

Price Outlook:

With the huge carry-over stocks of 2019-20, the sugar industry is expecting the continuation of the export subsidy scheme in 2020-21 as the one and only way to clear off the stocks in the country. The domestic demand has been weaker than usual and has not revived even after the lockdown has ended, due to the exponentially increasing number of coronavirus cases in India. The sugar domestic prices showed mixed trend in the market last week. The average prices was lower at Rs.3275/q in benchmark Kolhapur market. The prices in Khatauli also stood weak at Rs.3298/q compared to the previous week.

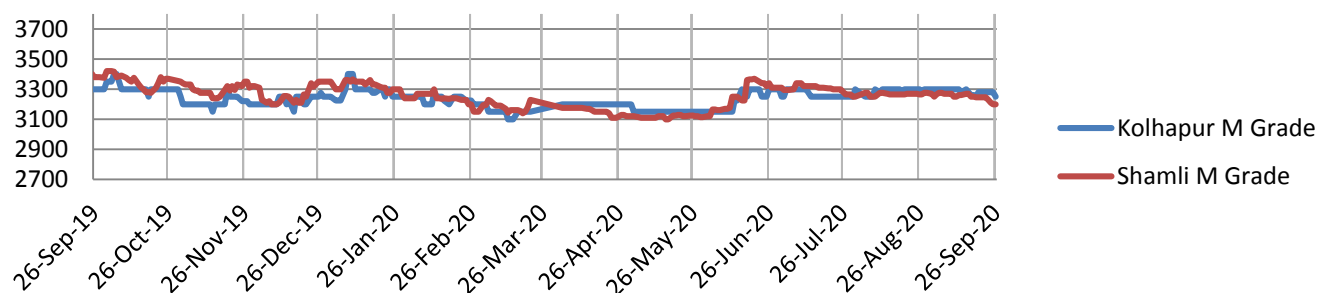
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3200 -3300 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood weaker at Rs. 3275 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3236 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 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:

- **Total sugarcane production in 2020-21 is expected to rise to 399.8 million tonnes against 355.7 million tonnes produced in 2019-20 kharif season.** Maharashtra is likely to see a major surge in cane production this kharif season at around 900 lakh tonnes against 655 lakh tonnes last year, up by around 37%. The top sugarcane producing state, Uttar Pradesh is likely to get higher yields in 2020 compared to last year by 5-8 tonnes/ha.
- **The delay in clarity over next season's sugar export scheme is worrying the industry as it is impossible for Indian sugar to sell in the overseas markets without government support, due to the gap between domestic and international prices.** Sugar costs about Rs.33 per kg in India, while globally it is priced at Rs.22-23 per kg. The Centre has been able to pay only 10% of the subsidy given on sugar exports for this season, which is about to end in the next week. Also, some export subsidy dues from 2018-19 have also not been paid.
- **Maharashtra this year is expecting a bumper cane production and is set to commence the crushing operations by 15th Oct'20 for 2020-21 sugar season.** The state has covered around 10.66 lakh ha under sugarcane this year, up by 29 per cent from 2019 due to good rainfall. Total sugar production is likely to be above 95LT in 2020-21 against 60 LT in 2019-20. Productivity is also expected to increase by 5-10 tonne per ha in 2020-21.

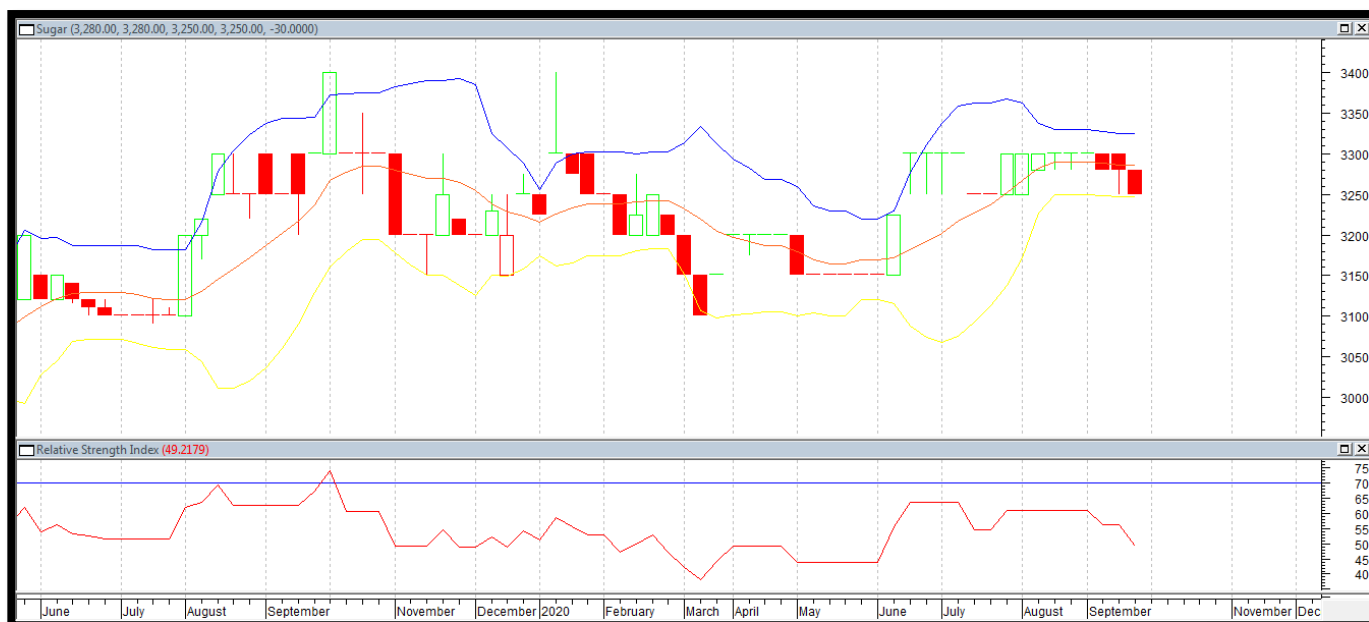
Previous Updates

- **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 15th October'20 in the new season and Dhampur sugar mills assured that the operations would start from 21st 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.

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

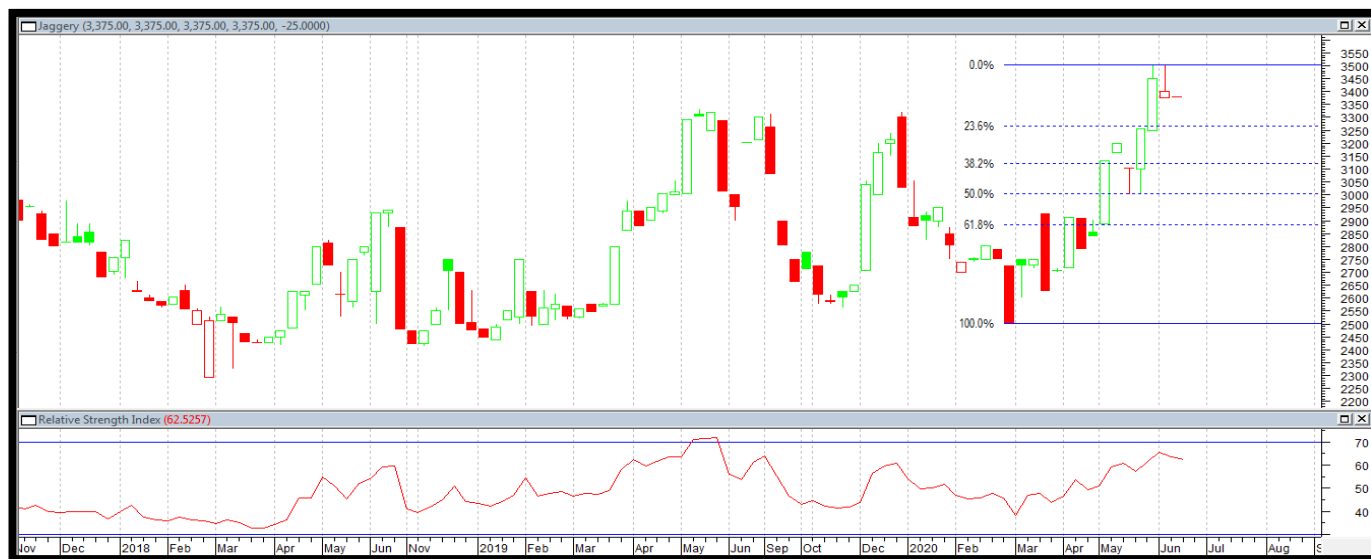
- Average sugar spot prices at benchmark Kolhapur market stood weak during the week ended last week at Rs.3250/q.
- Next resistance and support level for the next week is expected at Rs.3300 and Rs.3200 per quintal respectively.
- RSI is in the neutral region.



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:

- **According to UNICA, 306.34 million liters of ethanol is exported in August was up 6.28 percent when compared to the same period of 2019.** So far this season, mills in the south-central region have sold 1.1 billion liters of ethanol into the export market, up 25.17 percent. While, According to UNICA, mills in the region have sold 11.74 billion liters of ethanol so far this season, down 17.85 percent when compared to the sale period of last year. As the mills in Brazil are focusing more on sugar production, therefore, Brazil is expected to produce 31.35 billion liters of ethanol in 2020-21, down 16 per cent from 2019-20.
- **Recently, the Thailand Sugar Mills Corporation recently reported that Thailand 2020-21 sugar production likely to fall by 13% compared to the previous year to an 11-year low of 7.2 MMT** as dry weather this year devastated cane crop. Also, USDA recently declined Australia 2020-21 sugar production estimate to 4.3 MMT from an April forecast of 4.5 MMT and sugar export estimate to 3.40 MMT from an April forecast of 3.54 MMT.

Previous 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.

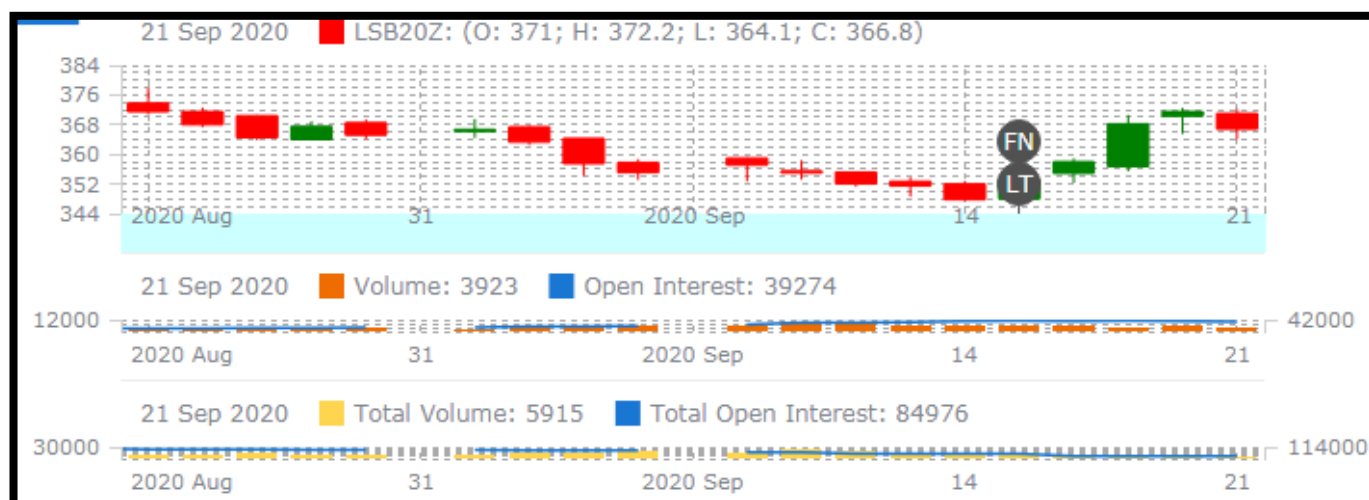
Bullish and Bearish factors for International sugar market:

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 (Dec'20 Contract)****Technical Commentary**

- LIFFE future market was steady to firm during the week.
- Both total volume & open interest increased over a week.
- Strategy: Buy at level 373.2, T1 372

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	376.5	364-383.8



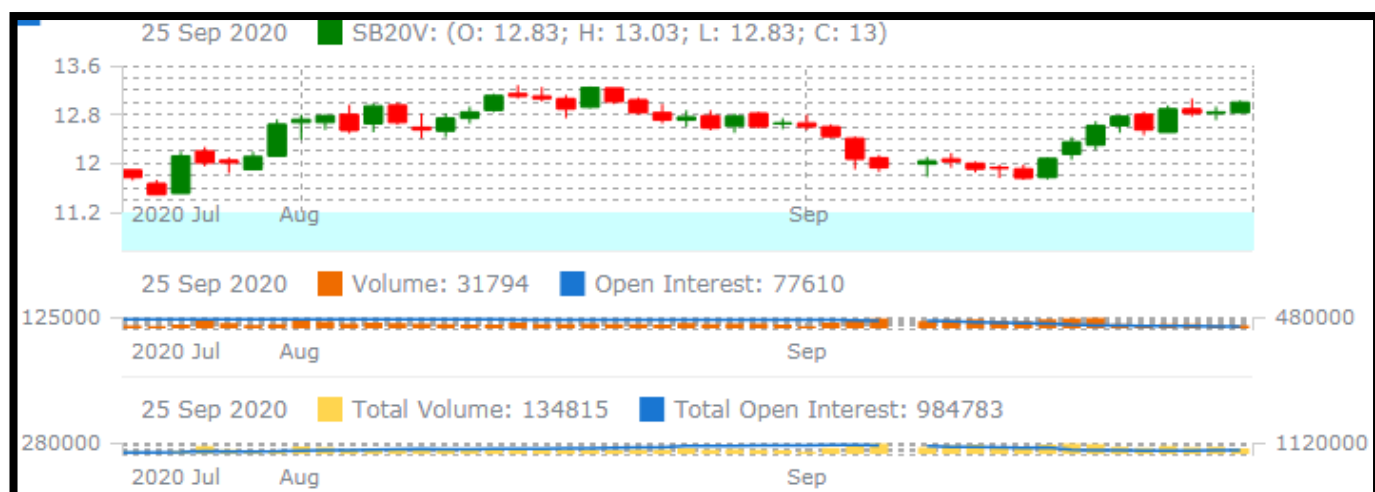
ICE (Raw Sugar Exchange) Future Market Scenario (Oct'20 Contract)

Technical Commentary:

- ICE raw sugar futures were steady to firm during the week.
- Total volume decreased while open interest increased in a week.
- Strategy: Buy at rate 12.93 Targeting 12.7.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'20	13	12.51-13.24



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			18th Aug'20 to 24th Sep'20	11th Aug'20 to 17th Sep'20	
Delhi	Delhi	M-Grade	3308	3327	-18
	Delhi	S-Grade	3288	3307	-18
Uttar Pradesh	Khatauli	M-Grade	3298	3335	-37
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3236	3268	-33
	Dhampur	S-Grade Ex-Mill	3216	3248	-33
	Dhampur	L-Grade Ex-Mill	3286	3318	-33
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3353	3360	-7
	Nagpur	M-Grade	3400	3405	-5
	Nagpur	S-Grade	3300	3305	-5

	Kolhapur	M-Grade	3275	3280	-5
	Kolhapur	S-Grade	3175	3180	-5
Assam	Guhawati	S-Grade	3487	3492	-5
Meghalaya	Shillong	S-Grade	3495	3500	-5
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)	3660	3680	-20
	Dindigul	M-Grade (DCA)	3773	3780	-7
	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)			18th Aug'20 to 24th Sep'20	11th Aug'20 to 17th 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)	4450	4950	-500
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3301	3324	-23
	Mandya	Achhu (Medium)	3222	3150	72
	Mandya	Kurikatu (Medium)	3150	3210	-60
	Mandya	Other (Medium)	3000	2960	40
	Mandya	Yellow (Medium)	3232	3160	72
	Shimoga	Achhu (Average)	3610	3600	10

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			26-Sep-20	21-Sep-20	27-Aug-20	26-Sep-19
Delhi	Delhi	M-Grade	3295	3320	3300	3400
	Delhi	S-Grade	3275	3300	3280	3380
Uttar Pradesh	Khatauli	M-Grade	3250	3300	3330	3500
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3225	3240	3225	3400
	Dhampur	S-Grade Ex-Mill	3205	3220	3205	3380
	Dhampur	L-Grade Ex-Mill	3275	3290	3275	3450
Maharashtra	Mumbai	M-Grade	3496	3496	3496	3570
	Mumbai	S-Grade	3342	3350	3360	3330
	Nagpur	M-Grade	3375	3405	3405	3425
	Nagpur	S-Grade	3275	3305	3305	3275
	Kolhapur	M-Grade	3250	3280	3280	3300
	Kolhapur	S-Grade	3150	3180	3180	3150
Assam	Guhawati	S-Grade	3461	3492	3492	3461
Meghalaya	Shillong	S-Grade	3470	3500	3500	3470
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3640	3640	3800
	Vijayawada	S-Grade (With Duty)	3660	3700	3700	3740
West Bengal	Kolkata	M-Grade	3680	3730	3730	3730
Tamil Nadu	Chennai	S-Grade	3650	3650	3680	3800
	Dindigul	M-Grade (DCA)	3810	3780	3780	3710
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3690
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3650	3600

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)			26-Sep-20	21-Sep-20	27-Aug-20	26-Sep-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	0	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	0	0	0
	Muzaffarnagar	Khurpa	NA	0	0	0
	Muzaffarnagar	Laddoo	NA	0	0	0
	Muzaffarnagar	Rascut	NA	0	0	0
	Hapur	Chaurasa	NA	0	0	0
	Hapur	Balti	NA	0	0	0
Andhra Pradesh	Chittur	Gold	NR	0	0	4300
		White	NR	0	0	4100

		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4450	0	4600
	Belgaum	Mudde (Average)	NA	0	0	0
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	3100
	Gulbarga	Other (Average)	NA	0	0	0
	Mahalingapura	Penti (Average)	NA	3321	3532	3291
	Mandya	Achhu (Medium)	3000	3250	3800	3150
	Mandya	Kurikatu (Medium)	3150	3150	3650	2800
	Mandya	Other (Medium)	2900	3000	3550	2800
	Mandya	Yellow (Medium)	3100	3250	3760	3100
	Shimoga	Achhu (Average)	NA	3600	3700	3600

International Sugar Prices (Weekly Average)				
	Contract Month	18th Aug'20 to 24th Sep'20	11th Aug'20 to 17th Sep'20	Change
ICE Sugar #11 (US Cent/lb)	20-Oct	12.81	12.19	0.62
	21-Mar	13.13	12.68	0.45
	21-May	13.02	12.66	0.36
LIFFE Sugar (US \$/MT)	20-Dec	370.96	356.36	14.60
	21-Mar	371.44	356.38	15.06
	21-May	373.48	359.68	13.80

Source: MRCI

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