

Price Outlook:

The market was steady to weak during the last week compared to the prior week. The price remained weaker due to the rumors about an increase in minimum selling price of sugar of around Rs.3400/q from 1st Oct'20 2020-21 (sugar season) according to media reports. Good quantity of export shipments of white sugar has been dispatched during last week, according to the market sources. The average price was Rs.3267/q at the Kolhapur market while the prices in UP stood weaker at Rs.3345/q against last week as the markets were closed for 4 days due to lockdown.

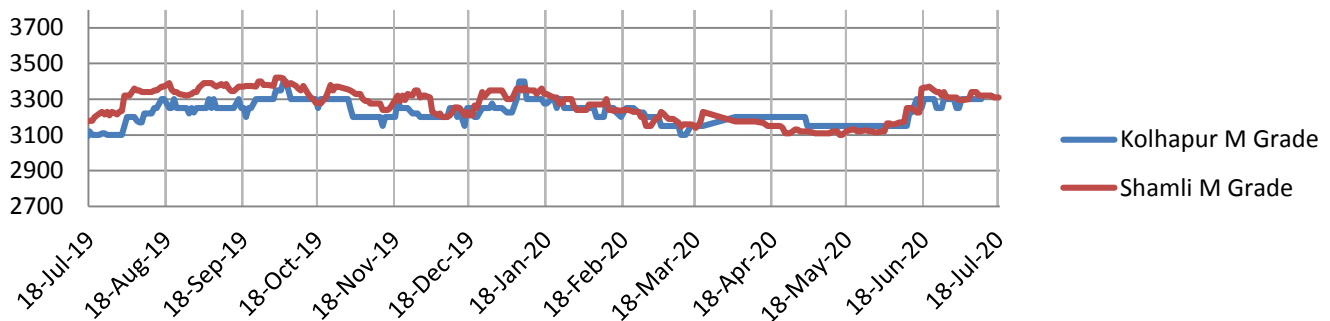
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3200 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood low at Rs. 3267 per quintal, while spot sugar prices for the same grade in Shamli district stood steady at Rs. 3315 per quintal during the week.

**Price comparsion Kholpur M- grade and Shamli
Rs/Qtl**

**Fundamental summary:**

Factors	Impact on prices
India's 2020/21 sugar production would climb +17.7% y/y to 32.01 MMT, according to ISMA	Bearish
Indian could achieve a target of 5million tonnes of sugar exports in 2019/20 despite lockdown	Bullish
The reallocation of sugar export sales would help sugar mill to clear sugar stock piles in 2019-20 season.	Bullish
The government is likely to increase the minimum support price of sugar and FRP of sugarcane	Bullish

Domestic Market Highlights

Recent Updates:

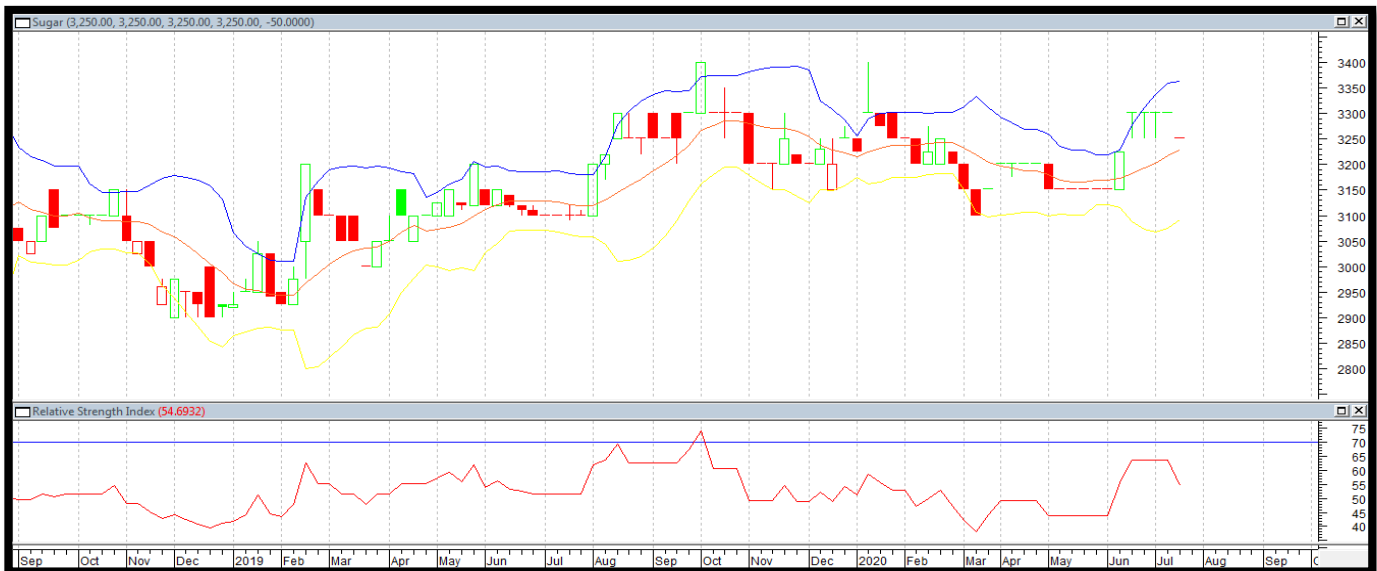
- **The decision to hike in minimum selling price of sugar is still pending.** A meeting held between the Group of Ministers on 15th July'20 had recommended a hike of Rs.2/kg to Rs.33/kg to ensure mills clear the pending arrears of Rs.20,000 crore in 2019-20 at the earliest. If the government approves, the increment in MSP will come into effect from October 1. The government will also consider other options if an increase in MSP of sugar does not help in reducing cane arrears to farmers.
- **The area under sugarcane increased to 51.29 lakh ha till 16th July'20**, up by around 1% in 2020-21 sugar season compared to the corresponding time last year. The top three sugarcane producing states; Uttar Pradesh, Maharashtra, and Karnataka are leading in area for 2020-21 sugar season by covering 23.59 lakh ha, 9.73 lakh ha and 5.39 lakh ha. Maharashtra is likely to revive this year as the state had faced bad weather conditions last year and likely to cover around 10.5 to 11 lakh ha compared to 8.4 lakh ha covered in 2019-20 season.

Previous Updates

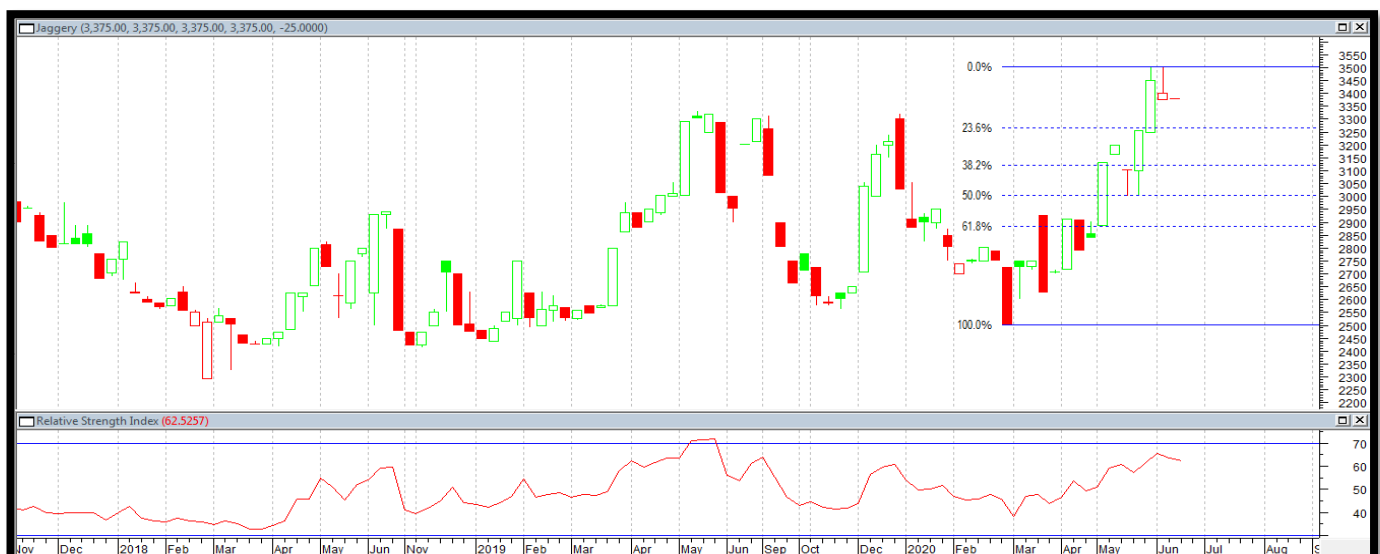
- **According to sources, the official announcement regarding hike in minimum selling price for sugar and sugarcane FRP should come in the coming week** to which led markets to be firm during the week. There is possibility of an increase of Rs.200/q in minimum selling price of sugar to Rs.3300/q and a rise of Rs.100/q in sugarcane FRP to Rs.285/q of cane.
- **India has been waiting for the export deals with China but are no longer confident of getting them due to the border tensions between China and India.** According to All India Sugar Trade Association, India can export 3 lakh tonnes of sugar to China in the next two to three months. So far, India has exported 1 LT of sugar to China. Now, the Indian sugar exporters are afraid to make deals and will wait for the situation to improve. As of June end, India shipped out around 45 LT of sugar out of 50 LT contracts booked including 24 lakh tonnes raw sugar and around 20 lakh tonnes of refined or white sugar. The top 5 buyers were Iran, Somalia, Indonesia, Sri Lanka and Afghanistan.
- **In UP, so far 13.39 million litre of sanitizer has been produced till 8th July'20**, out of which 67.42 lakh litre of sanitizer has been supplied within the state and 47.15 lakh litre has been supplied to other states of the country. Quantity supplied within the state; 67.42 lakh litre includes the quantity of 2.47 lakh litre supplied to various government organizations and government hospitals through the District Magistrates.

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

- Average sugar spot prices at benchmark Kolhapur market stood weak at Rs.3250/q in last week.
- Next resistance and support level for the next week is expected at Rs.3350 and Rs.3150 per quintal respectively.
- RSI is in the neutral region.


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

- There were no arrivals during the last week for Chaku variety of gur in key Muzaffarnagar market.
- The arrivals are now likely to commence from October in the new season.
- RSI stood in the neutral region.



Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Con (Dec)



Strategy: Wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Wait				

* Do not carry-forward the position next day

Technical Commentary:

- There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.
- In the daily chart the prices has gained but there is no bullish reversal pattern has evolved.
- Seems that the prices are to consolidate in the range with good probability of touching the recent lows again.
- RSI showing some strength with prices remaining below 9 and 18 days EMA.

International Market Highlights

Recent Updates:

- **According to UNICA, there was a huge surge in the last two weeks of Jun'20 of around 23% producing 2.73 Mn T of sugar** taking it to a total of 13.29 million tonnes since the beginning of the season in April in Brazil. The mills had allocated 47.42% of the cane to produce sugar in 2nd half of Jun'20, compared to 37.06% at this time last year and 47.11% in the first half of June this year. Brazilian producers are expected to continue to maximize their sugar production, given the increased profitability of sugar production over ethanol production. The amount of sugarcane crushed was around 229 million tonnes so far till June'20, up by 5.2% compared to the same time previous year.
- **According to Thai Sugar Millers Corporation, Thailand exported 2.36 lakh tonnes of refined sugar and 3.21 lakh tonnes of raw sugar in May'20.** Total of 11.05 lakh tonnes of refined sugar (13.34% y/y) has been exported at an average FOB \$366.38/tonne and 22.32 lakh tonnes (2.5% y/y) of raw sugar at an average FOB \$300.57/tonne much lower sugar has been exported so far till May'20 from January'20. The exports were improved compared to the previous month as the demand was hit due to coronavirus.

Previous Updates

- **Brazil sugar exports reached 3 million tonnes in June'20.** This is around 14% higher than May and 97% above the same month in 2019. Sugar production continued to increase, reaching a near-record 36% increase early in June. The Brazilian ethanol market remained weak, thus, the global sugar market could be flooded, which would surge the prices.
- **According to ISO, the global sugar demand-supply scenario is indicating a deficit of 6.9 million tonnes globally,** although India is again being surplus. Due to Covid-19, the prices of sugar have gone down in the global markets and during the sugar year 2019-20 (October 2019-September 2020), more than 2.3 million tonnes of sugar consumption has been lost till now and the future is uncertain. Due to the fall in crude oil prices, Brazil may prefer production of sugar from sugarcane than ethanol. The main buyers of sugar are likely to be Egypt, Saudi Arabia and Indonesia and considering that Thailand, the main exporting country from Asia, is expected to be down by 40% in sugar production, India should take advantage by exporting sugar to these countries.

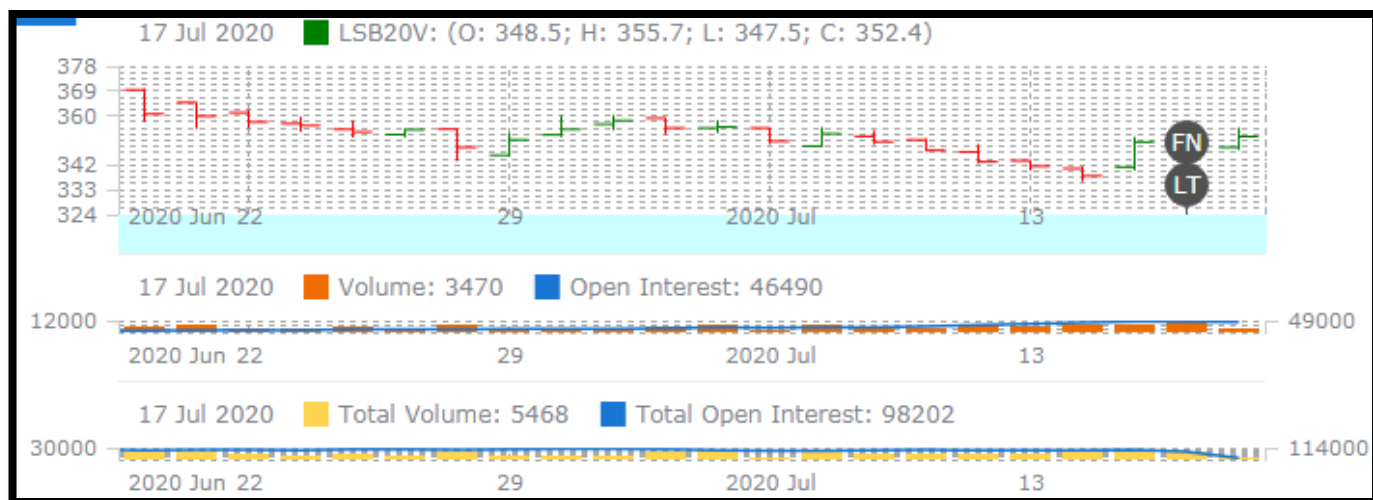
Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production will climb +18.5% to 35.3 MMT from 26.4 MMT in the earlier season	Bearish
World sugar production in 2019-20 (Apr-Mar) fell -4.8% y/y to 166.7 MMT	Bullish
The world sugar ending stocks in 2019/20 will fall by -9.3MMT y/y	Bullish

International Sugar Futures Price Projection**LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Aug'20 Contract)****Technical Commentary**

- LIFFE future market was bullish during the week.
- Both total volume & open interest decreased over a week.
- Strategy: Buy at level 350, T1 355

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'20	352.4	335-360

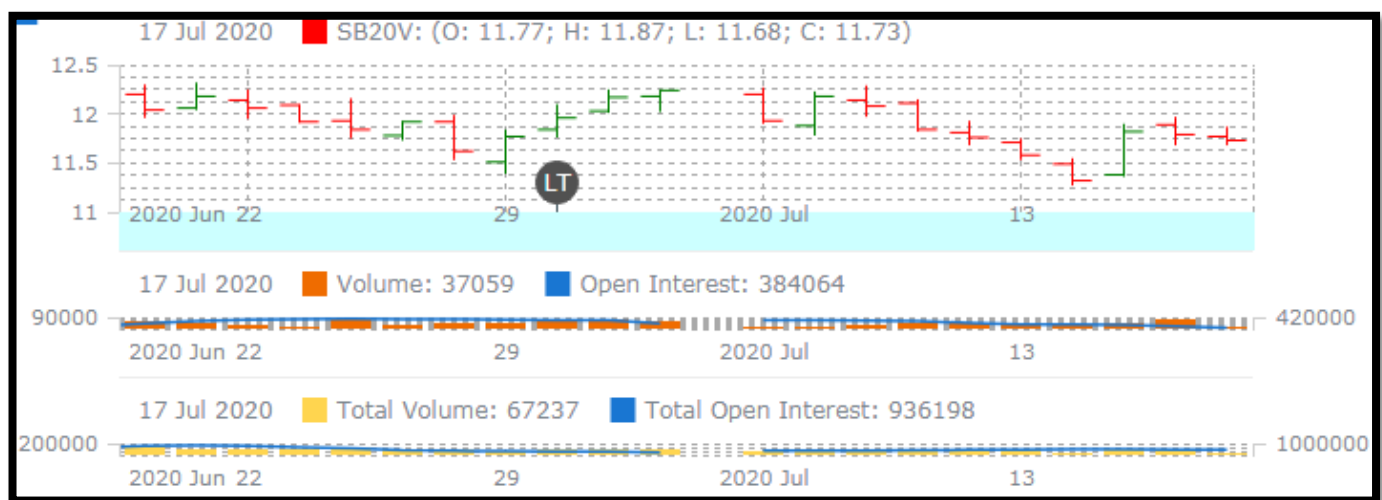


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'20 Contract) Technical Commentary:

- ICE raw sugar futures were bearish during the week.
- Total volume decreased & open interest increased in a week.
- Strategy: Buy at rate 11.8 Targeting 12.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'20	11.73	10-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			10th Jul'20 to 16th Jul'20	3rd Jul'20 to 9th Jul'20	
Delhi	Delhi	M-Grade	3341	3385	-44
	Delhi	S-Grade	3321	3365	-44
Uttar Pradesh	Khatauli	M-Grade	3345	3379	-34
	Ramala	M-Grade	NA	3279	-
	Dhampur	M-Grade Ex-Mill	3323	3345	-23
	Dhampur	S-Grade Ex-Mill	3303	3325	-23
	Dhampur	L-Grade Ex-Mill	3373	3395	-23
Maharashtra	Mumbai	M-Grade	3573	3583	-10
	Mumbai	S-Grade	3367	3363	4
	Nagpur	M-Grade	3392	3425	-33
	Nagpur	S-Grade	3292	3325	-33
	Kolhapur	M-Grade	3267	3300	-33
	Kolhapur	S-Grade	3167	3200	-33
Assam	Guhawati	S-Grade	3478	3512	-34
Meghalaya	Shillong	S-Grade	3487	3520	-33
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch
	Vijayawada	S-Grade	3690	3673	17
West Bengal	Kolkata	M-Grade	3645	3637	8
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
	Dindigul	M-Grade (DCA)	3820	3747	73
	Coimbatore	M-Grade (DCA)	3620	3693	-73
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3300	50

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			10th Jul'20 to 16th Jul'20	3rd Jul'20 to 9th Jul'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40k g 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	NR	-

		White	NA	NR	-
		Black	NA	NR	-
Maharashtra	Latur	Lal Variety	NA	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3500	3445	55
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3508	3464	44
	Mandya	Achhu (Medium)	3680	3602	78
	Mandya	Kurikatu (Medium)	3342	3250	92
	Mandya	Other (Medium)	3285	3350	-65
	Mandya	Yellow (Medium)	3610	3558	52
	Shimoga	Achhu (Average)	3750	3750	Unch

Spot Sugar Prices Scenario (Weekly)

Commodity			Today	Week Ago	Month Ago	Year Ago
Sugar	Centre	Variety	18-Jul-20	11-Jul-20	18-Jun-20	19-Jul-19
Delhi	Delhi	M-Grade	3280	3365	3380	3180
	Delhi	S-Grade	3260	3345	3360	3160
Uttar Pradesh	Khatauli	M-Grade	Closed	Closed	3390	3250
	Ramala	M-Grade	Closed	Closed	3340	0
	Dhampur	M-Grade Ex-Mill	Closed	Closed	3200	3170
	Dhampur	S-Grade Ex-Mill	Closed	Closed	3180	3150
	Dhampur	L-Grade Ex-Mill	Closed	Closed	3250	3220
Maharashtra	Mumbai	M-Grade	3570	3580	3500	3326
	Mumbai	S-Grade	3370	3360	3340	3230
	Nagpur	M-Grade	3375	3425	3425	3225
	Nagpur	S-Grade	3275	3325	3325	3175
	Kolhapur	M-Grade	3250	3300	3300	3100
	Kolhapur	S-Grade	3150	3200	3200	3050
Assam	Guhawati	S-Grade	3461	3512	3512	3360
Meghalaya	Shillong	S-Grade	3470	3520	3520	3370
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	3700	3560
	Vijayawada	S-Grade	3700	3680	3640	3500
West Bengal	Kolkata	M-Grade	3690	3600	3580	3580
Tamil Nadu	Chennai	S-Grade	3750	3750	3670	3600
	Dindigul	M-Grade (DCA)	3840	3800	3640	3520
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3650
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3300	0	3350

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			18-Jul-20	11-Jul-20	18-Jun-20	19-Jul-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	Closed	0	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	0	0	0
	Muzaffarnagar	Khurpa	Closed	0	3275	0
	Muzaffarnagar	Laddoo	Closed	0	3450	0
	Muzaffarnagar	Rascut	Closed	0	2750	0
	Hapur	Chaurasa	Closed	0	0	0
	Hapur	Balti	Closed	0	0	0
Andhra Pradesh	Chittur	Gold	NR	0	4900	0
		White	NR	0	4600	0
		Black	NR	0	4400	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	4300	4350
	Belgaum	Mudde (Average)	NA	NA	0	3200
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	3200
	Gulbarga	Other (Average)	NA	NA	0	0
	Mahalingapura	Penti (Average)	NA	NA	3400	3282
	Mandya	Achhu (Medium)	3750	3650	3600	3150
	Mandya	Kurikatu (Medium)	3500	3300	3300	3000
	Mandya	Other (Medium)	3300	3250	3320	2950
	Mandya	Yellow (Medium)	3600	3600	3570	3150
	Shimoga	Achhu (Average)	NA	NA	3750	3650

International Sugar Prices (Weekly)				
	Contract Month	10th Jul'20 to 16th Jul'20	3rd Jul'20 to 9th Jul'20	Change
ICE Sugar #11 (US Cent/lb)	20-Jul	2016	2054	-38.00
	20-Oct	1976	2024	-48.00
	21-Mar	2059	2091	-32.00
LIFFE Sugar (US \$/MT)	20-Aug	2622	2664	-42.00
	20-Oct	2568	2610	-42.00
	20-Dec	2601	2656	-55.00

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