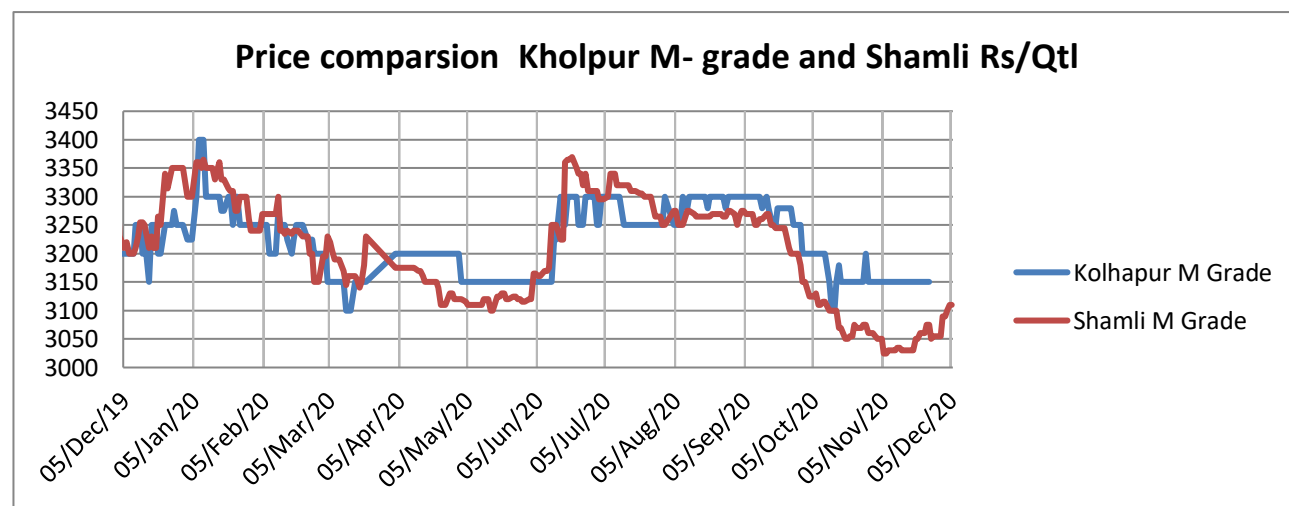
The sugarcane farmers are demanding their cane arrears be cleared soon, in various states. Sugar production in Uttar Pradesh has increased about 3.85 lakh tonnes, more than the previous year's 2.93 lakh tonnes. India has lost the opportunity to export about 1.7 million tonnes of sugar due to delay in Export Policy announcement. The sugarcane farmers are demanding a raise in SAP in various states. The government has released a sales quota of 21.5 LT for December month lower than previous month's sales quota (22.5 LT).

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.3,100 -3,300 per quintal.

Domestic Sugar Market Summary:

The average price for sugar 'M' grade in key Kolhapur market settled at weaker note at Rs.3150 per quintal in November month down by INR 115 from the previous month. Average Spot sugar prices for the same grade in Shamli district was Rs.3044 per quintal in November, even lower to the Kolhapur market prices, and down by around 154 INR against previous month's Shamli average price Rs.3088/q.



Bullish and Bearish factors for Domestic sugar:

Factors	Impact on prices
India's 2020/21 sugar production would climb over +12% y/y to 30.5 MMT, according to ISMA	Bearish
Manifold increase in coronavirus cases hindering the sugar domestic demand	Bearish
Government increasing SAP in various states in 2020-21	Bullish

Domestic Market Highlights

Recent Updates:

Government has fixed 21.5 Lakh MT Monthly sales quota for December Month. The food Ministry has allocated 21.5 LMT of monthly sales quota for December 2020 to the 550 mills in India. The allocated monthly sales quota is same as the quota allocated in December 2019. In the previous month, the government has given a sales quota of 22.5 LMT to 548 sugar mills.

More than 170 hectares of sugarcane crop has been damaged due to cyclone Nivar in Puducherry. According to the preliminary estimates the initial damage due to the cyclone was around Rs 400 crore and about 170 hectares of sugarcane crop has been damaged.

Food Ministry provides Rs 12,500 crore loans to set up ethanol units. About 185 sugar mills and standalone distillers will be provided loans adding to Rs12,500 crore for the capacity addition of about 468 crore liter of ethanol per annum, as to achieve the target of 20 percent of the blending with petrol. Earlier, 70 ethanol projects were sanctioned Rs 3, 600 crore. The government is promoting ethanol production as well as reducing dependence on crude oil.

India has lost the opportunity to export sugar. Due to delay in announcement of export policy by the government, India has lost the opportunity to export about 1.7 million tonnes of sugar as the buyers are now turned to other suppliers after waiting for India. This has helped increase international prices of raw sugar as well as white sugar by about 15% since October.

The sugar recovery percentage has reduced in Uttar Pradesh from 9.54% in 2019-20 to 9.15% at the beginning of the crushing season. The private sugar mills have recorded a decline from 9.57% to 9.16% and the cooperative sugar mills from 9.06% to 8.82%. The decrease in sugar recovery percentage is due to damage to the crop through untimely rains and occurrence of red rot, mainly in eastern Uttar Pradesh.

Sugar production increases in Uttar Pradesh. The sugar production in Uttar Pradesh has increased to about 3.85 lakh tonnes which is 30 percent more than the corresponding period last year 2.93 lakh tonnes. About 76 mills are operating in this season in Uttar Pradesh.

Sugarcane farmers are demanding one time FRP. The cane farmers from Maharashtra are demanding one time Fair and remunerative price (FRP) from sugar mills. The sugar mills in Kolhapur and Maharashtra have agreed to pay one time FRP but the mills from other parts of state have not responded to the demand.

According to Indian Sugar Mills Association about 14.10 lakh tonnes of sugar has been produced till 15th November 2020, which was 4.84 lakh tonnes last year on 15th November 2019. This year 274 sugar mills have started crushing sugarcane, in Uttar Pradesh 76 sugar mills are producing 3.85 lakh tonnes of sugar, Similarly,

crushing operations have been started in Maharashtra, Karnataka and Gujarat. Policy decisions regarding export policy along with export subsidy for the sugar year 20-21 and creation of buffer stock is still awaited from the government.

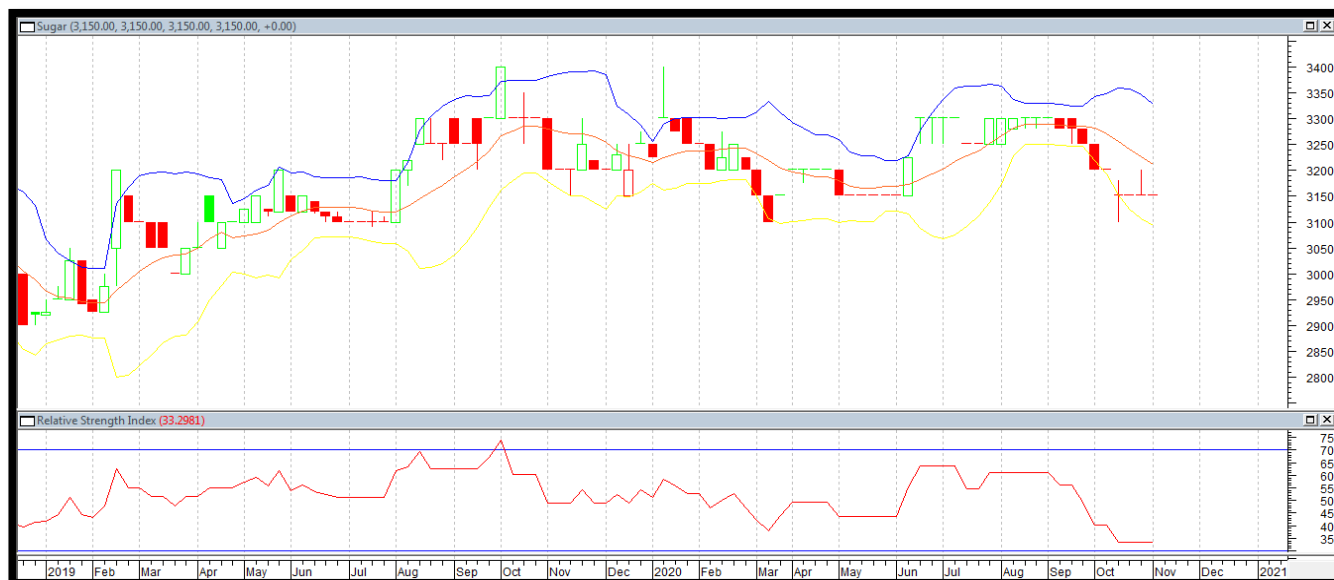
The sugarcane farmers in Karnataka have demanded a hike in sugarcane State advisory price (SAP) for 2020–21. The Fair and Remunerative Price (FRP) for sugarcane was increased by the government to Rs.2850 per tonne and the Karnataka farmers have demanded hike to Rs.3300 per tonne. As the farmers have been agitating and that could lead to problems in supply of sugarcane to the sugar mills in the state.

The government is trying to promote ethanol production in the country, therefore, the cabinet has revised the ethanol prices for the supply to Oil Marketing Companies (OMCs). The price of ethanol from sugarcane juice or sugar and sugar syrup has been increased from Rs 59.48 to Rs.62.65 per litre. An increase in the price of ethanol from C heavy molasses also approved by the cabinet from Rs 43.75 to Rs.45.69 per litre and price of ethanol from B heavy molasses route from Rs 54.27 to Rs 57.61 per litre. This would help the sugar mills for the clearing of cane arrears for the sugarcane farmers.

Government increased ethanol prices between 4.4% and 6.1% for different varieties. The sugar mills are likely to invest Rs19, 000 crore to increase ethanol production capacity to 615 crore litre per annum from the present 425 crore litre per annum capacity. However, the actual supply of ethanol only touched 180 crore litres in the previous sugar season, which resulted in just 6% blending with petrol. The distillery units are highly underutilized as they operate only for 6-7 months in a year. The rise in ethanol prices will encourage the year round operations, production and supply of ethanol. This will also help sugar mills to produce more ethanol and help OMCs meet the 10% blending with petrol target by 2022.

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

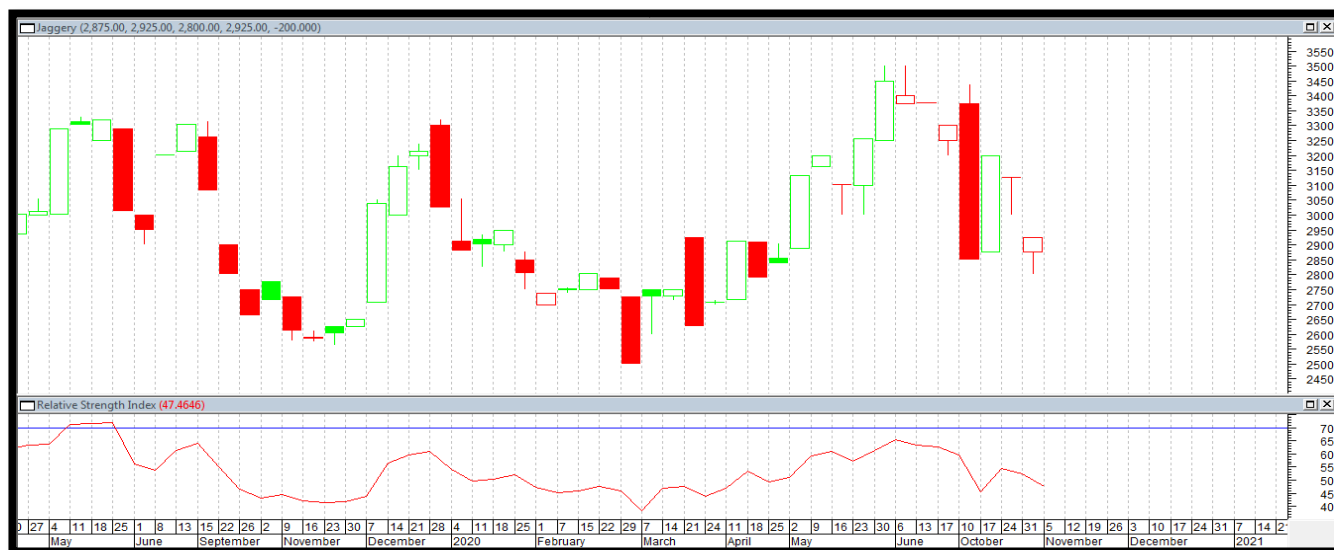
- Sugar average prices at benchmark Kolhapur market closed weaker at Rs.3150 quintal during November 2020.
- Next resistance and support level for the next month is expected at Rs.3300 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



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

Gur Market Scenario

- The arrivals started in Mazzafarnagar market with 1.53 lakh quintals during November.
- The average price stood around Rs.2523 per quintal during November month, higher against Rs. 2451 per quintal during same period last year.
- 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	14.7	14.0	14.46	14.5	15.0
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Wait	14.45	15.0	15.5	13.9

* 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.

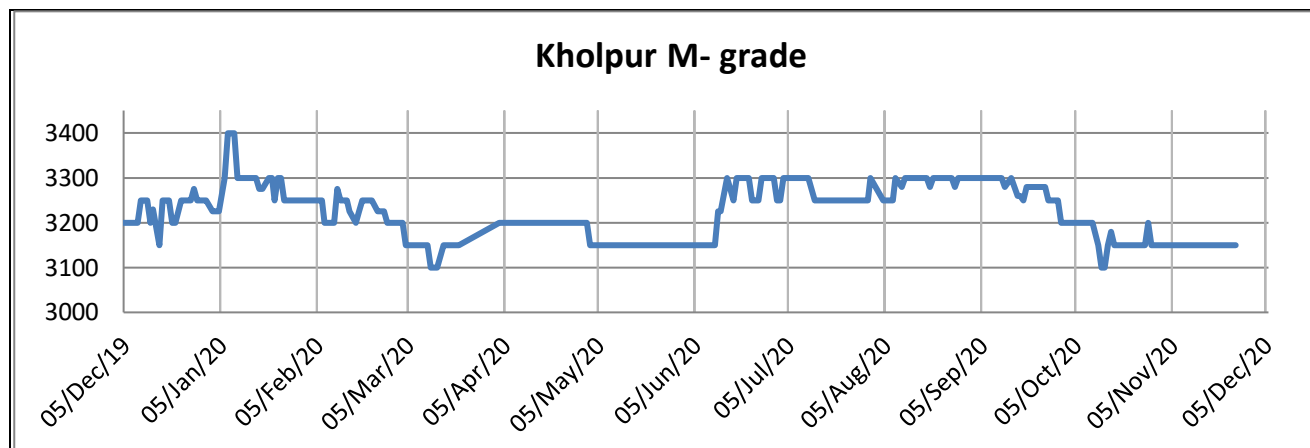
Sugar Domestic Balance Sheet

- As per the Agriwatch's latest estimate, India's sugar production was 27.2 MMT during 2019-20 SS and sugar production in 2020-21 is likely to increase by 16% to 31.6 MMT.
- Sugar domestic consumption is expected to surge by around 10% to 26.09 MMT in 2020-21 season on the account of improvement in the economic activity in the country after the distribution of coronavirus vaccine in 2020-21. A decline in consumption to 23.78 MMT in 2019-20 caused due to the disruption in demand and supply in Covid-19 lockdown.
- 2019-20 sugar season is expected to end with 9.47 MMT carry over stock and it is projected that in 2020-21 SS, the ending stock would decline to 8.4 MMT by the end of Sep'21 owing to the increase in demand and exports.

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

Particulars	Month	(Rs/Qtl)
Current month Average Price	Nov'20	3150
Previous month's Average Prices	Nov'19	3212
	Dec'19	3226
	Jan'20	3287
	Feb'20	3233
	Mar'20	3147
	Apr'20	3199
	May'20	3154
	Jun'20	3228
	Jul'20	3266
	Aug'20	3288
	Sep'20	3279
	Oct'20	3165
Projected Price Range	Dec'20	3200-3300
	Jan'21	3200-3350

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have increased significantly by around 11% to 14.9 cents/lbs in November from 14.3 cents/lbs in October. The average prices of refined sugar rose by around 6% to \$388.98/tonne in November from \$388.54/tonne during October. The Brazilian real surged by around 2.22 % to a 1.5 months high against the dollar, thus discouraging the sugar exports. The extreme dry weather conditions in Brazil led to a significant rise in prices. Also, a bullish factor was because of uncertainty over the continuation of the Indian sugar export subsidy scheme in India.

Bullish and Bearish factors for International sugar:

Factors	Impact on Prices
CONAB projects Brazilian 2020/21 sugar production is likely to decline to 36 MMT from 39 MMT in the previous estimates	Bullish
International Sugar Organization (ISO) projected that global 2020-21 sugar production would increase by +2.3% y/y to 173.5 MMT	Bearish
The global 2020-21 sugar deficit to widen to -0.72 MMT from -0.14 MMT in 2019-20	Bullish

International Market Highlights:

Indonesia aims to increase in sugar production. The Indonesian government is planning to increase sugarcane plantation on 200,000 hectares of land in Java Island through state-owned enterprise and land expansion of 50,000 hectares of land outside Java. The government has set a target to raise sugar output by around 676,000 tons by 2023 reducing the reliance on sugar imports. As a result, the country wants to control the sugar price hike which has risen due to the corona virus pandemic.

Sugar mills in Pakistan are facing sugarcane shortage. The sugarcane farmers in Pakistan are demanding a higher price than the fixed price of Rs200 per 40 kg by the government. The mills are not able to pay the amount to farmers, hence may be forced to shut down in a week. The sugar mills have already started their operations as per government orders but are now facing problems due to shortage of cane.

According to UNICA, a total of 31.95 MMT of sugar has been produced till September 2020 since the beginning of the season in April in Brazil, a surge of 46.23% was reported this season so far. The mills allocated 46.96% of the cane to produce sugar, compared to 35.31% at this time last year. The amount of sugarcane crushed was around 499 MMT during the same period, up by 5.3% compared to the same time previous year. Brazil's total sugar production in the 2020-21 season (April-March) is expected to grow and reach a record around 36 MMT as mills allocate more raw material to sugar production and less to ethanol against 38 MMT expected earlier.

International Sugar Organization has forecasted that the global sugar deficit will be increased to 3.5 million tonnes from 724,000 tonnes estimated earlier in August. The deficit has been projected lower due to lower sugar output which is estimated at 171.1 million tonnes, lower from 173.5 million tonnes earlier. The sugar production estimates for Thailand has been reduced from 8.7 million tonnes to 8.2 million tonnes and for India from 31.5 million tonnes to 31 million tonnes. Also, the global sugar consumption has been increased from 174.2 million tonnes to 174.6 million tonnes.

Syrian state agency issues a tender to purchase and import 85,000 tonnes of refined white sugar. Shipment is sought within 3 months after the letter of credit opening on the purchase. The deadline decided for the tender is 9th December 2020.

According to Australian Sugar report released by Australian sugar milling council, the cumulative cane crush reached 24.91 MMT (80.4%) since the beginning of the season from Jun'20 till 25th October 2020 while the operations were ahead in 2019 by crushing around 84.9% of cane during the same time last year. The crushing operations were delayed and slowed down during the beginning of the season this year. The country is expecting rains in Queensland, the major cane growing state due to which further delay in crushing is expected. Australia in 2020-21, is estimated to produce 30.9 million tonnes of sugarcane against 30.04 million tonnes produced in 2019-20 season.

Philippines sugar production is expected to surge in 2020-21 supported with the favorable weather conditions. According to the Sugar Regulatory Administration (SRA), in the current season, the sugar output till 4th October was increased by 131.89 per cent to 41,248 tonnes as compared to 17,788 tonnes during the same time last year.

According to the Ministry of External affairs (MEA), India is likely to provide 270 MT of food items, including sugar (50MT) and others, as an aid to South Sudan, Djibouti, Eritrea and Sudan. These countries were badly affected due to the pandemic and natural calamities. Sudan and Djibouti have been one of the major sugar

importing countries from India. Sudan imports around 10-15 LT every year from India followed by Djibouti importing around 4-5 LT from India.

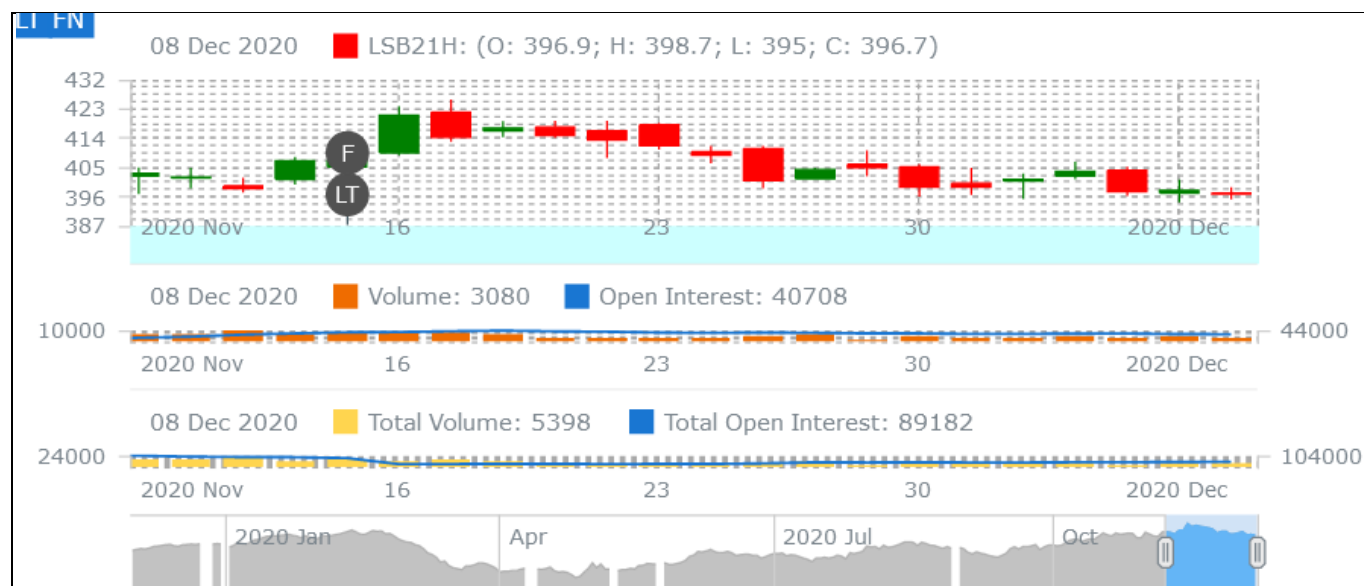
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was firm in the month.
- Total volume increased & open interest decreased over a month.
- Strategy: Buy at level 378.5, T1 384.5

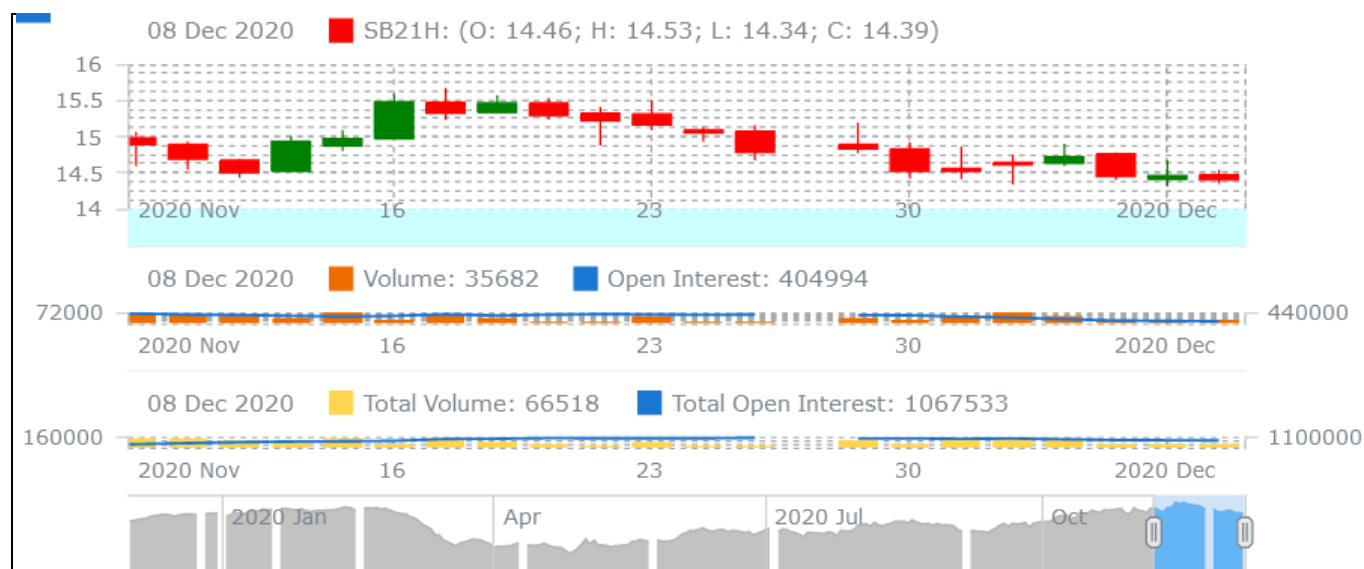
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Dec'20	396.6	396-411.8



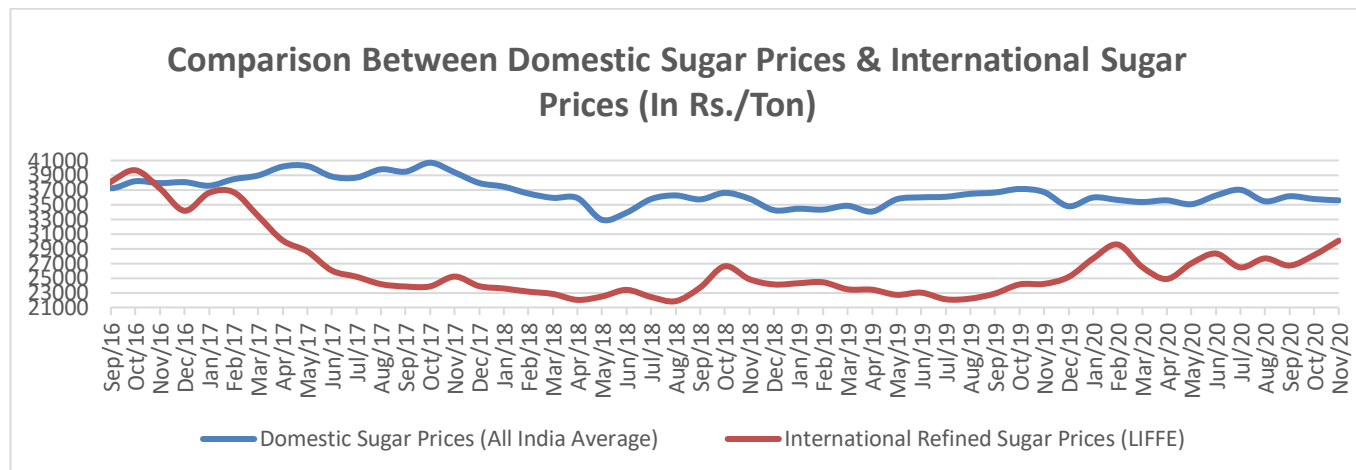
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)
Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total volume and open interest decreased over a month.
- Strategy: Buy at rate 14.23 targeting 14.39.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'2020	14.53	14.5-15.23



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			Nov'20	Oct'20	
Delhi	Delhi	M-Grade	3272	3233	39
	Delhi	S-Grade	3253	3213	40
Uttar Pradesh	Khatauli	M-Grade	3098	3157	-58
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3122	3149	-27
	Dhampur	S-Grade Ex-Mill	3102	3129	-27
	Dhampur	L-Grade Ex-Mill	3172	3199	-27
Maharashtra	Mumbai	M-Grade	3471	3430	41
	Mumbai	S-Grade	3264	3282	-18
	Nagpur	M-Grade	3275	3290	-15
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3165	-15
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	0
Meghalaya	Shillong	S-Grade	3420	3420	Unch

Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3570	3569	1
	Vijayawada	S-Grade (With Duty)	3630	3635	-5
West Bengal	Kolkata	M-Grade	3600	3680	-80
Tamil Nadu	Chennai	S-Grade (With GST)	3568	3625	-58
	Dindigul	M-Grade (DCA)	3784	3796	-12
	Coimbatore	M-Grade (DCA)	3623	3620	3
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

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)			Nov'20	Oct'20	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2907	3151	-244
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	195000	153000	42000
	Muzaffarnagar	Khurpa (Fresh)	2524	2610	-86
	Muzaffarnagar	Laddoo (Fresh)	2857	2946	-89
	Muzaffarnagar	Rascut (Fresh)	2382	2355	27
	Hapur	Chaurasa	2451	2459	-8
	Hapur	Balti	2445	2532	-87
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4317	4388	-72
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3400	3342	58
	Mandya	Achhu (Medium)	3296	3241	55
	Mandya	Kurikatu (Medium)	3192	3150	43
	Mandya	Other (Medium)	2998	3004	-6
	Mandya	Yellow (Medium)	3313	3195	118
	Shimoga	Achhu (Average)	3600	3610	-10

International Sugar Prices (Monthly- Average)				
	Contract Month	Nov'20	Oct'20	Change

ICE Sugar #11 (US Cent/lb)	21-Mar	14.93	14.30	0.63
	21-May	14.07	13.70	0.37
	21-Jul	13.41	13.23	0.18
LIFFE Sugar (US \$/MT)	20-Dec	388.98	388.54	0.44
	21-Mar	404.99	390.63	14.36
	21-May	398.88	388.46	10.42

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