

Price Outlook:

The sugar domestic prices showed mixed trend due to the festive demand during the week. The state governments are continuously pressurizing the mills to clear the cane dues of farmers. Also, the Department of Food & Public Distribution (DFPD), has set a mill wise target across India to produce ethanol in the year 2020-21 to liquidate the sugar and help generating the revenue to clear cane arrears. The average price stood higher at Rs.3286q in Kolhapur bench market. The prices in UP also stood firm at Rs.3333/q against the last week.

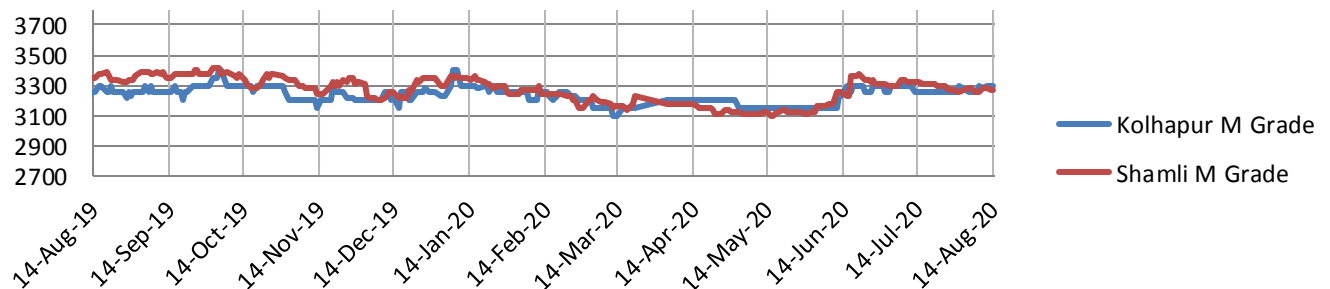
Price Projection for the Next week

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 slightly firm at Rs. 3286 per quintal, while spot sugar prices for the same grade in Shamli district stood steady at Rs. 3268 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 over 5 million tonnes of sugar exports in 2019/20 despite lockdown	Bullish
Lack of availability of migrant labour for sugarcane harvesting in 2020-21 sugar season	Bullish
The reallocation of sugar export sales would help sugar mill to clear sugar stock piles in 2019-20 season.	Bullish
Delay in decision to increase the minimum support price of sugar and FRP of sugarcane	Bearish

Domestic Market Highlights

Recent Updates:

- **Government is likely to release a part of subsidy amount of around 20 billion rupees on exports to the sugar mills by the end of first week of September.** The credited money will be useful to start the season. For the current sugar year, the government is providing 62.7 billion rupees as subsidy to mills to export 6 million tonne sugar. The subsidy will go directly into farmer's bank accounts against payment of outstanding cane dues and the balance amount will be credited to accounts directly of sugar mills.
- **The state government across India are continuously pressurizing the mills to clear the cane dues of farmers.** Also, the Department of Food & Public Distribution (DFPD), has set a mill wise target across India to produce 3.62 billion litres of ethanol in the year 2020-21 by utilizing at least 85% of their existing capacity. The current capacity is 4.26 billion litres in an average of 282 days. The revenue from production and supply of ethanol to OMCs will be realized by mills/distilleries within 3 weeks of supply. This will liquidate the sugar and help to make the timely payment of cane dues.
- **Sugar mills in Maharashtra have cleared 99 per cent cane dues to the farmers.** The millers have paid arrears of around Rs.13,759 crores out of Rs.13,891 crores, therefore, Rs.132 crore is the remaining balance. Whereas, the UP sugar mills have paid Rs.24,151 crores as on 10th Aug'20. According to the government, mills across India have purchased sugarcane of around Rs 72,000 crore from farmers during 2019-20 sugar season. Of that, less than Rs 20,000 crore of arrears are yet to be paid to farmers. The cane payment is being done at good pace compared to last year, hence, encouraging the farmers to plant cane on large area.
- **Sugar mills across India have asked the Union Cabinet to extend the sugar buffer stock scheme that expired on 31st July'20.** The Union Cabinet had approved the creation of a 40 LT sugar buffer stock last year for which the government has reimbursed the carrying cost of about Rs. 1,674 crore. But the government is not in favour with the extension of buffer stock as it encourages the mills to overproduce, and so is an additional expense for the government.

Previous Updates

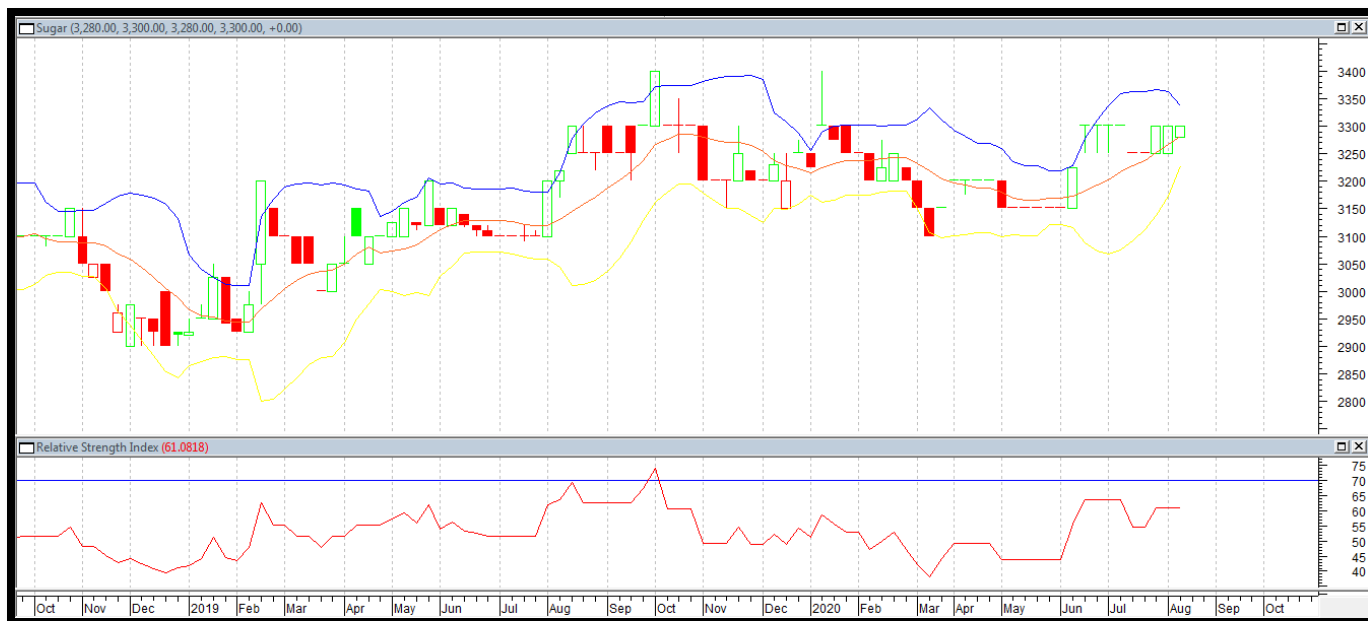
- **In UP, so far 14.62 million litre of sanitizer has been produced upto 3rd Aug'20, out of which 13.58 million litre of sanitizer has been distributed within the state and rest to other states of the country.** At present the state is producing are 5.83 lakh litre sanitizers daily. Uttar Pradesh is leading in the production of hand sanitizer. While Maharashtra has produced around 11 million litre sanitizer as on 3rd Aug'20 and producing 1.36 million litre per day. As coronavirus has created panic among the people and Maharashtra is facing the

highest number of Covid-19 cases, therefore, the demand will continue as it is now an essential item required on a daily basis.

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

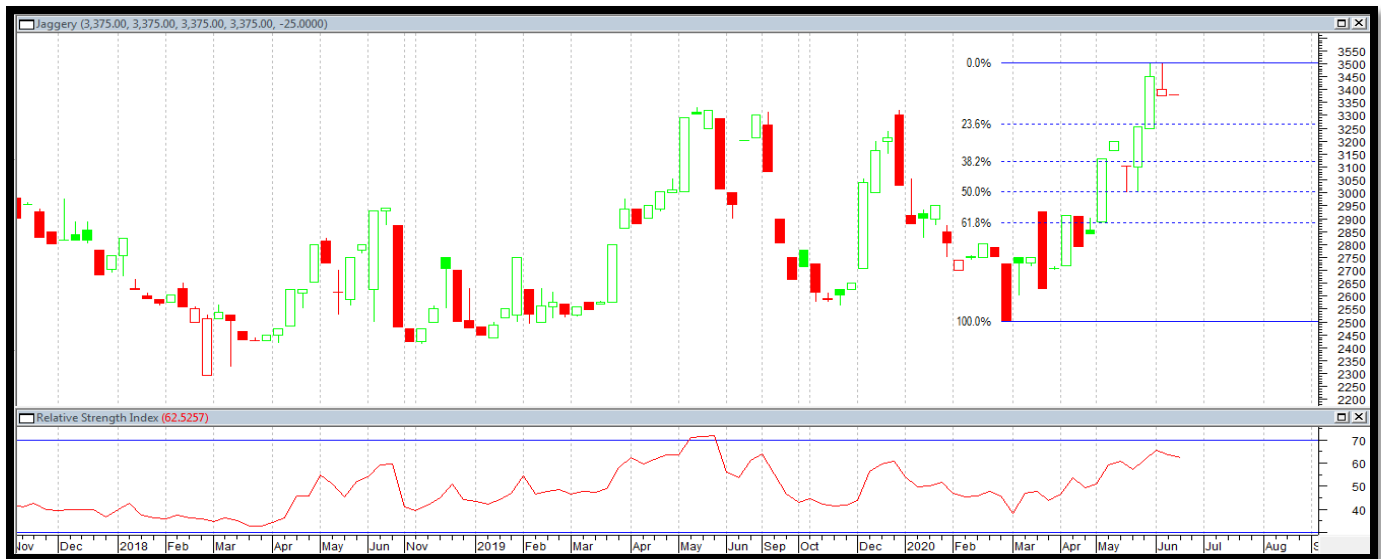
- Average sugar spot prices at benchmark Kolhapur market stood high at Rs.3300/q in last week.
- Next resistance and support level for the next week is expected at Rs.3350 and Rs.3250 per quintal respectively.
- RSI is in the neutral region.



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:**

- **US cane sugar production was lowered to 3.68 million tonnes (MMT) in 2020-21, down by 21,770 tonnes from July estimates.** The NASS forecast of the cane yield decreasing to 21.9 tonnes/acre as a result of Hurricane Hanna. Due to the increased import quota, the total sugar imports also has been decreased to 2.76 MMT, down by 1 MMT. Total use in 2020-21 was forecast at 11.13 MMT remained unchanged compared to last month against the total supply of 12.74 MMT. Ending stocks were forecast at 1.62 MMT up 1.58 MMT from July, up 1.5 MMT from 2019-20.
- **China's imports from Brazil stood around 1.4 million tonnes in 2019 (Jan-Dec).** China imports around 40% of sugar from Brazil out of the total imports of around 2.7-3.5 million tonnes. Brazil has a shipment of 0.816 million tonnes of sugar in line to export to China in the upcoming weeks. As China government has decided to eliminate high import tariffs. Also, now the demand has improved, therefore, high demand is seen soon. According to the sources, 1.24 million tonnes were imported from January to June'20.

Previous Updates

- **After a long dry spell, Thailand received as much as 20% more rainfall so far this year than last year.** This change in weather may limit the sugarcane crop loss as expected at the start of the season. White-sugar premium fell to the lowest in more than two-weeks on Wednesday on speculation that beneficial rains will boost supply outlook. In 2020-21 sugar production is estimated to recover to 12.9 MMT, up 56 percent from 2019- 20. In 2019-20 sugar production is forecast to decline to 8.3 MMT in earlier estimates in May.
- **Indonesia is planning to reduce the sugar imports, focusing on increasing in domestic sugar production.** Indonesia has imported around 5,535 tonnes in 2019-20 FY from India, compared to only 144 tonnes in 2018-19 FY. In 2019-20, approximately 2.26 million metric tons of sugar cane is expected to produce in Indonesia. As per the Indonesian Sugar Association, the country has witnessed 25 per cent dip in sugar consumption

between March and June. Sugar demand is expected to be around 2.25 lakh tonnes this month as against usual demand of 2.5 to 2.6 lakh tonnes per month.

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
Forecast of above-average rain for Thailand through August and September driving the expectation towards higher sugar production in 2020-21	Bearish

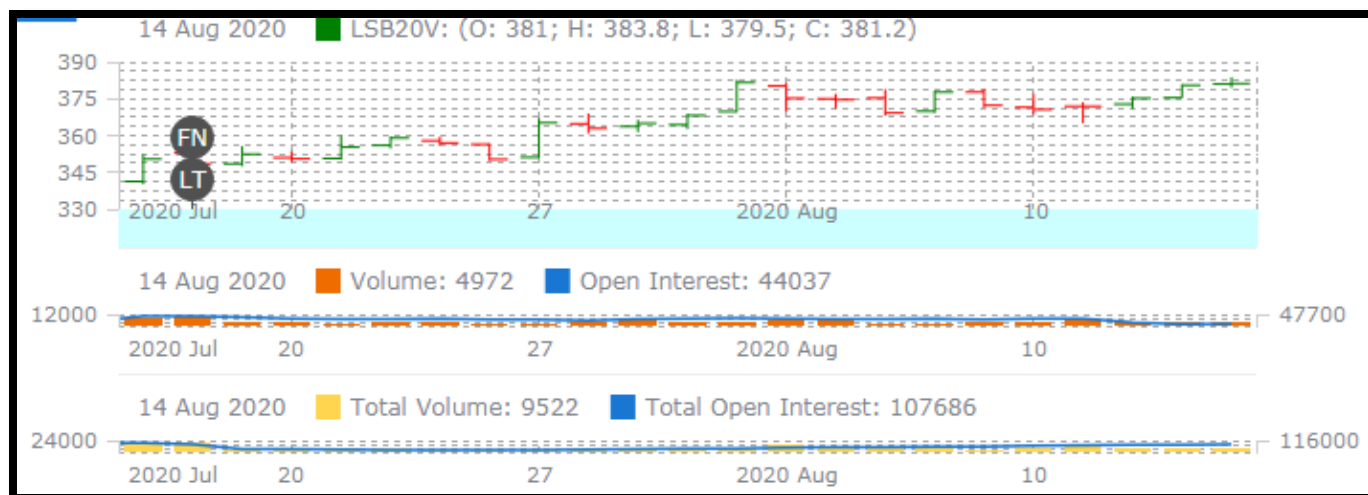
International Sugar Futures Price Projection

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 379.5, T1 385

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'20	381.2	380-390.2



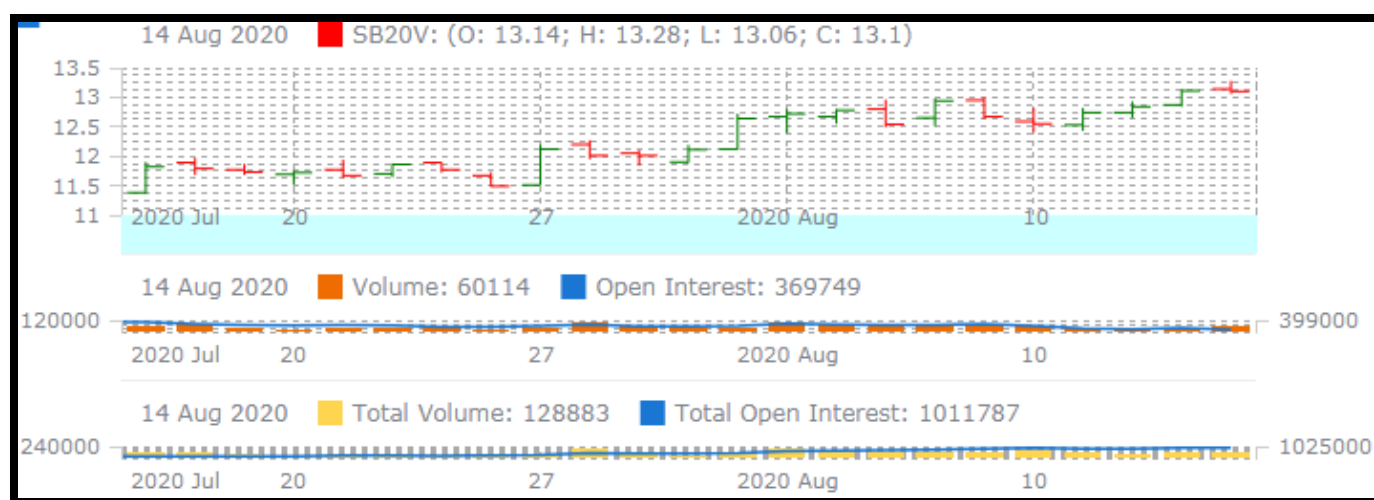
ICE (Raw Sugar Exchange) Future Market Scenario (Oct'20 Contract)

Technical Commentary:

- ICE raw sugar futures were steady to firm during the week.
- Both Total volume & open interest increased in a week.
- Strategy: Sell at rate 13.11 Targeting 13.06.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'20	13.1	12.84-13.28



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			7th Aug'20 to 13th Aug'20	31st Jul'20 to 6th Aug'20	
Sugar	Delhi	M-Grade	3266	3311	-45
	Delhi	S-Grade	3246	3291	-45
Uttar Pradesh	Khatauli	M-Grade	3333	3324	9
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3238	3250	-13
	Dhampur	S-Grade Ex-Mill	3218	3230	-13
	Dhampur	L-Grade Ex-Mill	3288	3300	-13
Maharashtra	Mumbai	M-Grade	3601	3590	11
	Mumbai	S-Grade	3348	3352	-5
	Nagpur	M-Grade	3411	3388	24
	Nagpur	S-Grade	3311	3288	24
	Kolhapur	M-Grade	3286	3263	24

	Kolhapur	S-Grade	3186	3163	24
Assam	Guhawati	S-Grade	3498	3474	24
Meghalaya	Shillong	S-Grade	3506	3483	24
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3640	3655	-15
	Vijayawada	S-Grade (With Duty)	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3720	3720	Unch
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
	Dindigul	M-Grade (DCA)	3788	3824	-36
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

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)			7th Aug'20 to 13th Aug'20	31st Jul'20 to 6th Aug'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	NR	NA	-
		White	NR	NA	-
		Black	NR	NA	-
Maharashtra	Latur	Lal Variety	NR	NA	-
Karnataka	Bangalore	Mudde (Average)	4538	4513	25
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3528	3470	58
	Mandya	Achhu (Medium)	3800	3618	183
	Mandya	Kurikatu (Medium)	3360	3313	48
	Mandya	Other (Medium)	3460	3355	105
	Mandya	Yellow (Medium)	3876	3645	231
	Shimoga	Achhu (Average)	3488	3567	-79

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			14-Aug-20	7-Aug-20	15-Jul-20	14-Aug-19
Delhi	Delhi	M-Grade	3240	3250	3350	3350
	Delhi	S-Grade	3220	3230	3330	3330
Uttar Pradesh	Khatauli	M-Grade	3335	3315	Closed	3450
	Ramala	M-Grade	NA	0	Closed	0
	Dhampur	M-Grade Ex-Mill	3225	3225	Closed	3325
	Dhampur	S-Grade Ex-Mill	3205	3205	Closed	3305
	Dhampur	L-Grade Ex-Mill	3275	3275	Closed	3375
Maharashtra	Mumbai	M-Grade	3496	3600	3570	3600
	Mumbai	S-Grade	3360	3350	3360	3366
	Nagpur	M-Grade	3425	3375	3375	3375
	Nagpur	S-Grade	3325	3275	3275	3275
	Kolhapur	M-Grade	3300	3250	3250	3250
	Kolhapur	S-Grade	3200	3150	3150	3150
Assam	Guhawati	S-Grade	3512	3461	3461	3461
Meghalaya	Shillong	S-Grade	3520	3470	3470	3470
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3640	3640	3700	3740
	Vijayawada	S-Grade (With Duty)	3700	3700	3700	3680
West Bengal	Kolkata	M-Grade	3700	3720	3690	3670
Tamil Nadu	Chennai	S-Grade	3750	3750	3750	3620
	Dindigul	M-Grade (DCA)	3780	3800	3840	3600
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3600
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3300	3350

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

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Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			14-Aug-20	7-Aug-20	15-Jul-20	14-Aug-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	0	0
	Muzaffarnagar	Khurpa	NA	NA	0	0
	Muzaffarnagar	Laddoo	NA	NA	0	0
	Muzaffarnagar	Rascut	NA	NA	0	0
	Hapur	Chaurasa	NA	0	0	0
	Hapur	Balti	NA	0	0	0
Andhra Pradesh	Chittur	Gold	NR	0	0	4700
		White	NR	0	0	4100

		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4500	4550	4250	4650
	Belgaum	Mudde (Average)	NA	NA	0	0
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	0
	Gulbarga	Other (Average)	NA	NA	0	0
	Mahalingapura	Penti (Average)	NA	3445	3492	3566
	Mandya	Achhu (Medium)	3850	3750	3680	3400
	Mandya	Kurikatu (Medium)	3400	3300	3350	3050
	Mandya	Other (Medium)	3500	3450	3360	3050
	Mandya	Yellow (Medium)	3930	3700	3610	3400
	Shimoga	Achhu (Average)	3550	3500	3750	4050

International Sugar Prices (Weekly)

	Contract Month	7th Aug'20 to 13th Aug'20	31st Jul'20 to 6th Aug'20	Change
ICE Sugar #11 (US Cent/lb)	20-Oct	12.77	12.72	0.05
	21-Mar	13.34	13.19	0.15
	21-May	13.04	13.06	-0.02
LIFFE Sugar (US \$/MT)	20-Oct	373.83	374.30	-0.47
	20-Dec	374.70	372.92	1.78
	21-Mar	374.98	373.70	1.28

Source: MRCI

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