

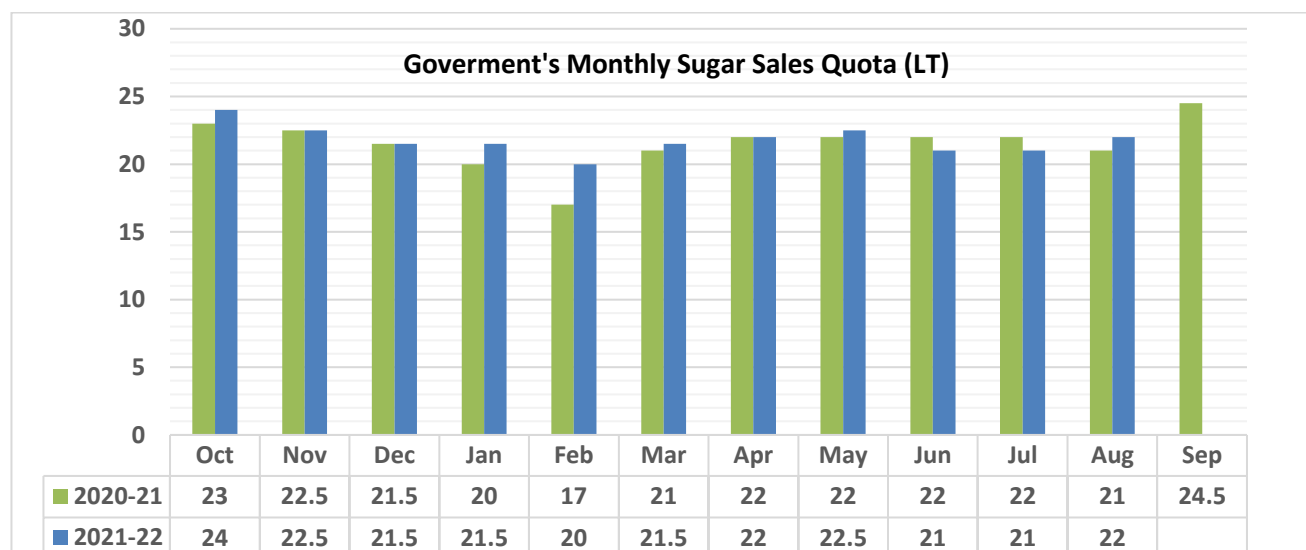
Sugar Domestic Balance Sheet

SUGAR BALANCE SHEET 2021-22(MMT)								
SUGAR BALANCE SHEET 2021-22(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	15.77	10.16
Estimated sugar production	27.25	30.9	0.18	35.6	10.18	18.4	6.58	0.44
Imports	0	0	0	0	0	0	0	0
Estimated sugar availability	39.22	40.34	14.5	42.24	16.82	27.07	22.35	10.6
Exports	6	7.2	1.2	11.6	1.45	4.42	4.35	1.38
Availability for domestic consumption	33.22	33.14	13.3	30.64	15.37	22.65	18	9.22
Estimates sugar consumption	23.79	26.5	6.66	27.2	6.7	6.88	7.84	5.78
Carry out stock	9.44	6.64	6.64	3.44	8.67	15.77	10.16	3.44

AgriWatch has revised its sugar production to 35.60 lakh MMT from previous 35.40 MMT. The sugar production was 30.90 MMT in the 2020-21 season. The increase in sugar production is from Tamil Nadu and Karnataka (where the sugarcane special crushing season is going on). Exports for the 2021-22 season is expected to reach 11.60MMT as sugar demand has increased from the international market. Domestic Consumption is also expected to increase in 2021-22 season to 27.20 MMT from 26.50 MMT in 2020-21 season. The stock to use ratio is expected to fall to 3.44 MMT in 2021-22 as compared to 6.64 MMT in 2020-21. Despite, higher total supply, likely increase in consumption and expected higher export would keep prices supported moving ahead.

Domestic Market Highlights

Recent Updates:



Government of India has allotted the monthly sugar sale quota of 22 lakh MT for the month of July which is 1 lakh MT higher from the previous year. Consideration of higher sale quota is mainly due to expectation of improved demand ahead of the festive season like Raksha Bandhan, Janmashtami, Ganesh Chaturthi etc. In the previous month (July) government allotted 21 lakh MT of monthly sugar sales quota.

The Department of Food & Public Distribution (DFPD) under a vide notification as on 05th August 2022, has issued Export Release Orders (EROs) to exporters and sugar mills. DFPD has issued the orders taking into account higher-than-anticipated domestic production in the 2021-22 season.

Many sugar mills which have produced raw sugar for export were unable to export sugar due to restrictions. Since the raw sugar if not exported may get deteriorated in other 3-4 months, it has been decided to issue ERO to such sugar mills having stock of raw sugar and those who have applied for ERO. Around 4,30,563 MT of sugar is allowed for further export.

Earlier, The Ministry of Commerce and Industry, GoI vide notification no. 10/2015-20 dated 24th May 2022 has restricted export of sugar (Raw, Refined and White sugar) from 01st June 2022 onwards (except fixed quantity of sugar being exported under CXL and TRQ quota to EU and USA). Export after 01.06.2022 will be allowed on production of specific permission (as per the procedure to be notified separately by DFPD) from Directorate of Sugar, Department of Food and Public Distribution (DFPD), Ministry of Consumer affairs, Food and Public Distribution.

According to Indian Sugar Mills Association, Mills have exported 99.7 LMT of sugar so far in the ongoing 2021-22 season to countries such as Nepal, Bangladesh, Sri Lanka, UAE, Afghanistan, Indonesia, Somalia etc.

As per Agriwatch estimate, Sugarcane crushing generally commence by end of October or 1st week of November however, in the coming 2022-23 season due to sufficient availability of sugarcane, crushing of cane is likely to commence in 1st to 3rd week of October 2022 and new sugar would start coming in the market from mid of October, 2022. Also, Given the current scenario, despite increased production this season, overall, the ending stocks are below the last year and pointing gradually tightening supply. Higher exports is the main cause of decline in the ending stocks. Overall, additional exports would further tighten the overall supplies.

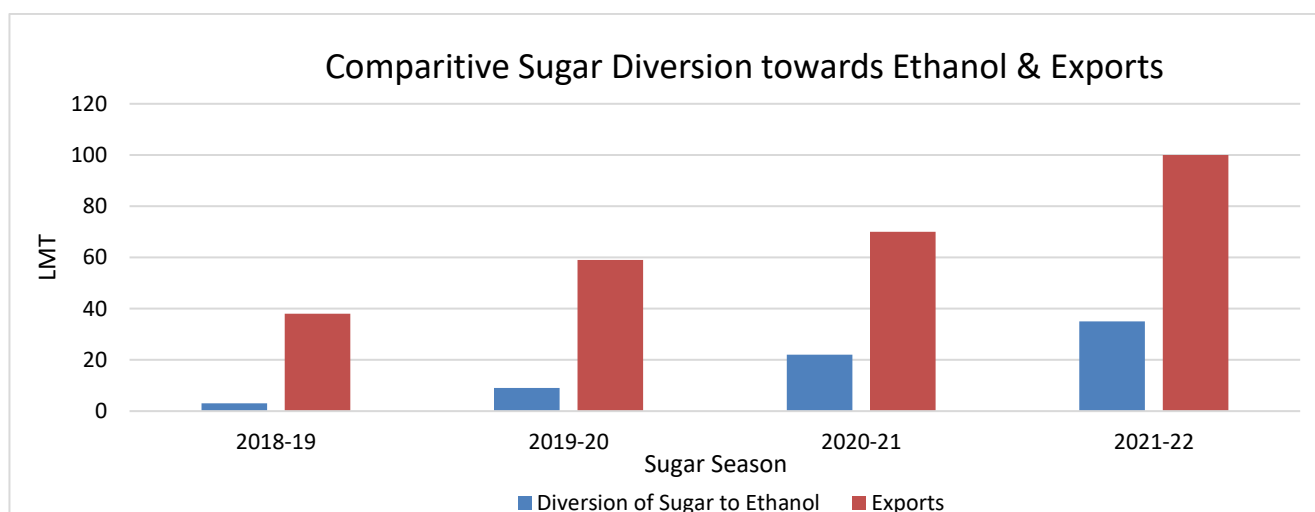
The Cabinet Committee on Economic Affairs has approved Fair and Remunerative Price (FRP) of sugarcane for the 2022-23 sugar season at Rs. 305 per quintal for a basic recovery rate of 10.25%, providing a premium of Rs. 3.05/quintal for each 0.1% increase in sugar recovery over and above 10.25%, & reduction in FRP by Rs. 3.05/quintal for every 0.1% decrease in recovery.

However, the Government with a view to protect interest of sugarcane farmers has also decided that there shall not be any deduction in case of sugar mills where recovery is below 9.5%. Such farmers will get Rs. 282.125/quintal for sugarcane in ensuing 2022-23 season as compared to previous Rs. 275.50/quintal in 2021-22 current season.

Sugarcane Fair & Remunerative Price (FRP)						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
India	255	275	275	285	290	305

Unit: Rs. per Quintal

India has become the largest sugar producer in the world and the second largest exporter after Brazil during the 2022-23 season. Sugar production in India has been consistently increasing in the previous years and was comparatively higher than domestic consumption, thereby creating a surplus situation. Also, the Central Government has been encouraging sugar mills during the past few seasons to divert the surplus sugar to ethanol and is also facilitating mills to export surplus sugar to improve the liquidity in the market.



Sugar Season	2018-19	2019-20	2020-21	2021-22
Diversion of Sugar to Ethanol	3	9	22	35
Exports	38	59	70	100

Source: ISMA; Unit -LMT (as of July 2022)

According to Indian Sugar Mills Association Preliminary estimate, the total acreage under sugarcane in India is estimated to be around 58.28 lakh hectares in 2022-23 Season, which is about 4% higher than 2021-22 sugar seasons of 55.83 lakh hectares. As of 15th July 2022, Sugar Production is expected to be 354.97 lakh tonnes in the 2022-23 season as compared to previous season 360 lakh tonnes. Currently, Special sugarcane crushing season is in progress in Karnataka and Tamil Nadu.

States	Sugarcane Acreage		% Change over the last year
	Lakh Hectares		
	2021-22	2022-23	
Uttar Pradesh	23.08	23.72	3
Maharashtra	13.5	14.41	7
Karnataka	5.85	6.25	7
Tamil Nadu	2.6	2.75	6
Gujarat	2.1	2.2	5
Others	8.7	9.01	4
Total End of season	55.83	58.28	4

Source: ISMA

States	2021-22(up to 15th July 2022)				2022-23	
	Estimated Sugar Production	Estimated sugar Diversion	Actual Sugar production	Estimated Sugar Production	Estimated Sugar Diversion	Actual Sugar Production
	Before Diversion		After Diversion	Before Diversion		After Diversion
	Lakh Tonnes	Lakh Tonnes	Lakh Tonnes	Lakh Tonnes	Lakh Tonnes	Lakh Tonnes
Uttar Pradesh	114.98		102.48	120.49		
Maharashtra	148.65	35	137.36	148.9	45	
Karnataka	66.22		58.85	65.9		
Tamil Nadu	10.24		10.05	13.96		
Gujarat	12.27		12.12	12.79		
Others	35.36		32.84	37.93		
Total Sugar 2021-22	387.72		353.69			
Total End of season	394	35	360	399.97	45	354.97

Source: ISMA

As depicted in the above table, net sugar production before considering diversion towards ethanol is estimated to be higher at 399.97 lakh tons, against 394 lakh tons during the 2021-22 season. However, in the current year sugar diversion towards production of ethanol is estimated to be higher.

According to Indian Sugar Mills Association, in the current season, till 15th July, 2022, total contracted quantity of ethanol is 444.42 crore litres. Out of this, 362.16 crore liters is from sugar industry. Out of this 362.16 crore liters, ethanol manufactured from sugarcane juice and B-Heavy molasses (BHM) stands at 349.49 crore liters (79.33 crore liters from sugarcane juice and 270.16 crore liters from BHM), which translates into diversion of about 34 lac tons of sugar into ethanol.

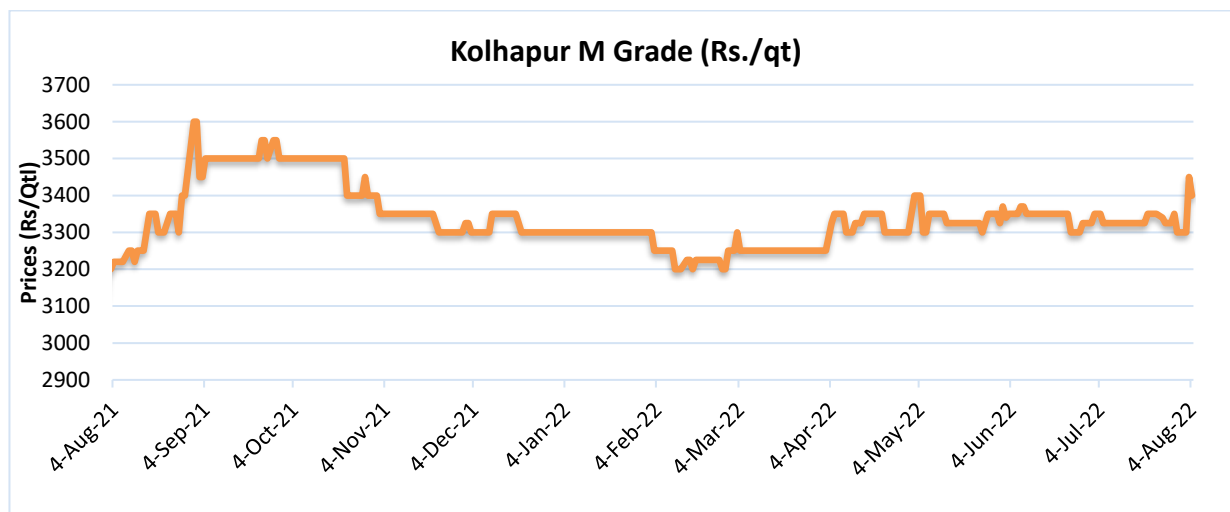
Since a significant quantity of sugarcane juice / syrup and B-molasses will again be diverted into ethanol production, a proportionate quantity of sugar is expected to get diverted in next season also. During the next year 2022-23, since the target of 12% blending is expected to be achieved, a total of about 545 crore liters of ethanol would be required and supplied. Accordingly, it is estimated that the diversion of cane juice and B-molasses to ethanol will reduce sugar production by about 45 lakh tons in next season, as compared to about 34 lakh tons estimated to be diverted this year.

Price Outlook:

Sugar prices had slightly decreased in the major markets across India last month as with the coming of monsoon season sugar demand has comparatively fallen in the market. The average sugar prices were lower at Rs. 3442 per quintal from the previous month at Rs.3463 per quintal in Delhi market. The prices in Maharashtra also stood slightly lower at Rs.3330/q in July'22 as compared to the previous month. AgriWatch expects prices to remain in the range of Rs. 3,300- Rs. 3,450 per quintal in the coming month.

Price Projection for the Next Month:

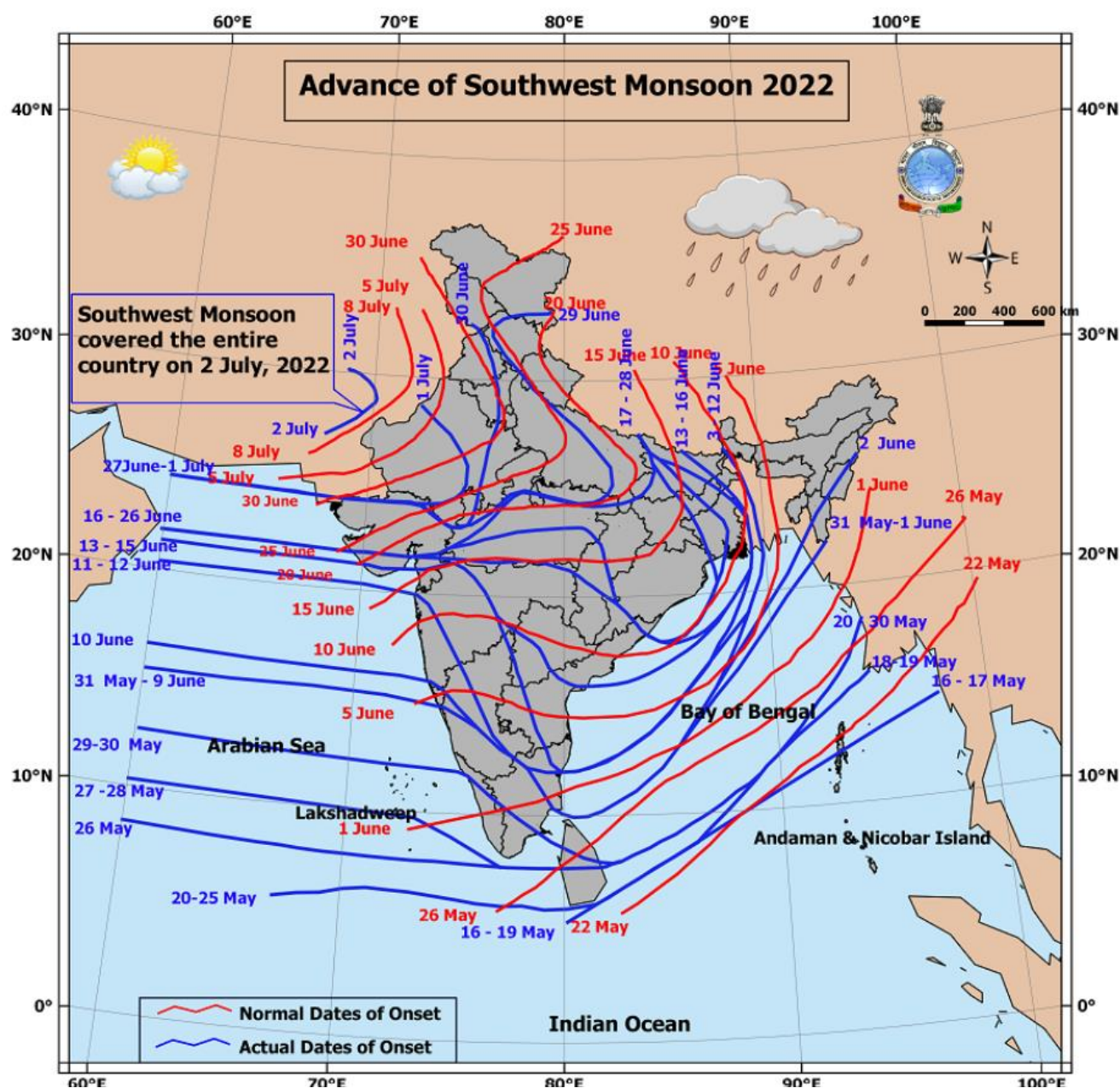
As per AgriWatch estimates, spot sugar prices (M grade) in benchmark Kolhapur market are likely to remain between Rs.3,350 -3,450 per quintal in Aug 2022.



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

Particulars	Month	(Rs/Qtl)
Projected Average Price	Aug'22	3350-3450
	Sep'22	3250-3350
Previous month's Average Prices	July'22	3330
	June'22	3343
	May'22	3338
	Apr'22	3319
	Mar'22	3250
	Feb'22	3232
	Jan'22	3300
	Dec'21	3317
	Nov'21	3335
	Oct'21	3471
	Sep'21	3508
	Aug'21	3298
Projected Price Range	Aug'22	3250-3350

Weather Forecast



India Meteorological Department has predicted the long-range forecast for the monsoon season, it indicates that from June to September 2022, the countrywide precipitation is likely to be 103 percent of the long period average (LPA) with a model error of 4 percent. The country may record seasonal precipitation up to 89.6 cm this year. There is 70 percent chance of normal rainfall in the coming July month, 20 percent chance of above normal rainfall and 10 percent chance of below normal rainfall. Also, India is likely to receive more rainfall in this season.

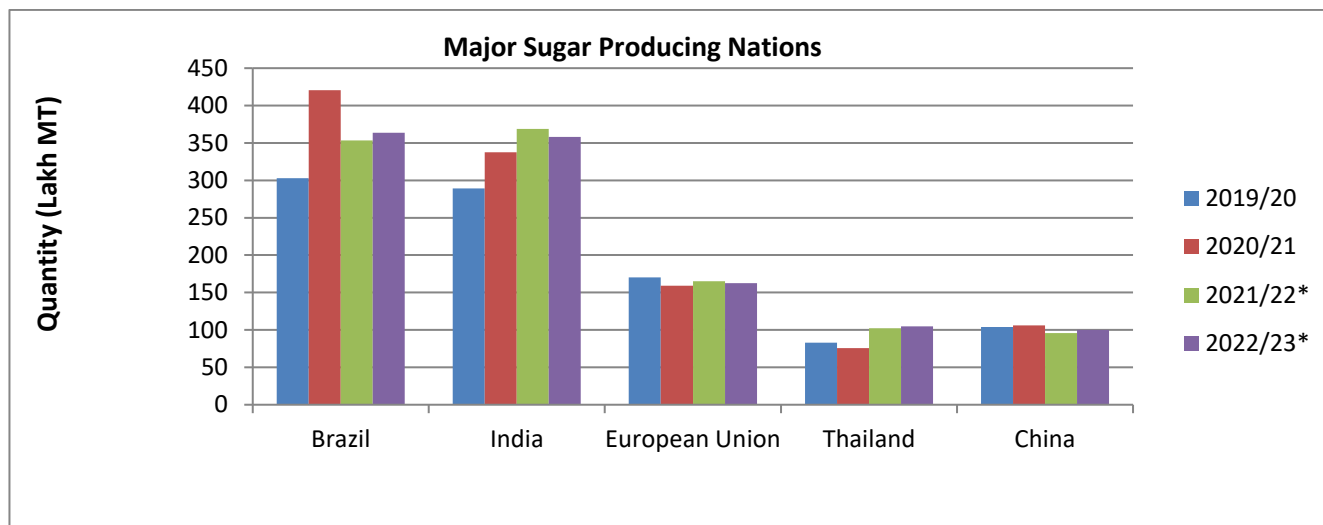
Sugarcane sowing 2022-23 season

For the coming 2022-23 season sugarcane sowing is progressing across the country.

Sugarcane Sowing as on 15 th July 2022					
S.No.	State	Area Covered		Difference in Area coverage	
		(Lakh Ha)		with Current Week	
		2022	2021	2021	2020
1	Andhra Pradesh	0.49	0.84	-0.35	-0.71
2	Arunachal Pradesh	0.02	0.02	0	0
3	Assam	0.28	0.28	0	0.03
4	Bihar	2.35	2.64	-0.29	-0.27
5	Chhattisgarh	0.32	0.12	0.2	0.01
6	Goa	0.006	0.005	0.001	0.001
7	Gujarat	2.32	2.31	0.01	0.59
8	Haryana	1.06	1.1	-0.04	0.12
9	Himachal Pradesh	0.017	0.02	-0.003	-0.003
10	Jammu Kashmir	-	-	-	-
11	Jharkhand	0.032	0.08	-0.048	-0.048
12	Karnataka	5.58	5.1	0.48	0.51
13	Kerala	0.01	0.02	-0.01	-0.01
14	Laddakh	-	-	-	-
15	Madhya Pradesh	0.86	1.06	-0.2	-0.26
16	Maharashtra	12.11	12.32	-0.21	0.68
17	Manipur	0.045	0.047	-0.002	-0.002
18	Meghalaya	-	0.001	-	-
19	Mizoram	0.015	0.015	0	0
20	Nagaland	0.045	0.04	0.005	0.005
21	Odisha	0.19	0.17	0.02	0.02
22	Punjab	0.97	0.98	-0.01	0.01
23	Rajasthan	0.051	0.08	-0.029	-0.021
24	Sikkim	-	-	-	-
25	Tamil Nadu	1.51	1.5	0.01	-0.2
26	Telangana.	0.31	0.21	0.1	0.01
27	Tripura	0.008	0.008	0	0
28	Uttar Pradesh	23.6	23.62	-0.02	0.01
29	Uttarakhand	0.94	0.93	0.01	0.02
30	West Bengal	0.16	0.17	-0.01	0
31	Others	0.011	0.012	-0.001	-0.001
	Total	53.31	53.698	-0.388	0.49

Unit: Lakh Hectares ; Source: NFSM

International Market



Source: USDA

Major Market Highlights:

According to Unica, Brazil's Center South region sugarcane crushing in the first half of July'22 has reached 46.34 million tonnes higher as compared to the previous season by 0.48 percent. Sugar production has reached 2.97 million tonnes in the first half of July 2022.

According to the Pakistan Sugar Mills Association, around 1.2 million tonnes of excess sugar is available at the beginning of the next sugarcane crushing season. During the previous 2021-22 season sugar mills had produced 2 million tonnes of surplus sugar. As per the sources, it is expected that because of good weather conditions in this season the sugarcane crop is expected to increase by 10 percent in the 2022-23 season.

Sugar beet production in Russia is likely to increase by 5 % against the previous season. The Sugar refineries have started processing sugar beet for this season. In the previous season Russia has produced around 41.2 million tonnes of sugar beet. An increase in sugar beet production would help the country to meet the domestic demand as well as the demand of the neighboring countries.

According to the International Sugar Organization, the global sugar production in the 2022-23 season is estimated at 177.372 million tonne, while consumption is projected to reach 174.604 million tonne. This

indicates a surplus of 2.768 million tonne of sugar from October 2022. Global ethanol production in 2022 has been projected to reach 110.3 billion liters (+5.1 billion from 2021), consumption has been projected to reach 106.3 billion liters (+4.5 billion from 2021). Increased sugar production and consumption are expected in the US, Brazil and India in the 2022-23 season.

International Sugar Prices

The Raw Sugar futures ICE traded higher by 2 percent at Rs. 3147 per Quintal. The LIFE Sugar traded higher at Rs. 3848 per Quintal as compared to the previous season of Rs. 3446 per Quintal.

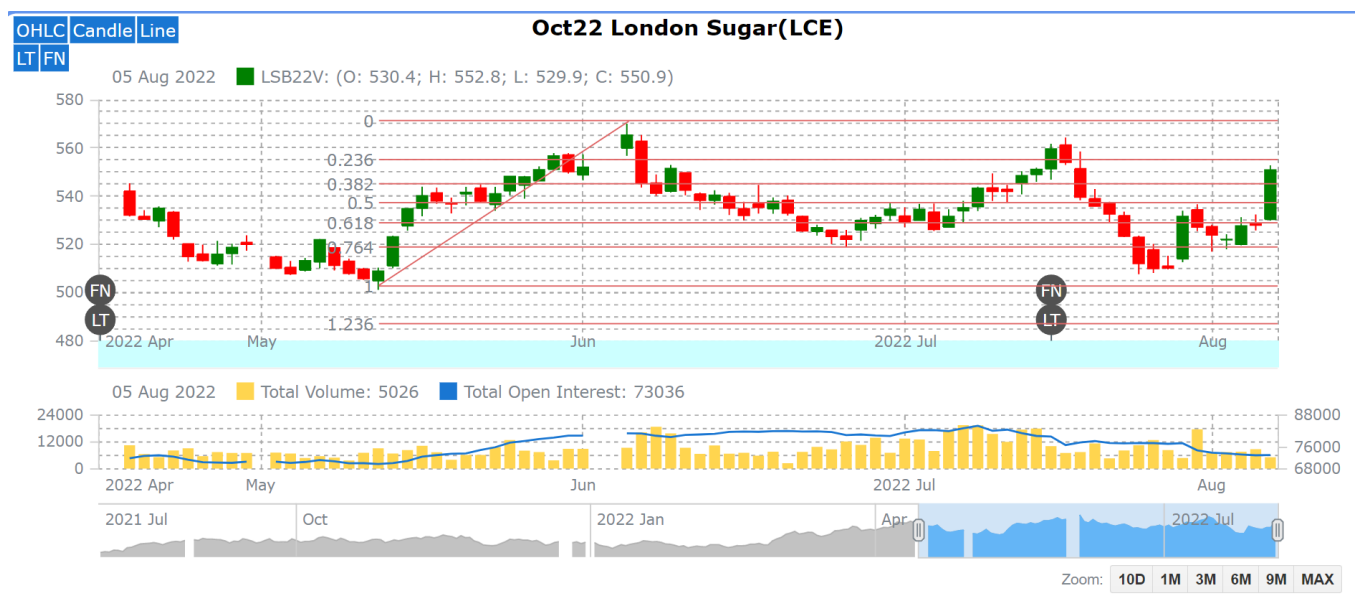
International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		04-Aug-22	28-Jul-22	05-Jul-22	04-Aug-21	04-Aug-22
22-May	2.22	3147	3067	3199	3077	79.41
22-Jul	1.77	2994	2999	3109	2941	
22-Oct	5.78	2993	2995	3066	2820	

(Source: mrci)

International Sugar Futures LIFFE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		04-Aug-22	28-Jul-22	05-Jul-22	04-Aug-21	04-Aug-22
22-Aug	10.45	3848	3844	4159	3446	79.41
22-Oct	7.16	3787	3785	4003	3516	
22-Dec	13.79	3997	3980	3848	3446	

(Source: mrci)

International Sugar Futures Price Projection



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

Technical Commentary

- As depicted in the above chart, prices rebounded after a recent correction. Prices are currently at 552.
- Increase in open interest along with recent rise in prices indicates fresh positions are building up.
- Market has broken 23 percent Fibonacci retracement
- Overall, the prices are expected to gain in the coming month.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Oct'22	552	550-570



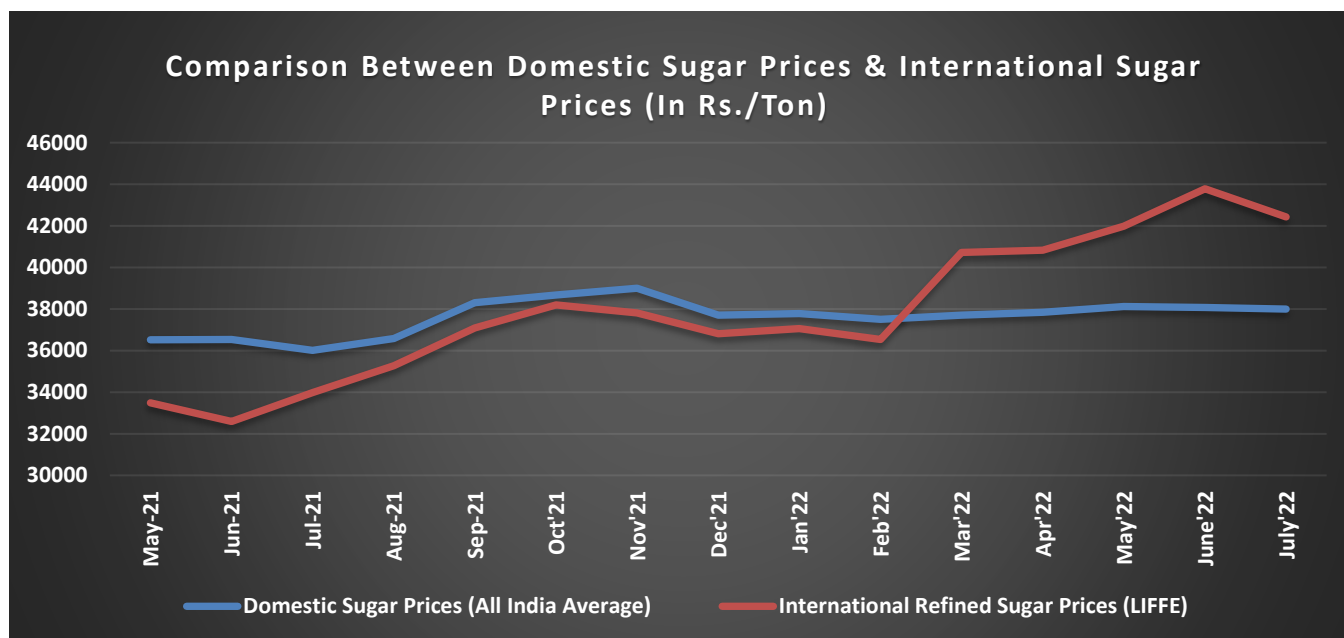
ICE (Raw Sugar Exchange) Future Market Scenario (Oct'22 Contract)

Technical Commentary:

- ☐ As depicted in the above chart, market has showed a bearish movement in the last month, market has broken up to 1.23% Fibonacci retracement level.
- ☐ Market is expected to remain range bound in the coming month.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Jul'22	17.65	17.70-19.20

Comparison of Indian Sugar Prices (All India Average) and International Refined Sugar Prices (LIFFE)



Source: USDA and Agmark.net

Domestic sugar prices stood slightly lower during July'2022. Domestic prices stood at Rs. 38,000 per tonne in July'22 compared to Rs. 38,081 per tonne in June'2022. The average international sugar prices have decreased around 3 percent in July'2022 to Rs.42434 per tonnes from Rs. 43781 per tonnes in June 2022. Mainly due to decreased demand from international market particularly from China, Indonesia and European Union. Also, domestic prices have fallen with the arrival of monsoon. For the coming August month we expect domestic prices to further increase due to improved festive demand.

Domestic Sugar Spot Prices:

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			July'22	June'22	
Delhi	Delhi	M-Grade	3442	3463	-21
	Delhi	S-Grade	3422	3443	-21
Maharashtra	Mumbai	M-Grade	3560	3564	-4
	Mumbai	S-Grade	3429	3450	-21
	Nagpur	M-Grade	3455	3468	-13
	Nagpur	S-Grade	3355	3369	-14
	Kolhapur	M-Grade	3330	3343	-13
	Kolhapur	S-Grade	3230	3244	-14
Assam	Guhawati	S-Grade	3490	3504	-14
Meghalaya	Shillong	S-Grade	3550	3557	-6
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3954	3942	12
	Vijayawada	S-Grade (With Duty)	3845	3840	5
West Bengal	Kolkata	M-Grade	3805	3817	-12
Tamil Nadu	Chennai	S-Grade (With GST)	3504	3550	-46
	Dindigul	M-Grade (DCA)	3831	3813	18
	Coimbatore	M-Grade (DCA)	3840	3840	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3831	3785	46
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			July'22	June'22	
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	3053	3037	16
	Hapur	Balti	3053	3037	16
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-

		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4564	4575	-11
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3397	3577	-180
	Mandya	Kurikatu (Medium)	3223	3401	-179
	Mandya	Other (Medium)	3155	3505	-350
	Mandya	Yellow (Medium)	3256	3558	-302
	Shimoga	Achhu (Average)	3700	3700	Unch

International Sugar Prices (Monthly- Average)				
	Contract Month	July'22	June'22	Change
ICE Sugar #11 (US Cent/lb)	22-May	18.05	18.88	-0.83
	22-Jul	17.56	19.19	-1.63
	22-Oct	17.49	18.62	-1.13
LCE Sugar (US Cent/lb)	22-Aug	512.71	523.44	-10.73
	22-Oct	523.81	515.42	8.39
	22-Dec	505.39	507.39	-2.00

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