

### Price Outlook:

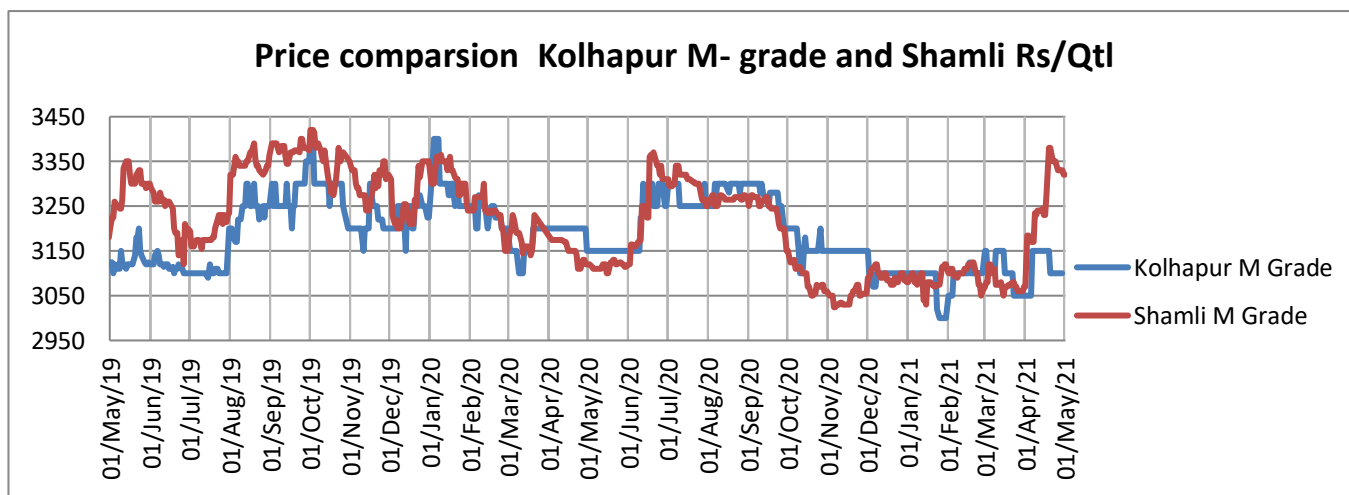
The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for May 2021 which is 5 lakh MT higher than that of May 2020. In the previous month, the government had allocated 22 lakh MT monthly sugar sales quotas for April 2021 to 548 mills. According to the market experts, the market may witness pressure due to the surge in Covid-19 cases that has led to lockdown restrictions in various states. Millers are likely to face selling pressure amidst the ongoing summer season. The average sugar prices increased in Khatauli market at Rs.3348/q from Rs.3101/q previous month. The prices in Maharashtra also stood slightly firm at Rs.3100/q.

### 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 -3,150 per quintal.

### Domestic Sugar Market Summary:

The average price for sugar 'M' grade in key Kolhapur market stood higher at Rs. 3112/q against previous month price Rs.3104 per quintal in March month. Average Spot sugar prices for the same grade in Shamli district was Rs.3262 per quintal in April higher than previous month's Shamli average price Rs.3078/q.



### Domestic Market Highlights

#### Recent Updates:

**Sugar mills from Pune division have produced 249.43 lakh quintals of sugar till 22<sup>nd</sup> April'21.** The sugar cane crushing season is in the final phase total around 156 mills have closed operation so far in the current season. In Pune division, 31 mills had participated in the cane crushing operation and out of these 25 mills have stopped

operations. These sugar mills have produced 249.43 lakh quintals of sugar by crushing 228.04 lakh tonnes sugarcane with a recovery rate of around 11 percent.

**Shamli sugar mill is likely to close crushing operation by May'2021.** Sugar mills in the district are likely to close their crushing operations by May end. The mills have started closing sugarcane procurement centers as the quantity of cane is reducing day by day. Last year Shamali mill had closed operations on 12<sup>th</sup> June 2020.

**Mawana sugar mill has cleared cane dues of worth Rs. 17.50 crore.** Mawana sugar mill has crushed around 181.11 lakh quintals of sugarcane till 17<sup>th</sup> April '2021 and which is 13.63 lakh quintals more than from previous year during the same time. Mawana sugar mill has also cleared the pending cane dues of Rs. 17.50 crore to cane farmers.

**India's has exported about 29.72 lakh tonnes of sugar.** Sugar exports from India have reached 29.72 lakh tonnes in the current sugar season 2020-21 whereas in the previous season it was around 30.64 lakh tonnes. This year sugar exports also include 4.48 lakh tonnes of sugar export under MAEQ of 2019-20 which was extended upto 31<sup>st</sup> December 2020. Also, in the current sugar season Indonesia and Afghanistan has emerged as the major sugar importers from India whereas in the previous season it were Iran and Afghanistan, because of currency restriction this year India's export to Iran was affected.

**India's Sugar Production has reached 290.91 lakh tons till 15<sup>th</sup> April 2021.** Sugar production has increased from previous season by 42.66 lakh tons higher than 248.25 lakh tons produced at the same time last year. During the previous season 140 sugar mills were operating by 15<sup>th</sup> April 2020 where as in the current season 170 sugar mills operated till 15<sup>th</sup> April 2021.

**Maharashtra leads in sugar production.** For the first time after five years, Maharashtra has surpassed Uttar Pradesh in sugar production. Till March 2021, Maharashtra has produced more than 100 lakh tonne sugar as against 96 lakh tonne by Uttar Pradesh. In the current sugar season, Maharashtra is expected to produce 105-107 lakh tonne sugar whereas in Uttar Pradesh is expected to produce 105 lakh tonne sugar. Sugar mills in Maharashtra have produced around 103.44 lakh MT of sugar. Sugar mills in Maharashtra have crushed 987.43 lakh MT of cane till 10<sup>th</sup> April 2021 and have produced around 103.44 lakh MT of sugar with an average recovery of 10.48 percent. Till 10<sup>th</sup> April around 118 sugar mills have closed their cane crushing operation, while 71 sugar mills are currently operating in the state. Production in Maharashtra is estimated to reach 106 lakh MT where else in the previous season production was around 61.69 lakh MT.

**Pending cane dues for the current season amount to around Rs.22,900crore.** The cane arrears for the current season are higher as compared to previous year's arrears of around Rs. 19,200 crore. The prevailing low sugar prices from last several months, have adversely affected the liquidity of mills and their ability to pay the Fair and Remunerative Price (FRP) to cane farmers. The cane farmers and sugar mills are hopeful for an early announcement by the government regarding increase in MSP of sugar, which will in turn ease the current situation of high cane price arrears.

**Maharashtra government is planning to launch transport subsidy scheme for sugar mills.** Sugar mills from Maharashtra have lost their traditional markets of north east, and to help them regain market share in the region, the Maharashtra government is planning to give a transport subsidy of Re.1 per kilogram of sugar sold using the railways at a market which is located more than 800 kilometers away. The total outlay of the proposed scheme is around Rs.187 crore.

**Ethanol blending in India has reached more than 7.2 percent in first four months of ethanol supply year 2020-21 (December to November).** In states such as Goa, Karnataka, Maharashtra, Gujarat, Uttar Pradesh, Haryana, Punjab, Delhi, Uttarakhand and Himachal Pradesh around 9.5-10 percent ethanol is being blended with petrol, as a result these states are close to the 2022 target of 10 percent blending. Although for sugar mills, after first 4 months the blending of ethanol was not smooth as there was some strategic error by oil marketing companies in estimating the storage capacity. Sugar mills have contracted for 2.98 billion litres of ethanol out of which 1 billion litres i.e 33.5 percent has been already supplied and rest is in the process of being delivered. Of all ethanol production, around 770 million litres has been produced from B- heavy molasses and sugarcane juice, which has led to shortfall of 800,000 tonnes in sugar production.

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

- Sugar average prices at benchmark Kolhapur market closed at Rs.3100/quintal during April 2021.
- 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 in Muzzafarnagar market were at 7.9 lakh quintals during April.
- The average price stood around Rs.2992 per quintal during April month, higher against Rs. 2806 per quintal during same period last year.
- RSI stood in the neutral region.



#### Sugar Domestic Balance Sheet

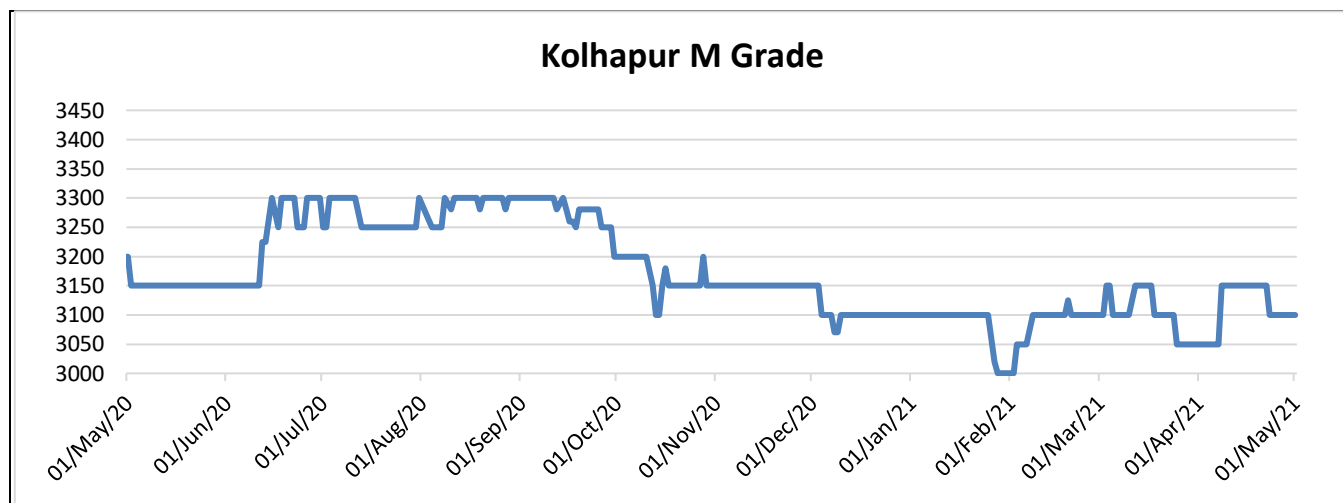
- As per the Agriwatch's latest estimate, India's sugar production was 27.2 MMT during 2019-20 SS and sugar production in 2020-21 is likely to increase by 16% to 31.5 MMT.
- Sugar domestic consumption was at 23.79 MMT in 2019-20. Consumption is expected to decrease again due to the rising corona virus cases and lockdown restrictions at 25.09 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 may increase to 10.30.

<b>SUGAR BALNCE SHEET 2020-21(MMT)</b>							
<b>SUGAR BALNCE SHEET 2020-21(MMT)</b>	<b>2018-19</b>	<b>2019-20*</b>	<b>2020-21*</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>
Carry in stock	8.27	11.98	9.45	9.45	12.63	21.76	17.81
Estimated sugar production	33.16	27.25	31.54	10.68	16.89	3.66	0.31
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	41.43	39.23	40.99	20.13	29.52	25.42	18.12
Exports	3.80	6.00	5.60	1.54	1.35	1.45	1.26
Availability for domestic consumption (D - E)	37.63	33.23	35.39	18.59	28.17	23.97	16.86
Estimates sugar consumption	25.65	23.79	25.09	5.96	6.41	6.16	6.56
Carry out stock (F - G)	11.98	9.45	10.30	12.63	21.76	17.81	10.30

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

<b>Pariculars</b>	<b>Month</b>	<b>(Rs/Qtl)</b>
<b>Current month Average Price</b>	<b>April'21</b>	<b>3112</b>
<b>Previous month's Average Prices</b>	<b>Mar'21</b>	<b>3104</b>
	Feb'21	3084
	Jan'21	3084
	Dec'20	3287
	Nov'20	3103
	Oct'20	3165
	Sep'20	3279
	Aug'20	3288
	Jul'20	3266
	Jun'20	3228
	May'20	3154
<b>Projected Price Range</b>	<b>May'21</b>	<b>3100-3150</b>
	<b>June'21</b>	<b>3100-3150</b>

\* Kolhapur benchmark



### International Sugar Market Summary:

The average global raw sugar prices have increased significantly by around 0.37% to 16.08 cents/lbs in April from 15.71 cents/lbs in March. The average prices of refined sugar were down by around 14% to \$437.70/tonne in April from \$451.86/tonne during March.

### International Market Highlights:

**Sugar output has decreased in Bangladesh.** According to the Bangladesh Food and Industries Corporation, Bangladesh sugar production has decreased this season and is at 48,055 tonnes, the sugar recovery percentage has also reduced to about 5.49 percent. The sugar production has mainly fallen because of the closing of state owned sugar mills in Bangladesh and also delayed cane harvesting in this season.

**Pakistan cabinet has rejected import of sugar from India.** The Pakistan Cabinet has overturned the decision of the economic coordination committee (ECC) to allow the import of sugar from India. Earlier, the ECC had recommended the cabinet to revive the trade that was suspended from the past two years.

**Uganda hopes to export sugar to Kenya.** The domestic sugar production in the country has increased by 37% in one year owing to the increase in the investment in the sugar sector by the government and private players. The sugar output has increased to 603,788 tonnes compared to 440,935 tonnes in 2019. Uganda since November is trying to export sugar to Kenya but due the failing of verification exercise from Kenya, export was delayed. According to Uganda Sugar Manufacture Association, Kenyan authorities were earlier sending a verification team to do the verification but it was delayed several times. Although later Kenya has initiated the verification exercise.

**Ukraine may import sugar to regulate the domestic prices.** The Ukraine government is considering importing 50,000 tonnes of additional raw sugar and the Ministry of Development of Economy, Trade and Agriculture will be issuing licenses for it, the import of raw sugar will make sugar affordable in the domestic markets. The price of sugar produced from imported raw material is about UAH 20 per kg. Meanwhile, the parliament is considering the possibility of a temporarily removing of duties on imports of white sugar to Ukraine, which will also contribute to the saturation of the domestic market with sugar.

**Australia may emerge as the second largest exporter of sugar.** Sugarcane growers in Australia are expecting that the sugar mills would crush around 29.5 million tonnes of sugarcane, likely producing 4 million tonnes of raw sugar of which about 85 percent will likely be exported. Meanwhile, sugar export from Thailand is expected to be around 2.6 million tonnes in 2021, which is 4 million tonnes lower than in 2019 due to drought.

**Bangladesh ensures availability of Sugar during Ramzan.** Bangladesh Sugar and Food Industries Corporation (BSFIC) has ensured the availability of around 44,000 tonnes of sugar in the stock and it will be supplied to the markets through dealers. According to BSFIC, the annual need of sugar for Bangladesh is around 18 lakh tonnes including 3 lakh tonnes sugar consumed during Ramzan. BSFIC provides only 50,000 tonnes of sugar per year and private sector supplies the remaining 17.5 lakh tonnes of sugar. Loose sugar will be supplied at Bangladeshi taka (Tk) 63 per kg and packed sugar is sold around Tk 68 per kg, whereas Sugar in retail markets will not be sold around Tk 75.

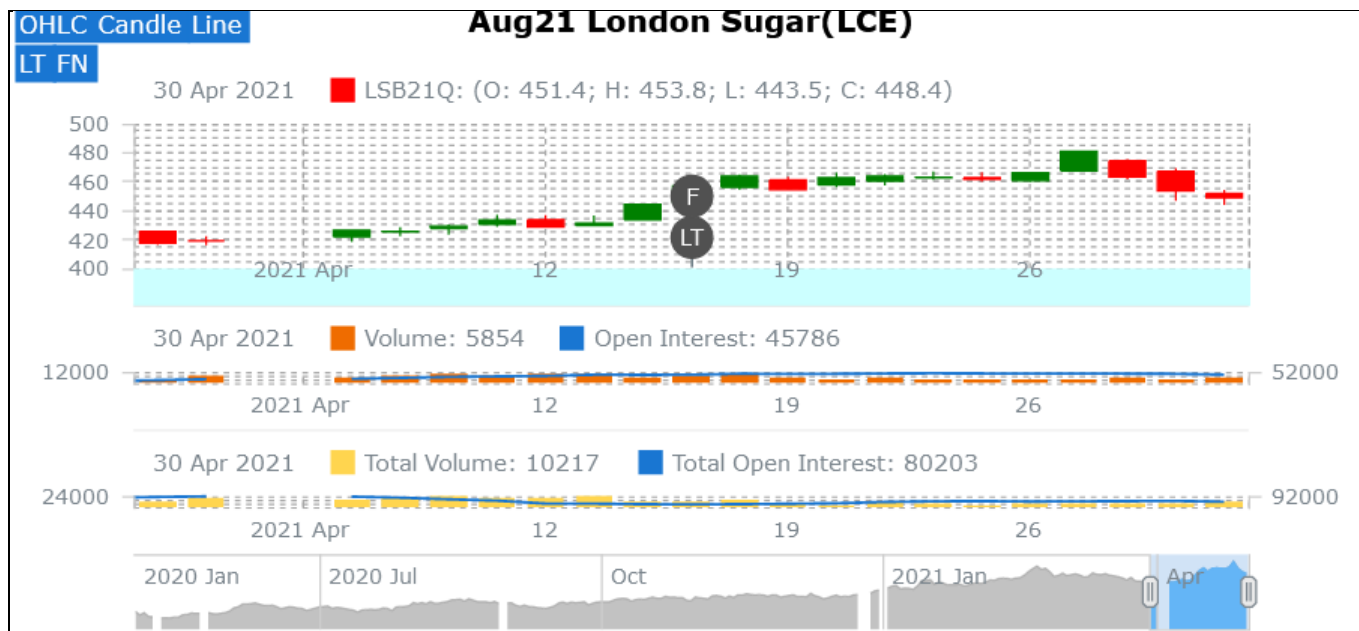
## **International Sugar Futures Price Projection**

### **LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Aug'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 452, T1 442.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Aug'21	453	450-460



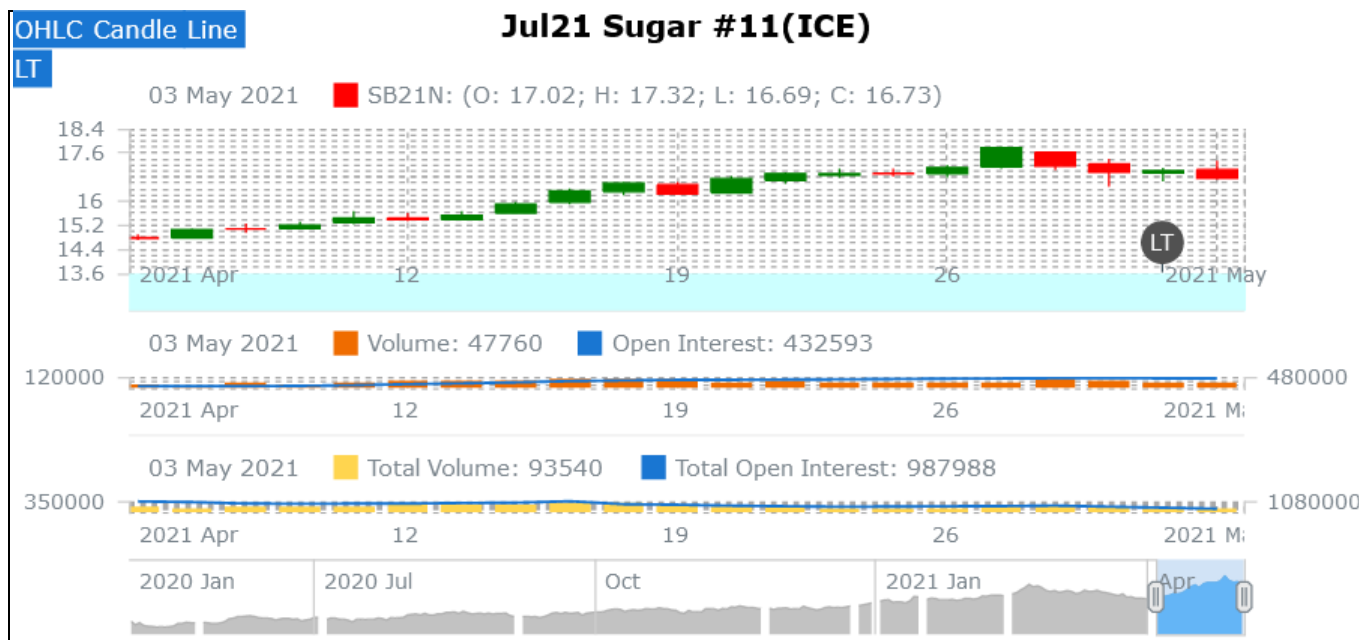
### ICE (Raw Sugar Exchange) Future Market Scenario (Jul'21 Contract)

Technical Commentary:

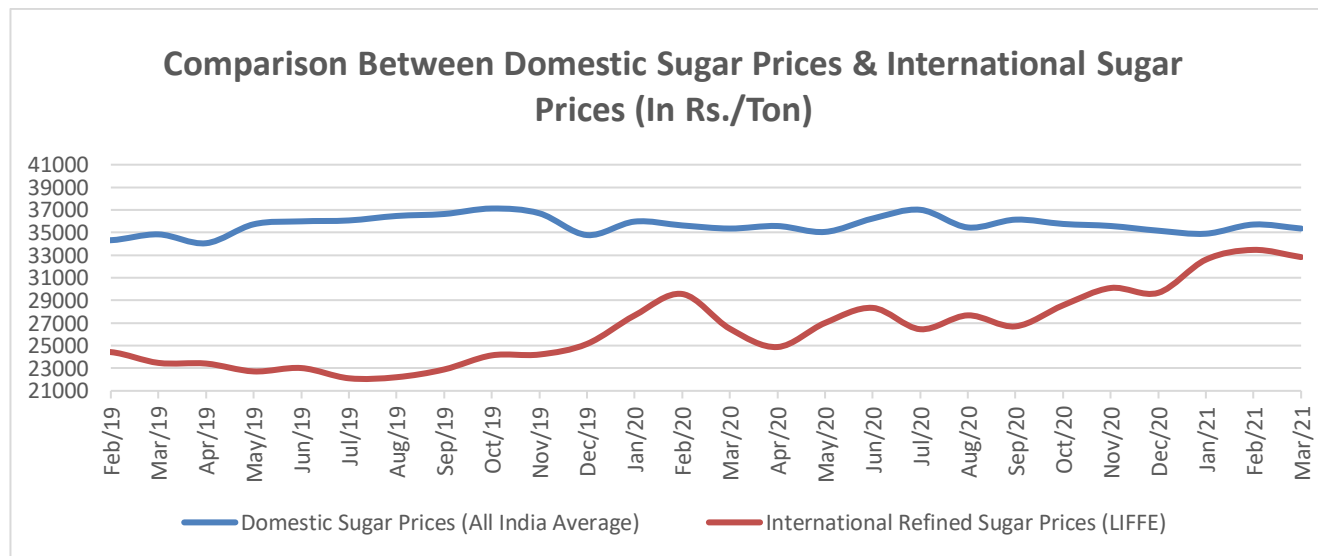
- ICE raw sugar futures remained firm in the month.
- Both total volume and open interest decreased over a month.
- Strategy: Buy at rate 17.02 Targeting 16.20.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'21	17.02	17.02-18.4





**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			Apr'21	Mar'21	
Delhi	Delhi	M-Grade	3320	3154	166
	Delhi	S-Grade	3300	3134	166
Uttar Pradesh	Khatauli	M-Grade	3348	3101	247
	Ramala	M-Grade	3138	NA	-
	Dhampur	M-Grade Ex-Mill	3070	3083	-13
	Dhampur	S-Grade Ex-Mill	3050	3063	-13
	Dhampur	L-Grade Ex-Mill	3120	3133	-13
Maharashtra	Mumbai	M-Grade	3348	3338	10
	Mumbai	S-Grade	3243	3203	40
	Nagpur	M-Grade	3235	3229	6
	Nagpur	S-Grade	3171	3144	27
	Kolhapur	M-Grade	3110	3104	6
	Kolhapur	S-Grade	3046	3019	27
Assam	Guhawati	S-Grade	3306	3279	27
Meghalaya	Shillong	S-Grade	3366	3339	27
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3624	3644	-20
	Vijayawada	S-Grade (With Duty)	3596	3606	-10
West Bengal	Kolkata	M-Grade	3507	3530	-23
Tamil Nadu	Chennai	S-Grade (With GST)	3531	3452	79
	Dindigul	M-Grade (DCA)	3540	3557	-17
	Coimbatore	M-Grade (DCA)	3540	3540	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	3600	-

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)			Apr'21	Mar'21	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2992	2768	224
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	79000	167000	-88000
	Muzaffarnagar	Khurpa (Fresh)	2653	2509	144
	Muzaffarnagar	Laddoo (Fresh)	3042	2769	273
	Muzaffarnagar	Rascut (Fresh)	2401	2291	110

	Hapur	Chaurasa	2731	2485	246
	Hapur	Balti	2689	2427	262
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4522	4202	320
	Belgaum	Mudde (Average)	3800	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3276	3197	79
	Mandya	Achhu (Medium)	3932	3706	226
	Mandya	Kurikatu (Medium)	3441	3474	-33
	Mandya	Other (Medium)	3635	3484	151
	Mandya	Yellow (Medium)	3567	3576	-9
	Shimoga	Achhu (Average)	3468	3450	18

International Sugar Prices (Monthly- Average)				
	Contract Month	Apr'21	Mar'21	Change
ICE Sugar #11 (US Cent/lb)	21-May	16.08	15.71	0.37
	21-Jul	15.98	15.33	0.65
	21-Oct	15.94	15.22	0.72
LIFFE Sugar (US \$/MT)	21-May	437.70	451.86	-14.16
	21-Aug	443.09	439.43	3.66
	21-Oct	439.36	429.63	9.73

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2021 Indian Agribusiness Systems Ltd.