

Price Outlook:

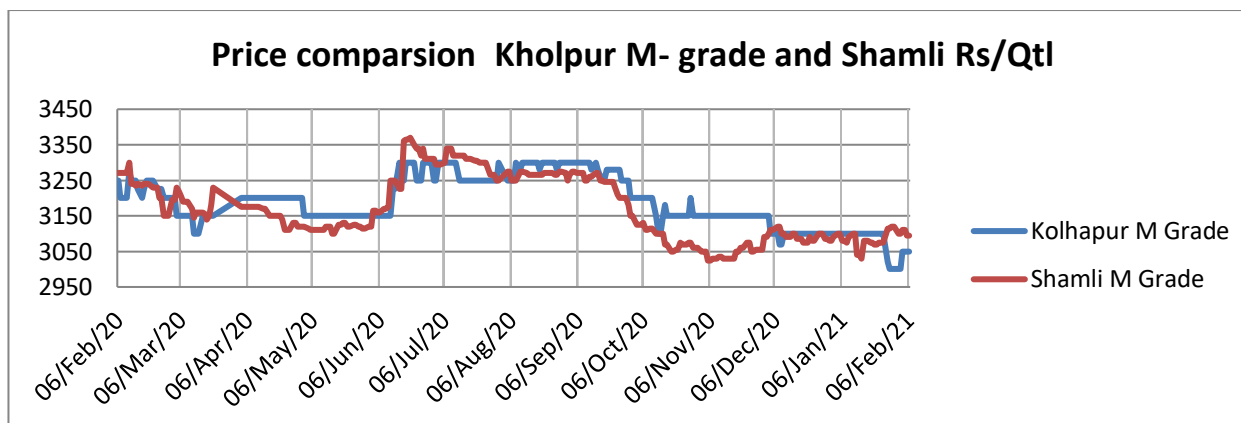
The government has announced 20 LMT of Monthly sugar quota for January 2020-21. Mills in India have produced around 176.83 lakh tonnes of sugar till 31st January'21. Uttar Pradesh Farmers urge the government to declare State Advised Price for sugarcane. Sugar production in Uttar Pradesh has increased about 3.85 lakh tonnes, more than the previous year's 2.93 lakh tonnes. The government has also released a sugar sales quota of 17 LMT for February month lower than previous month's sales quota (20 LMT).

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.3,000 -3,200 per quintal.

Domestic Sugar Market Summary:

The average price for sugar 'M' grade in key Kolhapur market settled on a weaker note at Rs.3084 per quintal in January month from the previous month at Rs.3103/q. Average Spot sugar prices for the same grade in Shamli district was Rs.3083 per quintal in January lower than previous month's Shamli average price Rs.3093/q.



Domestic Market Highlights

Recent Updates:

Government has fixed 20 lakh MT as the monthly sugar sales quota for January 2021. The food ministry has allocated 20 lakh MT monthly sugar sales quota for January 2021 which is 2 lakh MT lower than that of January 2020 which stood at 22 Lakh MT. In the previous month the government allocated 21.5 lakh MT monthly sugar sales quota for December 2020 to 548 mills in India.

EID Parry is planning to manufacture sulphur free sugar. East India Distillers (EID) Parry limited is planning to bring sulphur free sugar in all the markets across south India. The company is trying to tap the branded sugar

market which is less than 5% of the total sugar market in India. The company is focusing on new products according to the customers demand and which are healthy as well as safe to consume.

India has good opportunity to export sugar as global sugar output dips. As the global demand for raw sugar is increasing; India has good opportunity to export sugar if the mills increase the production of raw sugar, as this will benefit the sugar sector in India. The global sugar output is likely to dip by around 50 to 60 lakh tonne for the next two years and India has capacity to meet the global demand. Sugar price in the international market is around Rs 2700 per quintal. With export subsidy of Rs 6000 per tonne, the mills would get Rs 3300 per tonne.

New sugar mills to be setup in Punjab. The Punjab government is planning to set up two new sugar mills in the cooperative sector at Batala and Gudasapur. These sugar mills are likely to benefit the sugarcane farmers and will also increase the sugar output. The government is also taking review of the pending cane dues of about Rs. 150 crore.

Shrigonda sugar mill leads in sugar recovery rate in the district in the current crushing season. Till 13 January, a total of 21 sugar mills were in operations in the district including 13 cooperative and 8 private mills. These mills have crushed around 87,724-tonne sugarcane, out of that with 10.36 per cent sugar recovery rate Shrigonda sugar mill is leading. There are a total of 23 mills in the district, out of which Saikripa-2 and Tanpura Cooperative mills are closed. 13 cooperative mills crushed 58,149 tonnes and 8 private mills crushed 29,575 tonnes of sugarcane.

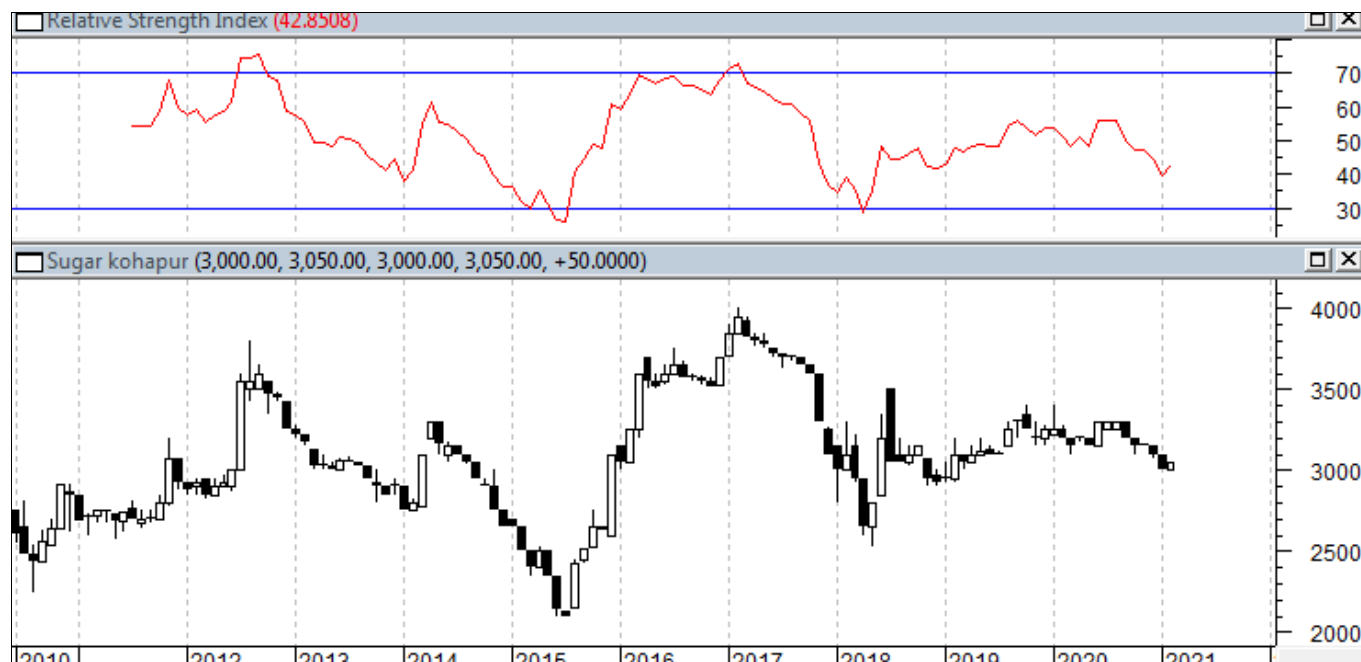
Sugar production in Uttar Pradesh was lower as compared to previous year's Production. According to the Indian Sugar Mills Association, 120 sugar mills in Uttar Pradesh have produced around 42.99 lakh tonnes of sugar till 15th January, 2021, compared to the last season were, 119 sugar mills were in operation and had produced about 43.78 lakh tonnes of sugar. The slightly lower production this year is because of reportedly lower cane yields and lower sugar recoveries in the State.

Mills in India has produced around 142.70 lakh tonnes of sugar so far. According to the Indian Sugar Mills Association, 487 sugar mills were in operation in the country and have produced around 142.70 lakh tonnes of sugar, as compared to 108.94 lakh tonnes of sugar produced by 440 sugar mills in the previous season, which is 33.76 lakh tonnes higher as compared to last season's production for the corresponding period.

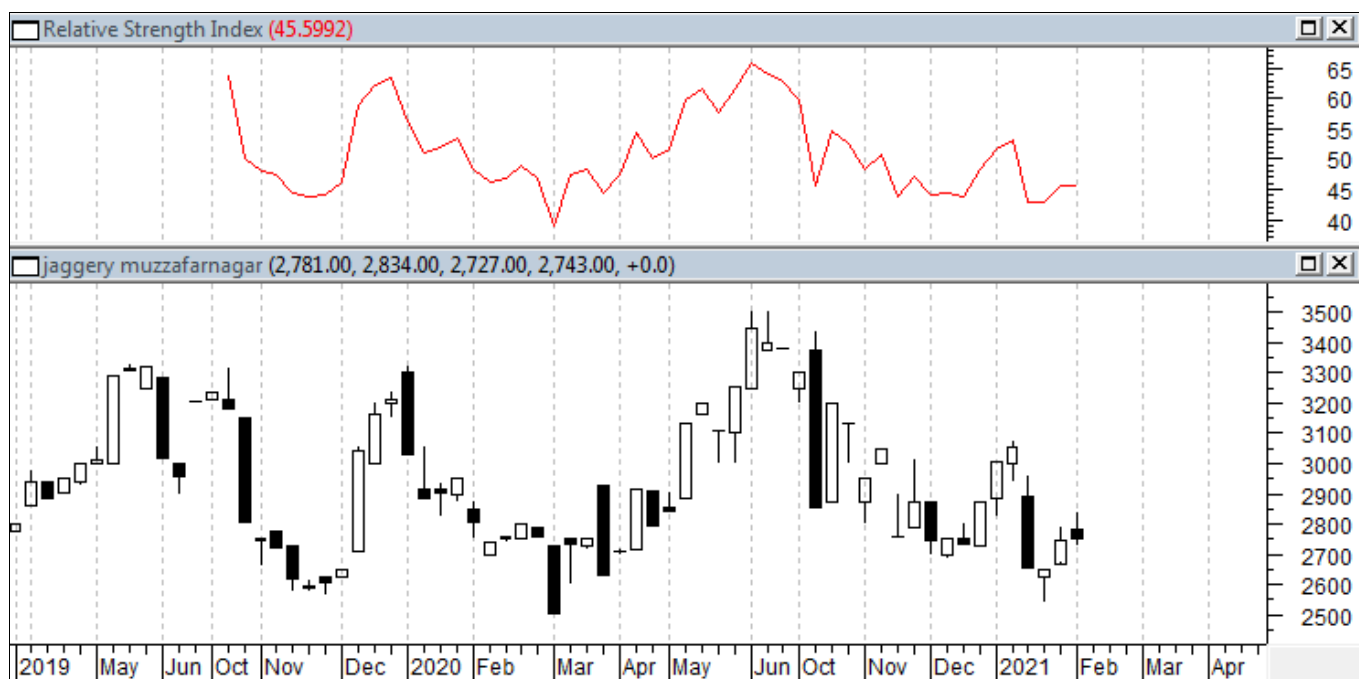
Sangli District is likely to witness more sugar output this season. Around 15 sugar mills are operating in the district and have produced about 48 lakh tonne sugar by crushing 43 lakh tonne sugarcane in last two months. The district has recorded 11.24 per cent sugar recovery rate this season. Earlier the mills faced problems like lack of cane harvesters and demand of hike in cane harvesting rates at the beginning of the crushing season. However, the mills managed the issues and began crushing operations in November. The mill which were operating in the previous season are also engaged in the ongoing operations, and this will add more sugar in the district's output.

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

- Sugar average prices at benchmark Kolhapur market closed weaker at Rs.3084quintal during January 2021.
- 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 have started in Muzaffarnagar market with 1.62 lakh quintals during January.
- The average price stood around Rs.2901 per quintal during January month, lower against Rs. 2924 per quintal during same period last year.
- RSI stood in the neutral region.



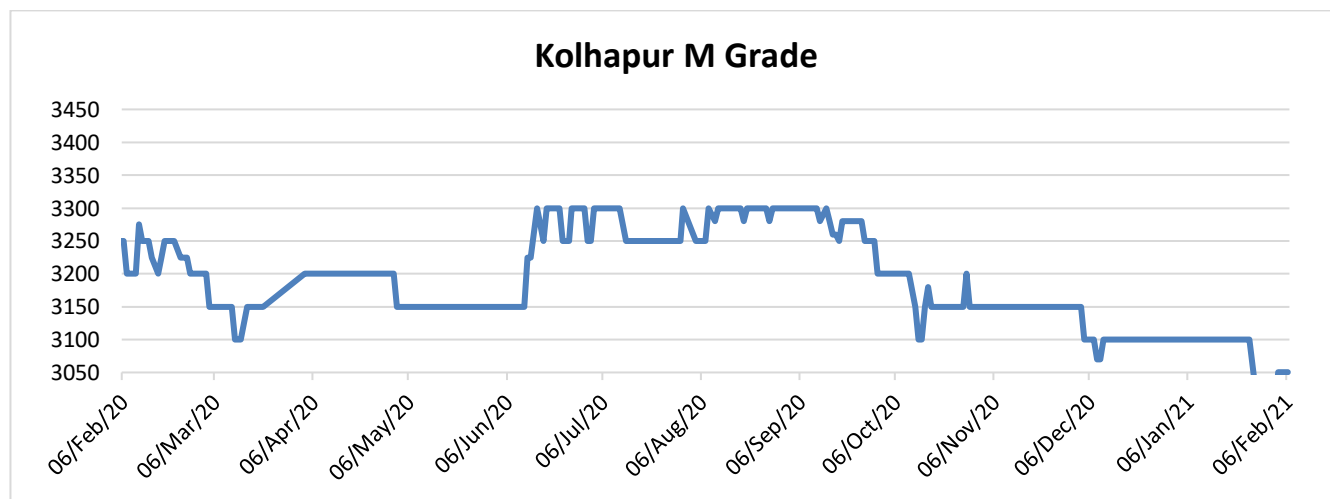
Sugar Domestic Balance Sheet

- 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 31.5 MMT.
- Sugar domestic consumption was at 33.3 MMT in 2019-20. Consumption is expected to increase after the corona virus disruption 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 9.44.

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

Particulars	Month	(Rs/Qtl)
Current month Average Price	Jan'21	3084
Previous month's Average Prices	Dec'20	3103
	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	Feb'21	3000-3200
	Mar'21	3200-3350

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have increased significantly by around 7.85% to 15.92 cents/lbs in January from 14.67 cents/lbs in December. The average prices of refined sugar were up by around 4.30% to \$401.30/tonne in January from \$384.01/tonne during December.

International Market Highlights:

Shortage in global sugar may increase dependence on Indian sugar. The world sugar production may fall short of demand by 5 million metric tons this season. Also, the situation is likely to continue for next year also where the deficit may increase to 6 million tons, the reason behind the demand supply gap is the bad weather which has affected the sugarcane output in Thailand. Europe has also seen declined production and Brazil is focusing on ethanol production rather than sugar production. This has left the world to depend on the sugar output from India where sugar output is rising. The Indian government has approved an export subsidy in December for sugar.

Global market may face sugar deficit this year. According to the International Sugar Organisation (ISO), global sugar output is estimated at 171.1 MT against the demand of 174.6 MT. Brazil meets one-fifth of the global sugar requirement every year but the country is likely to witness a dip in sugar output due to dry weather and increased demand for crude oil. Thailand produces 9% of global sugar output but the country is facing less sugar output due to bad weather. For the consecutive third year European Union is witnessing a drop in the sugar output due to increased viral disease and reduced acreage production. As a result, the global sugar market is likely to witness supply deficit due to reduced sugar output in Brazil and Thailand and this is likely to benefit India to export sugar but the prices in the domestic market are likely to remain stable due to excess carryover stock.

Kenya is planning to import sugar from Uganda. Kenya is planning to import around 90,000 tonnes of sugar from Uganda and 160,000 tonnes from other countries after exhausting COMESA import quota allotted to it. Kenya has been importing around 350,000 tonnes from within EAC and COMESA due to a widened deficit in its market.

Sugar output likely to increase in US. The US Department of Agriculture in world agriculture supply and demand estimates report has stated that sugar output from sugarcane and sugar beet is estimated to increase in the current season 2020-21 from 13.5% to 14.4%. Total sugar output is estimated to increase to 9,156,000 tons, higher than 1,007,000 tons from 2019-20 season. The sugar output from sugar beet is estimated to be 4,992,000 tons, up by 641,000 tons from last year. The sugar output from sugarcane is estimated to be 4,163,000 tons, up by 365,000 tons from last year. The USDA stated that the data from the sugar beet producing regions have shown an increase in the sucrose recovery to 14.955% and that has resulted in increasing sugar output estimates.

Sugar prices have increased in Pakistan by Rs. 5 per kg between 5th- 7th January 2021. The major cities of Pakistan including Lahore, Quetta, Faisalabad and Karachi have witnessed the price rise by Rs 8 per kg in last three days. The prices have risen despite government's efforts to lower the prices of sugar to Rs. 81 per kg. At

Karachi's wholesale market, the prices are at Rs. 88 per kg of sugar, while sugar in retail markets is between Rs.90 and Rs.95 per kg.

Indonesia aims to increase 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 dampen the sugar prices which have risen due to the corona virus pandemic.

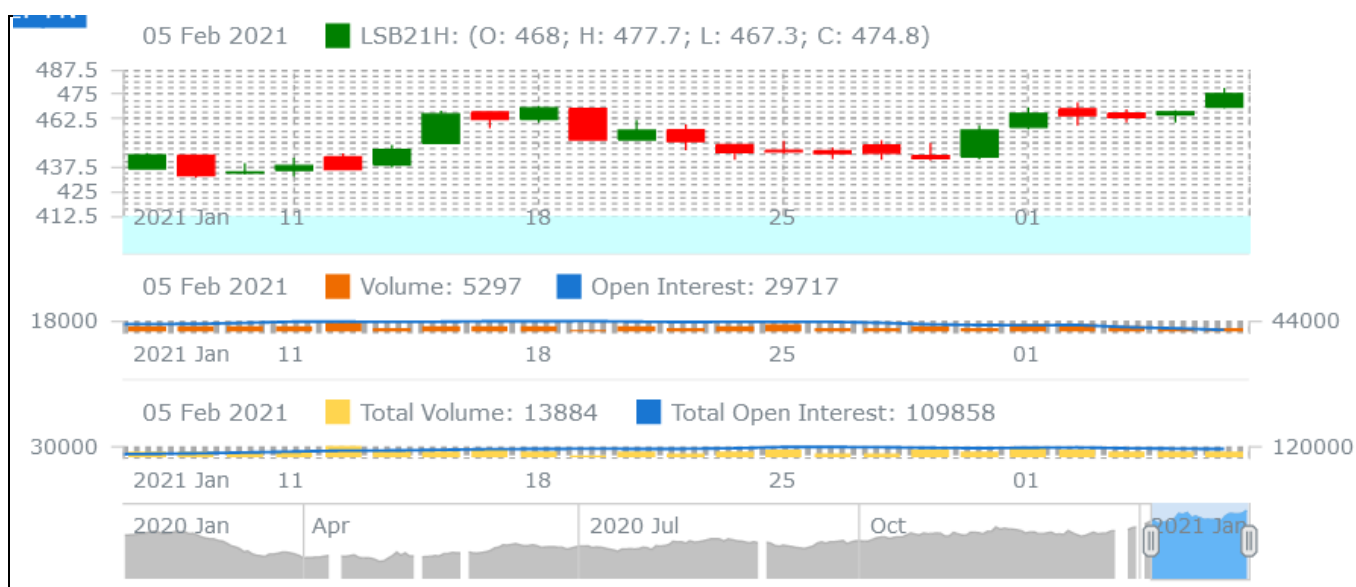
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'21 Contract)

Technical Commentary

- LIFFE future market was firm in the month.
- Total volume increased & open interest increased over a month.
- Strategy: Buy at level 477.6, T1 474.7

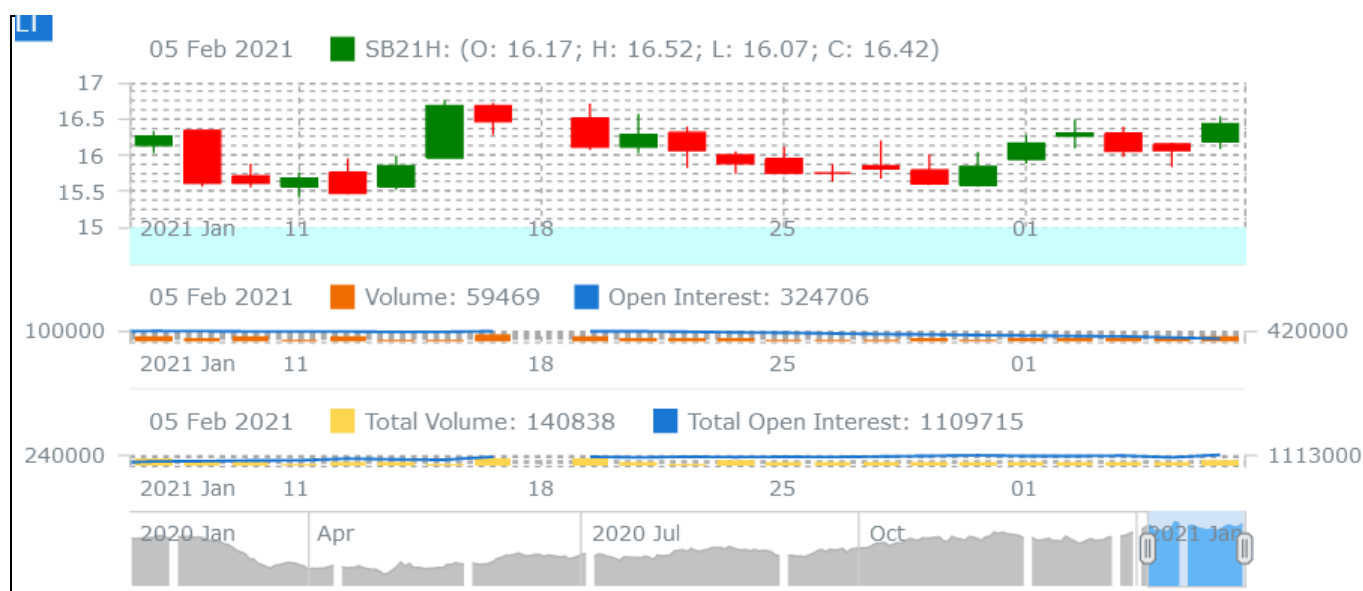
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Mar'21	434	460-475

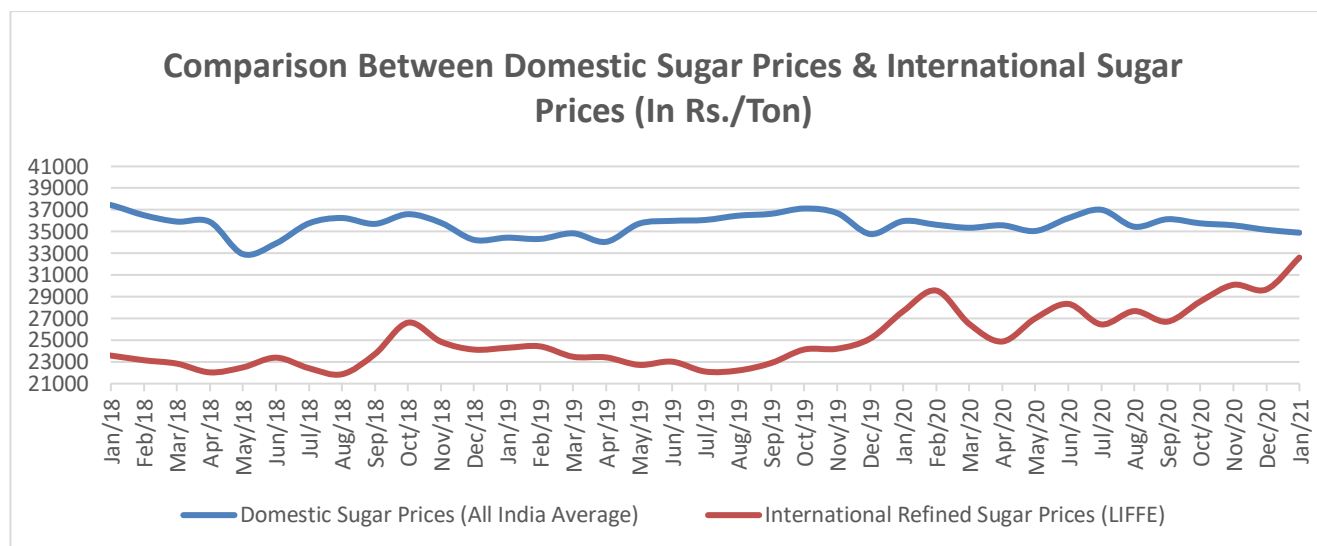


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)
Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total volume and open interest decreased over a month.
- Strategy: Buy at rate 16.51 Targeting 16.43.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'21	15.5	16-16.5



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
Sugar			Jan'21	Dec'20	
Delhi	Delhi	M-Grade	3196	3237	-41
	Delhi	S-Grade	3176	3217	-41
Uttar Pradesh	Khatauli	M-Grade	3173	3184	-11
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3067	3097	-30
	Dhampur	S-Grade Ex-Mill	3047	3077	-30
	Dhampur	L-Grade Ex-Mill	3117	3147	-30
Maharashtra	Mumbai	M-Grade	3308	3388	-79
	Mumbai	S-Grade	3201	3233	-33
	Nagpur	M-Grade	3210	3228	-19
	Nagpur	S-Grade	3197	3189	8
	Kolhapur	M-Grade	3085	3103	-19
	Kolhapur	S-Grade	3072	3064	8
Assam	Guhawati	S-Grade	3332	3324	8
Meghalaya	Shillong	S-Grade	3392	3384	8

Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3631	3560	71
	Vijayawada	S-Grade (With Duty)	3617	3620	-3
West Bengal	Kolkata	M-Grade	3642	3650	-8
Tamil Nadu	Chennai	S-Grade (With GST)	3459	3585	-126
	Dindigul	M-Grade (DCA)	3613	3642	-29
	Coimbatore	M-Grade (DCA)	3565	3570	-5
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
			Jan'21	Dec'20	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2901	2774	127
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	162300	190000	-27700
	Muzaffarnagar	Khurpa (Fresh)	2610	2511	99
	Muzaffarnagar	Laddoo (Fresh)	2927	2792	135
	Muzaffarnagar	Rascut (Fresh)	2521	2285	236
	Hapur	Chaurasa	2626	2533	93
	Hapur	Balti	2574	2544	30
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4430	4400	30
	Belgaum	Mudde (Average)	3740	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3209	3180	28
	Mandya	Achhu (Medium)	3114	3114	0
	Mandya	Kurikatu (Medium)	3018	2948	70
	Mandya	Other (Medium)	2944	2917	28
	Mandya	Yellow (Medium)	3017	3099	-82
	Shimoga	Achhu (Average)	3567	3600	-33

International Sugar Prices (Monthly- Average)				
	Contract Month	Jan'21	Dec'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	15.92	14.67	1.25
	21-May	15.09	14.00	1.09
	21-Jul	14.59	13.61	0.98
LIFFE Sugar (US \$/MT)	20-Dec	401.30	384.01	17.29
	21-Mar	445.09	402.80	42.29
	21-May	430.28	396.23	34.05

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