

Price Outlook:

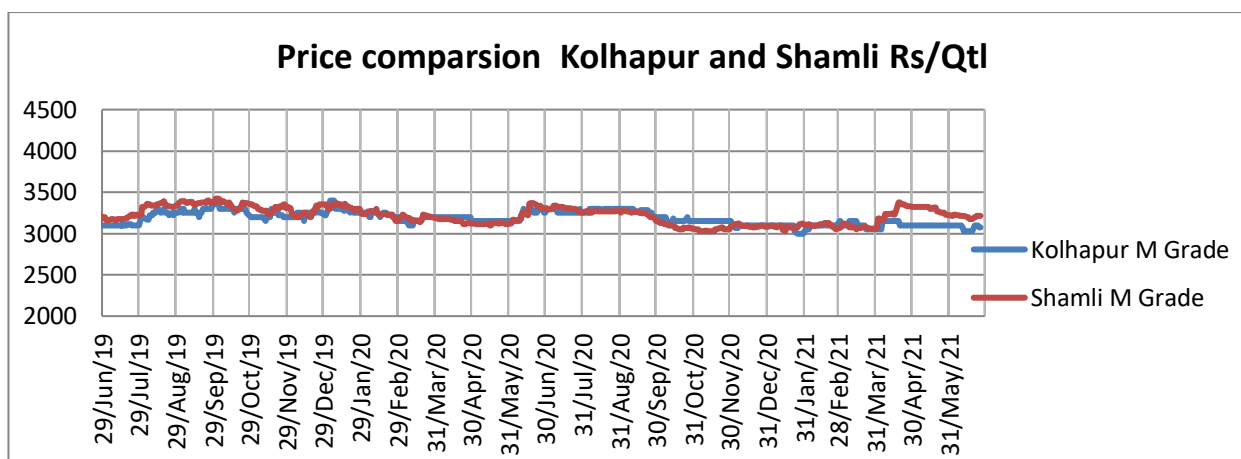
The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for July 2021 which is 1 lakh MT higher than that of July 2020. In the previous month, the government had allocated 22 lakh MT monthly sugar sales quotas for June 2021. Sugar crushing season has ended in Maharashtra for 2020-21 season. The average sugar prices decreased in Khatauli market at Rs.3316/q from Rs.3348/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 lower at Rs. 3076/q against previous month price Rs.3104 per quintal in May month. Average Spot sugar prices for the same grade in Shamli district was Rs.3206 per quintal in June lower than previous month's Shamli average price Rs.3294/q.



Domestic Market Highlights

Recent Updates:

Sugar mills have closed their crushing operation in Uttar Pradesh. Sugar mills have concluded the crushing season in the Meerut region of Uttar Pradesh. Sugar mills have reported an increase in sugarcane crushing in the current season, whereas sugar production dipped as compared to the previous season. The region has also recorded a decline in sugar recovery. Around 1,617.84 lakh quintal sugarcane was crushed during the 2019-20 season whereas, during the 2020-21, the sugar mills have crushed 1664.59 quintal sugarcane, which is 46.75 lakh quintal more than the previous season. In terms of sugar production, the mills had produced 183.33 lakh quintal sugar during the 2019-20 season whereas the sugar output in the 2020-21 season was 180.83 lakh quintal.

Sugarcane farmers from Karnataka are demanding the government to increase the Fair and Remunerative Price (FRP) for sugarcane as the cost of cane cultivation has increased. According to the farmers input cost and cultivation cost per tonne of sugarcane is around Rs 3,200 to Rs 3,500 per tonne and the FRP for 2020-21 was Rs 2,850 which is less than what they spend on growing the cultivation. The state government is yet to announce the FRP for the next season, as per the local sources, the area is expected to increase to 6.68 lakh hectares in the current year but it is only possible if the government agrees to hike FRP to the input cost level.

India's sugar production is at 30.67 million tonnes (MT). According to the Indian Sugar Mills Association, Sugar mills are confident that they would be able to sell 0.8 -1 MT more in domestic market compared with last year and export 7 MT, which is 1.1 MT more than the previous season. This is expected to leave the sugar industry with 2-2.5 MT less sugar stocks at the end of the season to September 30. According to the Department of Food and Public Distribution records, closing stocks at the end of the last season was 110 MT. As on June 15, only five sugar mills are continuing with sugarcane crushing and the rest of the mills across the country have closed crushing operations already.

According to ISMA, sugar mills have produced 306.65 lakh tonne of sugar till 15th June 2021: Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 15th June 2021, 5 sugar mills were crushing sugarcane, which is similar to that were operating the same time the previous season. Sugar mills have produced around 306.65 lakh tonnes of sugar till 15th June'2021, as compared to 271.11 lakh tonnes produced during the same period last year.

Sugar Stock rallied after government the government has advanced the deadline for 20 percent ethanol blending to 2023. According to the market sources, rising ethanol demand and aggressive ethanol capacity addition would drive a compounded earnings growth of 15-20 percent over FY 21-24. Also, after the government's decision a sizeable amount of sugarcane can divert to ethanol production and this would eventually benefit the sugar industry as the situation of a supply glut will automatically get addressed and will support pricing discipline in the long run. Most of sugar company stocks are rallied between 20% and 40% in the past month and are currently trading at a premium to their five-year average price-earnings (PE). The tight supply situation in the global market has pushed sugar prices to a four-year high. As per the market experts, global prices may stay firm for the next 3-4 months unless output from other major sugar exporters starts coming in for the next season in 2021-22. With the 20% increase in global sugar prices, India's sugar industry has been able to complete 90% of the 6 million tonnes exports in the current season.

Sugar Season ends in Maharashtra with production of around 106.3 LMT of sugar. The 2020-21 sugar seasons in Maharashtra has ended this week. Around 190 sugar mills have participated in the current 2020-21 sugar season against the 147 sugar mills which operated in the previous season. The total sugarcane crushed was 1012 LMT compared to 545 LMT in the previous season and the production was around 106.3 LMT of sugar which is 72.54 percent higher than the previous season that is 61.61 LMT. The average recovery percentage was around 10.5%.

Government has advanced ethanol blending target of 20 percent to 2025 from earlier 2030. The government has decided to advance the ethanol blending target to 2025, which earlier was scheduled for 2030. The government has also released a report of an inter-ministerial committee that lays out a comprehensive roadmap for the development of the ethanol sector. Earlier ethanol was being produced in sugar-growing states only but now it is produced across the country with the setting up of foodgrain waste distillers and agricultural waste ethanol plants.

Sugar mills from India have contracted to supply 321.18 crore liters of ethanol to Oil Marketing Companies.

According to the Indian Sugar Mills Association, Letters of Intent (LOI) have been issued by Oil Marketing Companies for 346.52 crore liters of ethanol for the Ethanol supply year 2020-21. Of this, 321.18 crore liters have been contracted and 145.38 crore liters of ethanol have been supplied till 24th May'2021. Out of the total, about 77 percent comprises ethanol made from sugarcane juice / B-heavy molasses. The average ethanol blending rate in India has reached 7.56 percent in this season, whereas most of the states have reached 8-10 percent blending except Rajasthan, Kerala, West Bengal, Assam, North Eastern States, Kashmir, and Ladakh as not being the major sugar-producing states and also far away from the ethanol-producing states. Also, to reach the ethanol blending target up to 8-8.5 percent for the whole year by the end of November'2021, it is important to increase the blending level to at least 12 percent in ethanol surplus states. Meanwhile, the Oil Marketing Companies on 25th May 2021 have floated their 4th cycle of Expression of Interest (EOI), inviting further bids from ethanol producers for another supply of 26 crore liters of ethanol from 1st June'21 to 30th Nov'21.

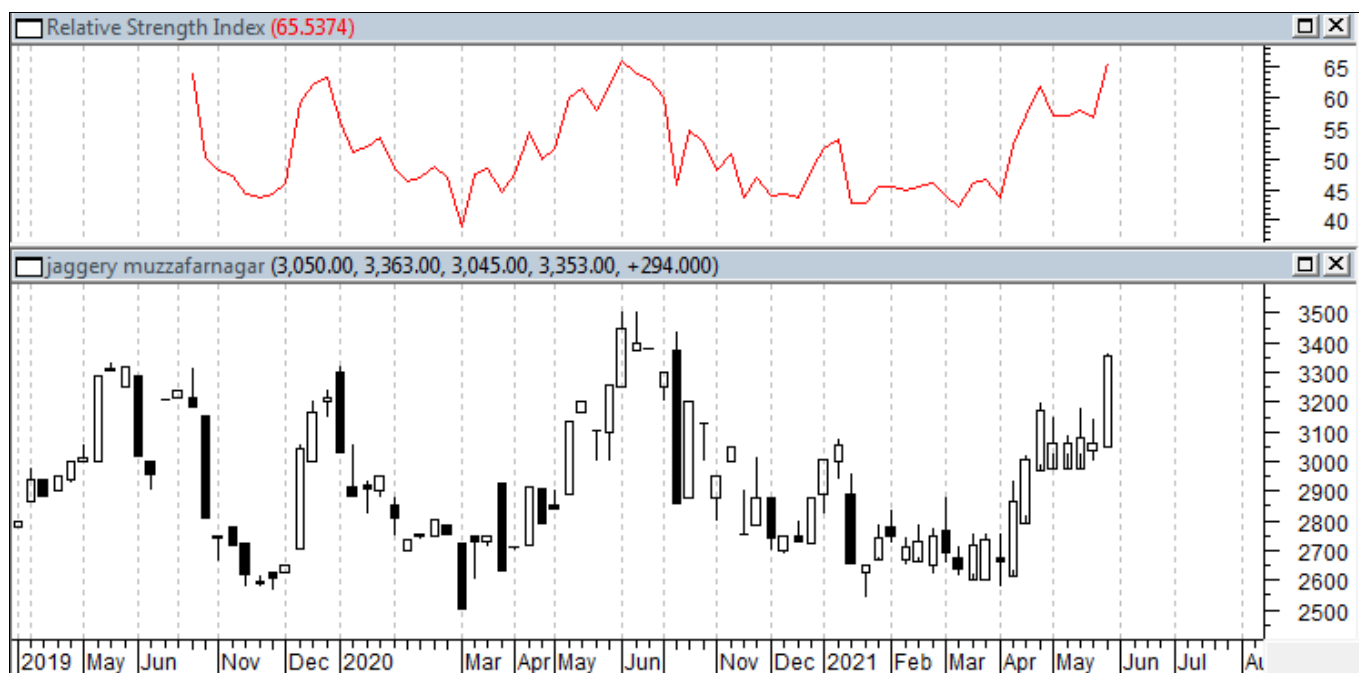
India is expected to achieve its export target of 60 lakh tonnes for the current sugar season. India has made 58 lakh tonnes of export contracts against MAEQ of 60 lakh tonnes of sugar for 2020-21 fixed by the government. Almost 44-45 lakh tonnes of sugar have been physically exported out of the country from January 2021 to May 2021. Another 4.48 lakh tonnes of sugar was exported from October 2020 to December 2020 quarter against the MAEQ of last season. According to the Indian Sugar Mills Association due to favorable international prices, sugar mills from India are expected to export at least 10 lakh tonnes of sugar more than the export quota of 60 lakh tonnes. The rise in international prices is due to the expectation of lower sugar output from Brazil and Thailand. Indian sugar mills have started signing sugar export deals without assistance from government subsidies.

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

- Sugar average prices at benchmark Kolhapur market closed at Rs.3076/quintal during June 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 have closed down.
- RSI stood in the neutral region.



Sugar Domestic Balance Sheet

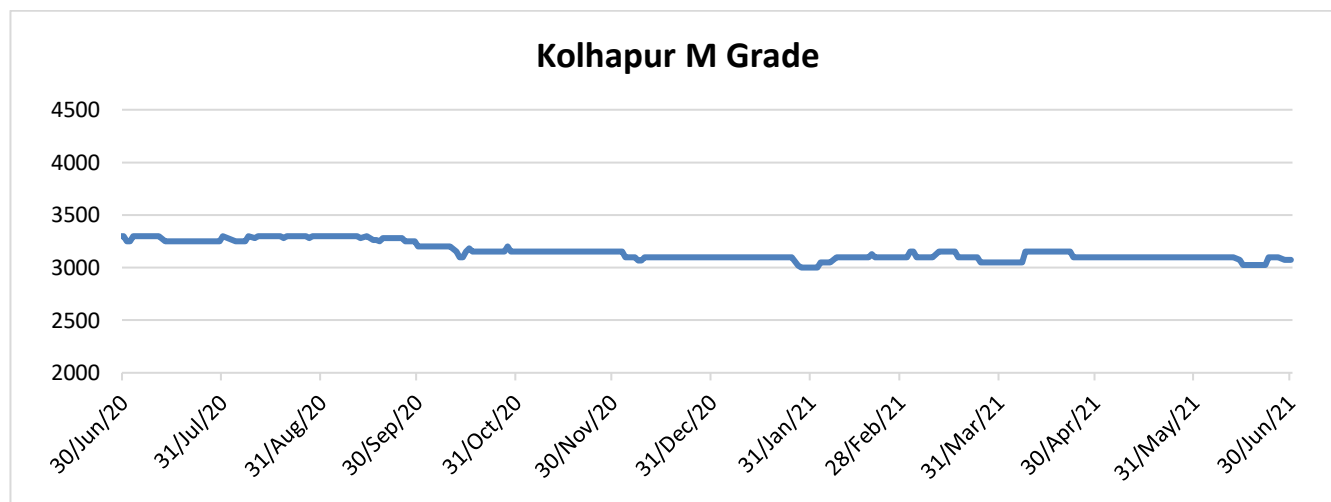
- As per the Agriwatch's latest estimate, India's sugar production was 27.2 MMT during 2019-20 SS and sugar production in 2020-21 is likely to increase by 16% to 31.0 MMT.
- Sugar domestic consumption was at 23.79 MMT in 2019-20. Consumption is expected to decrease again due to the rising corona virus 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 8.66.

SUGAR BALNCE SHEET 2020-21(MMT)							
SUGAR BALNCE SHEET 2020-21(MMT)	2018-19	2019-20*	2020-21*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	8.27	11.98	9.45	9.45	12.63	21.46	16.70
Estimated sugar production	33.16	27.25	31.00	10.68	16.89	3.18	0.25
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	40.45	20.13	29.52	24.64	16.95
Exports	3.80	6.00	6.70	1.54	1.65	1.78	1.73
Availability for domestic consumption (D - E)	37.63	33.23	33.75	18.59	27.87	22.86	15.22
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	8.66	12.63	21.46	16.70	8.66

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

Particulars	Month	(Rs/Qtl)
Current month Average Price	June'21	3076
Previous month's Average Prices	May'21	3104
	April'21	3112
	Mar'21	3104
	Feb'21	3084
	Jan'21	3084
	Dec'20	3287
	Nov'20	3103
	Oct'20	3165
	Sep'20	3279
	Aug'20	3288
	Jul'20	3266
Projected Price Range	Jul'21	3075-3100
	Aug'21	3100-3150

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have increased significantly by around 0.92% to 17.32 cents/lbs in June from 16.40 cents/lbs in May. The average prices of refined sugar were down by around 2.27% to \$449.64/tonne in June from \$451.91/tonne during May'21.

International Market Highlights:

According to the International Sugar Organization global sugar consumption is expected to decline marginally. International sugar organization has changed the earlier estimates of sugar deficit for 2020-21 season owing to the reduction in consumption across the world. The International Sugar Organisation, in a quarterly update, has lowered the forecast of a global deficit from 4.8 million tonnes to 3.1 million tonnes in the ongoing season 2020-21. The ISO expects that the global sugar consumption will be down from 173.8 million tonnes to 172.4 million tonnes. The increases in the covid-19 cases in India and Brazil and various restrictions have led to the decline in sugar consumption.

World Sugar production is estimated at 170.3 million tonnes in 2020-21. According to Food and Agriculture Organization, World Sugar production is estimated at 170.3 million tonnes in 2020-21 sugar season with a decline of 1.6 million tonnes. The decline in world sugar production is mainly because of the production decline in Brazil, European Union, Russia, and Thailand.

Brazil has witnessed lower sugar output at 2.376 million metric tonnes, in the Center-South region. According to data released by trade association UNICA the sugar output in Brazil has dropped by 4.39% compared with last year. UNICA stated that the mills in CS Brazil have crushed 41.07 million MT of sugarcane in first half of May which was down 3.01% year on year. The reduction in the cane crush for first half of May was because of an average of 10-12 days of delayed start in the harvest because of poor cane maturation, which has caused a ripple effect with fewer mills in operation in H1 May compared with the previous year.

The Tunisian government has increased the price of sugar per kilogram intended for family consumption by 22 percent. The step has been taken to reduce the fiscal deficit as part of a reform plan that includes a gradual cut in subsidies. The economy of Tunisia was shrunk by 8.8 percent last year with a record fiscal deficit of 11.5 percent. The country has initiated talks with the International Monetary Fund (IMF) to get the financial assistance package.

Sugar imports have reduced in the U.S. According to the U.S. Department of Agriculture (USDA), Sugar imports for the United States are likely to fall from 3.15 million short tonnes (ST) from 2020/21 to 2.65 million ST in 2021-22. The USDA has cited that the increase in local production and stable demand has resulted in lowering sugar imports. The sugar production in the US is likely to be at 9.31 million ST, which is the largest in six years.

Global sugar output is likely to increase to 2.74 million tonnes in 2021/22 from a deficit of 1.51 million tonnes in 2020/21. Good sugar crop in India along with the production recovery in Thailand and higher yield in Europe despite frosts in France is the main reason behind the hike in sugar surplus. Although sugar output in

Brazil is expected to decrease the global output will have a surplus. Sugar output in Brazil is likely to drop to 36.3 million tonnes from 38.5 million tonnes compared with last season. India is expected to produce around 30 million tonnes this season and Thailand production is expected to increase to 85 million tonnes from 66 million tonnes last season.

Philippines have achieved the sugar production target. Sugar output in the Philippines has reached the set target for the season with 2.1 million metric tonnes. The sugar crop year in the country is from September to August. According to Sugar Regulatory Administration, the sugar output has increased by 0.53% from the 2.098 million MT production registered during the same period last year.

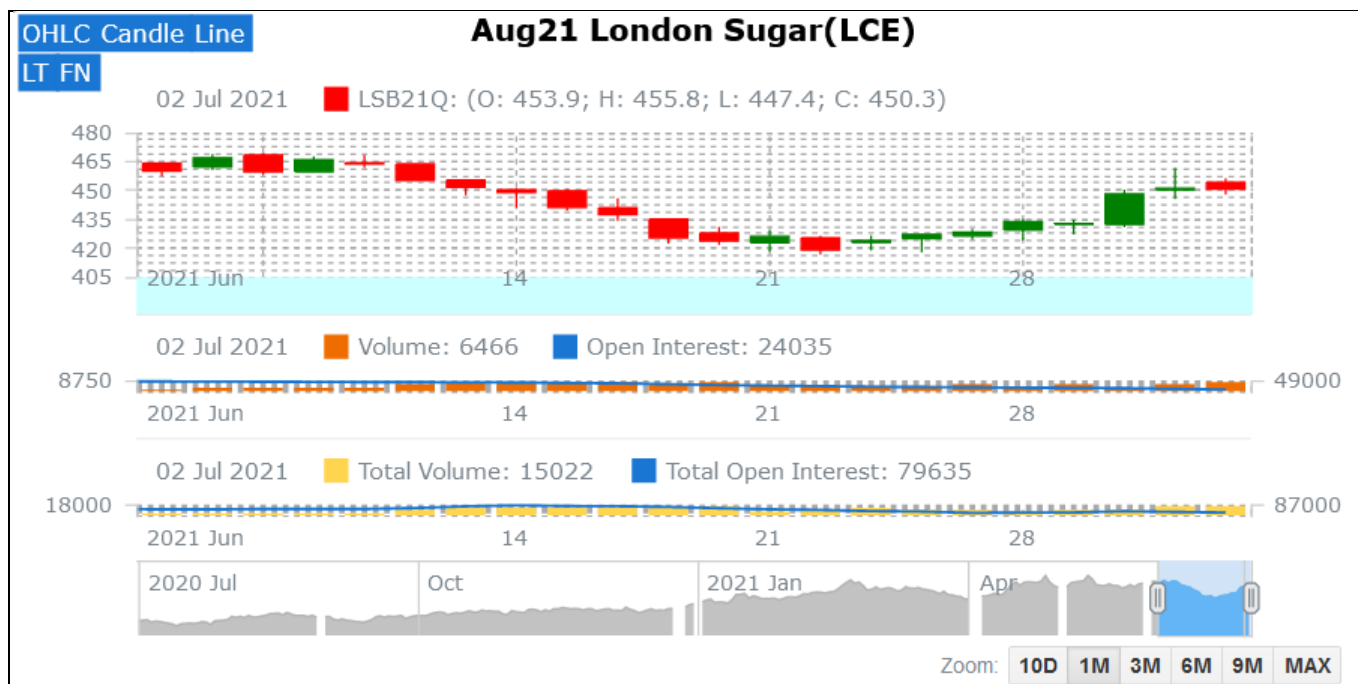
International Sugar Futures Price Projection

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 463, T1 458.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Aug'21	455	458-465

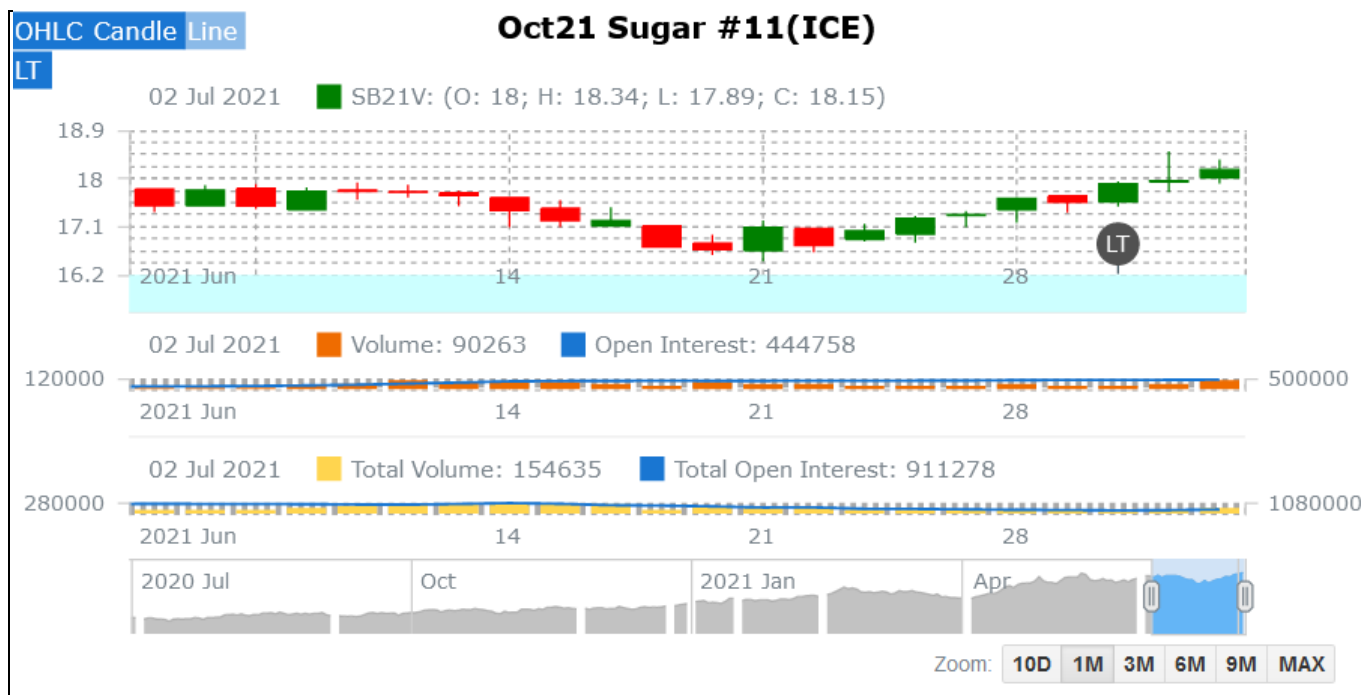


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'21 Contract)

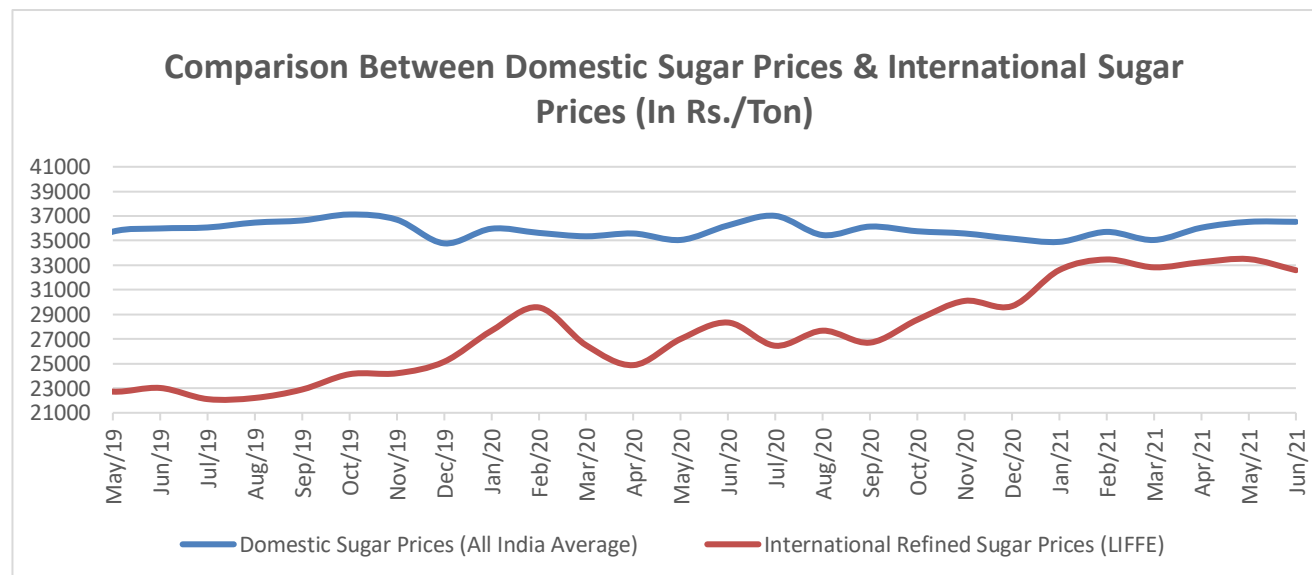
Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total volume and open interest decreased over a month.
- Strategy: Buy at rate 17.43 targeting 17.74.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Oct'21	17.74	17.60-18.4



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			June'21	May'21	
Delhi	Delhi	M-Grade	3230	3269	-39
	Delhi	S-Grade	3210	3249	-39
Uttar Pradesh	Khatauli	M-Grade	3235	3316	-81
	Ramala	M-Grade	3178	NA	-
	Dhampur	M-Grade Ex-Mill	3133	3264	-131
	Dhampur	S-Grade Ex-Mill	3113	3244	-131
	Dhampur	L-Grade Ex-Mill	3183	3314	-131
Maharashtra	Mumbai	M-Grade	3314	3336	-22
	Mumbai	S-Grade	3206	3224	-18
	Nagpur	M-Grade	3202	3224	-22
	Nagpur	S-Grade	3134	3132	2
	Kolhapur	M-Grade	3077	3099	-22
	Kolhapur	S-Grade	3009	3007	2
Assam	Guhawati	S-Grade	3269	3267	2
Meghalaya	Shillong	S-Grade	3318	3327	-9
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3571	3612	-41
	Vijayawada	S-Grade (With Duty)	3560	3586	-26
West Bengal	Kolkata	M-Grade	3600	3540	60
Tamil Nadu	Chennai	S-Grade (With GST)	3571	3600	-29
	Dindigul	M-Grade (DCA)	3580	3545	35
	Coimbatore	M-Grade (DCA)	3620	3553	67
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)			June'21	May'21	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3243	3181	62
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	11400	25950	-14550
	Muzaffarnagar	Khurpa (Fresh)	3154	2940	214

	Muzaffarnagar	Laddoo (Fresh)	3296	3144	152
	Muzaffarnagar	Rascut (Fresh)	NA	2633	-
	Hapur	Chaurasa	NA	2963	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4361	4350	11
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3290	3216	74
	Mandya	Achhu (Medium)	3432	3793	-361
	Mandya	Kurikatu (Medium)	3279	3510	-231
	Mandya	Other (Medium)	3228	3495	-267
	Mandya	Yellow (Medium)	3334	3611	-277
	Shimoga	Achhu (Average)	3600	3574	26

International Sugar Prices (Monthly- Average)				
	Contract Month	June'21	May'21	Change
ICE Sugar #11 (US Cent/lb)	21-May	17.32	16.40	0.92
	21-Jul	17.05	17.04	0.01
	21-Oct	17.32	17.08	0.24
LIFFE Sugar (US \$/MT)	21-May	449.64	451.91	-2.27
	21-Aug	454.09	456.64	-2.55
	21-Oct	455.60	458.43	-2.83

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