

Price Outlook:

The domestic sugar prices fall by Rs. 30 to 50/q after the announcement of higher sales quota for the October month. The sugar traders consider that the quota is higher against the demand considering the surge in number of coronavirus cases and as the sugar mills are preparing for crushing and the government has still not announced any hike in MSP. The sugar domestic prices showed mixed trend in the market last week. The sugar domestic prices stood steady to weak. The average prices declined in benchmark Kolhapur market that stood around Rs.3238/q. The prices in UP also stood weaker at Rs.3237/q.

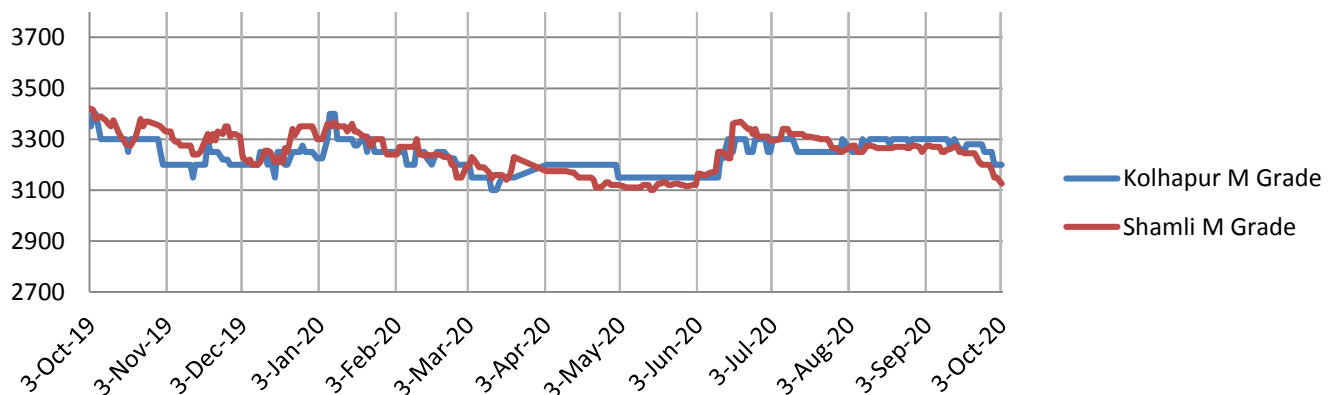
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3150 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood weaker at Rs. 3238 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3180 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

Domestic Market Highlights

Recent Updates:

- **The monthly sales quota for October 2020 was fixed at 23 Lakh MT, distributed among 547 mills.** The Oct'20 sales quota is 2 LT higher compared to the previous year quota during the same month and 1 LT higher compared to the previous month's quota (22 LT). The demand for sugar expected to increase during October amid upcoming Hindu festivals (Durga puja and Dussehra) and keeping in view the easing of lockdown nationwide.
- **The sugar mills in Uttar Pradesh and Maharashtra are expected to start crushing from 15th Oct'20** and no announced has been done regarding hike in MSP. The government would increase the sugar sales quota for the coming months so as to increase the sales so that the mills could pay cane arrears. However, the demand was weaker in 2019-20 season, but is expected to increase in the coming season until all the social gathering places becomes operational by 100 per cent.
- **The government has been encouraging the sugar mills to divert cane crushing towards ethanol production so as to avoid surplus sugar production.** Therefore, the government has given a one month duration to the mills for submitting their proposals to avail loans at a subsidized interest rate for increase ethanol capacity in the country. So far, 68 proposals worth Rs.3,500 crore have been approved and banks have sanctioned the loan.
- **According to the trade sources, India exported around 3.19 LT of total sugar (including refined and raw sugar) in August month** which is slightly higher compared to the quantity that was shipped during July this year due to the good demand from Afghanistan and Indonesia. Around 2.4 LT of white refined sugar has been exported out of the total sugar exports and rest of the quantity included raw sugar exports. Sudan, Afghanistan, Indonesia, Sri Lanka, & Nepal were the main importers of refined sugar. Whereas Indonesia Sri Lanka and Tanzania were the largest importer of raw sugar in Aug'20.

Previous Updates

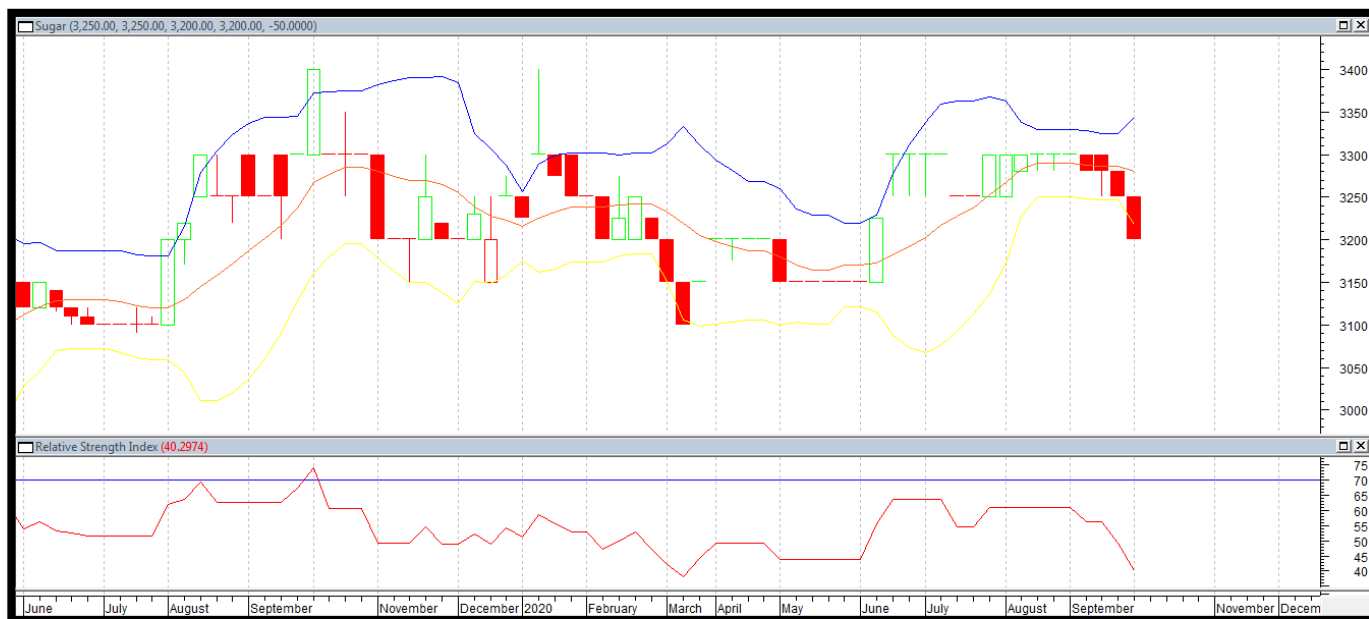
- **Total sugarcane production in 2020-21 is expected to rise to 399.8 million tonnes against 355.7 million tonnes produced in 2019-20 kharif season.** Maharashtra is likely to see a major surge in cane production this kharif season at around 900 lakh tonnes against 655 lakh tonnes last year, up by around 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.

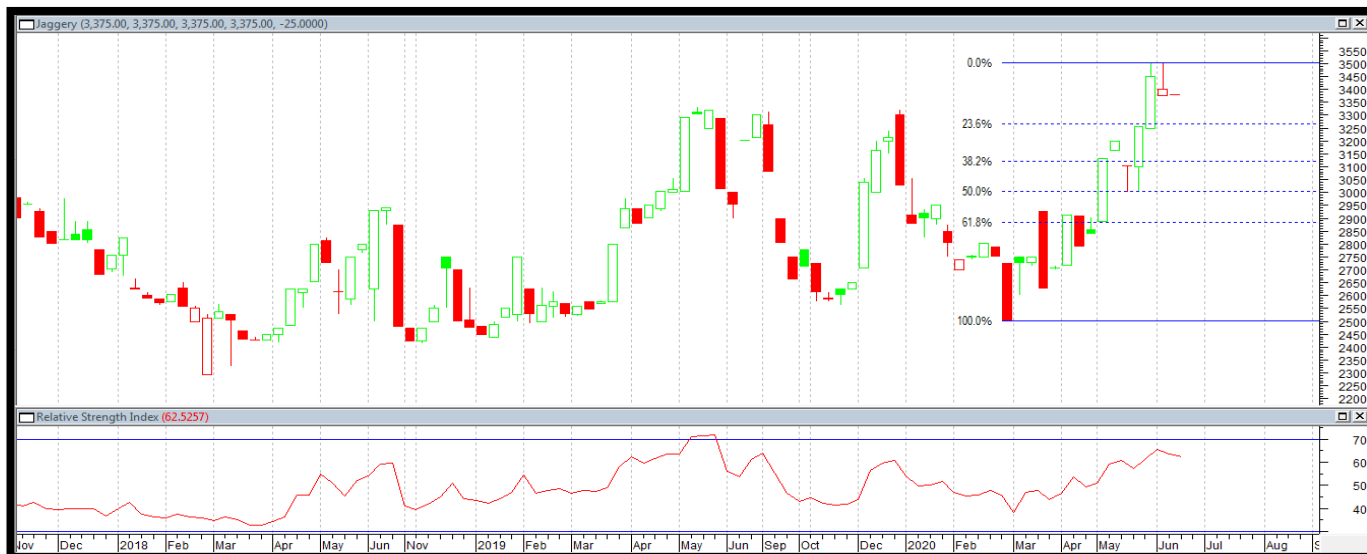
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- The sugar spot prices at benchmark Kolhapur market stood weak during the week ended last week at Rs.3200/q.
- Next resistance and support level for the next week is expected at Rs.3300 and Rs.3150 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 2nd week of 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 Thai Sugar Millers Corporation, Thailand exported 2.07 lakh tonnes of refined sugar and 1.59 lakh tonnes of raw sugar in Aug'20.** Total of 17.36 lakh tonnes of refined sugar (-8.58% y/y) has been exported at an average FOB \$367.74/tonne and 29.02 lakh tonnes (-21.27% y/y) of raw sugar at an average FOB \$293.65/tonne during Jan'20 to Aug'20. The lower availability of cane this year and lack of demand in the international resulted in the lower exports. The major export destinations of Thailand were Vietnam, Cambodia, Taiwan, Philippines, Singapore and China.
- **According to Australian Sugar report released by Australian sugar milling council, the cumulative cane crush reached 19.08 million tonnes (62%) since the beginning of the season from Jun'20 while the operations were ahead in 2019 by crushing around 66% of cane during the same time last year.** The crushing operations were delayed and slowed down during the beginning of the season this year. The country is expecting rains in Queensland, the major cane growing state due to which further delay in crushing is expected. Australia in 2020-21, is estimated to produce 30.9 million tonnes of sugarcane against 30.04 million tonnes produced in 2019-20 season.

Previous 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.

Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
Brazil 2020/21 sugar production expected to climb at 39.3 MMT from 29.8 MMT in 2019-20, by Conab.	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

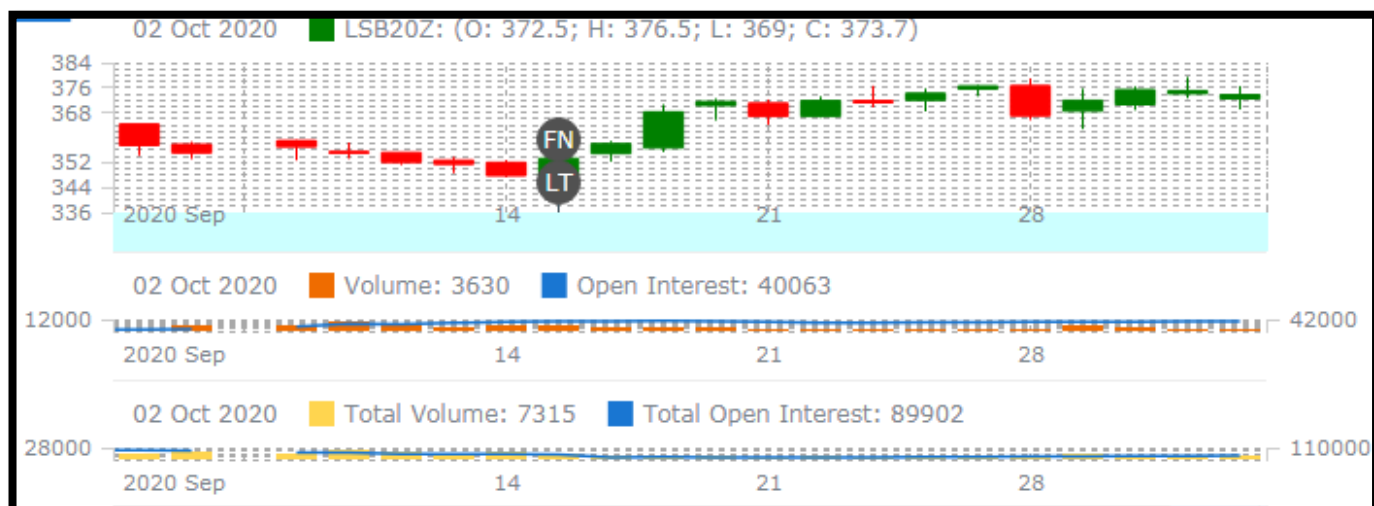
International Sugar Futures Price Projection

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

Technical Commentary

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

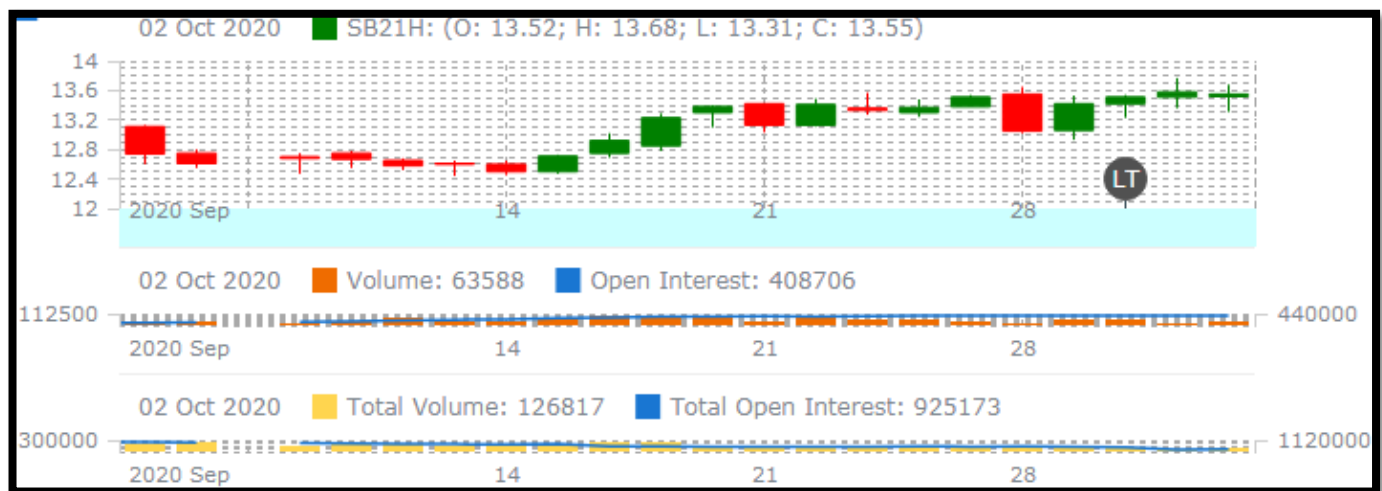
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	373.7	364.1-383.6



ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract) Technical Commentary:

- ICE raw sugar futures were steady to firm during the week.
- Both Total volume & open interest decreased in a week.
- Strategy: Sell at rate 13.36 Targeting 13.6.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'20	13.55	12.93-13.77



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			25th Sep'20 to 1st Oct'20	18th Sep'20 to 24th Sep'20	
Delhi	Delhi	M-Grade	3257	3308	-52
	Delhi	S-Grade	3237	3288	-52
Uttar Pradesh	Khatauli	M-Grade	3238	3298	-61
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3236	-36
	Dhampur	S-Grade Ex-Mill	3180	3216	-36
	Dhampur	L-Grade Ex-Mill	3250	3286	-36
Maharashtra	Mumbai	M-Grade	3489	3496	-7
	Mumbai	S-Grade	3322	3353	-31
	Nagpur	M-Grade	3363	3400	-37
	Nagpur	S-Grade	3263	3300	-37
	Kolhapur	M-Grade	3238	3275	-37
	Kolhapur	S-Grade	3138	3175	-37

Assam	Guhawati	S-Grade	3449	3487	-37
Meghalaya	Shillong	S-Grade	3458	3495	-37
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3640	-40
	Vijayawada	S-Grade (With Duty)	3660	3700	-40
West Bengal	Kolkata	M-Grade	3688	3730	-42
Tamil Nadu	Chennai	S-Grade (With GST)	3650	3660	-10
	Dindigul	M-Grade (DCA)	3787	3773	13
	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
			25th Sep'20 to 1st Oct'20	18th Sep'20 to 24th Sep'20	
Jaggery(Gur)					
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	4450	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3325	3301	24
	Mandya	Achhu (Medium)	3024	3222	-198
	Mandya	Kurikatu (Medium)	3120	3150	-30
	Mandya	Other (Medium)	2930	3000	-70
	Mandya	Yellow (Medium)	3110	3232	-122
	Shimoga	Achhu (Average)	3600	3610	-10

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			1-Oct-20	26-Sep-20	1-Sep-20	1-Oct-19
Delhi	Delhi	M-Grade	3220	3295	3250	3350
	Delhi	S-Grade	3200	3275	3230	3330
Uttar Pradesh	Khatauli	M-Grade	3220	3250	3305	3535
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3175	3225	3250	3420
	Dhampur	S-Grade Ex-Mill	3155	3205	3230	3400
	Dhampur	L-Grade Ex-Mill	3225	3275	3300	3470
Maharashtra	Mumbai	M-Grade	3480	3496	Closed	3570
	Mumbai	S-Grade	3306	3342	Closed	3342
	Nagpur	M-Grade	3325	3375	3425	3475
	Nagpur	S-Grade	3225	3275	3325	3275
	Kolhapur	M-Grade	3200	3250	3300	3350
	Kolhapur	S-Grade	3100	3150	3200	3150
Assam	Guhawati	S-Grade	3410	3461	3512	3461
Meghalaya	Shillong	S-Grade	3420	3470	3520	3470
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3600	3640	3760
	Vijayawada	S-Grade (With Duty)	3660	3660	3700	3700
West Bengal	Kolkata	M-Grade	3680	3680	3730	3720
Tamil Nadu	Chennai	S-Grade	3650	3650	3680	3800
	Dindigul	M-Grade (DCA)	3780	3810	3780	3680
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3700
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	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)			1-Oct-20	26-Sep-20	1-Sep-20	1-Oct-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	4500
		White	NR	NA	NA	4100

		Black	NR	NA	NA	NA
Maharashtra	Latur	Lal Variety	NR	NA	NA	NA
Karnataka	Bangalore	Mudde (Average)	NA	NA	4450	4600
	Belgaum	Mudde (Average)	NA	NA	NA	NA
	Belthangadi	Yellow (Average)	NA	NA	NA	NA
	Bijapur	Achhu	NA	NA	NA	NA
	Gulbarga	Other (Average)	NA	NA	NA	3150
	Mahalingapura	Penti (Average)	3321	NA	3495	3380
	Mandya	Achhu (Medium)	2950	3000	3400	3200
	Mandya	Kurikatu (Medium)	3050	3150	3500	2800
	Mandya	Other (Medium)	2850	2900	3350	2800
	Mandya	Yellow (Medium)	3000	3100	3450	3200
	Shimoga	Achhu (Average)	3600	NA	3700	3750

International Sugar Prices (Weekly Average)				
	Contract Month	25th Sep'20 to 1st Oct'20	18th Sep'20 to 24th Sep'20	Change
ICE Sugar #11 (US Cent/lb)	20-Oct	12.82	12.81	0.01
	21-Mar	13.27	13.13	0.14
	21-May	13.15	13.02	0.13
LIFFE Sugar (US \$/MT)	20-Dec	371.36	370.96	0.40
	21-Mar	372.80	371.44	1.36
	21-May	374.38	373.48	0.90

Source: MRCI

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