

Price Outlook:

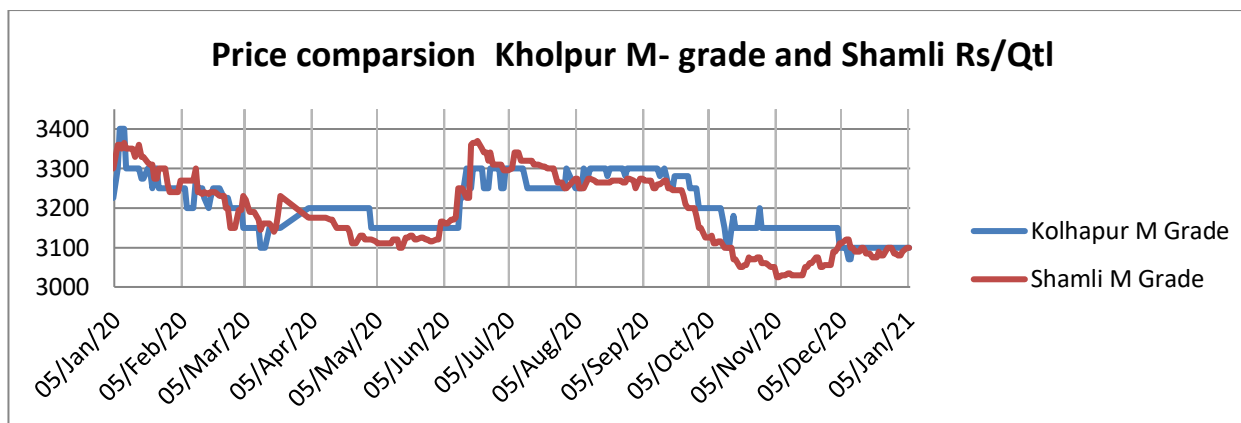
The government has announced 60 LMT of quota for export for the sugar season 2020-21. Uttar Pradesh Farmers urge the government to declare State Advised Price for sugarcane. Sulphur less sugar plants have been established for the first time in Uttar Pradesh. Sugar production in Uttar Pradesh has increased about 3.85 lakh tonnes, more than the previous year's 2.93 lakh tonnes. 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 on a weaker note at Rs.3103 per quintal in November month from the previous month at Rs.3150/q. Average Spot sugar prices for the same grade in Shamli district was Rs.3093 per quintal in December higher than previous month's Shamli average price Rs.3044/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

Domestic Market Highlights

Recent Updates:

Government of India announces Export quota for sugar season 2020-21. The government has announced 60 LMT of quota for export of sugar season 2020-21 with an assistance of Rs. 3500 crores. In the previous season 2019-20, government has provided an assistance of Rs. 10,448 / MT. This assistance will benefit around 5 crore farmers and the sugar industry.

ISMA has requested an extension of the duration for sales quota for December 2020. ISMA has requested Department of Food & Public Distribution to extend the duration for sale of allocated sugar quota(21.5 LT) for December 2020. ISMA has also requested to reduce the allocation of sugar quota for January 2021. Mills have already been constrained to sell their sugar stocks below Minimum support price (MSP) and U.P state sugar prices are also on the verge of breaching MSP. If the situation keeps moving in the same direction then it would be extremely tough for sugar millers to survive in the ongoing crushing season.

Pondicherry government has started new 'Nammazhvar Agriculture Rejuvenation' Scheme for sugarcane farmers. Government has come up with new subsidy scheme for the welfare of sugarcane farmers. The scheme will provide a backend subsidy of Rs. 10,000 per acre to the sugarcane farmers through Direct Benefit Transfer (DBT), around 839 sugarcane farmers will benefit under this scheme.

Maharashtra government issues notice against sugar mills for pending cane dues. About 16 sugar mills in Maharashtra have been identified in delaying first cane payment to sugarcane farmers for the current crushing season, government has issued a show-cause notice to these sugar mills as the sugar mills have failed to pay cane dues within 45 days of crushing. The action is been taken to ensure that sugar mills follow the rules and do not default on payments later in the season. Till 14th December 2020, about 172 sugar mills have commenced crushing operations and produced around 261.02 lakh quintals sugar by crushing 287.09 lakh tonnes sugarcane with an average recovery rate of 9.09 percent.

Sugarcane farmers in Tamil Nadu demand cane dues. Out of the 42 government and private sugar mills in Tamilnadu, 39 sugar mills have cleared the dues to the farmers. However, three sugar mills are yet to clear the cane dues of around Rs. 24 crore to the farmers. Earlier the farmers were assured that till October 25 the dues will be cleared but till now the sugar mills have not cleared the farmer's dues.

Sugar mills in Maharashtra have started producing ethanol. About 41 sugar mills in Maharashtra have started producing ethanol from B heavy molasses, 9 mills are producing ethanol from sugar syrup and 6 mills are following the Brazilian pattern directly through sugarcane juice. Also, government has recently announced the hike in ethanol price for supply of oil marketing companies. The ethanol prices were raised to Rs. 62.65 per litre from Rs. 59.48 per liter earlier for ethanol extracted from sugarcane juice, ethanol from C- heavy molasses has been

increased from Rs. 43.75 per litre to Rs. 45.69 per litre and ethanol from B- heavy molasses was Rs. 57.61 per litre from Rs. 54.27 per litre earlier.

Department of Cane Development, Lucknow has started encouraging 'young sugarcane farmers' through state level cane competitions by including the new category in the Cane Competition awards for 2021-22. The Department is working to motivate the young sugarcane farmers and to infuse competitive spirit in them to increase the per hectare yield of sugarcane..

Sugar prices slip in Indian market. According to Indian Sugar Mills Association, the average ex-mill sugar prices in most of the major states are reported to be declining. In Maharashtra and Karnataka, the ex-mill prices were around Rs 3200- 3250 per quintal for the last couple of months but has declined by Rs 50-100 per quintal now. There is pressure on the domestic markets due to high opening balance, expected increase in production in the current season, delayed export policy announcement by government and no decision yet on increasing the minimum support price of sugar.

Andhra Pradesh is planning to revive the closed cooperative sugar mills. The Andhra Pradesh government cabinet subcommittee is looking after several options for revival of the cooperative sugar mills. The committee is exploring the possibility of the civil supplies and endowments departments procuring the entire stock produced by cooperative mills. Various discussions are going on with the government so that the revival of the sugar mill can be done as this should be done before the crop season so that the cane farmers will benefit.

Uttar Pradesh Farmers urge the government to declare State Advised Price for sugarcane. More than two months have passed since the starting of new crushing season, but the government has yet not announced the SAP for sugarcane. The Centre has already announced the Fair and Remunerative Price (FRP) for sugarcane for 2020-21 seasons with a hike of Rs 10 to Rs 285 per quintal for a basic recovery of 10 percent. The farmers are also expecting a hike in SAP as it has not been increased from three seasons.

117 sugar mills are engaged in crushing operations in Maharashtra. Majority of sugar mills in Maharashtra have started cane crushing operations, till 24th December 2020 about 177 mills are engaged in crushing operations and have produced around 343.86 lakh quintal of sugar by crushing 367.9 lakh tonne sugarcane. The state has recorded average sugar recovery percentage of about 9.35 percent. Solapur is leading in the state with 38 sugar mills in operation.

Crushing season is at its peak in Maharashtra. About 157 sugar mills have started cane crushing and by crushing 175.18 lakh tonnes of sugarcane they have produced around 150.92 lakh quintals of sugar with a recovery rate of 8.62 percent.

Odisha cane farmers are demanding early cane crushing. Sugarcane farmers in Berhampur, Odisha are demanding the government allow cane crushing operations by the first week of January and are also demanding to

raise sugarcane price to Rs. 3,500 per tonne. About 8,000 acres of land is under sugarcane crop this year. Farmers are expecting bumper yield but they will only be benefited if the prices are increased.

Sulphur less sugar plants have been established for the first time in Uttar Pradesh. Sulfur less plant in Pipraich and Munderwa sugar mills have been established by the government, for the production of good quality sugar in the beginning of the crushing season 2020-21. and produced around 4.43 and 4.02 quintals of sugar respectively, by the crushing of 45.33 and 44.18 lakh quintals of sugarcane.

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

- Sugar average prices at benchmark Kolhapur market closed weaker at Rs.3100 quintal during December 2020.
- Next resistance and support level for the next month is expected at Rs.3200 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 have started in Muzaffarnagar market with 190000 per quintals during December.
- The average price stood around Rs.2774 per quintal during December month, lower against Rs. 3045 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	14.0	14.3	14.81	15.0	15.3
Intraday Trade Call			Call	Entry	T1	T2	SL

Sugar	NCDEX	Dec	Wait	14.60	15.0	15.5	14.9
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* 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 volume increases.
- In the daily chart the prices has gained but 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.

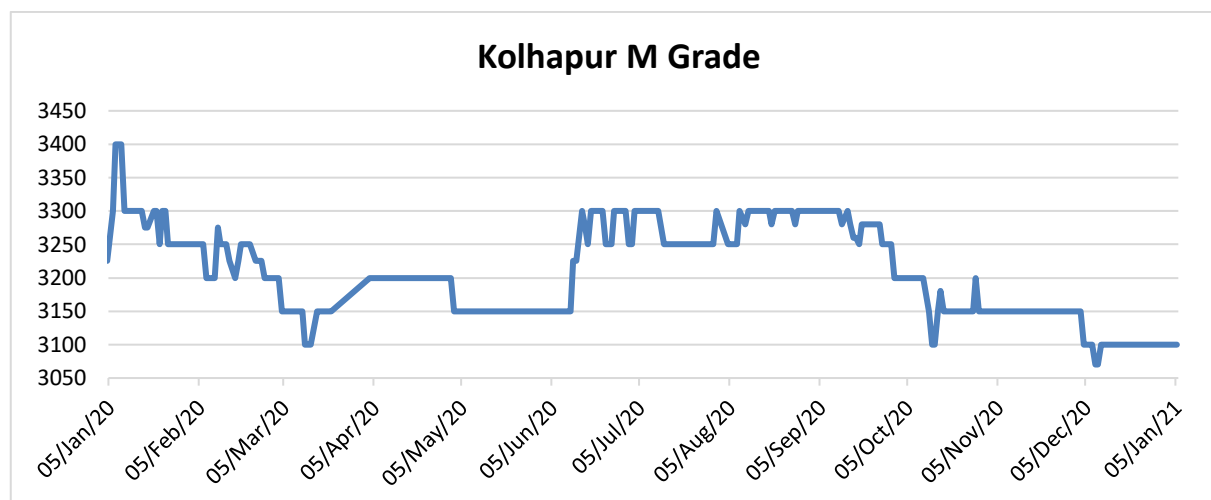
Sugar Domestic Balance Sheet

- 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 was at 33.3 MMT in 2019-20. Consumption is expected to increase after the corona virus disruptions to 35.5 MMT in 2020-21.
- 2019-20 sugar seasons is expected to end with 9.45 MMT carry over stock and it is projected that in 2020-21 SS, the ending stock would increase to 9.47.

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

Particulars	Month	(Rs/Qtl)
Current month Average Price	Dec'20	3103
Previous month's Average Prices	Dec'19	3212
	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
	Nov'20	3103
Projected Price Range	Jan'21	3100-3200
	Feb'21	3200-3350

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have decreased significantly by around 0.26% to 14.67 cents/lbs in December from 14.93 cents/lbs in November. The average prices of refined sugar were down by around 4.97% to \$384.01/tonne in December from \$388.98/tonne during November.

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.

Sugar prices fixed at Rs 83 per kg in Pakistan. The district administration in Faisalabad has fixed the prices of sugar at Rs 84 per kg. Due to shortage of the commodity, the government was forced to import sugar earlier to meet the domestic supply. The prices of the sugar are being regulated by the government to ensure that the consumers get sugar at affordable rates.

Egypt has extended its import ban for 3 months. The Egypt's Trade and Industry Ministry has extended the ban on white and raw sugar for three more months. The decision was taken to have a control over imported products and to control spread of corona virus.

Pakistan government likely to import sugar. The government has been planning to import sugar as the commodity is trading at a low price in the global market and their domestic sugar output is expected to be lower this season. The country's demand is 5 million tonnes and the domestic sugar production is likely to remain between 3.5 million tonnes to 4 million tonnes.

Britain to import 260,000 tonnes of tariff free raw sugar. Britain has decided to allow the import of 260,000 tonnes of raw sugar in 2021 which will be tariff free. The country has developed an independent trade policy for the first time in nearly 50 years. The quota will cover half of the 400,000 tonnes which Britain needs annually; the decision to make quota open to all is expected to benefit Brazil most.

Government allows 8,424 tonne raw sugar exports to US under tariff rate quota. The government has permitted around 8,424 MTRV (metric ton raw value) of raw sugar to be exported to US under Tariff rate quota. India exports duty free sugar to the US for up to 10,000 tonnes annually under preferential quota arrangements.

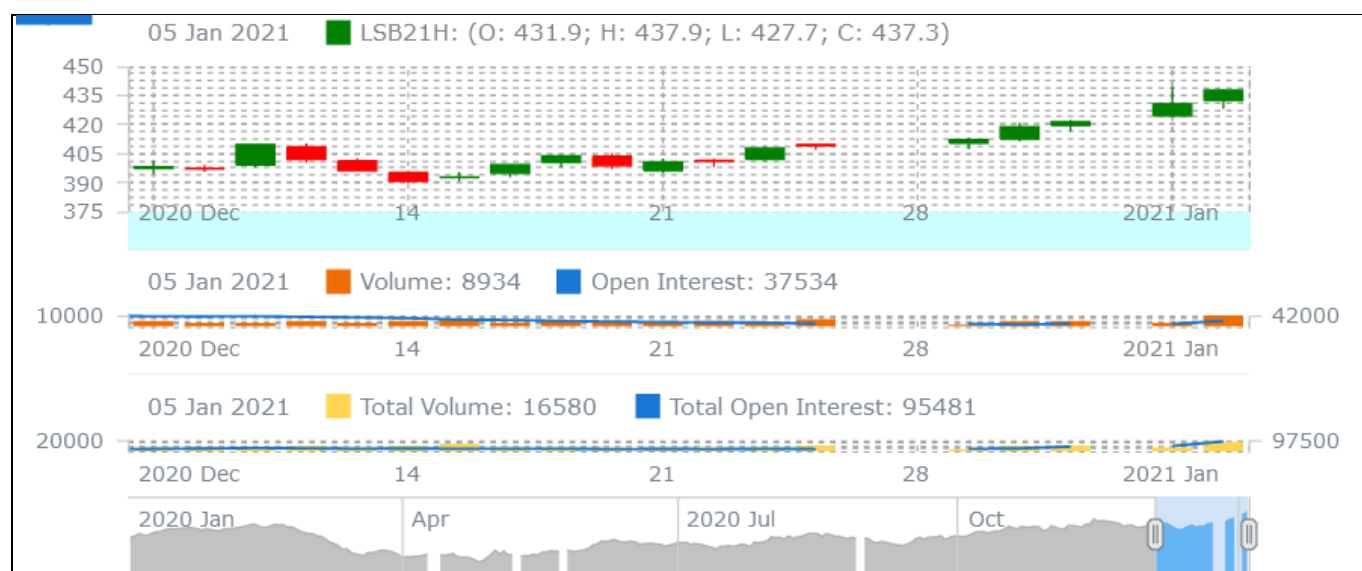
International Sugar Futures Price Projection

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 337.8,T1 437.3

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Mar'21	434	420-449

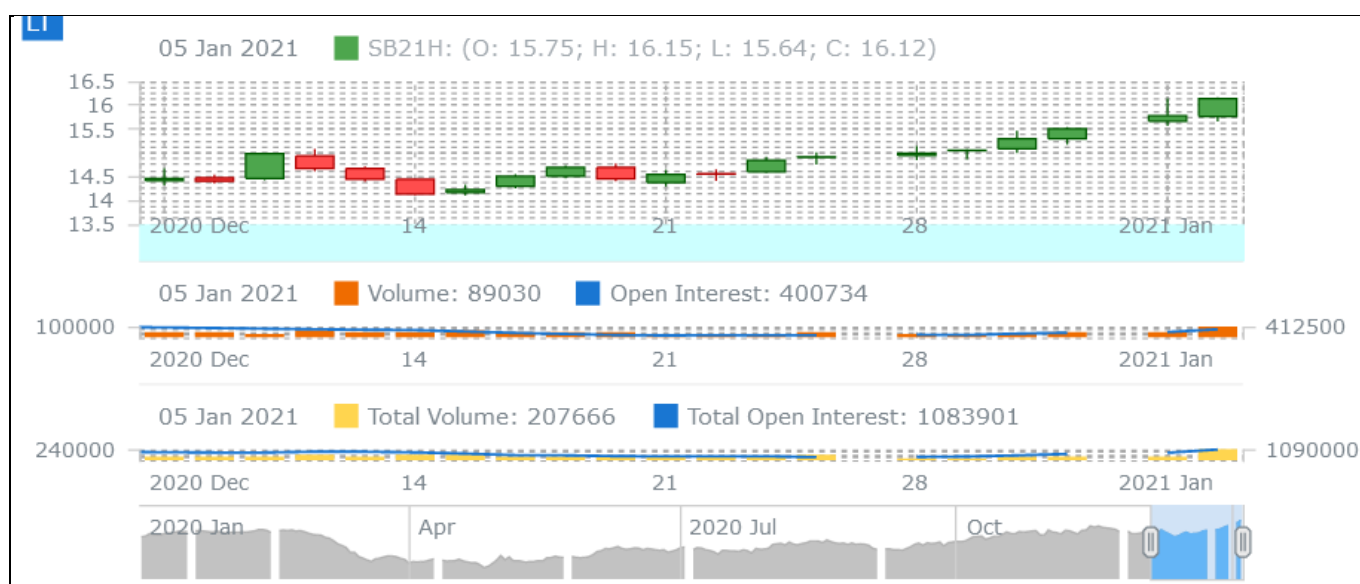


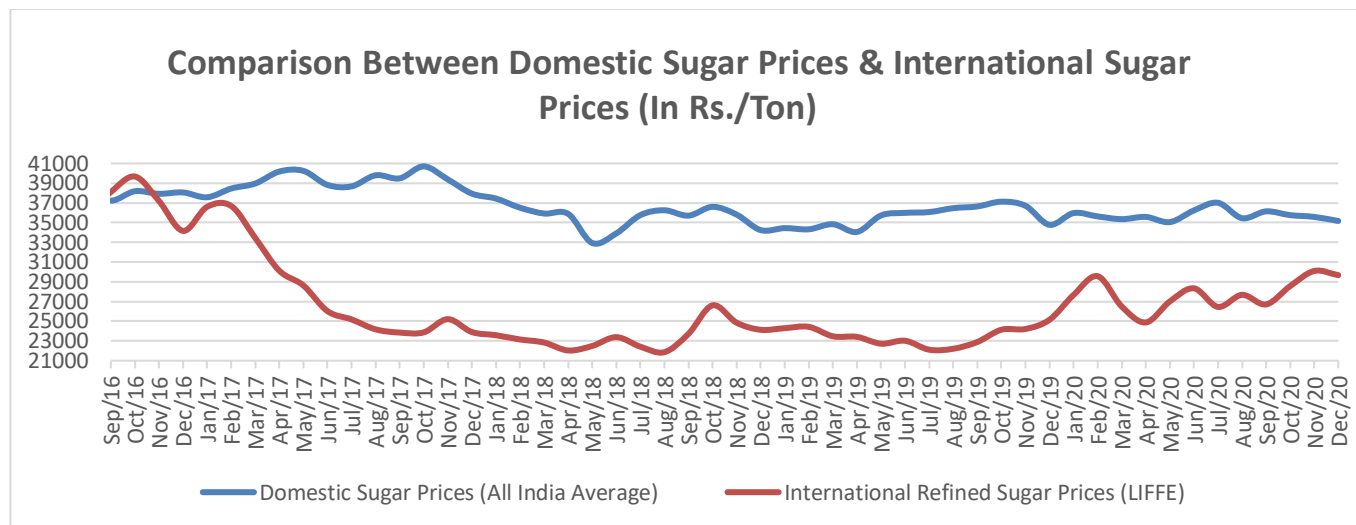
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)

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 16.14 Targeting 16.11.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'2021	15.5	15.5-16.5



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
			Dec'20	Nov'20	
Sugar					
Delhi	Delhi	M-Grade	3237	3272	-35
	Delhi	S-Grade	3217	3253	-36
Uttar Pradesh	Khatauli	M-Grade	3184	3098	86
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3097	3122	-25
	Dhampur	S-Grade Ex-Mill	3077	3102	-25
	Dhampur	L-Grade Ex-Mill	3147	3172	-25
Maharashtra	Mumbai	M-Grade	3388	3471	-84
	Mumbai	S-Grade	3233	3264	-31
	Nagpur	M-Grade	3228	3275	-47
	Nagpur	S-Grade	3189	3225	-36
	Kolhapur	M-Grade	3103	3150	-47
	Kolhapur	S-Grade	3064	3100	-36
Assam	Guhawati	S-Grade	3324	3410	-86
Meghalaya	Shillong	S-Grade	3384	3420	-36
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3560	3570	-10
	Vijayawada	S-Grade (With Duty)	3620	3630	-10

West Bengal	Kolkata	M-Grade	3650	3600	50
Tamil Nadu	Chennai	S-Grade (With GST)	3585	3568	17
	Dindigul	M-Grade (DCA)	3642	3784	-142
	Coimbatore	M-Grade (DCA)	3570	3623	-53
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)			Dec'20	Nov'20	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2774	2907	-133
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	190000	195000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2511	2524	-13
	Muzaffarnagar	Laddoo (Fresh)	2792	2857	-65
	Muzaffarnagar	Rascut (Fresh)	2285	2382	-97
	Hapur	Chaurasa	2533	2451	82
	Hapur	Balti	2544	2445	99
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4317	83
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3180	3400	-220
	Mandya	Achhu (Medium)	3114	3296	-182
	Mandya	Kurikatu (Medium)	2948	3192	-244
	Mandya	Other (Medium)	2917	2998	-81
	Mandya	Yellow (Medium)	3099	3313	-214
	Shimoga	Achhu (Average)	3600	3600	Unch

International Sugar Prices (Monthly- Average)				
	Contract Month	Dec'20	Nov'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.67	14.93	-0.26
	21-May	14.00	14.07	-0.07
	21-Jul	13.61	13.41	0.20
LIFFE Sugar (US \$/MT)	20-Dec	384.01	388.98	-4.97
	21-Mar	402.80	404.99	-2.19
	21-May	396.23	398.88	-2.65

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