

Price Outlook:

The domestic sugar prices continued to since two weeks soon after the new season has started officially. In Haryana this sugar mills will start cane crushing from the second week of November and all the preparations are done to begin crushing. Also, the sugar mills in one of the major sugar producing district in Uttar Pradesh; Muzaffarnagar district will begin the crushing season from 25th Oct'20. The sugar domestic prices stood steady to weak. The average price declined in benchmark Kolhapur market that stood around Rs.3200/q. The prices in UP also stood weaker at Rs.3210/q.

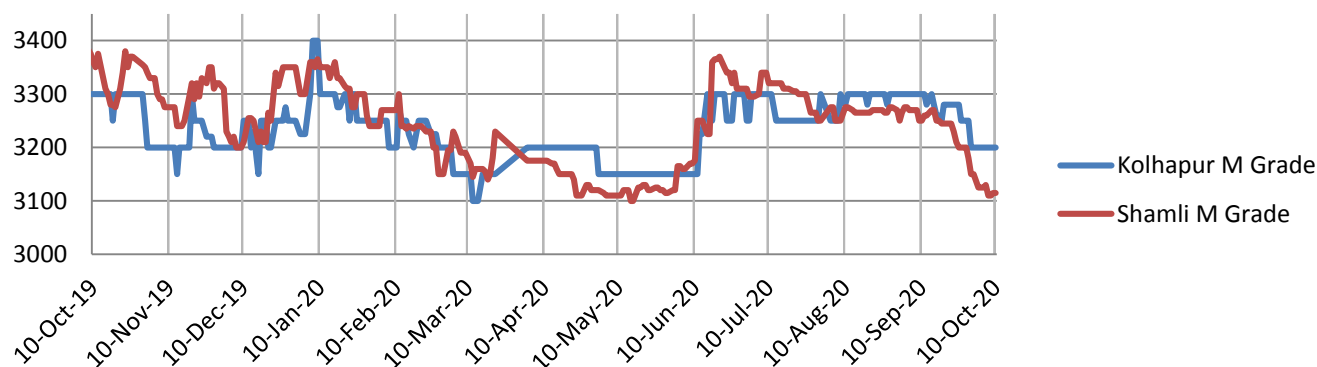
Price Projection for the Next week

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. 3210 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3120 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 over +12% y/y to 30.5 MMT, according to ISMA	Bearish
Manifold increase in coronavirus cases hindering the sugar domestic demand	Bearish
Lack of availability of migrant labour for sugarcane harvesting in 2020-21 sugar season	Bullish
Uncertainty in continuation of Sugar Export Subsidy Scheme in 2020-21 by the government	Bearish
Unconfirmed decision by the government to increase the minimum support price of sugar in 2020-21	Bearish

Domestic Market Highlights

Recent Updates:

- **The sugar mills in Uttar Pradesh now prefer to sell sugarcane to the jaggery units as the cane dues by the sugar mills are still pending.** The sugar mill are yet to start operating but the jaggery units have started their operations. According to the sources, the sugar mills are yet to pay Rs. 8,447 crore to the cane farmers for the previous season that ended on 30th Sep'20.
- **The labours and contractors have gone on strike demanding higher wages from the sugar mills in Maharashtra.** At present, the labours are offered at rate of Rs.239 for harvesting per tonne cane and they are demanding more as the rate sugar harvesting machine per tonne provides Rs.350-400. The contractors also want additional 10 per cent hike in the commission from 18.5 per cent.
- **Ethanol production in 2020-21 which starts from December and continues till November is estimated to increase to 360 crore litres.** This would help the government to achieve a target of 7.5 to 8% ethanol blending in petrol up from the current 5.1%. Currently, the ethanol prices are between Rs. 43.75 and Rs.59.48 per litre depending on the quality of molasses from which it is extracted. To encourage the cane crushing towards ethanol production, the government is mulling raising the price of ethanol derived from B-heavy molasses by Rs.3.34 per litre, C-heavy molasses by Rs.1.94 per litre, and 100% cane juice by Rs.3.17 per litre.
- **In Uttar Pradesh, the mills had diverted around 5LT cane to produce ethanol from B- molasses in 2019-20 season.** And the mills are expected to divert around 6-10 LT this year (2020-21). One of the reasons for the increase in diversion is that the OMCs are directed to release the payment within 30 days and the central government's aid given to the distillery units for the expansion of ethanol production capacity. The state had offered 105 crore litre of ethanol to OMCs in 2019-20 season, of which 63.73 crore litre has already been supplied.

Previous Updates

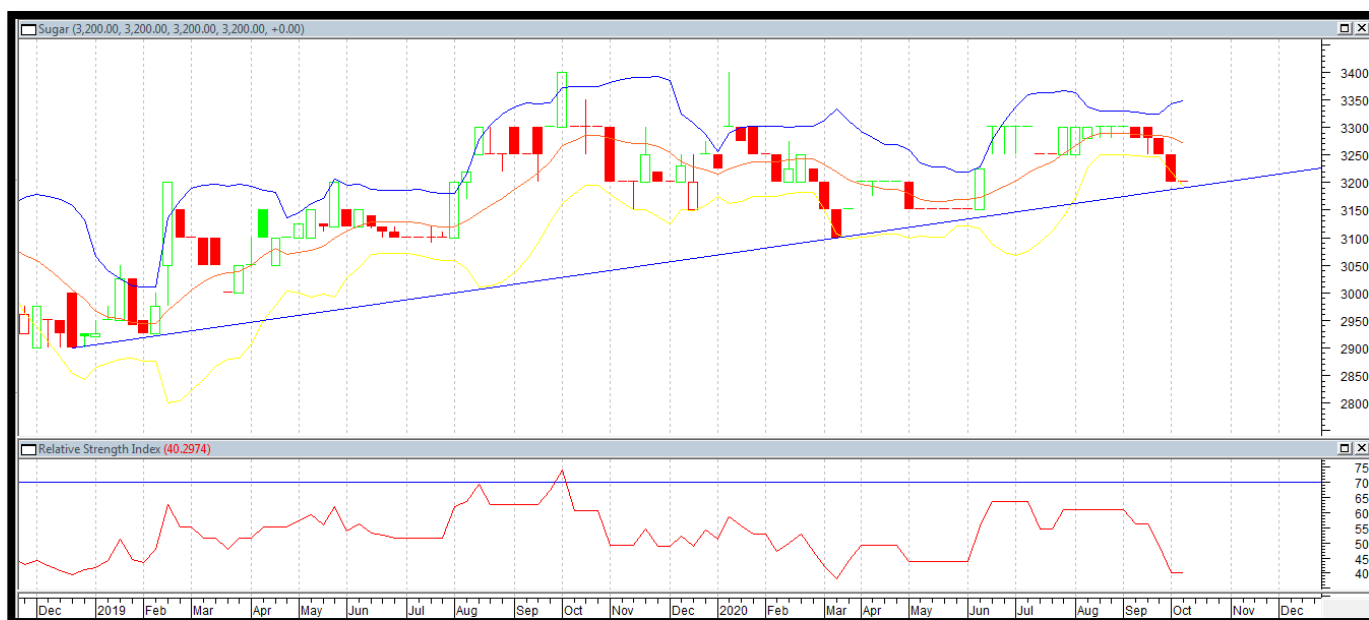
- **The monthly sales quota for October 2020 was fixed at 23 Lakh MT, distributed among 547 mills.** The Oct'20 sales quota is 2 LT higher compared to the previous year quota during the same month and 1 LT higher compared to the previous month's quota (22 LT). The demand for sugar expected to increase 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.

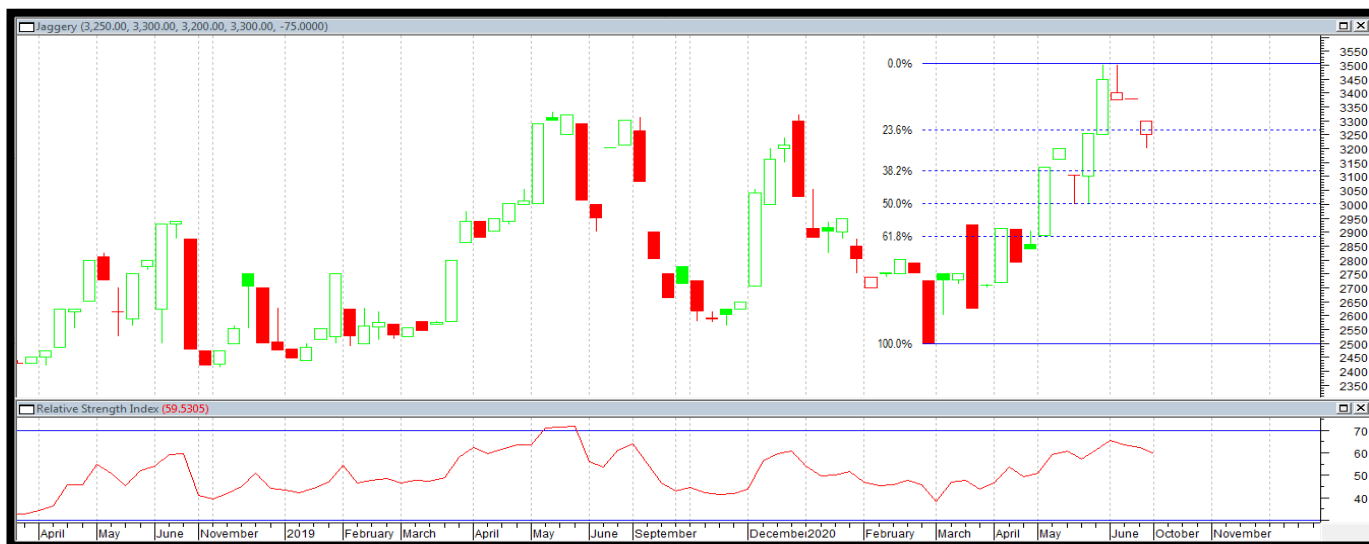
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- 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.3250 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



Technical Analysis - ChakuSukha-gur (fresh) at Spot (Muzaffarnagar) market.**Gur Market Scenario**

- There were around 21000q arrivals during the last week for Chaku variety of gur in key Muzaffarnagar market.
- The prices stood around Rs. 3260/q while there were no arrivals in the last year during the same time.
- 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:**

- **Pakistan likely to import 1.517 lakh tonnes of sugar to meet the domestic demand.** According to private dealers, the sugar stocks of 0.445 million tonnes are available till 4th November'20 in Punjab and 0.565 million tonnes sugar would be available on 9th November'20 in Sindh. The sugarcane crushing in Punjab will start in the first week of November whereas the sugarcane crushing in Sindh would start by mid-November.

Previous 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.

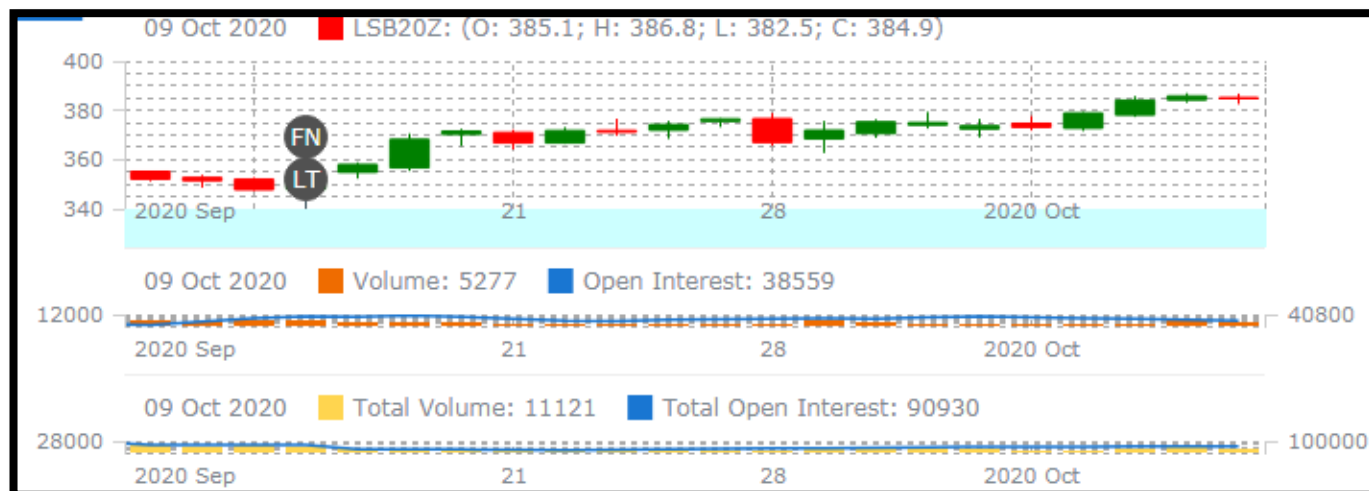
Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
CONAB projects, Brazil 2020/21 sugar production will climb to 39.3 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

International Sugar Futures Price Projection**LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'20 Contract)****Technical Commentary**

- LIFFE future market was firm during the week.
- Both total volume & open interest increased over a week.
- Strategy: Buy at level 382.5, T1 378.1

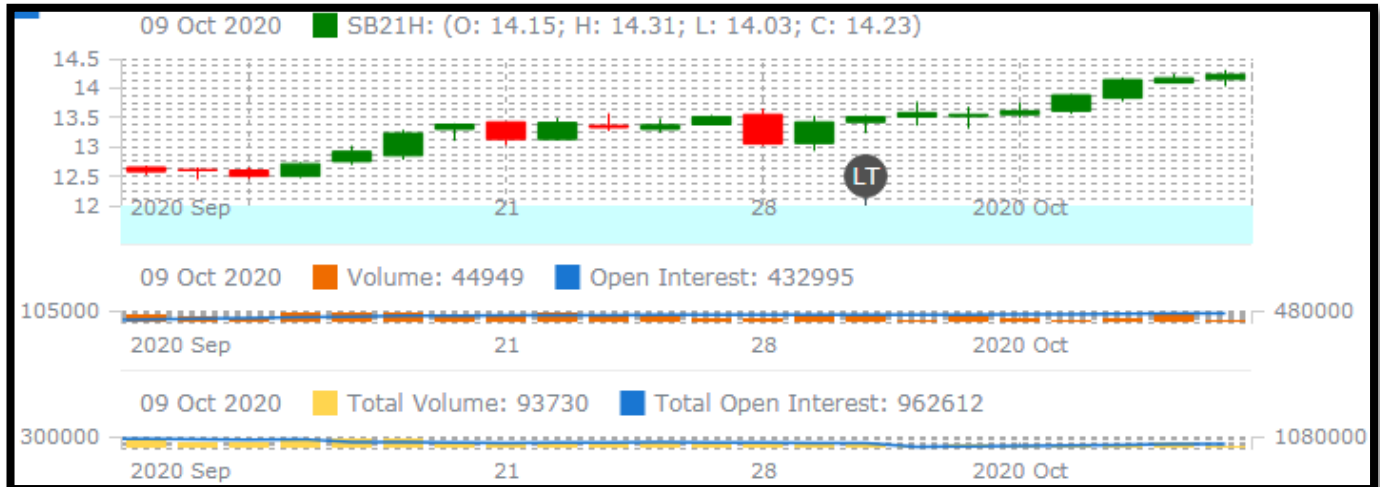
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	384.9	362-395

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

- ICE raw sugar futures were firm during the week.
- Total volume decreased & open interest increased in a week.
- Strategy: Sell at rate 14.03 Targeting 14.85.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'20	14.23	13.9-15.05



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			2nd Oct'20 to 8th Oct'20	25th Sep'20 to 1st Oct'20	
Sugar	Delhi	M-Grade	3235	3257	-22
		S-Grade	3215	3237	-22
Uttar Pradesh	Khatauli	M-Grade	3210	3238	-28
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3175	3200	-25
	Dhampur	S-Grade Ex-Mill	3155	3180	-25
	Dhampur	L-Grade Ex-Mill	3225	3250	-25
Maharashtra	Mumbai	M-Grade	3450	3489	-39
	Mumbai	S-Grade	3293	3322	-29
	Nagpur	M-Grade	3325	3363	-38
	Nagpur	S-Grade	3225	3263	-38
	Kolhapur	M-Grade	3200	3238	-38
	Kolhapur	S-Grade	3100	3138	-38
Assam	Guhawati	S-Grade	3410	3449	-39
Meghalaya	Shillong	S-Grade	3420	3458	-38
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3600	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3680	3688	-8
Tamil Nadu	Chennai	S-Grade (With GST)	3645	3650	-5
	Dindigul	M-Grade (DCA)	3780	3787	-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)			2nd Oct'20 to 8th Oct'20	25th Sep'20 to 1st Oct'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3260	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	21000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2795	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3065	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)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3240	3325	-85
	Mandya	Achhu (Medium)	3108	3024	84
	Mandya	Kurikatu (Medium)	3082	3120	-38
	Mandya	Other (Medium)	2855	2930	-75
	Mandya	Yellow (Medium)	3062	3110	-48
	Shimoga	Achhu (Average)	3608	3600	8

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			10-Oct-20	5-Oct-20	10-Sep-20	10-Oct-19
Delhi	Delhi	M-Grade	3230	3260	3300	3350
	Delhi	S-Grade	3210	3240	3280	3330
Uttar Pradesh	Khatauli	M-Grade	3210	3215	3325	3480
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3180	3175	3275	3380

	Dhampur	S-Grade Ex-Mill	3160	3155	3255	3360
	Dhampur	L-Grade Ex-Mill	3230	3225	3325	3430
Maharashtra	Mumbai	M-Grade	3420	3456	3496	3546
	Mumbai	S-Grade	3290	3296	3360	3340
	Nagpur	M-Grade	3325	3325	3425	3425
	Nagpur	S-Grade	3225	3225	3325	3275
	Kolhapur	M-Grade	3200	3200	3300	3300
	Kolhapur	S-Grade	3100	3100	3200	3150
Assam	Guhawati	S-Grade	3410	3410	3512	3461
Meghalaya	Shillong	S-Grade	3420	3420	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	3730
Tamil Nadu	Chennai	S-Grade	3650	3650	3680	3760
	Dindigul	M-Grade (DCA)	3780	3780	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)			10-Oct-20	5-Oct-20	10-Sep-20	10-Oct-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3300	3250	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	0	0
	Muzaffarnagar	Khurpa	2800	2800	0	0
	Muzaffarnagar	Laddoo	3025	3063	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	5300
		White	NR	0	0	4300
		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	NA	4950	4600
	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	3252
	Mahalingapur a	Penti (Average)	NA	3244	3355	3342

	Mandya	Achhu (Medium)	3250	3050	3380	3150
	Mandya	Kurikatu (Medium)	3120	3050	3350	2850
	Mandya	Other (Medium)	2900	2900	3290	2850
	Mandya	Yellow (Medium)	3150	3100	3300	3150
	Shimoga	Achhu (Average)	NA	3600	3600	3750

International Sugar Prices (Weekly Average)				
	Contract Month	2nd Oct'20 to 8th Oct'20	25th Sep'20 to 1st Oct'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.01	13.27	0.74
	21-May	13.62	13.15	0.47
	21-Jul	13.25	12.85	0.40
LIFFE Sugar (US \$/MT)	20-Dec	381.38	371.36	10.02
	21-Mar	383.08	372.80	10.28
	21-May	383.96	374.38	9.58

Source: MRCI

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