

**Price Outlook:**

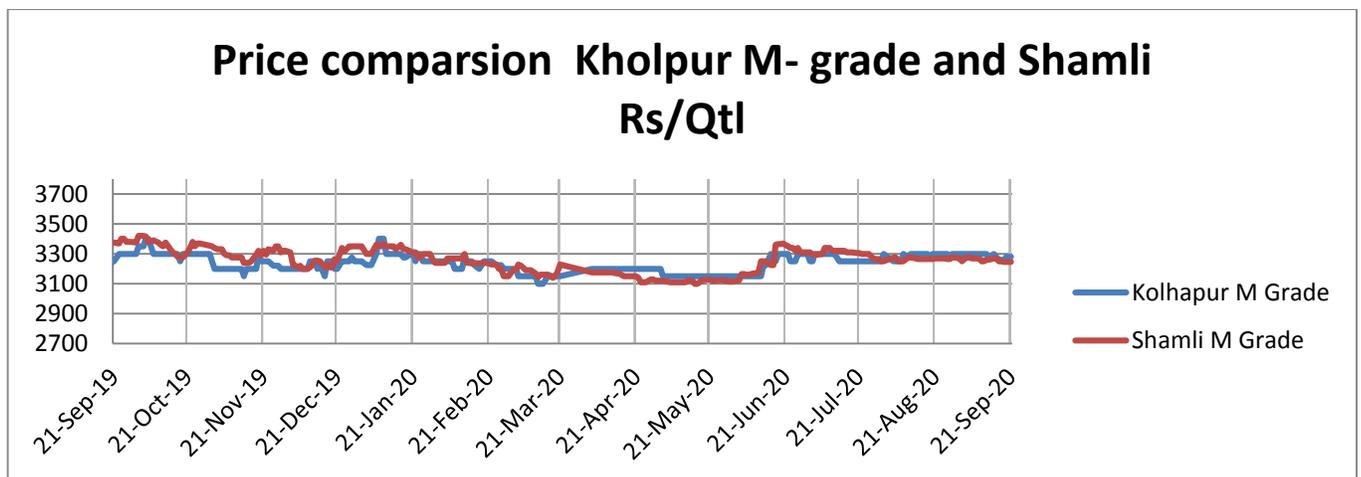
As the government has extended the time for 60 LT MAEQ sugar export till December, the mills will get an opportunity to clear off the stocks. This could support the sugar prices given that a higher production in the coming season is expected. The government must continue giving export subsidy and fix at least a target of exporting more than 60LT in 2020-21 to avoid surplus sugar in the country. The sugar domestic prices showed mixed trend in the market last week. The average prices was lower at Rs.3280/q in benchmark Kolhapur market. The prices in Khatauli stood steady 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 weaker at Rs. 3280 per quintal, while spot sugar prices for the same grade in Shamli district stood steady at Rs. 3260 per quintal during the week.



**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 and due to the extension of time for exporting sugar (2019-20) to sugar mills till December	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

### Domestic Market Highlights

#### Recent Updates:

- **The government offered a total subsidy of Rs.10.45 per kg on sugar exports. The government has extended the time limit for exports under MAEQ of 0.6 MMT** till December'20 from September'20. The time has been extended for those sugar mills who have partially exported their MAEQ quota of sugar season 2019-20 till Sep'20. The sugar industry is expecting some more changes in the sugar export subsidy scheme for the coming season to encourage exports beyond 0.6 MMT to clear the sugar surplus stocks.
- **Indian sugarcane harvesting might get affected because of absence of migrant labourers amid the pandemic situation prevailing in the country**, thus resulting in delay in the production of sugar especially in Maharashtra. Mostly manual labour is employed in the cane harvesting and only about 5% of cane is done through mechanized equipment. Industry sources say that most of sugar mills in Maharashtra have recently invested in mechanized harvesting equipment- each of which can match work of around 100 labourers.
- **Bhartiya Kisan Union (BKU) in Uttar Pradesh have been demanding a hike in sugarcane price up to Rs.450/q.** BKU urged the sugar mills to start crushing from 15<sup>th</sup> October'20 in the new season and Dhampur sugar mills assured that the operations would start from 21<sup>st</sup> Oct'20. Also, Sugarcane minister warned the mills to pay the cane arrears as soon as possible. The state government has claimed to have paid Rs. 6000 crore arrears during the 45-day lockdown period.

#### Previous Updates

- **The UP state government are 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 crore 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 are still pending where total sugarcane worth more than Rs. 32,000 crore was procured from the farmers by the sugar mills.
- **The rumours about an increase in sugar MSP is still spreading 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 the 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.

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

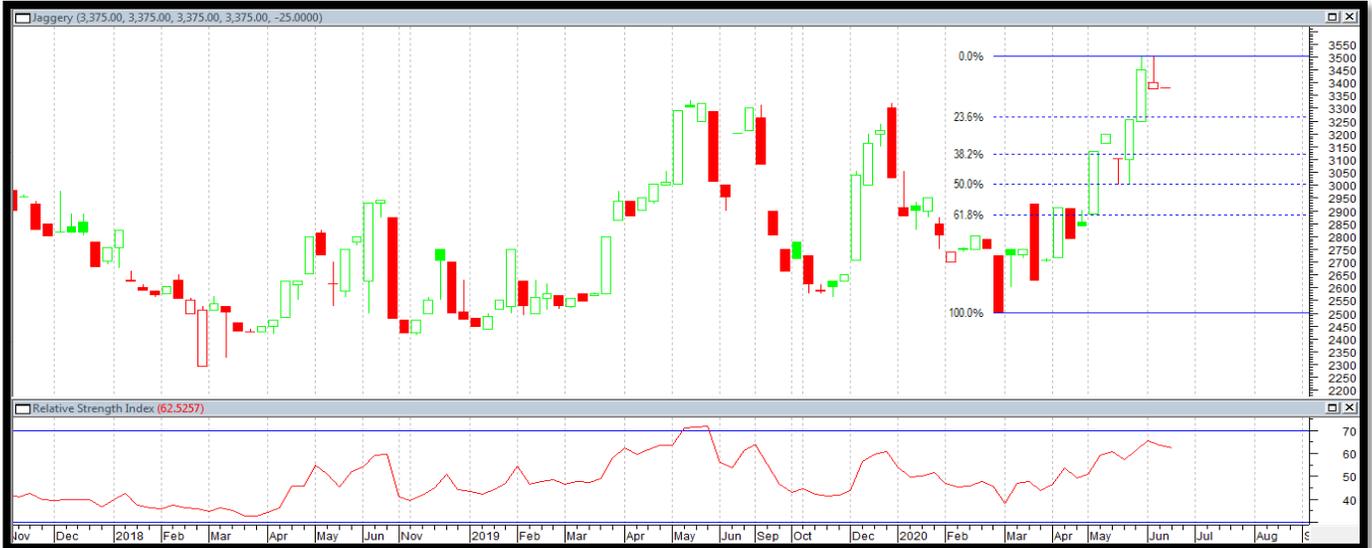
- Average sugar spot prices at benchmark Kolhapur market stood steady to weak during the week ended last week at Rs.3280/q.
- Next resistance and support level for the next week is expected at Rs.3350 and Rs.3250 per quintal respectively.
- RSI is in the neutral region.



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 is affected after the pandemic hit the globe.** The household consumption was far less and was not compensated with the Industrial sugar demand. The resumption of economic activities across the world is likely to improve in 2020-21 season 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

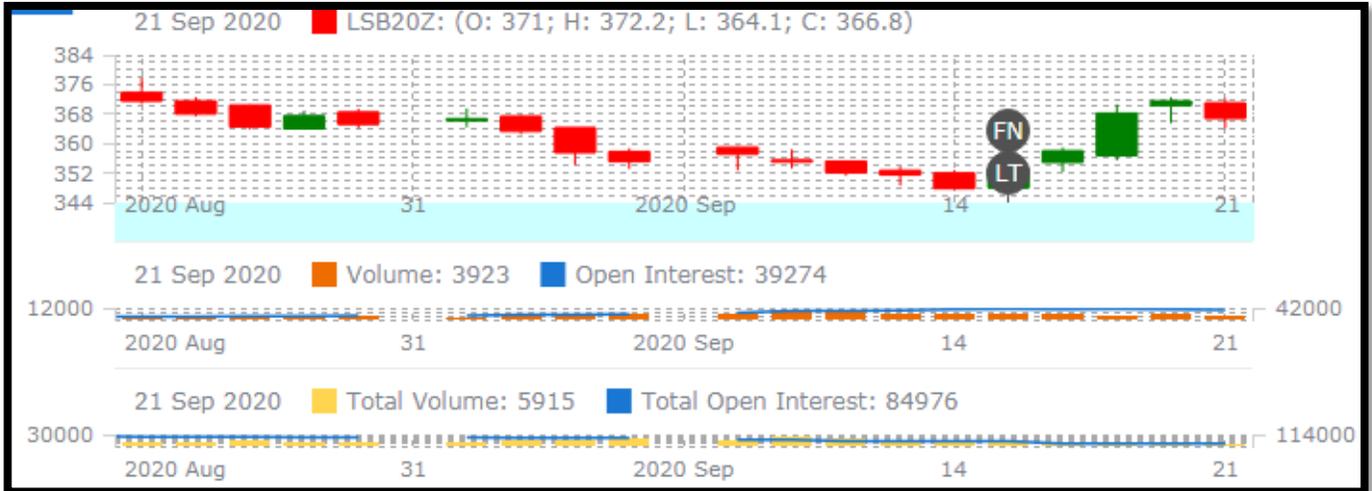
#### International Sugar Futures Price Projection

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

###### Technical Commentary

- LIFFE future market was steady to firm during the week.
- Both total volume & open interest decreased over a week.
- Strategy: Sell at level 367, T1 365

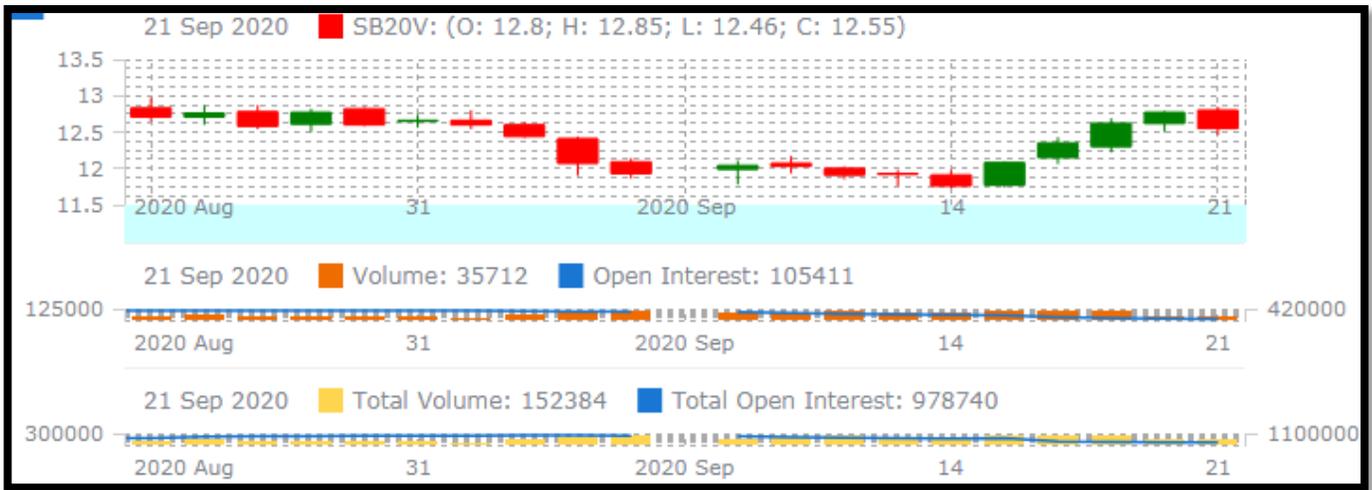
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'20	366.8	347.5-372.5



**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: Sell at rate 12.7 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	12.55	11.73-12.8



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/QtI)		Change
Sugar			11th Aug'20 to 17th Sep'20	4th Aug'20 to 10th Sep'20	
Delhi	Delhi	M-Grade	3327	3291	36
	Delhi	S-Grade	3307	3271	36
Uttar Pradesh	Khatauli	M-Grade	3335	3335	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3268	3277	-8
	Dhampur	S-Grade Ex-Mill	3248	3257	-8
	Dhampur	L-Grade Ex-Mill	3318	3327	-8
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3360	3360	Unch
	Nagpur	M-Grade	3405	3425	-20
	Nagpur	S-Grade	3305	3325	-20
	Kolhapur	M-Grade	3280	3300	-20
	Kolhapur	S-Grade	3180	3200	-20
Assam	Guhawati	S-Grade	3492	3512	-20
Meghalaya	Shillong	S-Grade	3500	3520	-20
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	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/QtI)		Change
Jaggery(Gur)			11th Aug'20 to 17th Sep'20	4th Aug'20 to 10th 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)	4950	NA	-
	Belgaum	Mudde (Average)	NA	3850	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3324	3376	-52
	Mandya	Achhu (Medium)	3150	3397	-247
	Mandya	Kurikatu (Medium)	3210	3372	-162
	Mandya	Other (Medium)	2960	3257	-297
	Mandya	Yellow (Medium)	3160	3312	-152
	Shimoga	Achhu (Average)	3600	3700	-100

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			21-Sep-20	16-Sep-20	22-Aug-20	21-Sep-19
Delhi	Delhi	M-Grade	3320	3335	3320	3430
	Delhi	S-Grade	3300	3315	3300	3410
Uttar Pradesh	Khatauli	M-Grade	3300	3330	3335	3435
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3240	3250	3250	3370
	Dhampur	S-Grade Ex-Mill	3220	3230	3230	3350
	Dhampur	L-Grade Ex-Mill	3290	3300	3300	3420
Maharashtra	Mumbai	M-Grade	3496	3496	Closed	3576
	Mumbai	S-Grade	3350	3360	Closed	3340
	Nagpur	M-Grade	3405	3385	Closed	3375
	Nagpur	S-Grade	3305	3285	Closed	3275
	Kolhapur	M-Grade	3280	3260	Closed	3250
	Kolhapur	S-Grade	3180	3160	Closed	3150
Assam	Guhawati	S-Grade	3492	3471	Closed	3461
Meghalaya	Shillong	S-Grade	3500	3480	Closed	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	3730	3730
Tamil Nadu	Chennai	S-Grade	3650	3680	3680	3800
	Dindigul	M-Grade (DCA)	3780	3780	3780	3680
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3690
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3650	3550

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

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**Spot Jaggery(Gur) Prices Scenario (Weekly)**

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			21-Sep-20	16-Sep-20	22-Aug-20	21-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	4200
		White	NR	NA	NA	NA
		Black	NR	NA	NA	3900
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	4450	4950	NA	4600
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	3200
	Gulbarga	Other (Average)	NA	NA	NA	3186
	Mahalingapura	Penti (Average)	NA	NA	NA	3272
	Mandya	Achhu (Medium)	3250	3250	NA	2900
	Mandya	Kurikatu (Medium)	3150	3150	NA	2800
	Mandya	Other (Medium)	3000	3000	NA	2800
	Mandya	Yellow (Medium)	3250	3300	NA	2950
	Shimoga	Achhu (Average)	NA	3600	NA	3550

**International Sugar Prices (Weekly Average)**

	Contract Month	11th Aug'20 to 17th Sep'20	4th Aug'20 to 10th Sep'20	Change
ICE Sugar #11 (US Cent/lb)	20-Oct	12.19	12.14	0.05
	21-Mar	12.68	12.35	0.33
	21-May	12.66	12.54	0.12
LIFFE Sugar (US \$/MT)	20-Oct	357.76	358.40	-0.64
	20-Dec	356.36	357.22	-0.86
	21-Mar	356.38	356.16	0.22

Source: MRCI

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