

Price Outlook:

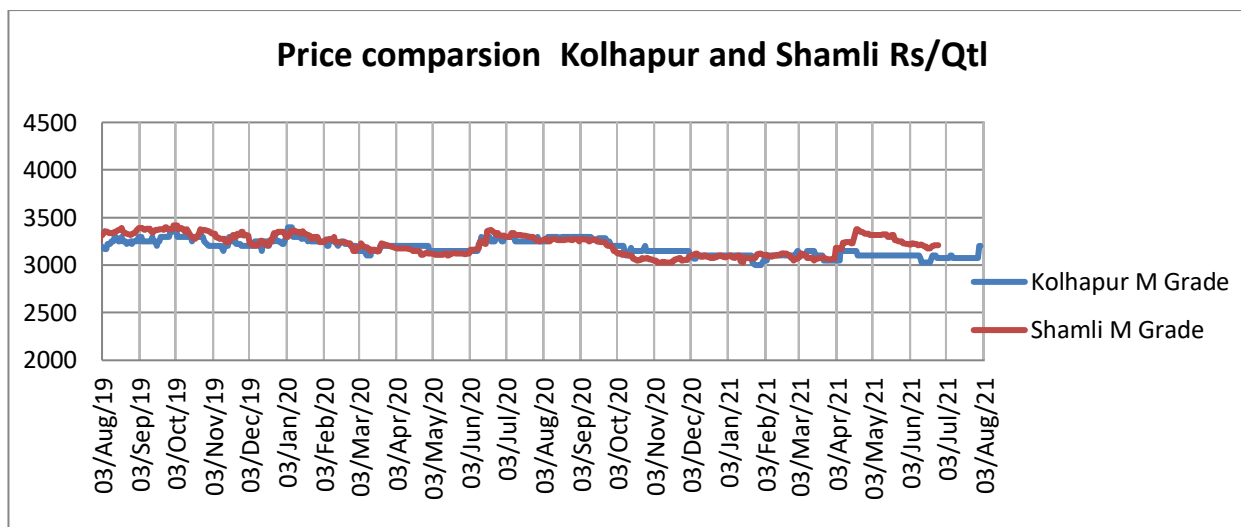
The Department of Food & Public Distribution has allocated 21 lakh MT monthly sugar sales quota for August which is 0.50 lakh MT higher than that of August 2020. In the previous month, July 2021 the government had released a 22 lakh MT sugar sales quota. Sugar production for 2020-21 seasons is estimated at 309 lakh tonnes. The average sugar prices were higher at Rs. 3240/q from the previous month at Rs.3230/q in Delhi market. The prices in Maharashtra also stood slightly firm at Rs.3075/q in July'21.

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.3075 -3,100 per quintal.

Domestic Sugar Market Summary:

The average price for sugar 'M' grade in key Kolhapur market stood firm at Rs. 3076/q same as previous month price Rs.3076 per quintal in June month. No arrivals was in Shamli the average Spot sugar prices for the same grade in Shamli district for previous month was Rs.3206 per quintal in June 2021.



Domestic Market Highlights

Recent Updates:

The Indian government on 14th July 2021 has permitted exports of specified quantities of sugar and other commodities to the Maldives for the financial year 2021-24 under a bilateral trade agreement. The directorate general of foreign trade (DGFT) has issued a notification stating that the exports will be exempted from any existing or future restrictions. Sugar quantity allowed to export for the financial year 2021-22 is 61,423.17 MT, 2022-23 is 61,423.17 MT, and 2023-24 is 61,423.17 MT.

Sugar mills in Uttar Pradesh have started clearing pending cane dues. As the sugarcane crushing season has ended in Uttar Pradesh, sugar mills are clearing the cane payment. Millers have been instructed by the government to ensure that they make 100 per cent cane dues before starting the new season.

Sugarcane dues reaches above Rs. 21,000 crore. Sugarcane arrears till May 2021 have reached Rs. 21,321 crore, highest in Uttar Pradesh. The total cane dues of Rs. 18,820 crore is from the current cane crushing season and Rs. 2,501 crore from previous season. For the 2020-21 seasons, around 63 percent of the cane dues are from Uttar Pradesh and rest are from Maharashtra, Karnataka and other states. As per the market the sugar mills said, that the low sugar sales have affected their business and therefore they failed to accumulate the capital and hence affecting the cane dues settlement.

Bijnor sugar mill will focus on ethanol production. Around five sugar mills in the district have accelerated ethanol production. The mills have produced around 9,60,40,000 litres of ethanol, out of which 8,86,94000 litres of ethanol have been sold, mills have paid 55 per cent of the money earned by selling ethanol to sugarcane farmers. The mills from the district have sold ethanol worth Rs 504.72 crore. Currently, for the coming season 2021-22 ethanol output is likely to increase as the government has emphasized its production.

Sugar Industry waits for hike in Minimum Selling Price of Sugar. Domestic sugar prices have been depressed in the wake of surplus sugar production for sugar season 2019-20 and 2020-21. Millers have been liquid-strapped given the depressed ex-mill prices along with harming the capability of paying cane dues in the given time. As per the latest reports, the cane dues for the ongoing season 2020-21 are around ₹18820 crores. The sugar industry has been seeking a hike in the MSP of sugar that would help in covering the cost of production, including interest and maintenance costs. The sugarcane FRP has not been increased from last 2 seasons.

According to the Indian Sugar Mills Association, the area under sugarcane is likely to increase by 3 percent in 2021-22 season. As per the preliminary estimates of sugar production, the area under sugarcane for the 2021-22 season is estimated to be 54.55 lakh hectares which is about 3 percent higher than that in 2020-21 season of 52.88 lakh hectares. Indian Sugar Mills Association is expecting a marginal increase in yield as well as sugar recovery in Uttar Pradesh and thus higher potential of sugar production at 119.27 lakh MT. However, the actual sugar production would also depend upon the diversion of cane towards ethanol production. The remaining states of Gujarat, Andhra Pradesh, Telangana, Bihar, Uttarakhand, Punjab, Haryana, Madhya Pradesh, Chhattisgarh, Rajasthan, and Odisha are expected to have potential for 54.60 lakh tons of sugar production in 2021-22 while accounting for zero diversion towards ethanol production.

Sugar mills from India have contracted to supply 333 crore liters of ethanol to Oil Marketing Companies. According to the Indian Sugar Mills Association, Letters of Intent (LOI) for 333 crore liters of ethanol for the Ethanol supply have been issued by Oil Marketing Companies for the year 2020-21. Ethanol manufactured from sugarcane juice and B- Heavy molasses is expected to be 230 crore liters, which translates into the diversion of around 21 lakh tonnes of sugar into ethanol. According to the Indian Sugar Mills Association, during the next year 2021-22, since the target of 10 percent blending is expected to be achieved, about 450 crore liters of ethanol would be

required, which will be about 117 crore liters more than the expected supplies in 2020-21. Assuming that most of the additional quantity of 117 crore liters will come from sugarcane juice and B-Heavy molasses to meet the target, it will translate into the diversion of another about 13 lakh tonnes of sugar, and a total of about 34 lakh tonnes of sugar will be diverted into ethanol next season.

Accordingly, it is estimated that the diversion of cane juice and B-molasses to ethanol will reduce sugar production by about 34 lakh tons in the next season, as compared to about 21 lakh tons estimated to be diverted this year. Therefore, after accounting for the reduction in sugar production due to the diversion of cane juice and B-molasses to ethanol, ISMA estimates sugar production in 2021-22 at around 310 lakh tons of sugar.

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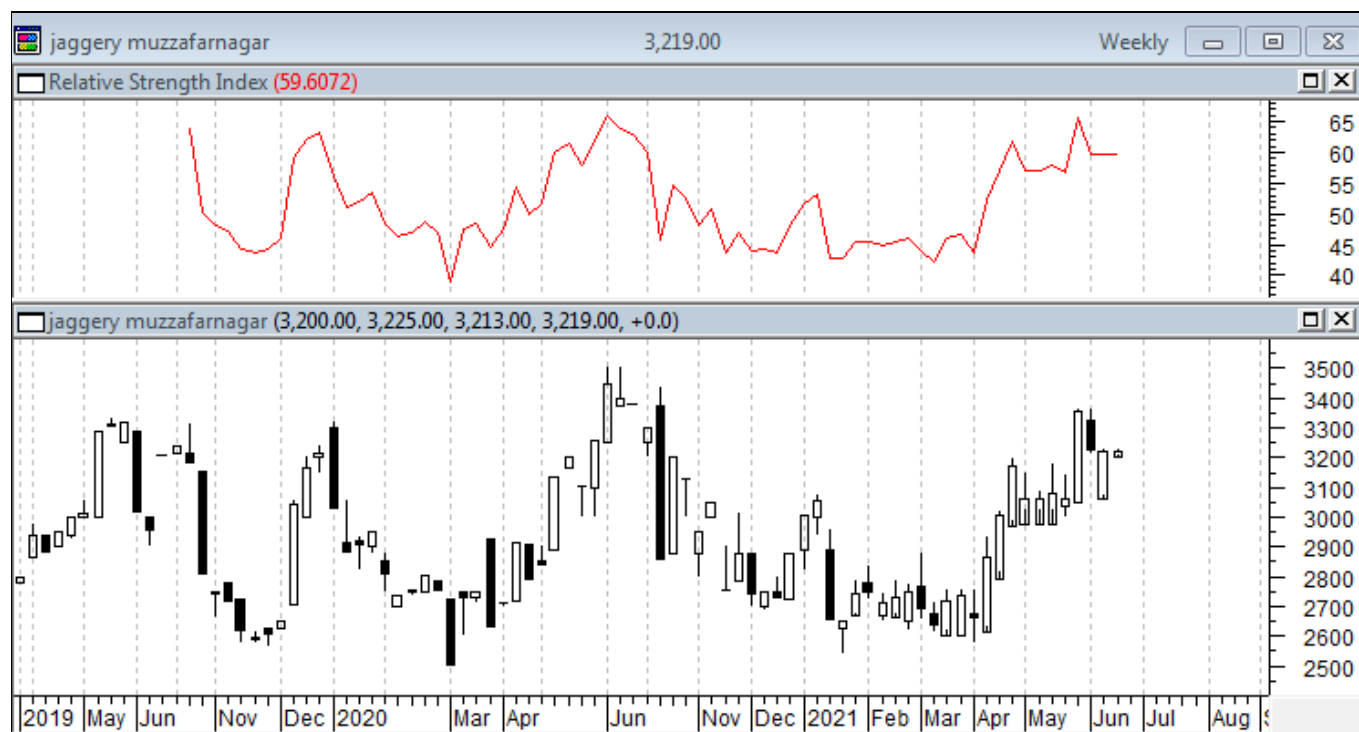
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar average prices at benchmark Kolhapur market closed at Rs.3076/quintal during July 2021.
- Next resistance and support level for the next month is expected at Rs.3100 and Rs.3000 per quintal respectively.
- RSI is in the neutral region.



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

- The arrivals in Muzaffarnagar market have closed down.
- RSI stood in the neutral region.


Sugar Domestic Balance Sheet

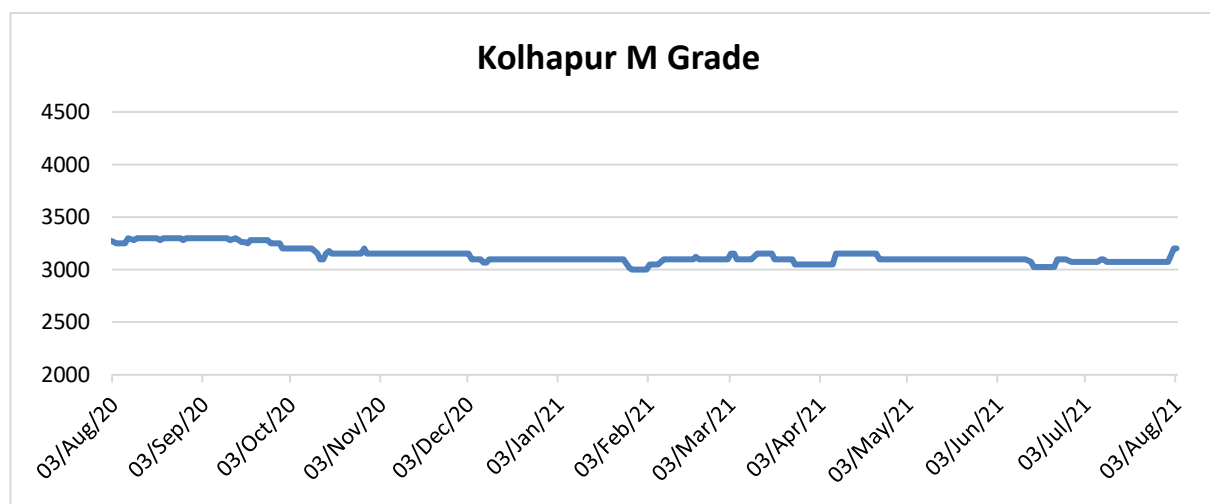
- As per the Agriwatch's latest estimate, India's sugar production was 27.2 MMT during 2019-20 SS and sugar production in 2020-21 is likely to increase by 16% to 30.90 MMT.
- Sugar domestic consumption was at 23.79 MMT in 2019-20. Consumption is expected to increase with the coming of festivals and ease in lockdown restrictions at 25.50 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 decrease to 8.15.

| 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 | 21.45 | 16.22 |
| Estimated sugar production | 33.16 | 27.25 | 30.90 | 10.68 | 16.88 | 3.10 | 0.24 |
| 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 | 40.35 | 20.13 | 29.51 | 24.55 | 16.46 |
| 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 | 33.65 | 18.59 | 27.86 | 22.77 | 14.73 |
| Estimates sugar consumption | 25.65 | 23.79 | 25.50 | 5.96 | 6.41 | 6.55 | 6.58 |
| Carry out stock (F - G) | 11.98 | 9.45 | 8.15 | 12.63 | 21.45 | 16.22 | 8.15 |

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

| Pariculars | Month | (Rs/Qtl) |
|---------------------------------|----------|-----------|
| Current month Average Price | Aug'21 | 3100-3150 |
| Previous month's Average Prices | July'21 | 3076 |
| | June'21 | 3076 |
| | 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 |
| Projected Price Range | Sep'21 | 3100-3150 |

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have increased significantly by around 0.78% to 18.10 cents/lbs in July from 17.32 cents/lbs in June. The average prices of refined sugar were down by around 13.06% to \$462.70/tonne in July from \$449.64/tonne during June'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.

India's production is forecasted to reach 35.6 million tonnes by 2030. According to FAO Agricultural Outlook Report, World Sugarcane production is projected to grow by 1 percent per annum and reach 1,960 million tonnes by 2030 with Brazil and India anticipated to contribute 65 percent of the change in global output. Brazil Sugar production is projected to increase to 41.0 ml t, production in India is forecasted to reach 35.6 ml t by 2030.

Philippines sugar production reached at 2.13 million metric tonnes. According to the Sugar Regulatory Administration (SRA), Sugar output in Phillippines has reached 2.137 million metric tonnes in the first week of July which is slightly lower around 2.14 million MT during the same period last year. However, despite the decline, the sugar output in the country has already exceeded its set target. According to the SRA, the sugar production for the

current season has surpassed the government's full-year target. The sugar crop year starts in September and ends in August.

Brazil Sugarcane crop may get affected due to upcoming new polar air mass. The sugarcane crop in Brazil was affected due to frost in Brazil last week and is likely to get affected further due to new polar air mass that will move over the country's agricultural areas this week, this is the third cold wave that will impact the crops in Brazil. According to the forecast, the air mass will reach southern Brazil on 28th July 2021.

Brazil Sugar Production have decreased in July 2021. According to data released by the trade association, UNICA Sugar production in the center-south region of Brazil has lowered by 2.8 percent in the first half of July compared with last year. The mills in the region have produced 2.94 million tonnes of sugar. As per the information shared by the 24 mills, agriculture yield of sugarcane was 14% lower in the first half of July compared to last year. The mills have in the first half of July crushed 45.6 million tonnes of cane which was 2.3% less compared to last year. At the same time, ethanol production increased by 1.1% to 2.16 billion litres.

Thai sugar millers predict lower sugarcane output in 2020-21 season: According to the Thai Sugar Millers Corporation (TSMC), Thailand had received less than average rainfall during the rainy season and the cane output is likely to remain the same as in the 2020-21 season. Many sugarcane farmers are shifting to other drought resistant crops such as Cassava. Apart from rainfall and drought, health awareness among the Thai consumer is also impacting the sugar production in Thailand. Earlier in 2018, Thailand had imposed a sugar tax to tackle health related problems like obesity and diabetes. This had discouraged beverage manufacturers from producing sugary drinks. The sugarcane production is likely to be 70-75 million tonnes in the new crop year. Thai sugarcane output had decreased to 66.7 million tonnes in 2020-21 from 74.9 million tonnes in 2019-20.

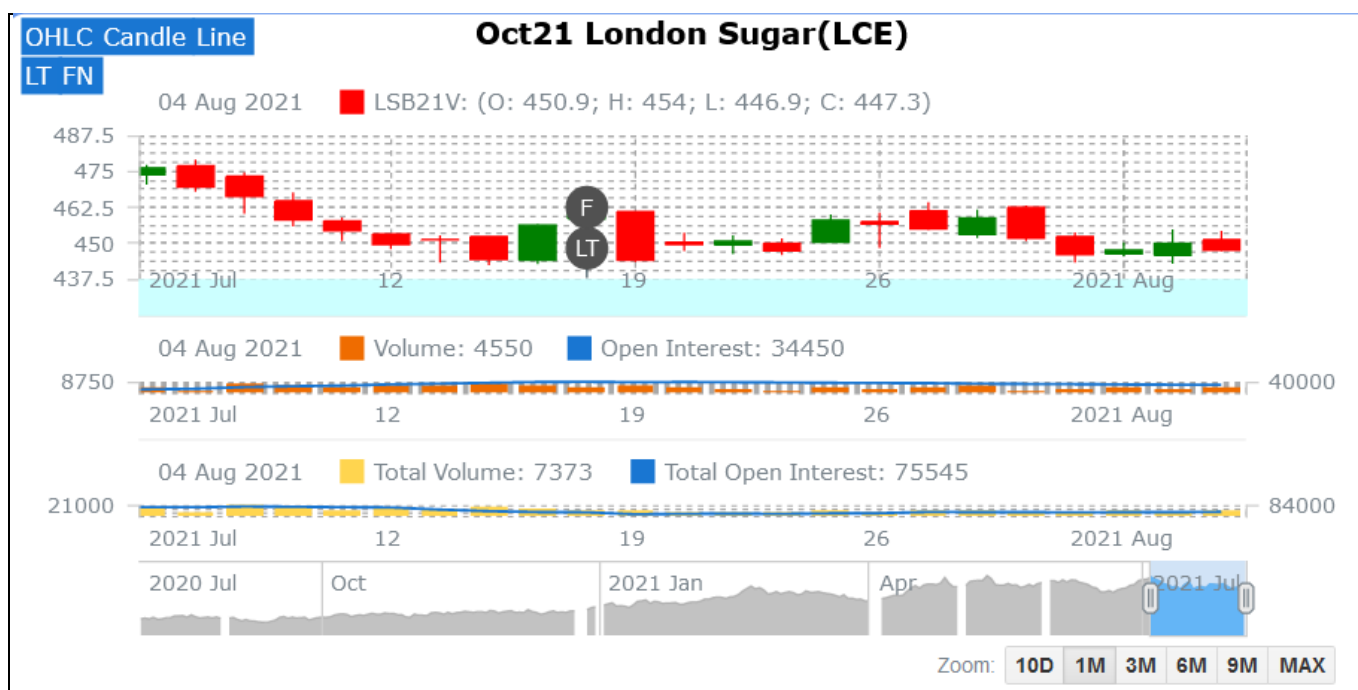
European Union's sugar production is likely to rise in the season 2021-22. According to the European Commission short-term outlook report, Sugar output in European Union is estimated to increase in the 2021-22 season. Sugar production in the previous season was 14.5 million tonnes, whereas in the 2021-22 seasons it is forecasted to rise to 15.5 million tonnes.

Sri Lanka is planning to import sugar from India. The Sri Lankan government is planning to import sugar from India to cool down the rising commodity prices in the country. The wholesale sugar prices have increased by Rs. 25 per kg. On the recommendation of the trade ministry, the cabinet has allowed importing 2,500 tonnes of sugar per month.

International Sugar Futures Price Projection
LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Oct'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 454, T1 458.5

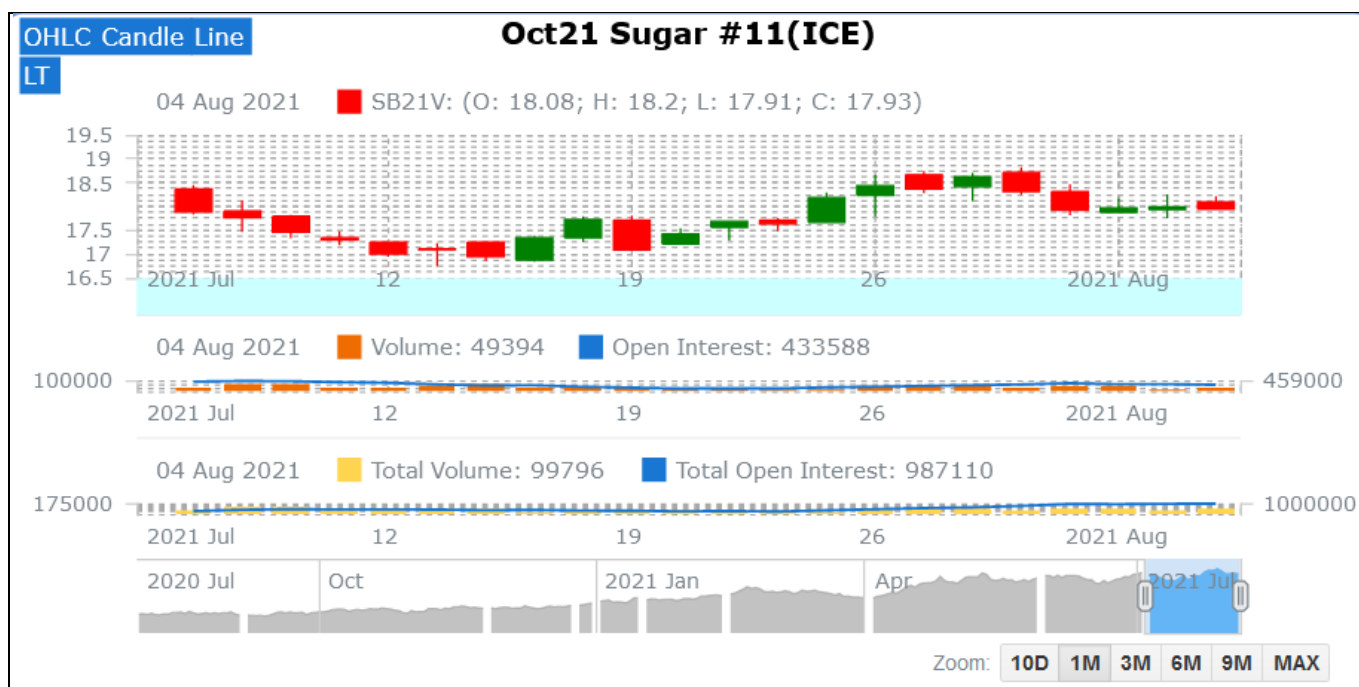
| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|-------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next Month |
| LIFFE Sugar (US \$/MT) | Oct'21 | 454 | 453-465 |

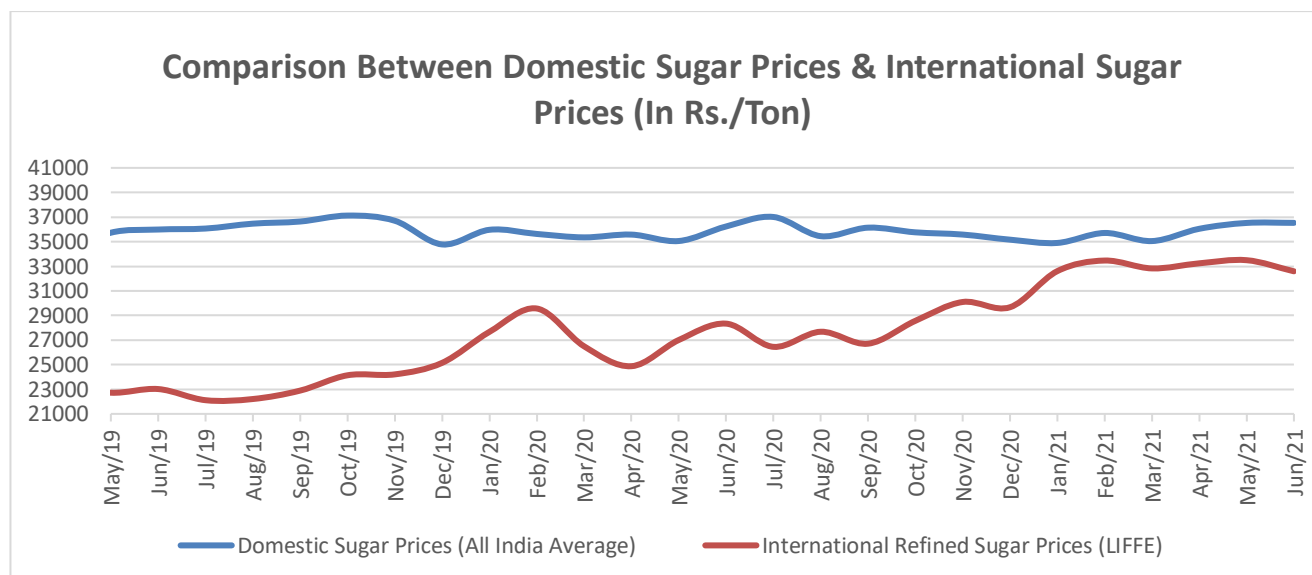


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'21 Contract) Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total Volume and open interest increased over a month.
- Strategy: Buy at rate 18.2 Targeting 18.25.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|-------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next month |
| ICE Sugar #11 (US Cent/lb) | Oct'21 | 18.20 | 18.10-18.50 |



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 | | | July'21 | June'21 | |
| Delhi | Delhi | M-Grade | 3240 | 3230 | 10 |
| | Delhi | S-Grade | 3220 | 3210 | 10 |
| Uttar Pradesh | Khatauli | M-Grade | NA | 3235 | - |
| | Ramala | M-Grade | NA | 3178 | - |
| | Dhampur | M-Grade Ex-Mill | NA | 3133 | - |
| | Dhampur | S-Grade Ex-Mill | NA | 3113 | - |
| | Dhampur | L-Grade Ex-Mill | NA | 3183 | - |
| Maharashtra | Mumbai | M-Grade | 3368 | 3314 | 54 |
| | Mumbai | S-Grade | 3211 | 3206 | 5 |
| | Nagpur | M-Grade | 3201 | 3202 | -1 |
| | Nagpur | S-Grade | 3139 | 3134 | 5 |
| | Kolhapur | M-Grade | 3076 | 3077 | -1 |
| | Kolhapur | S-Grade | 3014 | 3009 | 5 |
| Assam | Guhawati | S-Grade | 3274 | 3269 | 5 |
| Meghalaya | Shillong | S-Grade | 3334 | 3318 | 16 |
| Andhra Pradesh | Vijayawada | M-Grade (With Duty) | 3533 | 3571 | -38 |

| | | | | | |
|-------------|------------|------------------------|------|------|------|
| | Vijayawada | S-Grade (With Duty) | 3523 | 3560 | -37 |
| West Bengal | Kolkata | M-Grade | 3504 | 3600 | -96 |
| Tamil Nadu | Chennai | S-Grade (With GST) | 3531 | 3571 | -40 |
| | Dindigul | M-Grade (DCA) | 3536 | 3580 | -44 |
| | Coimbatore | M-Grade (DCA) | 3579 | 3620 | -41 |
| 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 |
|----------------|---------------|--------------------------|-----------------|---------|--------|
| | | | July'21 | June'21 | |
| Jaggery(Gur) | | | | | |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha(Cold) | NA | 3243 | - |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | NA | 11400 | - |
| | Muzaffarnagar | Khurpa (Fresh) | NA | 3154 | - |
| | Muzaffarnagar | Laddoo (Fresh) | NA | 3296 | - |
| | Muzaffarnagar | Rascut (Fresh) | NA | NA | - |
| | Hapur | Chaurasa | NA | NA | - |
| | 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) | 4596 | 4361 | 235 |
| | Belgaum | Mudde (Average) | NA | NA | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | NA | - |
| | Gulbarga | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3236 | 3290 | -54 |
| | Mandya | Achhu (Medium) | 3198 | 3432 | -234 |
| | Mandya | Kurikatu (Medium) | 3069 | 3279 | -210 |
| | Mandya | Other (Medium) | 3014 | 3228 | -214 |
| | Mandya | Yellow (Medium) | 3145 | 3334 | -189 |
| | Shimoga | Achhu (Average) | 3624 | 3600 | 24 |

| International Sugar Prices (Monthly- Average) | | | | |
|---|----------------|---------|---------|--------|
| | Contract Month | July'21 | June'21 | Change |
| ICE Sugar #11 (US Cent/lb) | 21-May | 18.10 | 17.32 | 0.78 |
| | 21-Jul | 17.25 | 17.05 | 0.20 |
| | 21-Oct | 16.54 | 17.32 | -0.78 |
| LIFFE Sugar (US \$/MT) | 21-May | 462.70 | 449.64 | 13.06 |
| | 21-Aug | 471.08 | 454.09 | 16.99 |
| | 21-Oct | 471.36 | 455.60 | 15.76 |

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