

Price Outlook:

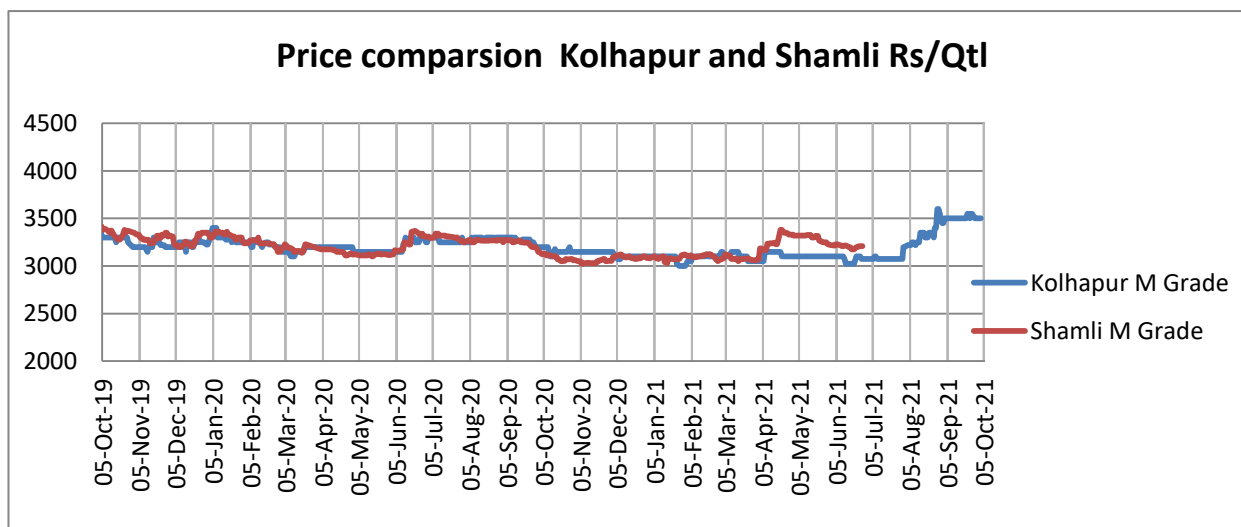
The Department of Food & Public Distribution has allocated 24 lakh MT monthly sugar sales quota for October 2021 to 558 sugar mills which 1 lakh MT higher than that of October 2020. Sugar production for 2020-21 seasons is estimated at 309 lakh tonnes. The average sugar prices were higher at Rs. 3627/q from the previous month at Rs.3443/q in Delhi market. The prices in Maharashtra also stood slightly firm at Rs.3402/q in September'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.3,200 -3,550 per quintal.

Domestic Sugar Market Summary:

The average price for sugar 'M' grade in key Kolhapur market stood firm at Rs. 3508/q higher from the previous month price Rs.3298 per quintal in August 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 Food Ministry has allocated an additional 2.5 LMT monthly sugar sales quota for September month.

The food ministry on 24th September 2021 under a notification has allocated an additional 2.5 LMT of monthly sales quota for September 2021 due to good sugar demand in September 2021 and to ensure sufficient availability of sugar for domestic consumption. Earlier, the food ministry has allocated a 22 LMT quota to 558 sugar mills in September 2021. Traders in the domestic market are afraid as the sugar prices may come down sharply after the food ministry decision. Sugar prices have reached a high after 7 months and are currently ranging between Rs. 3500- Rs. 3600 per quintal.

Uttar Pradesh government has increased the state-advised price for sugarcane. The Uttar Pradesh government has announced a hike in the state advised price for sugarcane by Rs. 25 per quintal for the 2021-22 seasons that will begin this month. The government has raised the cane price for the early maturing variety from Rs. 325 quintal to Rs. 350 per quintal while the price for the common variety has been raised from Rs. 315 to Rs. 340 per quintal. Earlier, SAP was last increased by Rs.10 per quintal in 2017.

India is likely to export 70 lakh tonnes of sugar during the ongoing sugar season. About 66.70 lakh tonnes of sugar has been physically exported out of the country so far during the current 2020-21 sugar season i.e. 1st October 2020 to 31st August 2021. This is almost 11 lakh tonnes higher as compared to 55.78 lakh tonnes during the corresponding period last year. This includes 4.49 lakh tonnes of export done under MAEQ (Maximum Admissible Export Quota) of the 2019-20 sugar seasons, which was extended up to 31st December 2020. According to the Indian Sugar Mills Association till 6th September 2021, another 2.29 lakh tonnes of sugar was at ports for export. As another 20 days are left in the current sugar season, total exports are expected to reach 70 lakh tonnes.

Out of the total exports till 31st August 2021, 34.28 lakh tonnes of raw sugar, 25.66 lakh tonnes of white sugar, and 1.88 lakh tonnes of refined sugar have been delivered for exports by mills. Additionally, mills are reported to have delivered about 7.17 lakh tonnes of raw sugar to port-based refineries for refining and export. For the 2020-21 season, sugar from India has been exported mainly to Indonesia, Afghanistan, Sri Lanka, Somalia, UAE, China, Saudi Arabia, Sudan, etc.

According to the Ministry of Agriculture and farmer's welfare, India's foodgrain production in Kharif 2021-22 seasons has been estimated at a record of 150.5 million tonnes. Last year's Kharif production was estimated at 149.56 million tonnes for 2020-21 seasons. Among the Cash crops, Sugar production for this year is likely to increase to 5 percent at 419.25 MT.

The government has cleared sugar export subsidy of Rs. 1,800 crore. According to the senior food ministry official, about Rs. 3,500 crore budgets were earlier allocated towards export subsidy for the 2020-21 season. Out of which Rs. 1,800 crore had been spent on clearing the subsidy claims, the balance subsidy will be paid to the mills soon. The mills have already exported the entire 6 million tonnes of quota during the current season.

Sugarcane arrears have been recorded at a lower level of Rs. 6,667 crore at the end of sugar season 2020-21. The cane arrears at the end of the 2019-20 sugar season was around Rs 10,342 crore, which was 13.62% of Rs 75,928 crore payable to farmers. The sugar mills in the country had procured cane worth Rs 91,685 crore and cleared almost 93% of the dues and are yet to pay only Rs 6,667 crore. According to the officials, the cane arrears figure for 2020-21 is provisional and is expected to go down to Rs 6,000 crore in the final data.

West Bengal has received 15 proposals to produce ethanol. West Bengal government aims to increase ethanol production in the state by setting up new plants to achieve the target of blending ethanol with petrol set by

the center. The state so far has received 15 proposals to produce ethanol. The total investment involved is Rs. 2,666 crores and around 4,000 direct employment is expected through this in the state.

The All India Crop Situation Report issued by the Ministry of Agriculture and Farmer's Welfare shows a slight increase in the sown area of sugarcane this year. Till 17th September 2021, about 54.97 lakh hectares area has been sown under sugarcane crop compared with the normal of the corresponding week at 51.65 lakh hectares. Thus 3.32 lakh hectares more area has been covered compared to the normal of the corresponding week. Higher acreage is reported from the states of Maharashtra (3.01 lakh hectares), Karnataka (0.89 lakh hectares), Gujarat (0.49 lakh hectares), and Uttar Pradesh (0.32 lakh hectares). The minor rise in acreage has also been reported from Haryana (0.06 lakh hectares), Madhya Pradesh (0.04 lakh hectare), Uttarakhand (0.04 lakh hectares), Assam (0.04 lakh hectares), Odisha (0.03 lakh hectares), and Punjab (0.03 lakh hectares). Lower acreage is reported from the states of Tamil Nadu (0.86 lakh hectares), Andhra Pradesh (0.47 lakh hectares), Chhattisgarh (0.21 lakh hectares), Bihar (0.04 lakh hectares), Telangana (0.05 lakh hectares), and West Bengal (0.02 lakh hectares).

Government increases Fair and Remunerative price of sugarcane for the coming 2021-22 season. The Central government has increased the fair & remunerative price of sugar to Rs. 290 per quintal for 2021-22 season, which will be based on 10 percent recovery, providing a premium of Rs. 2.90 per quintal for each 0.1 percent increase in recovery over and above 10 percent & a reduction in FRP by Rs. 2.90 per quintal for every 0.1 percent decrease in recovery. If the recovery is less than 9.5 percent then farmers will be paid Rs. 275 per quintal for sugarcane against the previous season of Rs. 270.75 per quintal. This is the highest ever FRP approved by the government to the cane farmers.

The governments of Punjab and Haryana have increased the State agreed Price (SAP) for sugarcane during the 2021-22 season. The Punjab government has approved a hike of Rs. 15 per quintal in the SAP of all sugarcane varieties for the 2021-22 crushing season. With this, the SAP of sugarcane has increased from Rs. 310 to Rs. 325 for early variety, Rs. 300 to Rs. 315 for mid-variety and Rs. 295 to Rs. 310 per quintal for late-maturing variety. Haryana government has also increased the SAP by 12 per quintal from Rs. 350 per quintal to Rs. 362 per quintal. According to the Haryana government, Rs. 362 per quintal would be provided for early maturing varieties of sugarcane while Rs. 355 per quintal for late-maturing varieties of sugarcane. Also, the Indian Sugar Mills Association has again written a letter to Prime Minister's Office (PMO) to increase the minimum selling price of sugar from the current Rs. 31 per kg to at least Rs. 34-35 per kg.

Sugar production is expected to be lower in the 2021-22 season. India's sugar production is expected to fall to 30.5 million tonnes in the 2021-22 season as more sugarcane will be diverted for ethanol making. During the current season, 2 million tonnes of cane was diverted for ethanol making while in the 2021-22 season around 3.5 million tonnes of sugarcane is expected to be diverted for ethanol making. However, the sugar production will be sufficient to meet the domestic consumption which is expected to increase by 3,00,000 – 4,00,000 tonnes at 26.3-26.5 million tonnes in the 2021-22 season.

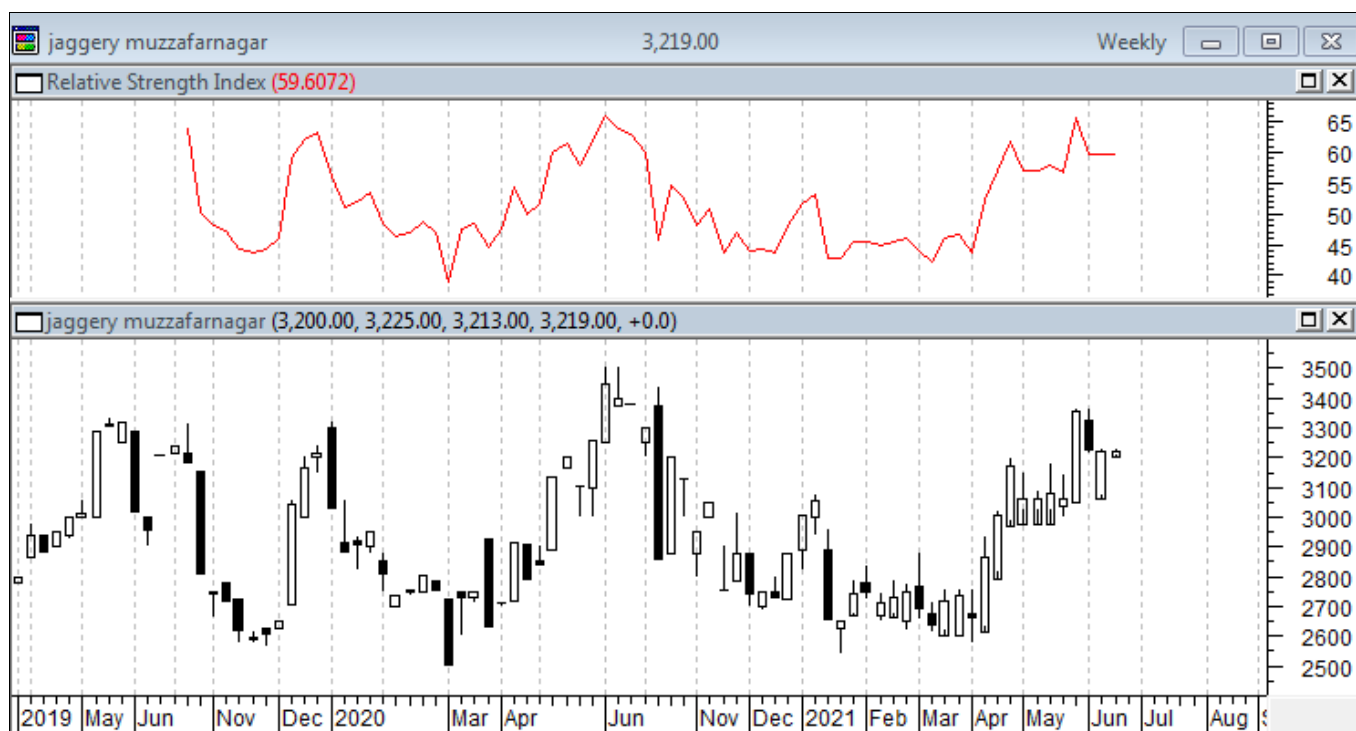
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar average prices at benchmark Kolhapur market closed at Rs.3550/quintal during September 2021.
- Next resistance and support level for the next month is expected at Rs.3580 and Rs.3200 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 30.9 MMT during 2020-21 SS and sugar production in 2021-22 is likely to increase at 31.0 MMT.
- Sugar domestic consumption was at 26.5 MMT in 2020-21. Consumption is expected to increase with the coming of festivals and ease in lockdown restrictions at 26.50 MMT in 2021-22.
- 2020-21 sugar seasons is expected to end with 6.74 MMT carry over stock and it is projected that in 2020-21 SS, the ending stock may decrease to 5.24.

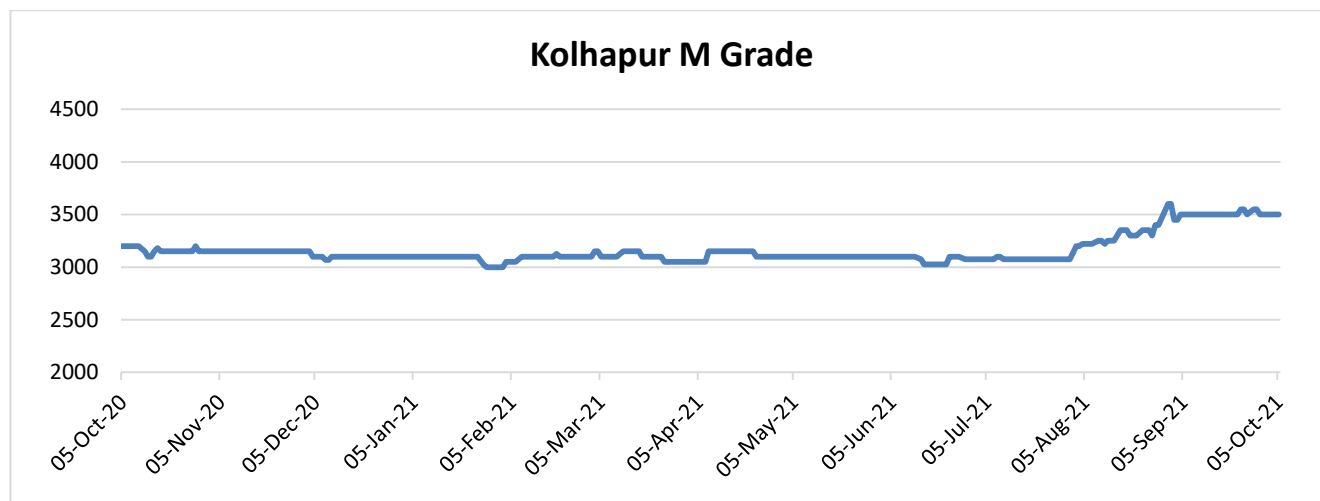
SUGAR BALNCE SHEET 2020-21(MMT)

SUGAR BALNCE SHEET 2020-21(MMT)	2019-20*	2020-21*	Jul-Sep	2021-22*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	11.97	9.44	14.46	6.74	6.74	8.64	17.13	12.06
Estimated sugar production	27.25	30.90	0.18	31.00	10.05	17.12	3.65	0.18
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	39.22	40.34	14.64	37.74	16.79	25.76	20.78	12.24
Exports	6.00	7.10	0.30	6.00	1.45	2.18	2.02	0.35
Availability for domestic consumption (D - E)	33.22	33.24	14.34	31.74	15.34	23.58	18.76	11.89
Estimates sugar consumption	23.79	26.50	7.60	26.50	6.70	6.45	6.70	6.65
Carry out stock (F - G)	9.44	6.74	6.74	5.24	8.64	17.13	12.06	5.24

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

Particulars	Month	(Rs/Qtl)
Current month Average Price	Oct'21	3200-3350
Previous month's Average Prices	Sep'21	3508
	Aug'21	3298
	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
Projected Price Range	Nov'21	3200-3350

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have increased significantly by around 0.02% to 20.01 cents/lbs in Septemeber from 19.99 cents/lbs in August. The average prices of refined sugar were down by around 12.4% to \$506.4/tonne in September from \$493.9/tonne during August'21.

International Market Highlights:

Brazil's sugar production has reached 2,55 million tons in the first half of September 2021. According to UNICA's latest harvest report for the first half of September 2021 for Central South. Brazil's sugar production has reached 2,55 million tons in the first half of September 2021. Since the beginning of the 2021/2022 harvest up to 16th September 2021, accumulated sugar production has reached 26,83 million tons while in the same period at 2020-2021 harvest season it was reported 29,19 million tons. The volume of ethanol produced has reached 2,06 billion liters in the first half of September. The accumulated production of ethanol reached 20,75 billion liters, with 8,05 billion liters of anhydrous ethanol and 12,70 billion liters of hydrous ethanol. Of the total fuel produced, 1,48 billion liters of biofuel were produced from corn.

Malaysia's sugar demand has increased by 5-10 percent in the first half of 2021. Due to ease in the lockdown restrictions and industries continuing to open, the sugar demand had picked up by 5-10 percent in the first half of this year and is expected to increase further in the second half of 2021. Earlier the pandemic has impacted the sugar consumption in Malaysia lowering the consumption from 1.5 million tonnes to 1.2 -1.3 million tonnes.

India has a good opportunity for sugar export in the coming 2021-22 season. As the international sugar prices are at over 4 years high at around 20 cents/lb. Also, lower sugar production is expected in Central and southern Brazil in its current sugar season (April 2021- March 2022) due to drought followed by the incidence of frost, and as a result, the global sugar prices are expected to remain bullish. According to International Sugar Organization, Brazil's next sugar season may also get affected due to the worst-ever drought in the last 90 years. ISO has projected a higher sugar deficit to 4-5 million tons in the next 2021-22 sugar season starting on 1st October 2021. Whereas, the sugar production in Thailand is likely to increase in the next season as compared to the previous season but it will still be lower than its normal production of 14-14.5 million tonnes, by almost 3-3.5 million tonnes. Thailand sugar would come into the market only after January 2022. As a result, Indian sugar mills have a good opportunity to export sugar up to January 2022 and thereafter till April 2022 before Brazilian sugar comes into the market. According to the market information, some sugar mills have signed forward contracts for export in the upcoming season.

Fiji sugar production has reached 60,000 tonnes till 4th September 2021. According to the Fiji Sugar Corporation (FSC), sugar mills have crushed around 700,000 tonnes of cane and produced 60,000 tonnes of sugar till 4th September 2021. The mills have crushed the sugarcane with an average TCTS (tonnes cane to tonnes

sugar) of 11.91. The Labasa Mill is leading the sugar production by supplying more than 250,000 tonnes of cane and producing 24,000 tonnes of sugar.

Sri Lanka's government has fixed the MRP for sugar. The Sri Lanka government has issued a gazette fixing the maximum retail price (MRP) for sugar as a step to control the rising prices. The new MRP for white sugar (packed) is at Rs. 125 per kg while the white sugar (unpacked) will cost Rs. 122 per kg. The brown sugar (packed) will cost Rs. 128 per kg and brown sugar (unpacked) at Rs. 125 per kg.

According to the International Sugar Organization, the global sugar deficit is forecasted at 3.8 million tonnes in the 2021-22 season. The International Sugar Organization had earlier predicted the global sugar deficit to be 2 million tonnes but the unfavorable conditions in major sugar-producing countries have led to an increase in the sugar deficit projections to 3.8 million tonnes. ISO in its quarterly update has stated that the sugar production is rising by 0.2 percent to 170.6 million tons in the forthcoming season as against the consumption increasing by 1.6 percent to 174.5 million tons.

Bangladesh government has fixed the sugar price at TK 74-75 per kg. The Bangladesh government has fixed the maximum retail price (MRP) for sugar and as per the new rates the cost of packed sugar will be Tk 75 per kg and loose sugar will be at Tk 74 per kg. The government has decided after discussing the rates with the refiners as the sugar prices have increased by more than 15 percent in the last three weeks.

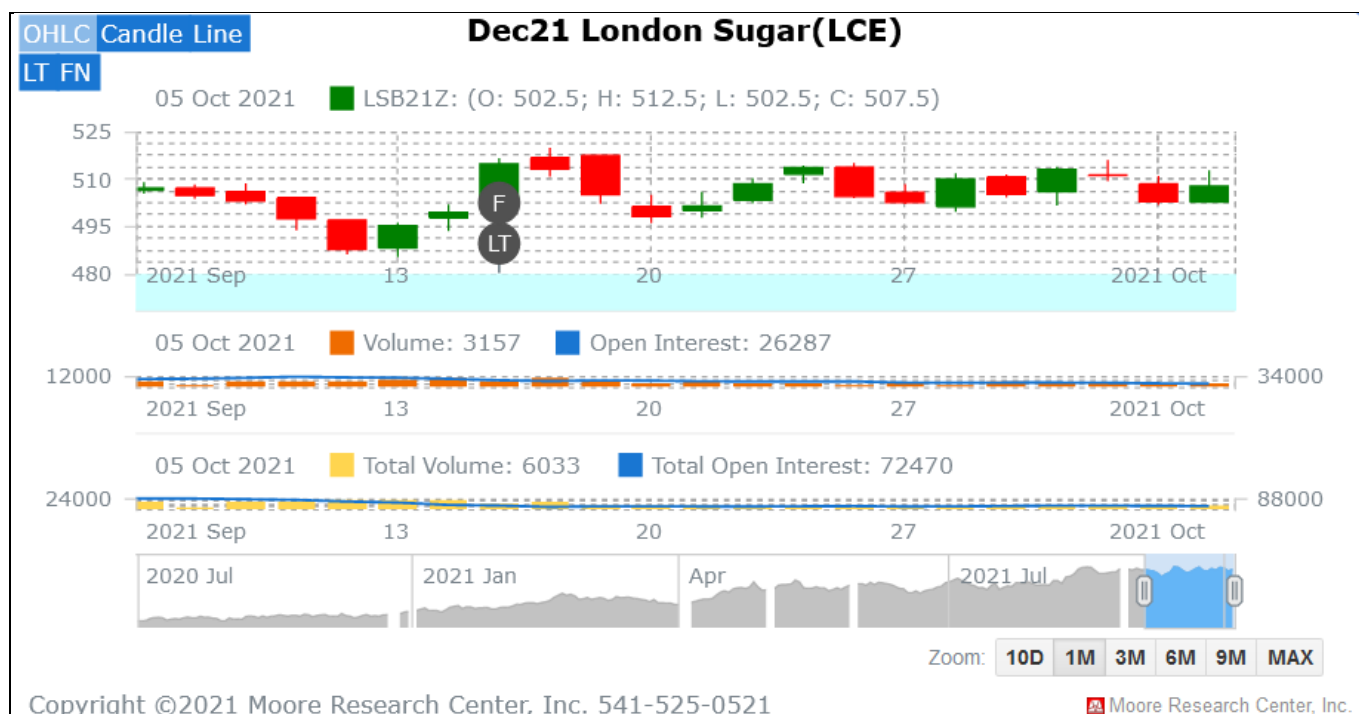
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'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 512, T1 507.2

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Dec'21	512	490-520

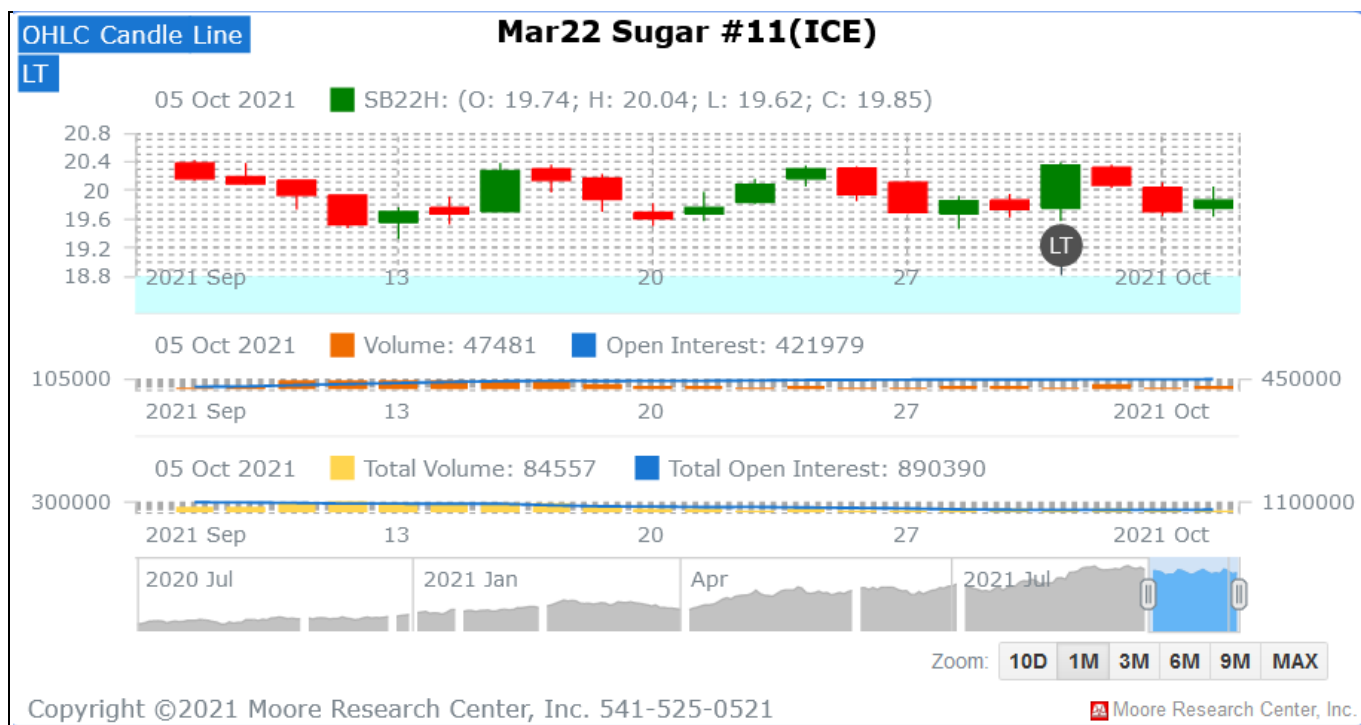


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'22 Contract)

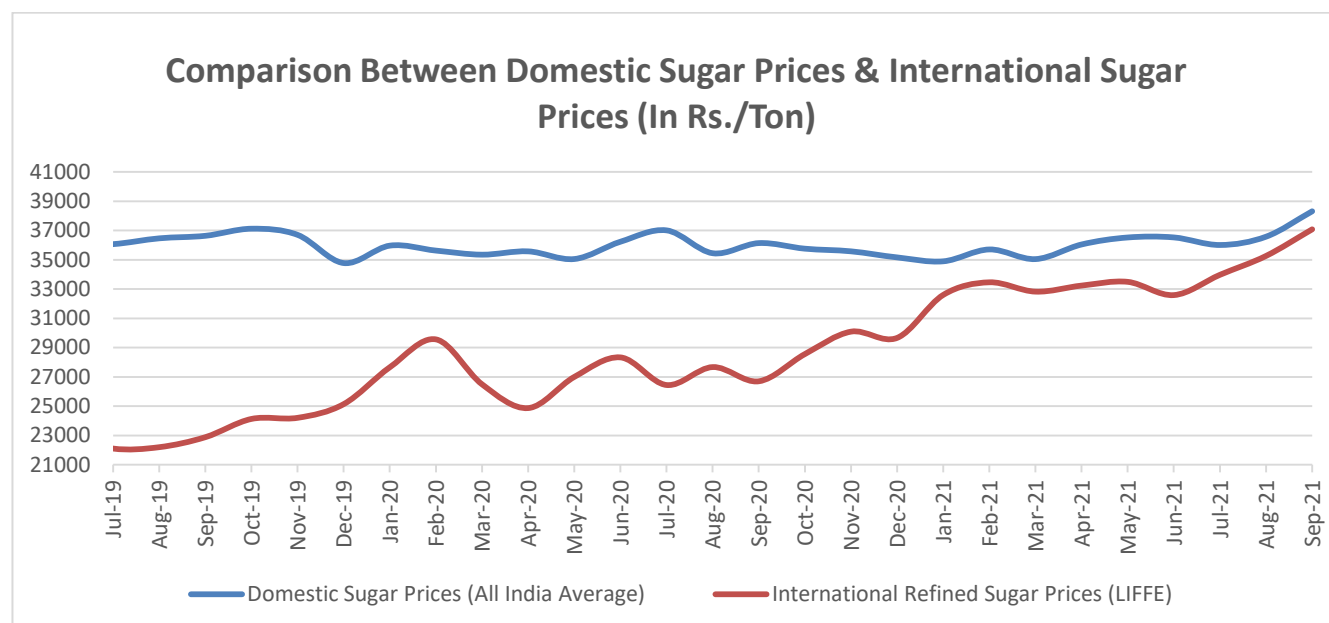
Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total Volume and open interest increased over a month.
- Strategy: Buy at rate 20.02 Targeting 19.85.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'22	20.04	19.80-20.80



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			Sep'21	Aug'21	
Delhi	Delhi	M-Grade	3627	3443	184
	Delhi	S-Grade	3607	3423	184
Uttar Pradesh	Khatauli	M-Grade	NA	NA	-
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	NA	NA	-
	Dhampur	S-Grade Ex-Mill	NA	NA	-
	Dhampur	L-Grade Ex-Mill	NA	NA	-
Maharashtra	Mumbai	M-Grade	3786	3583	203
	Mumbai	S-Grade	3640	3442	198
	Nagpur	M-Grade	3633	3423	210
	Nagpur	S-Grade	3527	3318	209
	Kolhapur	M-Grade	3508	3298	210
	Kolhapur	S-Grade	3402	3193	209
Assam	Guhawati	S-Grade	3662	3453	209
Meghalaya	Shillong	S-Grade	3722	3513	209
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	4095	3701	394
	Vijayawada	S-Grade (With Duty)	3990	3796	194
West Bengal	Kolkata	M-Grade	3863	3584	279
Tamil Nadu	Chennai	S-Grade (With GST)	3907	3658	249
	Dindigul	M-Grade (DCA)	3695	3520	175
	Coimbatore	M-Grade (DCA)	3855	3582	273
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3631	3600	31

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)			Sep'21	Aug'21	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-

	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)	4337	4462	-125
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3387	3345	42
	Mandya	Achhu (Medium)	3108	3194	-86
	Mandya	Kurikatu (Medium)	3030	3109	-79
	Mandya	Other (Medium)	2992	3067	-74
	Mandya	Yellow (Medium)	3120	3205	-85
	Shimoga	Achhu (Average)	3665	3650	15

International Sugar Prices (Monthly- Average)				
	Contract Month	Sep'21	Aug'21	Change
ICE Sugar #11 (US Cent/lb)	21-May	20.01	19.99	0.02
	21-Jul	19.47	19.06	0.41
	21-Oct	18.82	18.10	0.72
LIFFE Sugar (US \$/MT)	21-May	506.44	493.99	12.45
	21-Aug	508.82	501.77	7.05
	21-Oct	493.10	497.65	-4.55

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