

Price Outlook:

The retreating monsoon rains have damaged kharif crops in few districts of South Maharashtra and Karnataka (Belagavi). According to the preliminary reports, there is no significant damage to the sugarcane crop so far. Standing crops including sugarcane from Pune, Sangli, Satara, Kolhapur and other parts of Maharashtra have been under water since last 4-5 days that could affect the sugar recovery in the state. Maharashtra this year is likely to be dependent on harvesting machines due to the shortage of labour. The average price declined in benchmark Kolhapur market that stood around Rs.3150/q. The prices in UP also stood weaker at Rs.3188/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.3100 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market stood weaker at Rs. 3150 per quintal, while spot sugar prices for the same grade in Shamli district stood low at Rs. 3105 per quintal during the week.

Price comparison 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
No decision announced by the government with respect to the minimum support price of sugar in 2020-21	Bearish

Domestic Market Highlights

Recent Updates:

- **According to ISMA, the country's sugar industry has to plan to divert surplus 60-70 lakh tonnes of sugar** into ethanol in the next two-three years, reduce sugar export by 20 lakh tonnes every year till 2023, and increase diversion of equivalent sugar into ethanol every year over the next three years. Maharashtra mills have decided to produce 104 crore litres of ethanol this season.
- **After the introduction of the new Farm Bill, the farmers in Muzzafarnagar are able to sell jaggery** anywhere out of the mandi without any tax. Now, a farmer does not have to pay tax where a tax of 2.5% was applicable if sold in mandi. Whereas, the mandi officials are in distress and appealing the government to remove mandi tax, if not they will be in huge loss as farmers would prefer selling without tax.
- **The heavy rainfall in Maharashtra is expected to delay the crushing operations for 2020-21 sugar season.** Karnataka is also facing difficulty to harvest cane due to the wet fields. Therefore, the crushing is likely to start by the end of 1st week of November in both the states while the mills in Uttar Pradesh expects crushing to start from 25th Oct'20.
- **The Maharashtra government is taking serious action against the sugar mills that have failed to clear the pending cane arrears.** Around 190 sugar mills had applied for crushing licenses for season 2020-21. The government has granted licenses to only 90 sugar mills that have cleared the cane dues of the farmers. And 20 sugar factories had paid the cane dues in the past week after their licenses were put on hold.

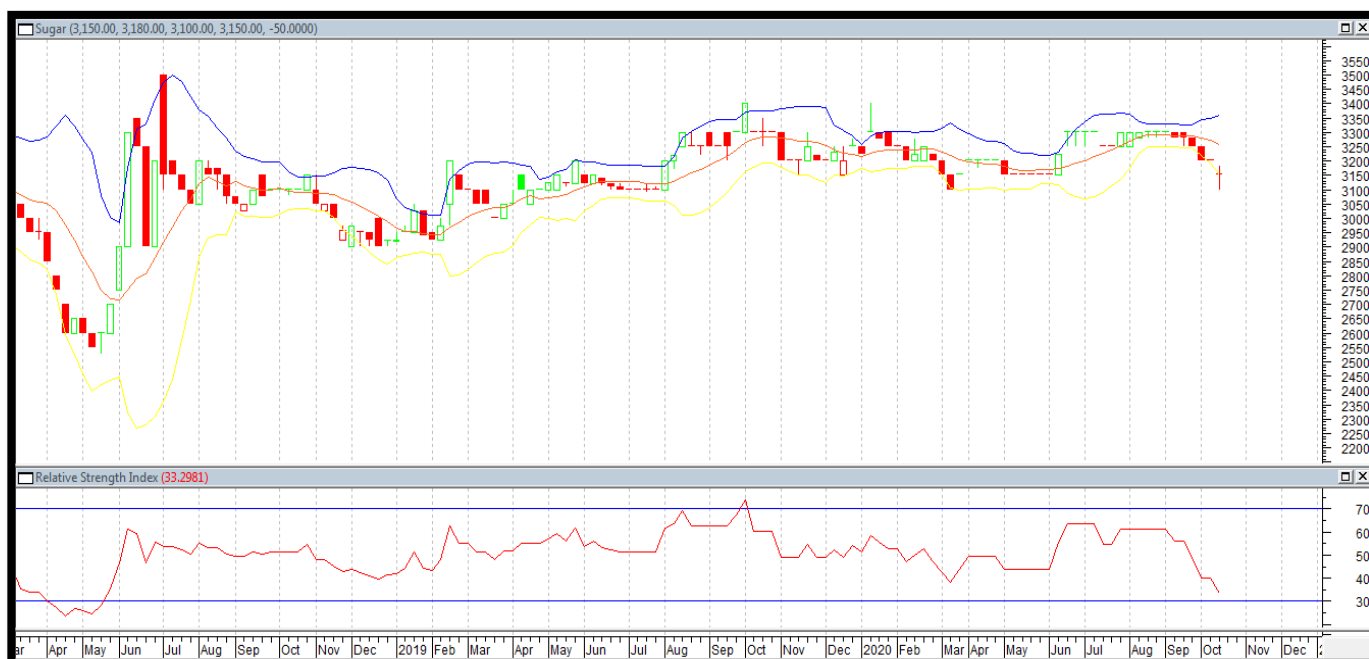
Previous Updates

- **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.

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

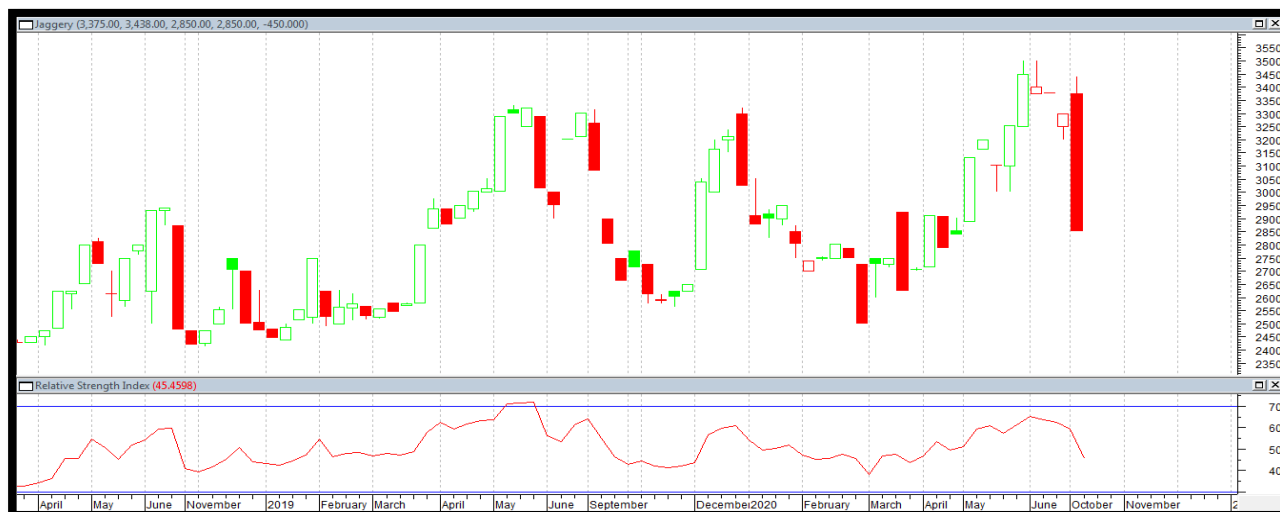
- The sugar spot prices at benchmark Kolhapur market stood weak during the week ended last week at Rs.3150/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



Technical Analysis - ChakuSukha-gur (fresh) at Spot (Muzaffarnagar) market.

Gur Market Scenario

- There were around 31000q arrivals during the last week for Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week stood firm around Rs. 3327/q but ended weaker while the prices in the last year during the same time were lower at Rs. 3241/q.
- 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 international prices rose due to the outlook for a smaller sugar crop from the European Union (EU) after the USDA's latest report.** EU 2020-21 sugar production will fall -5.6% year on year to 16.05 MMT due to poor yields. Also, China raised its 2019-20 sugar import estimate. According to the China Agricultural Supply and Demand Estimates (CASDE), China will import 3.5 MMT of sugar in 2019-20, up +15% from a prior estimate of 3.04 MMT.
- **The favourable growing conditions have resulted in an increase in the sugarcane cultivation Bangladesh.** As per Department of Agricultural Extension (DAE) data, about 1.06 lakh tonnes of sugarcane likely to be harvested from 2,288 ha land across the region (Barishal district) in season 2020-21. Where, the six districts from the division had produced 1.04 lakh tonnes of sugarcane from 2,266 hectares of land last year.

Previous 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.
- **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.

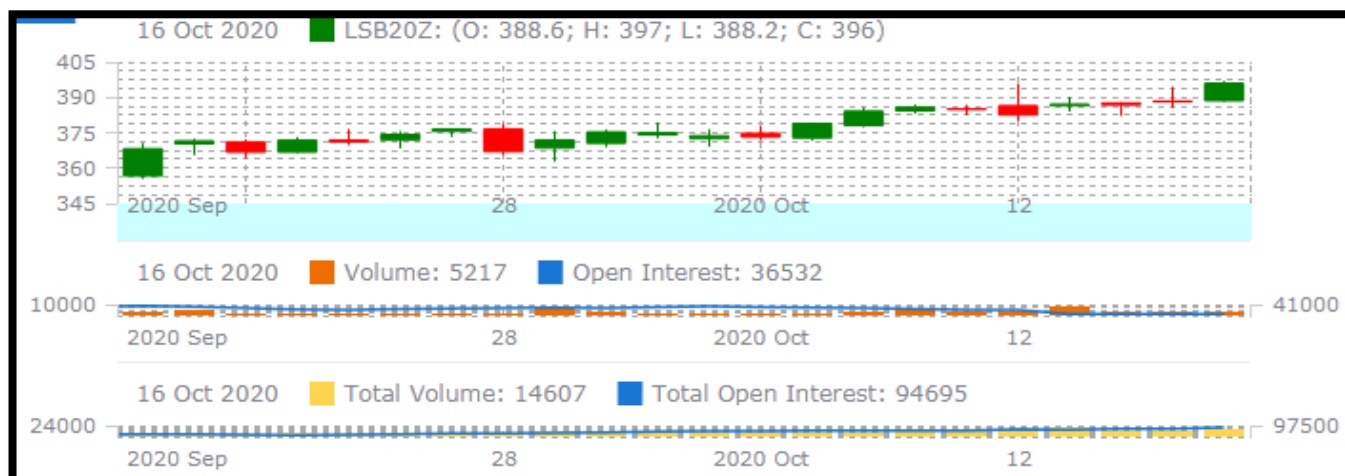
Bullish and Bearish factors for International sugar market:

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.
- Total volume decreased & open interest decreased over a week.
- Strategy: Buy at level 388.2, T1 399.2

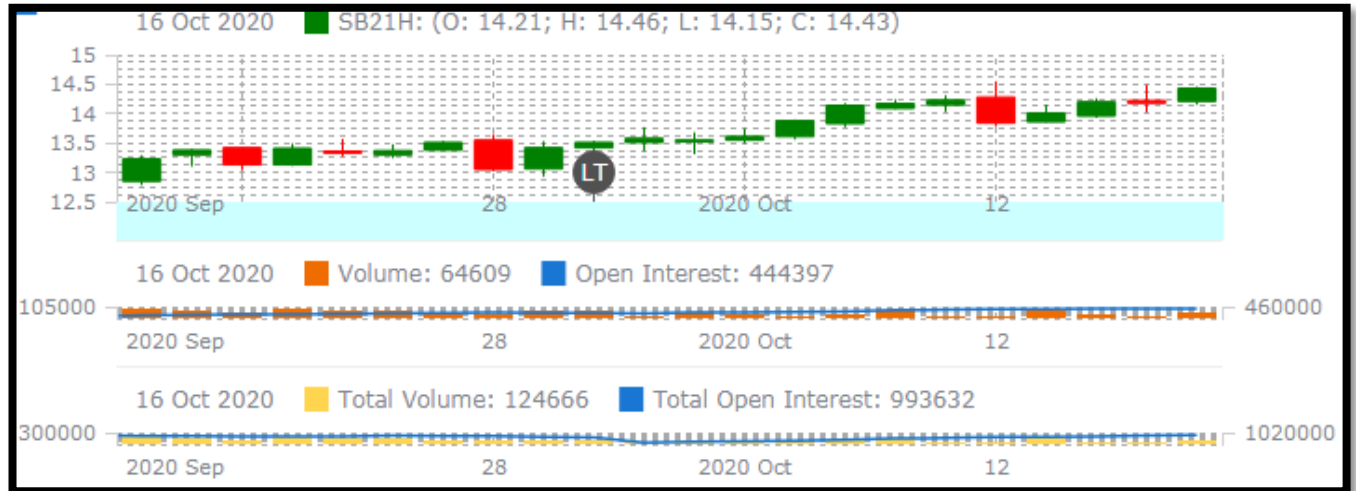
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	396	379-407

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

- ICE raw sugar futures were firm during the week.
- Both total volume & open interest increased in a week.
- Strategy: Sell at rate 14.15 Targeting 14.6.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'20	14.43	13.77-15



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			9th Oct'20 to 15th Oct'20	2nd Oct'20 to 8th Oct'20	
Delhi	Delhi	M-Grade	3200	3235	-35
	Delhi	S-Grade	3180	3215	-35
Uttar Pradesh	Khatauli	M-Grade	3188	3210	-22
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3160	3175	-15
	Dhampur	S-Grade Ex-Mill	3140	3155	-15
	Dhampur	L-Grade Ex-Mill	3210	3225	-15
Maharashtra	Mumbai	M-Grade	3417	3450	-33
	Mumbai	S-Grade	3283	3293	-10
	Nagpur	M-Grade	3275	3325	-50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3200	-50
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3573	3600	-27
	Vijayawada	S-Grade (With Duty)	3633	3660	-27
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3645	3645	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/Qtl)		Change
Jaggery(Gur)			9th Oct'20 to 15th Oct'20	2nd Oct'20 to 8th Oct'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3327	3260	67
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	31000	21000	10000
	Muzaffarnagar	Khurpa (Fresh)	2721	2795	-74
	Muzaffarnagar	Laddoo (Fresh)	3044	3065	-21
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2583	NA	-
	Hapur	Balti	2663	NA	-
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4375	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3177	3240	-64
	Mandya	Achhu (Medium)	3278	3108	170
	Mandya	Kurikatu (Medium)	3143	3082	62
	Mandya	Other (Medium)	2938	2855	83
	Mandya	Yellow (Medium)	3173	3062	112
	Shimoga	Achhu (Average)	3620	3608	12

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			17-Oct-20	12-Oct-20	17-Sep-20	17-Oct-19
Delhi	Delhi	M-Grade	3240	3200	3320	3300
	Delhi	S-Grade	3220	3180	3300	3280
Uttar Pradesh	Khatauli	M-Grade	3120	3205	3330	3395
	Ramala	M-Grade	NA	NA	NA	NA

	Dhampur	M-Grade Ex-Mill	3125	3150	3250	3290
	Dhampur	S-Grade Ex-Mill	3105	3130	3230	3270
	Dhampur	L-Grade Ex-Mill	3175	3200	3300	3340
Maharashtra	Mumbai	M-Grade	3420	3420	3496	3536
	Mumbai	S-Grade	3262	3290	3360	3330
	Nagpur	M-Grade	3275	3275	3385	3425
	Nagpur	S-Grade	3225	3225	3285	3225
	Kolhapur	M-Grade	3150	3150	3260	3300
	Kolhapur	S-Grade	3100	3100	3160	3100
Assam	Guhawati	S-Grade	3410	3410	3471	3410
Meghalaya	Shillong	S-Grade	3420	3420	3480	3420
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3540	3560	3640	3740
	Vijayawada	S-Grade (With Duty)	3620	3620	3700	3680
West Bengal	Kolkata	M-Grade	3680	3680	3730	3670
Tamil Nadu	Chennai	S-Grade	3640	3650	3680	3740
	Dindigul	M-Grade (DCA)	3810	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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Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			17-Oct-20	12-Oct-20	17-Sep-20	17-Oct-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2850	3375	NA	3253
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	NA	9000
	Muzaffarnagar	Khurpa	2600	2650	NA	2625
	Muzaffarnagar	Laddoo	2875	3050	NA	3063
	Muzaffarnagar	Rascut	NA	NA	NA	2600
	Hapur	Chaurasa	2600	Closed	NA	2600
	Hapur	Balti	2700	Closed	NA	2600
Andhra Pradesh	Chittur	Gold	NR	NA	NA	5100
		White	NR	NA	NA	4200
		Black	NR	NA	NA	3900
Maharashtra	Latur	Lal Variety	NR	NA	NA	0
Karnataka	Bangalore	Mudde (Average)	NA	4450	NA	4800
	Belgaum	Mudde (Average)	NA	NA	NA	0
	Belthangadi	Yellow (Average)	NA	NA	NA	0
	Bijapur	Achhu	NA	NA	NA	3145
	Gulbarga	Other (Average)	NA	NA	NA	3425

	Mahalingapura	Penti (Average)	NA	3229	NA	0
	Mandya	Achhu (Medium)	3300	3250	NA	3350
	Mandya	Kurikatu (Medium)	3100	3120	NA	3100
	Mandya	Other (Medium)	3000	2900	NA	3030
	Mandya	Yellow (Medium)	3100	3100	NA	3380
	Shimoga	Achhu (Average)	3600	3650	NA	3750

International Sugar Prices (Weekly Average)				
	Contract Month	9th Oct'20 to 15th Oct'20	2nd Oct'20 to 8th Oct'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.09	13.95	0.14
	21-May	13.62	13.52	0.10
	21-Jul	13.22	13.24	-0.02
LIFFE Sugar (US \$/MT)	20-Dec	385.94	380.50	5.44
	21-Mar	386.84	381.95	4.89
	21-May	385.46	383.10	2.36

Source: MRCI

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