

Price Outlook:

Sugar mills have started preparing to commence cane crushing operations for the coming season. There are around 15 days left for the beginning of the new season and UP sugar mills are expected to start crushing from 15th Oct'20. Also the government is expected announce change in MSP of sugar and revision in export subsidy scheme for 2020-21 sugar season. The sugar domestic prices stood steady during the week as demand was steady. The average prices was Rs.3300/q in benchmark Kolhapur market. The prices in Khatauli stood a slight lower at Rs.3335/q compared to the previous week.

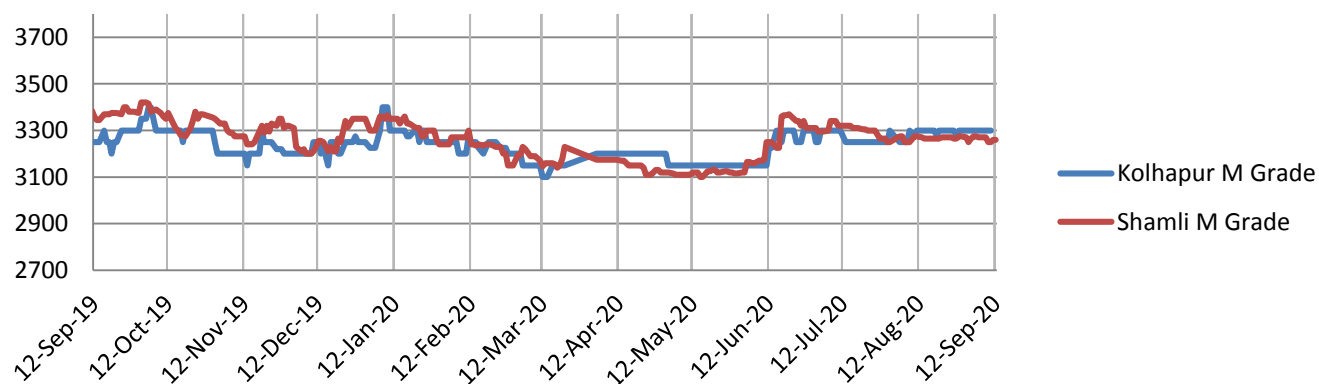
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3250 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood steady at Rs. 3300 per quintal, while spot sugar prices for the same grade in Shamli district stood slightly weak at Rs. 3264 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 +12% y/y to 30.5 MMT, according to ISMA	Bearish
Indian could achieve a target of 6 million tonnes 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	Bearish

Domestic Market Highlights

Recent Updates:

- **The UP state government is pressurizing the sugar mills to pay off the cane arrears as soon as possible for 2019-20 sugar season.** Recently, the government announced a financial package of Rs. 500 crores for cooperative sector sugar mills, to settle their outstandings for the 2019-20 season, out of the cane arrears of about Rs. 11,000 crore that is still pending where total sugarcane worth more than Rs. 32,000 crore was procured from the farmers by the sugar mills.
- **The rumour about an increase in sugar MSP is still in the market.** The government has already increased the sugarcane FRP by 10 INR to Rs.285/q at 10% recovery. Therefore, the cost of sugar produced from it would naturally be high, so the government can announce the increase in sugar MSP in any of the upcoming meetings during the current month, as the new sugar season is likely to start soon.
- **Rice (both Basmati and non-Basmati) and sugar (refined and raw) have together contributed around 78% of the total agricultural exports during the first financial quarter (Apr-June).** During Apr'20 and June'20, India exported around 8.57 LT of refined sugar compared to 6.68 LT in the corresponding period last year despite the coronavirus lockdown. The necessary measures taken in the port during the lockdown and the priority given to the sugar exports at the ports contributed the smoother exports during the pandemic.
- **According to sources, India has contracted around 5.7 MMT of sugar till August and is estimated to have exported around 5.5 MMT.** The sugar industry is hoping to get 0.5-0.6 MMT more contracts by the end of this month. The subsidy of Rs.6268 crore for the export of 6 MMT sugar by the government has proven beneficial for the country encouraging the sugar traders to export the surplus stocks. This year, Indonesia and Malaysia have opted to import from India as their traditional importer Thailand was facing with lower crop amid drought conditions in the country.

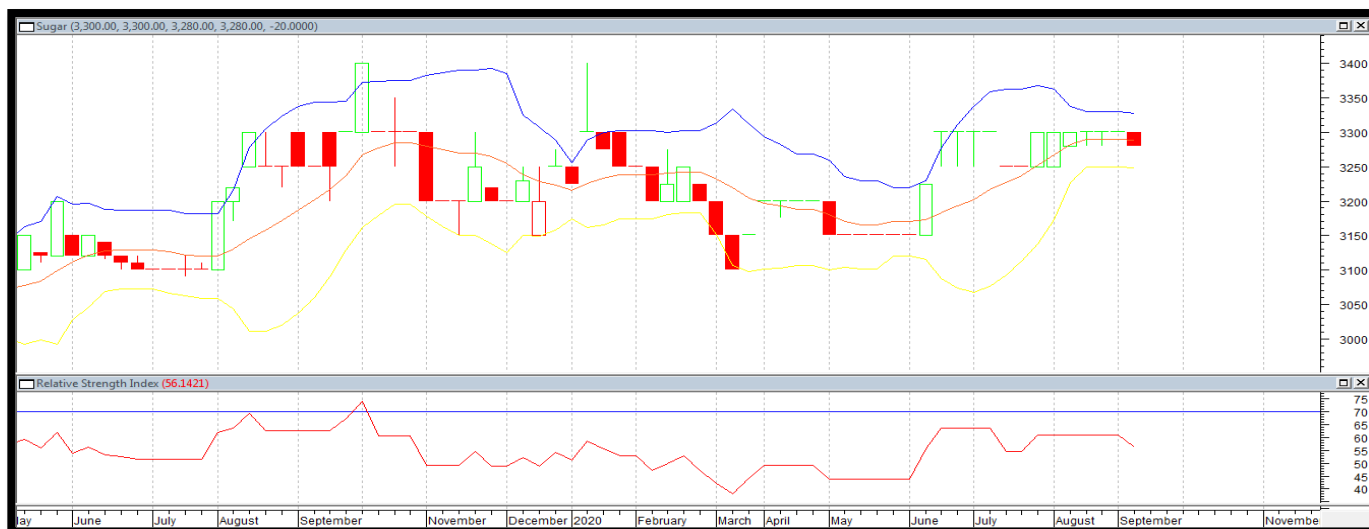
Previous Updates

- **Indian sugarcane harvesting is likely to get delayed amid the pandemic situation prevailing in the country and thus resulting in delay in the production of sugar.** Mostly manual labour is employed in the cane harvesting and about only 5% is dependent on mechanized farming in India. Most of the migrant labour are scared to travel due to the coronavirus infection and therefore, India will most probably face serious lack of labour availability. Being the second largest producer of sugar after Brazil, the delay in production in India, could accelerate the global sugar prices.

- For the last two years, the State Advised Price (SAP) for sugarcane in UP, has been maintained at Rs. 325 for early crop, Rs. 315 for regular and Rs. 310 for the unsuitable/rejected variety. The state produces more than half of the regular variety cane out of the total production. Generally, Uttar Pradesh prefer the SAP because of higher fixed price compared to the Fair and Remunerative Price (FRP) which is based on the recovery rate. But, recently the central government has increased the FRP to Rs.285/q at 10% recovery rate and the price goes up by 1% for every 0.1% hike in recovery rates. The recovery rates in UP has been rising steadily in the past few years because of the Co-0238 variety which gives a recovery rate more than 11.3%. Therefore, for the recovery of 11.3%, the FRP is Rs. 322.05/q which is far above than the SAP and would be preferable to accept FRP.

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

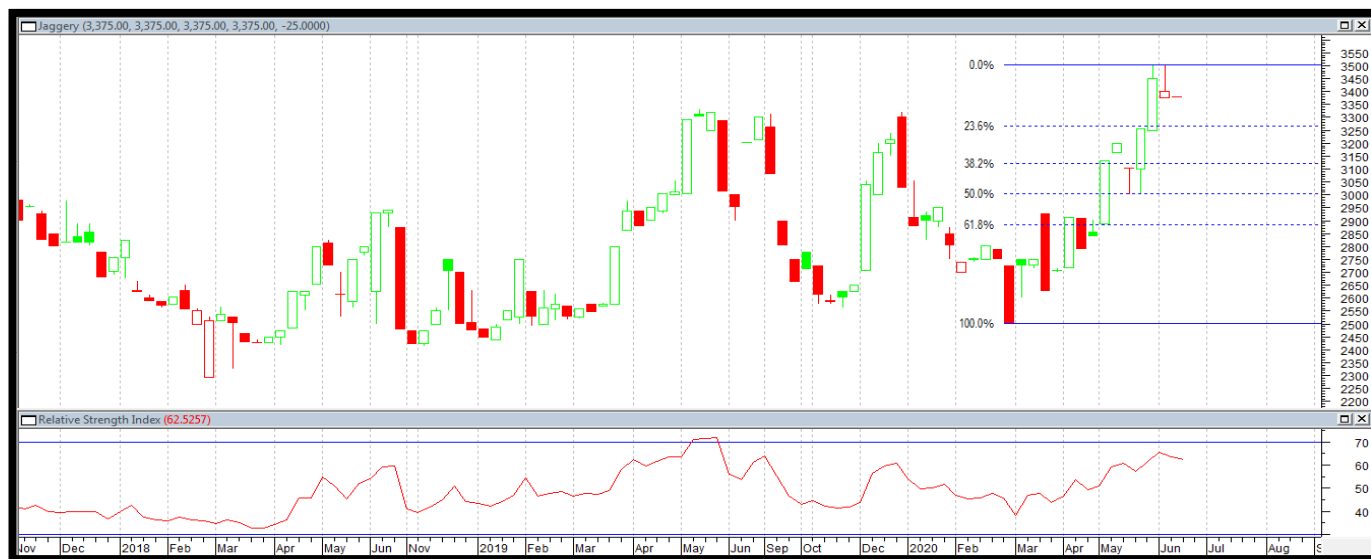
- Average sugar spot prices at benchmark Kolhapur market stood steady to weak during the week ended last week at Rs.3280/q.
- Next resistance and support level for the next week is expected at Rs.3350 and Rs.3250 per quintal respectively.
- RSI is in the neutral region.



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:**

- **The global sugar demand and supply has been affected after the pandemic hit the globe.** The household consumption was far less and was not compensated by the Industrial sugar demand. The resumption of economic activities across the world is likely to improve in 2020-21 season, possibly only with the introduction of vaccine. According to ISO, world consumption in 2019-20 is expected to fall by 1 MMT (0.65%) from the previous season, to 169.715 MMT. While the consumption is expected to increase by 4.47 MMT in 2020-21 at 174.19 MMT.
- **According to UNICA, overall ethanol sales in Brazil were down in July'20 and also in the first two weeks of August'20 y-o-y.** The decreased ethanol demand due to the spread of coronavirus had decreased the sales and elevated Brazil's ethanol stocks. Mills in the south-central region sold 2.67 billion liters of ethanol in July, down 9% when compared to last year. Ethanol production for the first half of August was 2.27 billion liters, down from 2.41 billion liters produced during the same period of last year. While, from the beginning of the current harvest season, ethanol production was at 16.8 billion liters, down 6.44 percent.

Previous Updates

- **According to UNICA, a total of 22.95 MMT of sugar has been produced till mid-Aug'20 since the beginning of the season in April in Brazil,** a surge of 48.16% was reported this season so far. The mills allocated 47% of the cane to produce sugar, compared to 35.31% at this time last year. The amount of sugarcane crushed was around 372 MMT during the same period, up by 6.02% compared to the same time previous year. Brazil's total sugar production in the 2020-21 season (April-March) is expected to grow and reach a record 35 MMT or more as mills allocate more raw material to sugar production and less to ethanol.
- **Overall ethanol sales in Brazil were down in July'20 and also in the first two weeks of August'20 y-o-y, according to UNICA.** The decreased ethanol demand due to the spread of coronavirus had decreased the sales and elevated Brazil's ethanol stocks. Mills in the south-central region sold 2.67 billion liters of ethanol in July, down 9% when compared to last year. Ethanol production for the first half of August was 2.27 billion

liters, down from 2.41 billion liters produced during the same period of last year. While, from the beginning of the current harvest season, ethanol production was at 16.8 billion liters, down 6.44 percent.

- **After a long dry weather, Thailand received as much as 20% more rainfall so far this year than a year earlier.** Although the rains gave some relief but back to back droughts in past years may shrink Thailand's sugar production in the season starting October to the lowest in more than a decade but the change in weather may limit crop losses and help improve planting in the coming season. In 2019-20 sugar production is forecast to decline to 8.3 MMT in earlier estimates in May and likely to decline to around 7 MMT in 2020-21.

Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production will climb over 35 MMT from 26.4 MMT in the earlier season	Bearish
International Sugar Organization (ISO) projected that global 2020-21 sugar production would increase by +2.3% y/y to 173.5 MMT	Bearish
The global 2020-21 sugar deficit to widen to -0.72 MMT from -0.14 MMT in 2019-20	Bullish
Global Sugar demand likely to decline by 5MMT during Mar'20 and Feb'21	Bearish

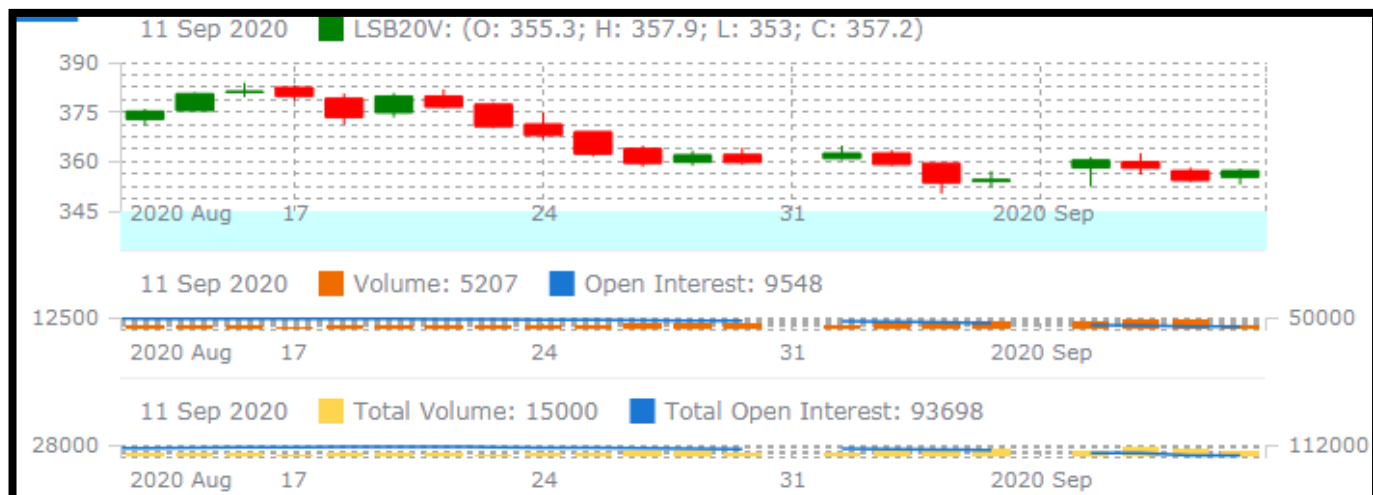
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was steady during the week.
- Both total volume & open interest decreased over a week.
- Strategy: Buy at level 352.4, T1 363.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'20	357.2	351-364.8

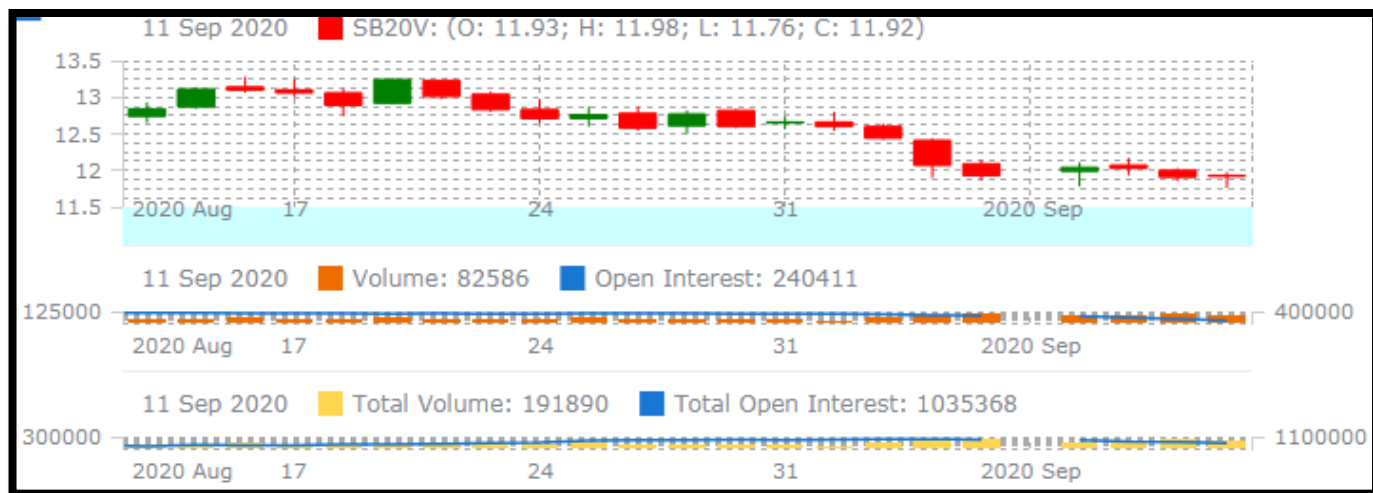


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'20 Contract)

Technical Commentary:

- ICE raw sugar futures were steady to weak during the week.
- Both total volume & open interest decreased in a week.
- Strategy: Buy at rate 11.7 Targeting 12.2.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'20	11.92	11.51-12.44



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			4th Aug'20 to 10th Sep'20	28th Aug'20 to 3rd Sep'20	
Delhi	Delhi	M-Grade	3291	3269	22
	Delhi	S-Grade	3271	3249	22
Uttar Pradesh	Khatauli	M-Grade	3335	3315	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3277	3277	Unch
	Dhampur	S-Grade Ex-Mill	3257	3257	Unch
	Dhampur	L-Grade Ex-Mill	3327	3327	Unch
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3360	3360	Unch
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3325	3325	Unch
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3200	3200	Unch
Assam	Guhawati	S-Grade	3512	3512	Unch
Meghalaya	Shillong	S-Grade	3520	3520	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3640	3640	Unch
	Vijayawada	S-Grade (With Duty)	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3730	3730	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3680	3680	Unch
	Dindigul	M-Grade (DCA)	3780	3780	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3608	-8
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)			4th Aug'20 to 10th Sep'20	28th Aug'20 to 3rd Sep'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)	NA	NA	-
	Belgaum	Mudde (Average)	3850	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3376	3525	-149
	Mandya	Achhu (Medium)	3397	3562	-165
	Mandya	Kurikatu (Medium)	3372	3523	-152
	Mandya	Other (Medium)	3257	3388	-132
	Mandya	Yellow (Medium)	3312	3548	-237
	Shimoga	Achhu (Average)	3700	3717	-17

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			12-Sep-20	7-Sep-20	13-Aug-20	12-Sep-19
Delhi	Delhi	M-Grade	3330	3275	3250	3350
	Delhi	S-Grade	3310	3255	3230	3330
Uttar Pradesh	Khatauli	M-Grade	3335	3350	3340	3435
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3280	3280	3225	3375
	Dhampur	S-Grade Ex-Mill	3260	3260	3205	3355
	Dhampur	L-Grade Ex-Mill	3330	3330	3275	3425
Maharashtra	Mumbai	M-Grade	3496	3496	3590	Closed
	Mumbai	S-Grade	3360	3360	3350	Closed
	Nagpur	M-Grade	3405	3425	3425	3375
	Nagpur	S-Grade	3305	3325	3325	3275
	Kolhapur	M-Grade	3280	3300	3300	3250
	Kolhapur	S-Grade	3180	3200	3200	3150
Assam	Guhawati	S-Grade	3492	3512	3512	3461
Meghalaya	Shillong	S-Grade	3500	3520	3520	3470
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3640	3640	3640	3800
	Vijayawada	S-Grade (With Duty)	3700	3700	3700	3740
West Bengal	Kolkata	M-Grade	3730	3730	3720	3720
Tamil Nadu	Chennai	S-Grade	3680	3680	3750	3650
	Dindigul	M-Grade (DCA)	3780	3780	3740	3700
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3690
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3550

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

*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity			Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)	Centre	Variety	12-Sep-20	7-Sep-20	13-Aug-20	12-Sep-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	NA	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	NA	NA
	Muzaffarnagar	Khurpa	NA	NA	NA	NA
	Muzaffarnagar	Laddoo	NA	NA	NA	NA
	Muzaffarnagar	Rascut	NA	NA	NA	NA
	Hapur	Chaurasa	NA	NA	NA	NA
	Hapur	Balti	NA	NA	NA	NA
Andhra Pradesh	Chittur	Gold	NR	NA	NA	4600
		White	NR	NA	NA	4300
		Black	NR	NA	NA	3700
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	NA	NA	4500	4650
	Belgaum	Mudde (Average)	NA	NA	NA	3150
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	3300
	Gulbarga	Other (Average)	NA	NA	NA	NA
	Mahalingapura	Penti (Average)	NA	3411	3535	3403
	Mandya	Achhu (Medium)	3200	3400	3800	3100
	Mandya	Kurikatu (Medium)	3350	3350	3400	3050
	Mandya	Other (Medium)	3100	3300	3500	3000
	Mandya	Yellow (Medium)	3250	3400	3930	3100
	Shimoga	Achhu (Average)	NA	3700	3350	3950

International Sugar Prices (Weekly Average)

	Contract Month	4th Aug'20 to 10th Sep'20	28th Aug'20 to 3rd Sep'20	Change
ICE Sugar #11 (US Cent/lb)	20-Oct	12.14	12.47	-0.33
	21-Mar	12.35	13.12	-0.77
	21-May	12.54	12.95	-0.41
LIFFE Sugar (US \$/MT)	20-Oct	358.40	358.92	-0.52
	20-Dec	357.22	363.58	-6.36
	21-Mar	356.16	367.30	-11.14

Source: MRCI



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