

Price Outlook:

The sugar prices showed a mixed trend with stagnant demand during the week. The demand might improve slightly this month due to the upcoming festivals. Some demand could be witnessed due to the easing nationwide lockdown and opening of malls and hotels. The prices stood steady at Rs.3250/q in Kolhapur bench market. The prices in UP stood weaker at Rs.3316/q and firm in Khatauli market at Rs.3291/q against last week.

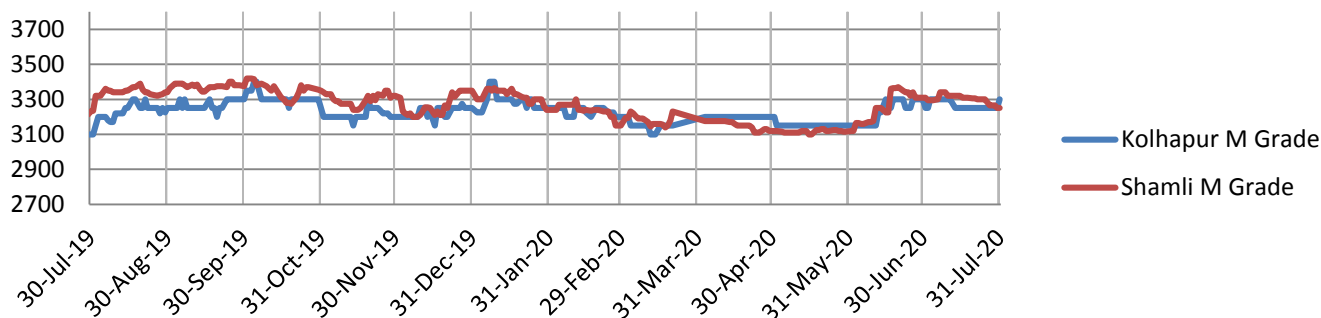
Price Projection for the Next week

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 steady at Rs. 3250 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3274 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 5 million 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 for 2020-21 sugar season	Bullish

Domestic Market Highlights

Recent Updates:

- **The monthly sales quota for August 2020 is 20.5 LT of sugar to be covered by the 547 mills.** The July'20 sales quota was 1.5 MT higher compared to the previous year quota during the same time. Millers had witnessed fresh buying due to the rumours of hike in Minimum Selling Price (MSP) of sugar.
- **The area under sugarcane increased to 51.78 lakh ha as on 31st 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 23.87 lakh ha, 9.82 lakh ha and 5.51 lakh ha.
- **In order to clear cane dues of farmers, the cane commissioner of Uttar Pradesh has announced that 85 percent amount of sale value** of by-products of sugarcane (molasses, bagasse, press-mud and ethanol) derived by sugar mills will be tagged for cane price payment to farmers. Thus, 30% of the sale value of ethanol produced from C-grade molasses, 55% produced from B-heavy molasses and 80% produced directly from sugarcane juice will be used for repaying the dues.
- **Due to the pandemic led lockdown, many migrant labours left for their home** and have stayed on there, due to which industries are facing the difficulty of getting labourers. Therefore, the sugar mills have placed orders for harvesting machines in Maharashtra, Karnataka and Gujarat in order to avoid the dependency on labour during harvesting of cane.
- **According to the trade sources, India exported around 3.3 LT of total sugar** (including White refined and raw sugar) in June'20. Around 1.6 LT of refined sugar and 1.25 LT of white sugar has been exported out of the total sugar exports. Sudan, Somalia, Saudi Arabia, Libya, Kenya, Qatar, Tanzania were the major importers for refined sugar. While Sri Lanka, Afghanistan, China were the largest importer of white sugar and Iran was the largest importer for raw sugar in June month.

Previous Updates

- **The area under sugarcane increased to 51.54 lakh ha till 24th 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 23.71 lakh ha, 9.78 lakh ha and 5.47 lakh ha. Maharashtra is likely to revive this year as the state has faced bad weather conditions last year.

- The government re-allocated 25000 tonnes of sugar out of the original quota that was allotted in the beginning of the season (Oct'19). The restored quantity has been allotted to the eligible sugar under Maximum Admissible Export Quota (MAEQ). India had allocated 60 lakh MAEQ quota for sugar marketing year 2019-20. As the reallocation of sugar export quota was delayed, some mills could not export sugar in July. Also, Industry has demanded release of the export incentives to enable payment of sugarcane to the farmers.
- The Indian government has approved a quantity of 10,000 tonnes of sugar exports (raw/white) to EU. The exports would be undertaken under CXL concessions to European Union for the period of Oct'20 to Sep'21 wherein, traders can export sugar at relatively low or zero customs duty. India exported around 25,000 tonnes in 2018-19 season and 18,465 tonnes during Oct'18-Apr'19 but it declined 28% to 13,343 tonnes during Oct'19 to Apr'20.
- For sugar season 2020-21, UP has issued 131 new licenses to raw sugar producing units to increase their crushing capacities, 14 were issued on priority to women entrepreneurs with established crushing capacity of 4,100 tonnes of cane per day (TCD). The new sugar units would generate an additional crushing capacity of 34,550 TCD. The new raw sugar units would play a crucial role in prompt procurement of sugarcane, thus, generating work and employment in their respective areas.

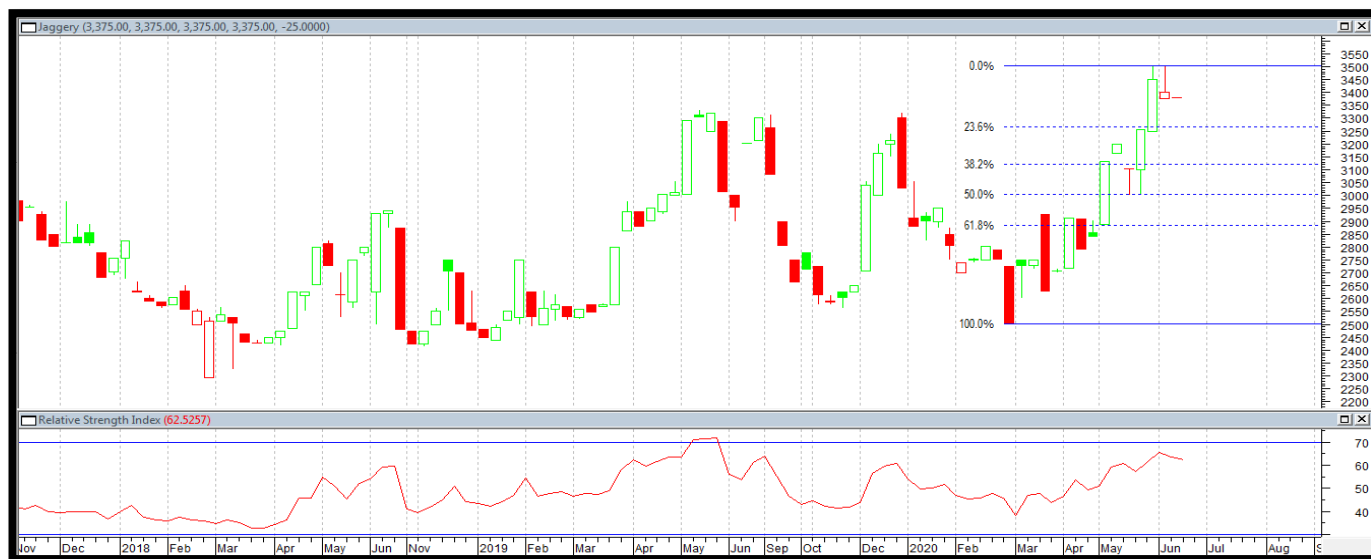
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Average sugar spot prices at benchmark Kolhapur market stood firm at Rs.3300/q in last week.
- Next resistance and support level for the next week is expected at Rs.3350 and Rs.3200 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:

- ICE sugar futures rallied by the month end, up by 54 points and settled at 12.27 cents/lbs and highest since 1st June'20.** The spike in prices was attributed to an additional import quota to be released by the Chinese government for 2.1 million tonnes of sugar. Czarnikow projects that Thailand's 2020-21 sugar production could drop more than -10% year on year to an 11-year low of 7.4 MMT. Also, from expectations for Indonesia to boost imports.
- According to Thai Sugar Millers Corporation, Thailand exported 2.28 lakh tonnes of refined sugar and 3.05 lakh tonnes of raw sugar in June'20.** Total of 13.33 lakh tonnes of refined sugar (6.92% y/y) has been exported at an average FOB \$365.98/tonne and 25.37 lakh tonnes (-7.9% y/y) of raw sugar at an average FOB \$297.33/tonne much lower sugar has been exported so far till June'20 from January'20. The exports were improved compared to the previous month as the demand was hit due to coronavirus in the past months.
- According to UNICA, a total of 16.31 million tonnes of sugar has been produced till mid-July'20 since the beginning of the season in April in Brazil.** A surge of 55% in the first two weeks of Jul'20 was reported producing 3.02 million tonnes of sugar. The mills allocated 47.94% of the cane to produce sugar in the fortnight of July'20, compared to 35.99% at this time last year. The amount of sugarcane crushed was around 275 million tonnes so far till mid-July'20, up by 6.5% compared to the same time previous year. Along with this, ethanol sale is also improving. The country witnessed a drop of only 10% in the ethanol sale this month compared with the ethanol sale during the same period last year.

- The sugarcane farmers in Sri Lanka are demanding that the government to continue the import ban in the country to protect the local industry. Since the government banned the import of ethanol from January this year, the farmers have are getting good returns for their produce and the domestic industry has flourished. Every year, Sri Lanka imports around 4-5 LT of sugar from India.

Previous Updates

- According to UNICA, there was a huge surge in the last two weeks of Jun'20 of around 23% producing 2.73 mln tonnes 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.

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

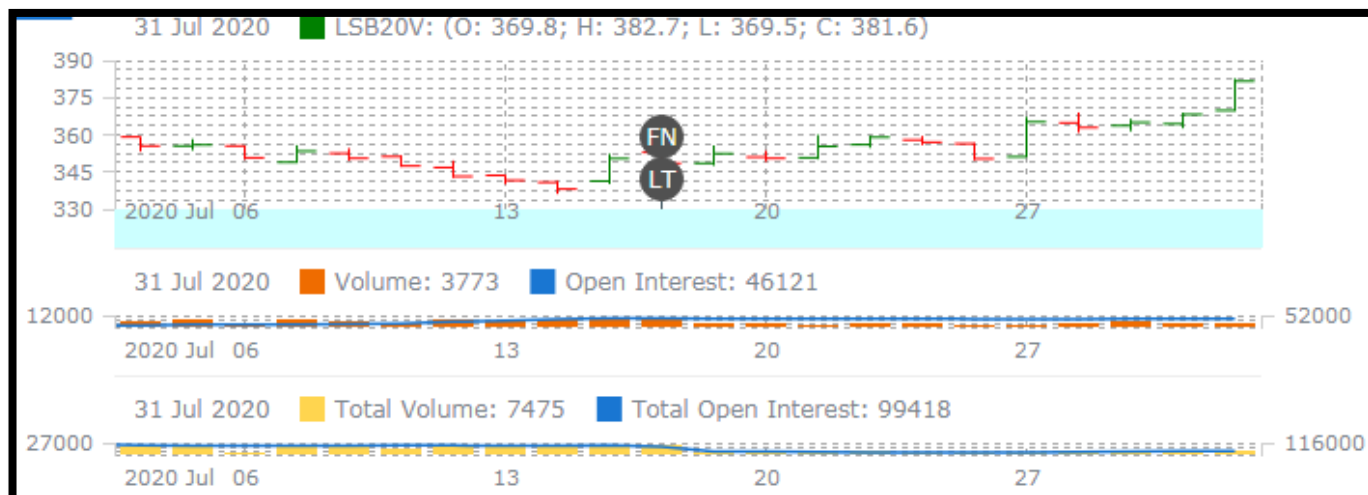
LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Oct'20 Contract)

Technical Commentary

- LIFFE future market was bullish during the week.
- Both total volume & open interest increased over a week.
- Strategy: Buy at level 380, T1 390

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'20	381.6	355-390



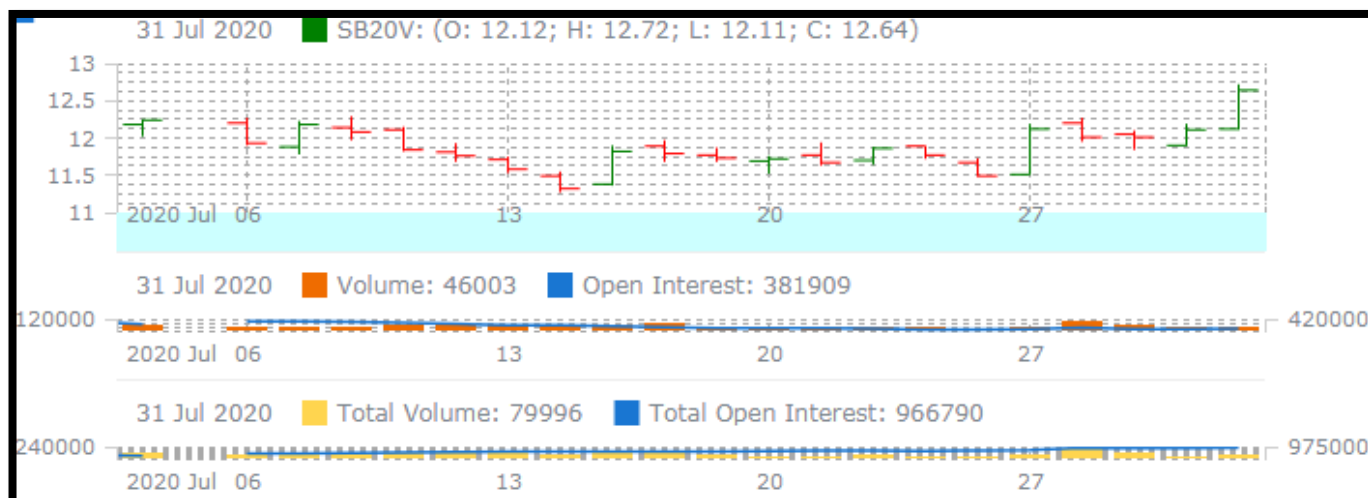
ICE (Raw Sugar Exchange) Future Market Scenario (Oct'20 Contract)

Technical Commentary:

- ICE raw sugar futures were bullish during the week.
- Total volume decreased & open interest increased in a week.
- Strategy: Buy at rate 12.5 Targeting 13.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'20	12.64	12-15



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			24th Jul'20 to 30th Jul'20	17th Jul'20 to 23rd Jul'20	
Delhi	Delhi	M-Grade	3291	3262	29
	Delhi	S-Grade	3271	3242	29
Uttar Pradesh	Khatauli	M-Grade	3317	3324	-7
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3263	3304	-42
	Dhampur	S-Grade Ex-Mill	3243	3284	-42
	Dhampur	L-Grade Ex-Mill	3313	3354	-42
Maharashtra	Mumbai	M-Grade	3578	3570	8
	Mumbai	S-Grade	3350	3365	-15
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3250	3250	Unch
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3700	Unch
	Vijayawada	S-Grade (With Duty)	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3705	3690	15
Tamil Nadu	Chennai	S-Grade	3752	3755	-3
	Dindigul	M-Grade (DCA)	3840	3840	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3400	200
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)			24th Jul'20 to 30th Jul'20	17th Jul'20 to 23rd Jul'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	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)	4490	4390	100
	Belgaum	Mudde (Average)	NA	3375	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3491	3525	-34
	Mandya	Achhu (Medium)	3678	3765	-87
	Mandya	Kurikatu (Medium)	3334	3425	-91
	Mandya	Other (Medium)	3370	3350	20
	Mandya	Yellow (Medium)	3620	3633	-13
	Shimoga	Achhu (Average)	3663	3760	-98

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			1-Aug-20	25-Jul-20	2-Jul-20	2-Aug-19
Delhi	Delhi	M-Grade	3310	3305	3360	3320
	Delhi	S-Grade	3290	3285	3340	3300
Uttar Pradesh	Khatauli	M-Grade	Closed	3320	3345	3400
	Ramala	M-Grade	Closed	NA	3270	NA
	Dhampur	M-Grade Ex-Mill	Closed	3300	3300	3300
	Dhampur	S-Grade Ex-Mill	Closed	3280	3280	3280
	Dhampur	L-Grade Ex-Mill	Closed	3350	3350	3350
Maharashtra	Mumbai	M-Grade	3580	3580	3550	3392
	Mumbai	S-Grade	3356	3350	3350	3250
	Nagpur	M-Grade	Closed	3375	3375	3325
	Nagpur	S-Grade	Closed	3275	3275	3245
	Kolhapur	M-Grade	Closed	3250	3250	3200
	Kolhapur	S-Grade	Closed	3150	3150	3120
Assam	Guhawati	S-Grade	Closed	3461	3461	3431
Meghalaya	Shillong	S-Grade	Closed	3470	3470	3440
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	Closed	3700	3720	3580
	Vijayawada	S-Grade (With Duty)	Closed	3700	3660	3520
West Bengal	Kolkata	M-Grade	3720	3690	3710	3620
Tamil Nadu	Chennai	S-Grade	3750	3750	3750	3600
	Dindigul	M-Grade (DCA)	3840	3840	3640	3540
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3520

Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3300	3350
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)						
*DCA: Department of consumer affairs						

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			1-Aug-20	25-Jul-20	2-Jul-20	2-Aug-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	Closed	NA	NA	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	NA	NA	NA
	Muzaffarnagar	Khurpa	Closed	NA	NA	NA
	Muzaffarnagar	Laddoo	Closed	NA	NA	NA
	Muzaffarnagar	Rascut	Closed	NA	NA	NA
	Hapur	Chaurasa	Closed	NA	NA	NA
	Hapur	Balti	Closed	NA	NA	NA
Andhra Pradesh	Chittur	Gold	Closed	NA	NA	4100
		White	Closed	NA	NA	NA
		Black	Closed	NA	NA	3700
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	NA	NA	4250	4350
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	3400	3100
	Gulbarga	Other (Average)	NA	NA	NA	3350
	Mahalingapura	Penti (Average)	NA	NA	3407	3210
	Mandya	Achhu (Medium)	NA	3750	3550	3300
	Mandya	Kurikatu (Medium)	NA	3250	3250	3000
	Mandya	Other (Medium)	NA	3400	3400	3000
	Mandya	Yellow (Medium)	NA	3650	3370	3250
	Shimoga	Achhu (Average)	NA	NA	3750	3600

International Sugar Prices (Weekly)				
	Contract Month	24th Jul'20 to 30th Jul'20	17th Jul'20 to 23rd Jul'20	Change
ICE Sugar #11 (US Cent/lb)	20-Oct	2002	2030	-28.00
	21-Mar	2109	1978	131.00
	21-May	2073	2064	9.00
LIFFE Sugar (US \$/MT)	20-Oct	2684	2647	37.00
	20-Dec	2683	2647	36.00
	21-Mar	2697	2636	61.00

Source: MRCI

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