Price Outlook:

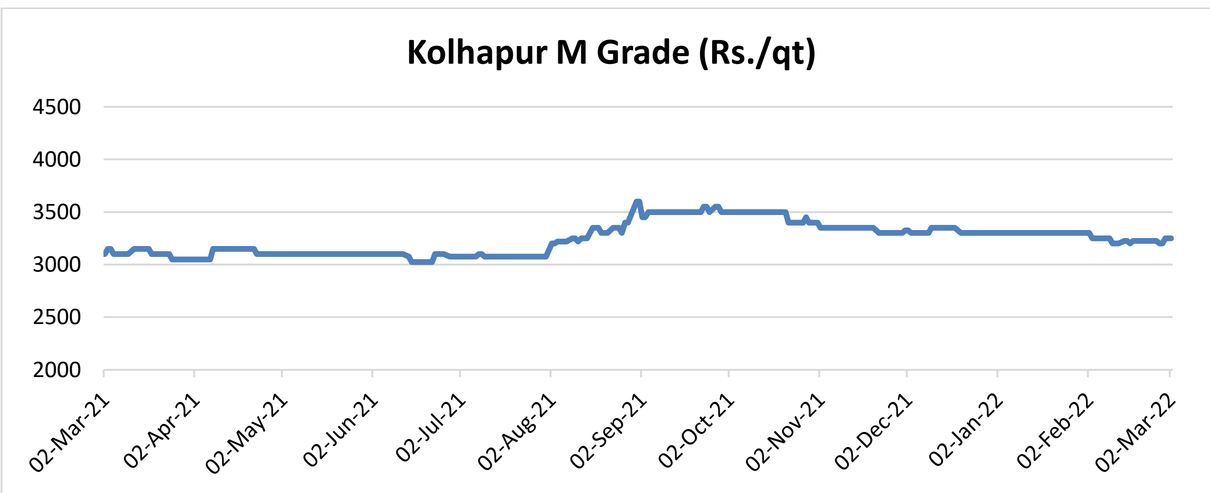
Sugar prices had slightly fallen in the major markets across India last month. The average sugar prices were lower at Rs. 3418/q from the previous month at Rs.3441/q in Delhi market. The prices in Maharashtra also stood slightly lower at Rs.3232/q in February'22 as compared to the previous month. Tensions between Russia and Ukraine have started affecting the global agricultural trade. India's sugar market is not expected to get much affected by the Russia-Ukraine war, in the short term.

Price Projection for the Next Month:

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to remain steady next month between Rs.3,250 -3,350 per quintal.

Domestic Sugar Market Summary:

Out of 516 sugar mills which had started crushing in 2021-22 Sugar Season, 27 sugar mills had stopped their crushing operations till 28th February 2022 in India. Last year, 503 sugar mills had operated, out of which 99 had stopped crushing on the corresponding date last year. Sugarcane crushing season in Maharashtra is in the final phase and the mills will start closing operations soon. Maharashtra is leading in sugar production in India with around 197 sugar mills in operation in the state. The average price for sugar 'M' grade in key Kolhapur market stood lower at Rs. 3232/q from the previous month price Rs.3300 per quintal in February month.



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 31.20 MMT. As area under sugarcane has increased in 2021-22 season at 53.86 lakh hectares compared to previous season area of 52.94 lakh hectares.
- Sugar domestic consumption was at 26.5 MMT in 2020-21.Consumption is expected to slight increase at 27.00 MMT in 2021-22.
- 2020-21 sugar seasons is expected to end with 6.64 MMT carry over stock and it is projected that in 2021-22 SS, the ending stock may decrease to 4.34.

SUGAR BALNCE SHEET 2021-22(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	14.32	6.64	6.64	8.67	16.93	11.15
Estimated sugar production	27.25	30.9	0.18	31.2	10.18	17.34	3.5	0.18
Imports	0	0	0	0	0	0	0	0
Estimated sugar availability	39.22	40.34	14.5	37.84	16.82	26.01	20.43	11.33
Exports	6	7.2	1.2	6.5	1.45	2.2	2.5	0.35
Availability for domestic consumption (D - E)	33.22	33.14	13.3	31.34	15.37	23.81	17.93	10.98
Estimates sugar consumption	23.79	26.5	6.66	27	6.7	6.88	6.78	6.64
Carry out stock (F - G)	9.44	6.64	6.64	4.34	8.67	16.93	11.15	4.34

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

Pariculars	Month	(Rs/Qtl)
Projected Average Price	**Apr'22**	**3300-3450**
	Mar'22	**3250-3350**
Previous month's Average Prices	**Feb'22**	**3232**
	Jan'22	3300
	Dec'21	3317
	Nov'21	3335
	Oct'21	3471
	Sep'21	3508
	Aug'21	3298
	July'21	3076
	June'21	3076
	May'21	3104
	April'21	3112
	Mar'21	3104
Projected Price Range	**Mar'22**	**3250-3350**

Domestic Market Highlights

Recent Updates:

The Food Ministry has allocated 21.5 LMT monthly sugar quota for March 2022 to 566 sugar mills which is 1.5 LMT higher than the quota released during the previous season for February 2021. In February 2022, the government has fixed 20 LMT monthly sugar quota for domestic sales.

Around 489 sugar mills are currently in the cane crushing operation in India. Sugar mills have produced around 257.87 lakh tonne of sugar till 28th February'2022 as against 234.83 lakh tonne produced same period last year. The States of Andhra Pradesh & Telangana, Bihar, Uttarakhand, Punjab, Haryana and Madhya Pradesh & Chhattisgarh, Rajasthan, Odisha have collectively produced 23.78 lakh tonne of sugar till 28th February, 2022. The adjoining table shows the state-wise breakup of sugar production for major states till 28th February 2022 and its comparison with the previous year.

State	Sugar Production (as of 28th Feb.) (in Lakh Tonne)		Mills in Operation (as of 28th Feb.)	
	2020	2021	2020	2021
Maharashtra	84.85	97.15	176	197
Uttar Pradesh	74.20	68.64	109	112
Karnataka	40.83	50.84	14	65
Gujarat	7.49	7.93	15	15
Tamil Nadu	3.22	4.53	25	26

Indian Sugar Mills Association has revised its sugar production estimate for 2021-22 Sugar Season for Maharashtra as 126 lakh tons (after diversion into ethanol), against 117 lakh tons estimated in its 2nd advance estimates. Similarly, Karnataka is now expected to produce 55 lakh tons (after diversion into ethanol), as against 45.21 lakh tons estimated earlier. However, not much change is expected in other States including U.P., and they are expected to produce 152 lakh tons of sugar (after diversion into ethanol). All India sugar production in 2021-22 Season is therefore expected as 333 lakh tons, considering diversion of 34 lakh tons of sugar equivalent into ethanol. Agriwatch has estimated 320 lakh tonnes of sugar production for the 2021-22 season.

India has signed around 60 lakh tonnes of sugar export contracts till February'22 of the current season. About 42 lakh tonnes of sugar has been physically exported till up to 28th February 2022. Another 12-13 lakh tonnes of sugar are expected to be exported in March 2022.

According to the Maharashtra Sugar Commissioner, sugar mills in Maharashtra have produced 980.08 lakh quintals of sugar till 01st March 2022 by crushing 953.94 lakh tonne of sugarcane. Kolhapur division is leading in the state in terms of sugar recovery with 11.68 percent whereas for the entire state, Maharashtra sugar recovery rate has reached 10.27 percent.

According to the Second Advance Estimate released by the Ministry of Agriculture for the 2021-22 season, Sugarcane production is expected to reach 4140.44 lakh tonne which is higher as compared to previous 2020-21 season's production of 4053.99 lakh tonne.

Sugarcane farmers from Karnataka have demanded the government to fix the procurement price of sugarcane to Rs 5000 per tonne. According to the market sources, the Fair and Remunerative Price (FRP) fixed by the centre is not sufficient to cover the cost of cultivation and the government should increase the FRP of cane to Rs 5000 per tonne for recovery of 9.5 per cent. The farmers also demanded that the government should force mills to pay pending cane dues and share profits generated from the sale of ethanol and other by products.

According to the Maharashtra Sugar Commissioner, about 83 sugar mills in Maharashtra have cleared 100 percent of the cane payment, around 47 sugar mills have paid 80-90 percent payment, and 33 mills have cleared 60- 70 percent dues while 28 mills have paid 50 percent cane dues for the ongoing crushing season.

International Sugar Market Summary:

The average global raw sugar prices have decreased significantly by around 0.2% to 18.22 cents/lbs in February 2022 from 18.45 cents/lbs in January 2022. The average prices of refined sugar were lower by around 4% to $493.46/tonne in February'22 from $498.22/tonne during January'22.

International Market Highlights:

International Sugar Organization has lowered the global sugar deficit for the 2021-22 season to 1.93 million tonne from an earlier projection of 2.55 million tonne. The reduction in sugar consumption from 173.03 million tonnes to 172.44 million was the primary reason for lowering the global deficit. Earlier the global sugar output was projected to increase from 170.47 million tonne to 170.51 million tonne.

According to the Bangladesh Sugar and Food Industries Corporation, Sugar output in Bangladesh is expected to get affected in this season as after the closure of the six sugar mills, the farmers were unable to cultivate sufficient cane for supply to the sugar mills which has resulted in the lower sugar output. Around 9 sugar mills are operating and they are likely to produce 24,900 tonne of sugar by crushing 442,000 tonne of sugarcane this season. The output is 49 percent down from 48,133 tonne sugar output and 8,75,802 tonne of sugarcane crushing in the 2020-21 sugar season.

According to Unica, the high prices of ethanol have dented the demand in Brazil. The total sales in January were reported at 1.76 billion litres. The sale was the smallest volume since April 2021 when the ethanol sales were affected due to a lockdown imposed to control the spread of the pandemic. The sale of hydrous ethanol fell by 44 percent to 918 million litres. Mills in Brazil had increased sugar production to gain more profit which resulted in low ethanol production and a dwindling supply of fuel increased the prices of Biofuel.

The Sugar Regulatory Administration (SRA) has stated that Philippines will import 200,000 metric tonne of sugar in the 2021-22 season to keep a cap on the rising domestic prices. The sugar prices in the country are rising despite stable local production. SRA plans to import 100,000 metric tonne of standard grade refined sugar while the 100,000 MT would be refined sugar with “bottlers’ grade” for the beverage industry.

According to SRA the damage caused due to Typhoon “Odette” (international name: Rai) to the sugarcane crops grown in Negros, Panay and Eastern Visayas has led to the increase in wholesale and retail prices of raw and refined sugar. The sugarcane as well as sugar stocks in warehouses and facilities at sugar mills and refineries were also damaged due to the Typhoon.

The Sugar millers from Nepal have increased the factory price of sugar from Rs 72-76 (Nepalese Rupee) per kg to Rs 82-90 per kg. The consumers will have to now pay up to Rs 100 for one kg of sugar. The recent increase in the Minimum Support Price of sugarcane by the government by Rs 45.67 per quintal taking it to Rs 590 per quintal this season, is the reason behind the hike in sugar prices.

Syrian government is also taking several steps to deal with the possible impact of the Russia-Ukraine war and to ensure that there are enough sugar stocks and other commodities in the country.

International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (May'22 Contract)

Technical Commentary

- LIFFE future market showed firm trend during the February month but was weak as compared to January month.
- Further, LIFFE future market is expected to remain steady in the coming March month.
- Total volume increased &open interest decreased over a month.
- Resistance level of 516 has been crossed with the starting of March month, upward trend in expected in the coming March month.
- Currently trading above 532 US $/ MT
- Strategy: Buy at level 530,T1 538

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US $/MT)	**May'22**	532	530-545

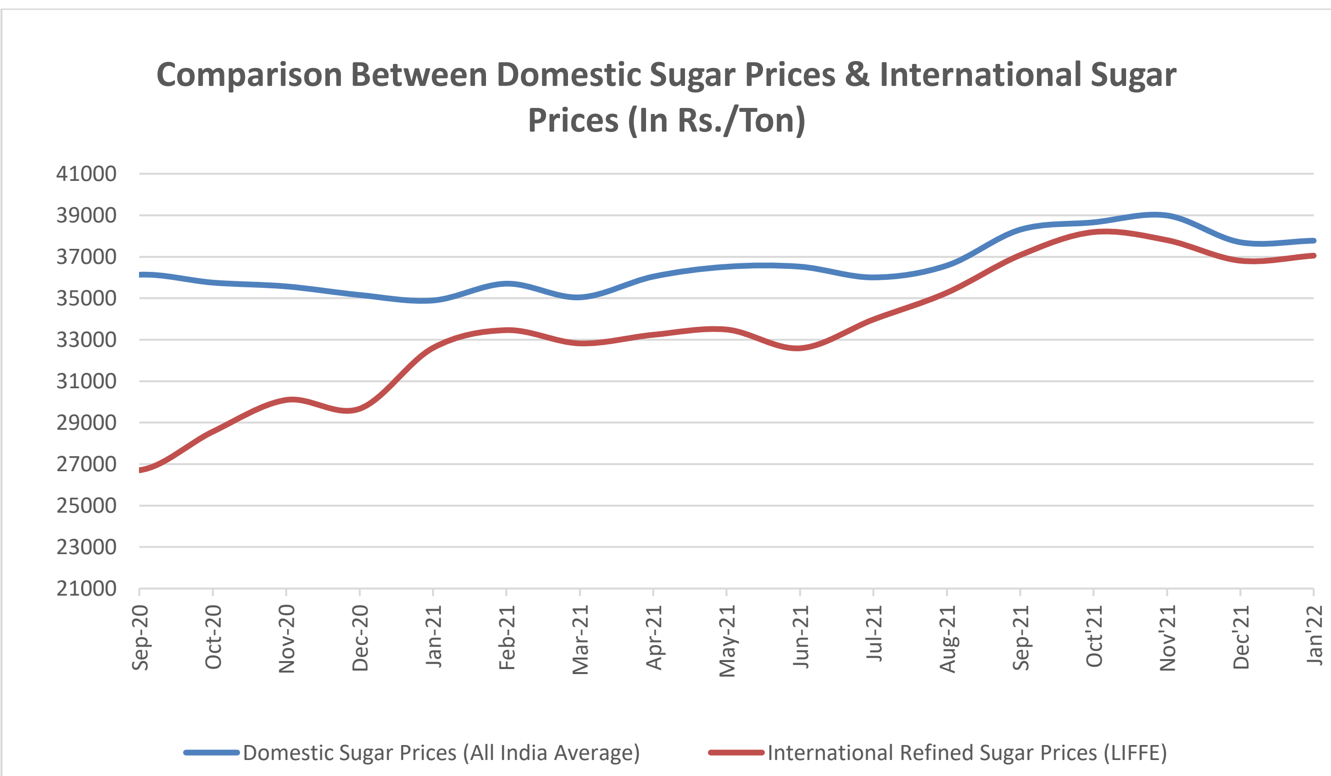
ICE (Raw Sugar Exchange) Future Market Scenario (May'22 Contract)

Technical Commentary:

- ICE raw sugar futures are expected to remain steady to firm in the coming march month.
- Both total Volume and open interest decreased over a month.
- Resistance level of 18.40 has been crossed with the starting of March month. Further upward trend in expected in March.
- Currently trading above 19.35 US Cents / lb
- Strategy: Buy at rate 19.38 Targeting 19.45.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	May'22	19.35	19.32-19.54

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			Feb'22	Jan'22	
Delhi	Delhi	M-Grade	3418	3441	-23
	Delhi	S-Grade	3398	3421	-23
Uttar Pradesh	Khatauli	M-Grade	3541	3547	-6
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3367	3397	-30
	Dhampur	S-Grade Ex-Mill	3347	3377	-30
	Dhampur	L-Grade Ex-Mill	3417	3447	-30
Maharashtra	Mumbai	M-Grade	3548	3675	-127
	Mumbai	S-Grade	3346	3397	-51
	Nagpur	M-Grade	3357	3425	-68
	Nagpur	S-Grade	3254	3325	-71
	Kolhapur	M-Grade	3232	3300	-68
	Kolhapur	S-Grade	3129	3200	-71
Assam	Guhawati	S-Grade	3389	3460	-71
Meghalaya	Shillong	S-Grade	3449	3520	-71
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3800	3800	Unch
	Vijayawada	S-Grade (With Duty)	3760	3760	Unch
West Bengal	Kolkata	M-Grade	3762	3828	-66
Tamil Nadu	Chennai	S-Grade (With GST)	3685	3745	-60
	Dindigul	M-Grade (DCA)	3890	3848	42
	Coimbatore	M-Grade (DCA)	3780	3783	-3
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3546	3600	-54

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)			Feb'22	Jan'22	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3121	3197	**-76**
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	226000	98100	**127900**
	Muzaffarnagar	Khurpa (Fresh)	2853	3023	**-170**
	Muzaffarnagar	Laddoo (Fresh)	3138	3304	**-166**
	Muzaffarnagar	Rascut (Fresh)	2544	2519	**25**
	Hapur	Chaursa	2759	2935	**-176**
	Hapur	Balti	2676	2908	**-232**
Andhra Pradesh	Chittur	Gold	NA	NA	**-**
		White	NA	NA	**-**
		Black	NA	NA	**-**
Maharashtra	Latur	Lal Variety	NA	NA	**-**
Karnataka	Bangalore	Mudde (Average)	4509	4603	**-94**
	Belgaum	Mudde (Average)	NA	NA	**-**
	Belthangadi	Yellow (Average)	NA	NA	**-**
	Bijapur	Achhu	NA	NA	**-**
	Gulbarga	Other (Average)	NA	NA	**-**
	Mahalingapura	Penti (Average)	3376	3290	**86**
	Mandya	Achhu (Medium)	3037	3179	**-142**
	Mandya	Kurikatu (Medium)	2932	3097	**-165**
	Mandya	Other (Medium)	2823	2977	**-153**
	Mandya	Yellow (Medium)	2960	3124	**-163**
	Shimoga	Achhu (Average)	3700	3700	**Unch**

International Sugar Prices (Monthly- Average)				
	Contract Month	**Feb'22**	**Jan'22**	**Change**
ICE Sugar #11 (US Cent/lb)	**22-Mar**	18.22	18.45	**-0.23**
	22-May	17.77	18.18	**-0.41**
	22-Jul	17.64	18.01	**-0.37**
LIFFE Sugar (US $/MT)	**22-Mar**	493.46	498.22	**-4.76**
	22-May	484.10	490.69	**-6.59**
	22-Aug	477.67	484.67	**-7.00**